

**Comprehensive Annual
Financial Report**

of the

City of Absecon Board of Education

Absecon, New Jersey

For the Fiscal Year Ended June 30, 2017

TABLE OF CONTENTS

| | Page |
|---|-------------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | 1-4 |
| Organizational Chart | 5 |
| Roster of Officials | 6 |
| Consultants and Advisors | 7 |
| FINANCIAL SECTION | |
| Independent Auditor's Report | 8-10 |
| Required Supplementary Information - Part I Management's Discussion and Analysis | 11-19 |
| Basic Financial Statements | |
| A. District-Wide Statements | |
| A-1 Statement of Net Position | 20 |
| A-2 Statement of Activities | 21 |
| B. Fund Financial Statements: | |
| Governmental Funds: | |
| B-1 Balance Sheet | 22 |
| B-2 Comparative Statement of Revenues, Expenditures and Changes in Fund Balance | 23 |
| B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 24 |
| Proprietary Funds: | |
| B-4 Statement of Net Position | 25 |
| B-5 Statement of Revenues, Expenses, and Changes in Net Position | 26 |
| B-6 Statement of Cash Flows | 27 |
| Fiduciary Funds: | |
| B-7 Statement of Fiduciary Net Position | 28 |
| B-8 Statement of Changes in Fiduciary Net Position | 29 |
| Notes to the Financial Statements | 30-53 |

TABLE OF CONTENTS (Continued)

| | Page |
|--|-------|
| Required Supplementary Information - Part II | |
| C. Budgetary Comparison Schedules | |
| C-1 Budgetary Comparison Schedule - General Fund | 54-59 |
| C-1b Community Development Block Grant - Budget to Actual | N/A |
| C-2 Budgetary Comparison Schedule - Special Revenue Fund | 60 |
| Notes to Required Supplementary Information | |
| C-3 Budget-to-GAAP Reconciliation | 61 |
| Required Supplementary Information - Part III | |
| L-1 Schedule of District's Proportionate Share of Net Pension Liability (PERS) | 62 |
| L-2 Schedule of District Contributions (PERS) | 63 |
| L-3 Schedule of District's Proportionate Share of Net Pension Liability (TPAF) | 64 |
| Other Supplementary Information | |
| E. Special Revenue Fund | |
| E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis | 65-67 |
| F. Capital Projects Fund: | |
| F-1 Summary Schedule of Project Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis | 68 |
| F-1a Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis - Roof/Bathroom/Lighting/Misc Upgrades | 69 |
| F-2 Summary Schedule of Revenues and Expenditures | 70 |
| G. Proprietary Funds: | |
| Enterprise Funds: | |
| G-1 Combining Statement of Net Position | N/A |
| G-2 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position | N/A |
| G-3 Combining Statement of Cash Flows | N/A |
| Internal Service Fund: | |
| G-4 Combining Statement of Net Position | N/A |
| G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position | N/A |
| G-6 Combining Statement of Cash Flows | N/A |

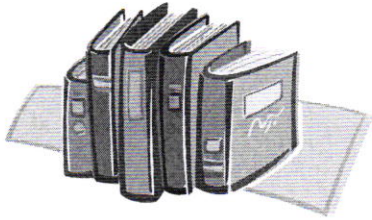
TABLE OF CONTENTS (Continued)

| | Page |
|---|-------|
| H. Fiduciary Funds: | |
| H-1 Combining Statement of Fiduciary Net Position | 71 |
| H-2 Combining Statement of Changes in Fiduciary Net Position | 72 |
| H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements | 73 |
| H-4 Payroll Agency Fund Schedule fo Receipts and Disbursements | 74 |
| | |
| I. Long-Term Debt: | |
| I-1 Schedule of Serial Bonds | 75 |
| I-2 Schedule of Obligations under Capital Leases | 76 |
| I-3 Debt Service Fund Budgetary Comparison Schedule | 77 |
| STATISTICAL SECTION (Unaudited) | |
| | |
| Financial Trends | |
| J-1 Net Position by Component | 78 |
| J-2 Changes in Net Position | 79-81 |
| J-3 Fund Balances - Governmental Funds | 82 |
| J-4 Changes in Fund Balances - Governmental Funds | 83 |
| J-5 General Fund Other Local Revenue by Source | 84 |
| Revenue Capacity | |
| J-6 Assessed Value and Estimated Actual Value of Taxable Property | 85 |
| J-7 Direct and Overlapping Property Tax Rates | 86 |
| J-8 Principal Property Taxpayers | 87 |
| J-9 Property Tax Levies and Collections | 88 |
| Debt Capacity | |
| J-10 Ratios of Outstanding Debt by Type | 89 |
| J-11 Ratios of General Bonded Debt Outstanding | 90 |
| J-12 Direct and Overlapping Governmental Activities Debt | 91 |
| J-13 Legal Debt Margin | 92 |
| Demographic and Economic Information | |
| J-14 Demographic and Economic Statistics | 93 |
| J-15 Principal Employers | 94 |
| Operating Information | |
| J-16 Full-time Equivalent District Employees by Function/Program | 95 |
| J-17 Operating Statistics | 96 |
| J-18 School Building Information | 97 |
| J-19 Schedule of Required Maintenance Expenditures by School Facility | 98 |
| J-20 Insurance Schedule | 99 |

TABLE OF CONTENTS (Continued)

| | | Page |
|-----------------------------|--|---------|
| SINGLE AUDIT SECTION | | |
| K-1 | Independent Auditor's Report - In Accordance with Government Auditing Standards | 100-101 |
| K-2 | Independent Auditor's Report - In Accordance with Uniform Guidance and NJ OMB 15-08 | 102-104 |
| K-3 | Schedule of Expenditures of Federal Awards, Schedule A | 105 |
| K-4 | Schedule of Expenditures of State Financial Assistance, Schedule B | 106 |
| K-5 | Notes to Schedules of Awards and Financial Assistance | 107-108 |
| K-6 | Schedule of Findings and Questioned Costs | 109-111 |
| K-7 | Summary Schedule of Prior Audit Findings | 111 |

Introductory Section



ABSECON PUBLIC SCHOOLS
800 Irelan Avenue, Absecon, NJ 08201

Dr. Theresa DeFranco
Superintendent
(609) 641-5375
Ext. 1012

Tina Maruca
Business Administrator
(609) 641-5375
Ext. 1010

October 27, 2017

Honorable President and Members of the Board of Education
Citizens of Absecon
Absecon School District
Absecon, New Jersey 08201

FAX
(609) 641-8692

Dear Board Members:

The Comprehensive Annual Financial Report of the Absecon City Board of Education for the fiscal year ended June 30, 2017 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 Absecon Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains the table of contents, this Letter of Transmittal, the District's organizational chart and a roster of officials.
- The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the District's financial position and operating results, and other schedules providing detailed budgetary information.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis;
- The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, OMB Circular Uniform Guidance and NJ OMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

Reporting Entity

The City of Absecon Board of Education is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Absecon 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 K through 8. These include regular, as well as special education for handicapped students. The District completed the 2016-17 fiscal year with an average daily enrollment of 819.7 (according to the New Jersey State Attendance Records). The following details the changes in the student enrollment of the District over the last ten years.

| Fiscal Year | Student Enrollment | Percent Change |
|--------------------|---------------------------|-----------------------|
| 2016-17 | 819.7 | -3.80% |
| 2015-16 | 852.1 | -0.64% |
| 2014-15 | 857.6 | -0.08% |
| 2013-14 | 858.3 | 2.94% |
| 2012-13 | 833.8 | 1.09% |
| 2011-12 | 824.8 | -2.84% |
| 2010-11 | 848.9 | 4.15% |
| 2009-10 | 815.1 | 0.31% |
| 2008-09 | 812.6 | -0.17% |
| 2007-08 | 814.0 | -0.61% |

Economic Condition and Outlook

The Absecon area has remained stable after an economic downslide particularly caused by the closing of three Atlantic City casino properties. Student enrollment is gradually starting to increase due to the opening of new housing complexes. Hopefully, additional commercial growth will occur to further increase the tax base.

Major Initiatives

Major emphases in the District in 2016-17 continued to be in the area of curriculum development and PARCC readiness. For 2017-18, curriculum efforts will focus on updating these areas; visual and performing arts, physical education, Spanish, English language learners, and media.

Staff development continues to be a priority to ensure the efficient and effective operation of the school district. Teachers and support staff are provided with training programs in the district, at seminars, and through college tuition reimbursement programs. Professional development continued on the implementation of STEAM (Science, Technology, Engineer, Arts and Math) in the curriculum using a multi-disciplined approach. For 2017-18, the district will focus on data to improve instruction, topics generated by the school climate improvement plan (SCIP) team, more security, and addressing issues related to harassment, intimidation and bullying.

The Long Range Facility Plan last updated, December, 2011, and will be updated in 2016-2017. A bond referendum to complete the major projects in the Plan was passed in March, 2014. The projects for the H. Ashton Marsh and Emma C. Attales Schools included roof replacement, toilet room renovations, interior/exterior lighting, unit ventilator replacement, door/hardware replacement and various smaller projects were initiated in June, 2015. These projects were all completed by June, 2017. A second door/hardware replacement project is planned.

For the 2016-17 school year, the District continued to focus on security, meeting mandated training requirements, data analysis, character education and continued curriculum updates. These areas will remain a priority for 2017-18.

Financial Information

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 accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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 re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance as of June 30, 2017.

Accounting System and Reports

The District's accounting records reflect accounting principles generally accepted in the United States of America, 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 the "Notes to the Financial Statements", Note 1.

Debt Administration

On April 24, 2014, the District issued bonds in the amount of \$5,210,000 to undertake repairs and renovations to the H. Ashton Marsh School and the Emma C. Attales School. The bonds are scheduled to be paid off July 15, 2031. The District was approved for debt service aid at 40%.

Cash Management

The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements," Note 3. 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 1980 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 funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Risk Management

The Board of Education carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

Independent Audit

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott and Associates, L.L.C. was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act Amendment of 1996 and the related State Treasury Circular Letter NJ OMB 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is 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.

Acknowledgements

We would like to express our appreciation to the members of the Absecon 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 have not been accomplished without the efficient and dedicated services of our financial and accounting personnel and support staff.

Respectfully submitted,

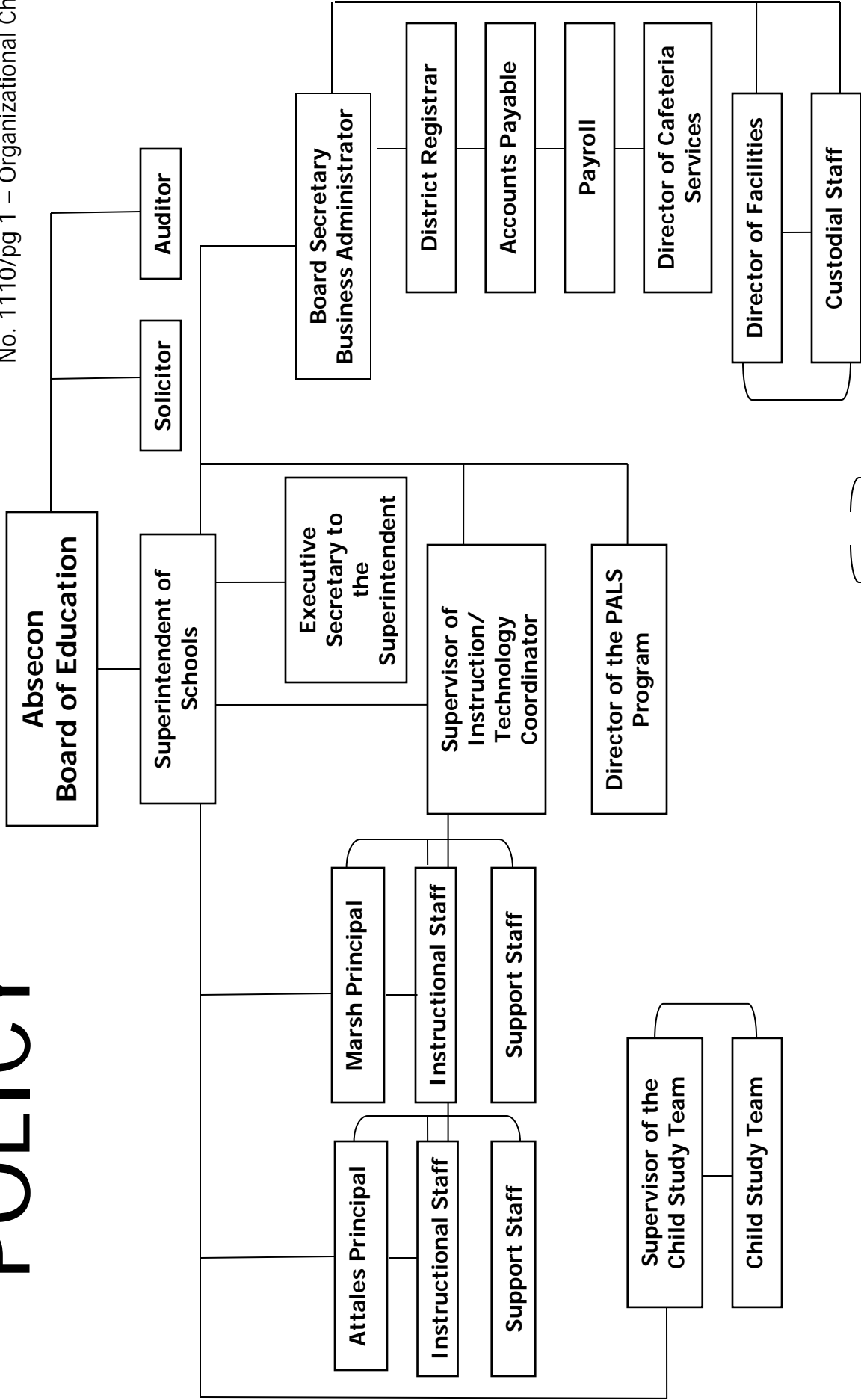


Dr. Theresa DeFranco
Superintendent



Tina Maruca
Business Administrator/
Board Secretary

POLICY



— Solid lines indicate direct control

- - - These lines indicate coordination

Adopted: November 10, 1987
 Revised: November 14, 1989
 Revised: April 20, 2010
 Updated: September 1, 2015

ABSECON BOARD OF EDUCATION
ABSECON, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2017

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|---|----------------------------|
| Gerald Hoenes, President | 2017 |
| Thomas Grites, Vice President | 2017 |
| Christopher Cottrell | 2018 |
| John Rynkiewicz | 2019 |
| Alex Corkhill | 2018 |
| Linda Wallace | 2019 |
| Raquel Law | 2019 |

Other Officials

Dr. Theresa DeFranco, Superintendent

Tina Maruca, Board Secretary/School Business Administrator

**ABSECON BOARD OF EDUCATION
Consultants and Advisors**

Architect

Settembrino Architects
25 Bridge Avenue
Suite 201
Red Bank, NJ 07701

Audit Firm

Ford, Scott & Associates, L.L.C.
Certified Public Accountants
1535 Haven Avenue
P.O. Box 538
Ocean City, NJ 08226

Attorney

Louis Greco, Esquire
800 Route 50, Suite 2B
Mays Landing, New Jersey 08330

Official Depository

Ocean First Bank
778 White Horse Pike
Absecon, NJ 08201

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

Financial Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

Independent Auditor's Report

Honorable President and
Members of the Board of Education
City of Absecon School District
County of Atlantic
Absecon, 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 City of Absecon School District, County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2017, 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, 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 City of Absecon School District, County of Atlantic, State of New Jersey, as of June 30, 2017, 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 the Required Supplementary Information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Absecon 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 Circular 15-08, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, combining statements, and individual 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 Circular 15-08, and statistical information is the responsibility of management and was derived from and relate 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 Circular 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2017 on our consideration of the City of Absecon 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 City of Absecon School District's internal control over financial reporting and compliance.

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

October 27, 2017

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

Required Supplementary Information – Part I

**CITY OF ABSECON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED**

The discussion and analysis of the City of Absecon School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- In total, net position decreased \$650,250.17 which represents a 7 percent decrease from 2016.
- General revenues accounted for \$12,509,796.63 in revenue or 66 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$6,533,446.27 or 34 percent of total revenues of \$19,043,242.90.
- Total assets of governmental activities decreased by \$713,969.94 as cash and cash equivalents decreased by \$393,891.12, receivables decreased by \$2,040.41 and capital assets decreased by \$312,430.41.
- The School District had \$19,671,293.07 in expenses; only \$6,533,446.27 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$12,509,796.63 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$14,494,429.77 in revenues and \$14,736,473.75, in expenditures. The General Fund's fund balance decreased \$139,498.79 over 2016.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

{This section is intentionally left blank}

**CITY OF ABSECON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental Activities - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activity - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transaction. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**CITY OF ABSECON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 30 to 54 of this report.

The School District as a Whole

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

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

Table 1 provides a summary of the School District's net position for 2017 and 2016.

**Table 1
Net Position**

| | 2017 | 2016 |
|---------------------------------------|-----------------|----------------|
| Assets | | |
| Current and Other Assets | \$ 1,939,039.94 | 2,340,579.47 |
| Capital Assets | 14,900,333.84 | 15,212,764.25 |
| Total Assets | 16,839,373.78 | 17,553,343.72 |
| Deferred Outflows of Resources | | |
| Deferred Outflows Related to Pensions | 1,267,709.00 | 388,340.00 |
| Liabilities | | |
| Long-Term Liabilities | 9,363,749.31 | 8,221,611.23 |
| Other Liabilities | 365,233.67 | 622,067.52 |
| Total Liabilities | 9,728,982.98 | 8,843,678.75 |
| Deferred Inflows of Resources | | |
| Deferred Inflows Related to Pensions | 78,807.00 | 148,462.00 |
| Net Position | | |
| Net Investment in Capital Assets | 9,998,281.81 | 10,133,886.20 |
| Restricted | 966,751.89 | 1,124,869.16 |
| Unrestricted | (2,665,740.90) | (2,309,212.39) |
| Total Net Position | \$ 8,299,292.80 | 8,949,542.97 |

The District's combined net position was \$8,299,292.80 on June 30, 2017. This is a decrease from 2016 of \$650,250.17.

**CITY OF ABSECON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

Table 2 shows changes in net position for fiscal year 2017 and 2016.

**Table 2
Changes in Net Position**

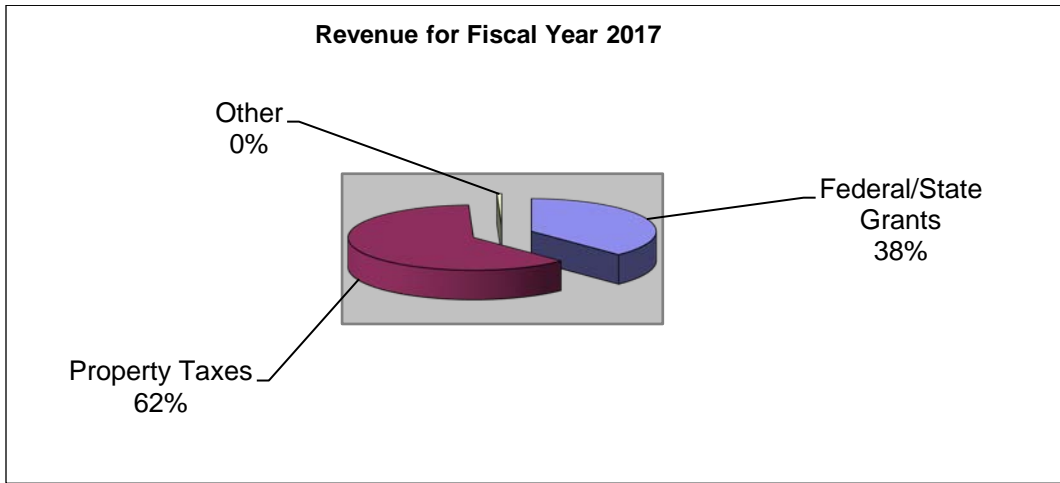
| | <u>2017</u> | <u>2016</u> |
|---|------------------------|----------------------|
| Revenues | | |
| Program Revenues: | | |
| Charges for Services | \$ 284,185.70 | 230,705.88 |
| Operating Grants and Contributions | 6,249,260.57 | 4,941,707.68 |
| General Revenues: | | |
| Property Taxes | 11,505,729.00 | 11,205,966.00 |
| Grants and Entitlements | 987,410.00 | 965,530.00 |
| Other | 16,657.63 | 27,570.59 |
| Total Revenues | <u>19,043,242.90</u> | <u>17,371,480.15</u> |
| Program Expenses | | |
| Instruction | 11,288,940.50 | 9,830,259.80 |
| Support Services: | | |
| Tuition | 2,047,890.57 | 2,121,738.40 |
| Pupils and Instructional Staff | 2,110,549.46 | 1,727,244.59 |
| General and School Administration | 1,163,089.01 | 1,057,265.89 |
| Central Services | 434,581.03 | 377,031.74 |
| Operation and Maintenance of Facilities | 1,088,498.32 | 1,050,172.80 |
| Pupil Transportation | 625,936.49 | 587,043.19 |
| Interest on Long-Term Debt | 129,178.47 | 135,059.86 |
| Food Service | 276,467.94 | 310,237.81 |
| Other | 506,161.28 | 490,349.64 |
| Extraordinary Items: | | |
| Loss on Disposal of Capital Assets | 22,200.00 | 4,492.87 |
| Total Expenses | <u>19,693,493.07</u> | <u>17,690,896.59</u> |
| Increase/(Decrease) in Net Position | <u>\$ (650,250.17)</u> | <u>(319,416.44)</u> |

{This section is intentionally left blank}

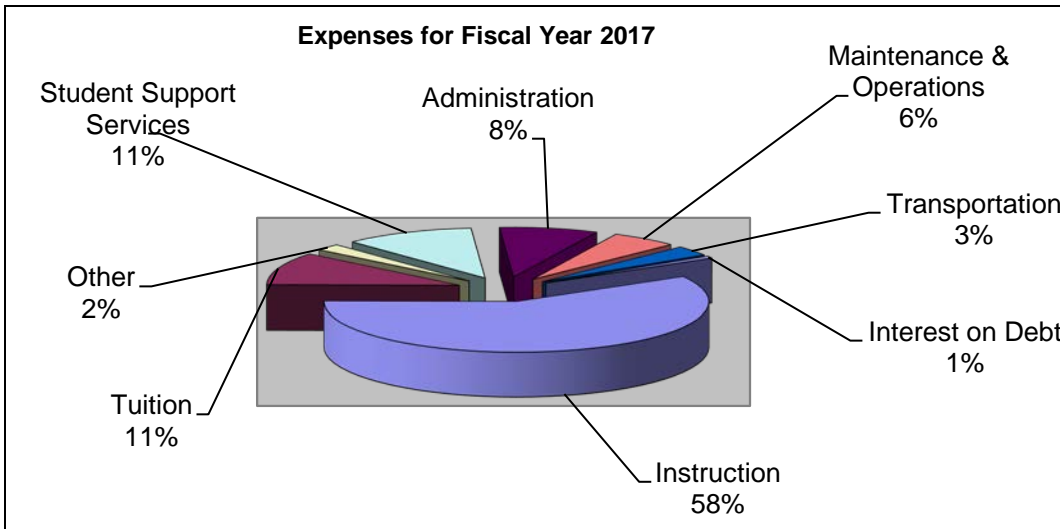
**CITY OF ABSECON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

Governmental Activities

The District's total revenues were \$18,661,271.66 for the year ended June 30, 2017. Property taxes made up 62 percent of revenues for governmental activities for the City of Absecon School District for fiscal year 2017. Federal, state, and local grants accounted for 38 percent of the revenue. Local revenue and charges for service make up less than 1 percent of the revenue.



The total cost of all program and services was \$19,294,028.96. Instruction comprises 58 percent of District expenses.



**CITY OF ABSECON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

Business-Type Activities

Revenues for the District's business-type activities (food service and after school child care programs) were comprised of charges for services and federal and state reimbursements.

- Revenues exceeded expenses before investment income by \$4,540.01.
- Charges for services represent \$185,016.88 of revenue. This represents amounts paid by patrons for daily food service and childcare.
- For the food service operation, federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$196,787.24.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

| | <u>Total Cost of Services 2017</u> | <u>Net Cost of Services 2017</u> | <u>Total Cost of Services 2016</u> | <u>Net Cost of Services 2016</u> |
|---|--|--------------------------------------|--|--------------------------------------|
| Instruction | \$ 11,288,940.50 | 6,481,938.66 | 9,830,259.80 | 6,056,456.24 |
| Support Services: | | | | |
| Pupils and Instructional Staff | 4,158,440.03 | 3,233,840.86 | 3,848,982.99 | 3,215,240.63 |
| General and School Administration | 1,163,089.01 | 1,092,910.20 | 1,057,265.89 | 994,931.44 |
| Central Services | 434,581.03 | 393,063.89 | 377,031.74 | 338,636.57 |
| Operation and Maintenance of Facilities | 1,088,498.32 | 999,142.24 | 1,050,172.80 | 968,472.74 |
| Pupil Transportation | 625,936.49 | 543,746.07 | 587,043.19 | 515,328.85 |
| Interest on Long-Term Debt | 129,178.47 | (4,084.53) | 135,059.86 | (2,986.14) |
| Other | 405,365.11 | 401,829.42 | 423,666.96 | 420,029.40 |
| Total Expenses | <u>\$ 19,294,028.96</u> | <u>13,142,386.81</u> | <u>17,309,483.23</u> | <u>12,506,109.73</u> |

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. Also included is out of district tuition.

General administration, school administration, and business and other support services include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as provided by State law.

"Other" includes special schools, charter schools, and unallocated depreciation.

**CITY OF ABSECON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects, and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$15,976,424.66 and expenditures were \$16,123,949.00. The net negative change in fund balance for the year of \$147,524.34 was most significant in the General Fund.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds, for the fiscal year ended June 30, 2017, and the amount and percentage of increases and decreases in relation to prior year revenues.

| Revenue | Amount | Percent of Total | Increase (Decrease) from 2016 | Percent of Increase (Decrease) |
|-----------------|-------------------------|-----------------------------|--|---|
| Local Sources | \$ 11,622,088.33 | 72.75% | 318,618.98 | 2.82% |
| State Sources | 3,445,942.83 | 21.57% | 305,268.81 | 9.72% |
| Federal Sources | 908,393.50 | 5.69% | 98,808.84 | 12.20% |
| Total | <u>\$ 15,976,424.66</u> | <u>100.00%</u> | <u>722,696.63</u> | <u>4.74%</u> |

The following schedule represents a summary of general fund, special revenue fund, and capital projects fund expenditures for the fiscal year ended June 30, 2017, and the percentage of increases and decreases in relation to prior year amounts.

| Expenditures | Amount | Percent of Total | Increase (Decrease) from 2016 | Percent of Increase (Decrease) |
|----------------------------|-------------------------|-----------------------------|--|---|
| Current expense: | | | | |
| Instruction | \$ 6,036,136.54 | 37.20% | 384,802.56 | 6.81% |
| Undistributed expenditures | 9,258,069.22 | 57.06% | 440,884.66 | 5.00% |
| Special/Charter Schools | 397,001.89 | 2.45% | (17,714.87) | -4.27% |
| Debt Service | 391,950.00 | 2.42% | 80,650.00 | 25.91% |
| Capital Outlay | 143,336.54 | 0.88% | (127,871.02) | -47.15% |
| Total | <u>\$ 16,226,494.19</u> | <u>100.00%</u> | <u>760,751.33</u> | <u>4.92%</u> |

Changes in expenditures were the results of varying factors. The current expense increase of undistributed expenditures is attributed to tuition, transportation and health benefits.

{This section is intentionally left blank}

**CITY OF ABSECON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- Revenue was realized from the prior year for the e-rate program and tuition adjustment for students received from other districts.
- The district applied for and received extraordinary aid.
- Tuition expense for special education students attending special service and regional day schools decreased significantly than expected.

Capital Assets

At the end of the fiscal year 2017, the School District had \$14,900,333.84 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2017 balances compared to 2016.

**Table 4
Capital Assets (Net of Depreciation) at June 30,**

| | 2017 | 2016 |
|------------------------------------|------------------|---------------|
| Land | \$ 1,956,141.00 | 1,956,141.00 |
| Construction in Progress | 4,768,097.29 | 4,766,795.13 |
| Site Improvements | 69,083.90 | 76,555.86 |
| Building and Building Improvements | 7,887,190.41 | 8,204,703.35 |
| Machinery and Equipment | 219,821.24 | 208,568.91 |
| Total | \$ 14,900,333.84 | 15,212,764.25 |

Overall capital assets decreased \$312,430.41 from fiscal year 2016 to fiscal year 2017. The decrease is the net of added capital assets, construction in progress and annual depreciation. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2017, the School District had \$5,220,484.31 of outstanding debt. Of this amount \$378,077.00 is for compensated absences, \$67,407.31 is for capital leases and \$4,775,000.00 of serial bonds for school construction.

At June 30, 2017, the School District's overall legal debt margin was \$18,158,759.00. For more detailed information, please refer to the Notes to the Financial Statements.

{This section is intentionally left blank}

**CITY OF ABSECON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

For the Future

The Absecon School District is in good financial condition presently. The School District is proud of its community support of the public schools.

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

Contacting the School District's 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 questions about this report or need additional information, contact Tina Maruca, Business Administrator/Board Secretary at City of Absecon Board of Education, 800 Ireland Avenue, Absecon, NJ 08201, (609) 641-5375, extension 1014.

{This section is intentionally left blank}

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

Basic Financial Statements

DISTRICT – WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of changes in net position display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business – type activities of the District.

CITY OF ABSECON SCHOOL DISTRICT
Statement of Net Position
June 30, 2017

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 1,349,584.66 | 133,421.90 | 1,483,006.56 |
| Receivables, Net | 301,987.50 | 12,867.24 | 314,854.74 |
| Internal Balances | 14,364.82 | (14,364.82) | - |
| Inventory | | 1,928.68 | 1,928.68 |
| Restricted Assets: | | | |
| Capital Reserve Account | 139,249.96 | | 139,249.96 |
| Capital Assets: | | | |
| Capital Assets, not depreciated | 6,724,238.29 | | 6,724,238.29 |
| Capital Assets being Depreciated, net | 8,166,765.45 | 9,330.10 | 8,176,095.55 |
| Total Assets | 16,696,190.68 | 143,183.10 | 16,839,373.78 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Outflows Related to Pensions | 1,267,709.00 | | 1,267,709.00 |
| Total Deferred Outflows of Resources | 1,267,709.00 | - | 1,267,709.00 |
| LIABILITIES | | | |
| Accounts Payable | 259,934.50 | 35,769.24 | 295,703.74 |
| Payable to State Government | 6,778.00 | | 6,778.00 |
| Unearned Revenue | | 3,107.21 | 3,107.21 |
| Accrued Interest | 59,644.72 | | 59,644.72 |
| Noncurrent Liabilities | | | |
| Due Within One Year | 303,105.29 | | 303,105.29 |
| Due Beyond One Year | 4,917,379.02 | | 4,917,379.02 |
| Net Pension Liability | 4,143,265.00 | | 4,143,265.00 |
| Total Liabilities | 9,690,106.53 | 38,876.45 | 9,728,982.98 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows Related to Pensions | 78,807.00 | | 78,807.00 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 9,988,951.71 | 9,330.10 | 9,998,281.81 |
| Restricted for: | | | |
| Other Purposes | 966,751.89 | | 966,751.89 |
| Unrestricted | (2,760,717.45) | 94,976.55 | (2,665,740.90) |
| Total Net Position | \$ 8,194,986.15 | 104,306.65 | 8,299,292.80 |

The accompanying Notes to Financial Statements are an integral part of this statements.

CITY OF ABSECON SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2017

| Function/Programs | Expenses | Indirect Cost Allocation | Program Revenue | | | 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 | \$ 6,930,112.16 | 2,122,184.31 | 99,168.82 | 3,513,147.53 | | (5,439,980.12) | | (5,439,980.12) |
| Special Education | 1,364,657.79 | 466,160.32 | | 1,071,414.72 | | (759,403.39) | | (759,403.39) |
| Other Special Instruction | 302,482.47 | 103,343.45 | | 123,270.77 | | (282,555.15) | | (282,555.15) |
| Support Services: | | | | | | | | |
| Tuition | 2,047,890.57 | | | | | (2,047,890.57) | | (2,047,890.57) |
| Student & Instruction Related Services | 1,726,777.86 | 383,771.60 | | 924,599.17 | | (1,185,950.29) | | (1,185,950.29) |
| School Administrative Services | 470,283.48 | 161,610.38 | | 70,178.81 | | (561,715.05) | | (561,715.05) |
| General Administrative Services | 434,394.48 | 96,800.67 | | | | (531,195.15) | | (531,195.15) |
| Plant Operation and Maintenance | 887,520.31 | 200,978.01 | | 89,356.08 | | (999,142.24) | | (999,142.24) |
| Pupil Transportation | 622,997.10 | 2,939.39 | | 82,190.42 | | (543,746.07) | | (543,746.07) |
| Central Services | 338,973.81 | 95,607.22 | | 41,517.14 | | (393,063.89) | | (393,063.89) |
| Unallocated Employee Benefits | 3,641,537.47 | (3,641,537.47) | | | | - | | - |
| Interest on Long-Term Debt | 129,178.47 | 8,142.12 | | 133,263.00 | | (4,084.53) | | 4,084.53 |
| Special Schools | 19,317.99 | | | 3,535.69 | | (23,924.42) | | (23,924.42) |
| Charter Schools | 377,905.00 | | | | | (377,905.00) | | (377,905.00) |
| Total Governmental Activities | 19,294,028.96 | 0.00 | 99,168.82 | 6,052,473.33 | - | (13,142,386.81) | - | (13,142,386.81) |
| Business-Type Activities: | | | | | | | | |
| Food Service | 276,467.94 | | 82,462.57 | 196,787.24 | | | 2,781.87 | 2,781.87 |
| After School Child Care | 100,796.17 | | 102,554.31 | | | | 1,758.14 | 1,758.14 |
| Total Business-Type Activities | 377,264.11 | - | 185,016.88 | 196,787.24 | | | 4,540.01 | 4,540.01 |
| Total Primary Government | \$ 19,671,293.07 | 0.00 | 284,185.70 | 6,249,260.57 | - | (13,142,386.81) | 4,540.01 | (13,137,846.80) |

General Revenues:

| | | |
|--|------------------|-----------------|
| Taxes: | | |
| Property Taxes, Levied for General Purposes, Net | \$ 11,254,562.00 | 11,254,562.00 |
| Taxes Levied for Debt Service | 251,167.00 | 251,167.00 |
| Federal and State Aid not Restricted | 987,410.00 | 987,410.00 |
| Investment Earnings | 3,429.75 | 3,429.75 |
| Miscellaneous Income | 13,060.76 | 13,060.76 |
| Extraordinary Items: | | |
| Loss on Disposal of Assets | (22,200.00) | (22,200.00) |
| Total General Revenues, Special Items, Extraordinary Items and Transfers | 12,487,429.51 | 12,487,429.51 |
| Change in Net Position | (654,957.30) | (654,957.30) |
| Net Position - Beginning | 8,849,943.45 | 8,849,943.45 |
| Net Position - Ending | \$ 8,194,986.15 | \$ 8,194,986.15 |

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

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

CITY OF ABSECON SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2017

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|--|------------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 933,180.36 | 25.00 | 414,200.26 | 2,179.04 | 1,349,584.66 |
| Due from Other Funds | 111,013.22 | | | 784.61 | 111,797.83 |
| Receivables from Other Governments | 89,090.53 | 184,723.00 | | | 273,813.53 |
| Other Receivables | 22,994.82 | 5,179.15 | | | 28,173.97 |
| Restricted Cash & Cash Equivalents | 139,249.96 | | | | 139,249.96 |
| Total Assets | <u>1,295,528.89</u> | <u>189,927.15</u> | <u>414,200.26</u> | <u>2,963.65</u> | <u>1,902,619.95</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | 137,816.25 | 86,500.75 | 35,617.50 | | 259,934.50 |
| Payable to Other Funds | | 96,648.40 | 784.61 | | 97,433.01 |
| Intergovernmental Payable | | 6,778.00 | | | 6,778.00 |
| Total Liabilities | <u>137,816.25</u> | <u>189,927.15</u> | <u>36,402.11</u> | <u>-</u> | <u>364,145.51</u> |
| Fund Balances: | | | | | |
| Restricted for: | | | | | |
| Excess Surplus | 106,945.03 | | | | 106,945.03 |
| Excess Surplus - Designated | | | | | |
| Subsequent Year | 51,150.04 | | | | 51,150.04 |
| Capital Projects Fund | | | 377,798.15 | | 377,798.15 |
| Debt Service Fund | | | | 2,963.65 | 2,963.65 |
| Committed to: | | | | | |
| Capital Reserve | 99,249.96 | | | | 99,249.96 |
| Maintenance Reserve | 85,004.00 | | | | 85,004.00 |
| Tuition Reserve | 135,240.00 | | | | 135,240.00 |
| Assigned to: | | | | | |
| Maintenance Reserve Designated by BOE for Subsequent Expenditures | 20,000.00 | | | | 20,000.00 |
| Capital Reserve Designated by BOE for Subsequent Expenditures | 40,000.00 | | | | 40,000.00 |
| Tuition Reserve Designated by BOE for Subsequent Expenditures | 163,400.00 | | | | 163,400.00 |
| Designated by BOE for Subsequent Expenditures | 247,223.96 | | | | 247,223.96 |
| Other Purposes | 18,538.90 | | | | 18,538.90 |
| Unassigned, Reported in: | | | | | |
| General Fund | 190,960.75 | | | | 190,960.75 |
| Total Fund Balances | <u>1,157,712.64</u> | <u>-</u> | <u>377,798.15</u> | <u>2,963.65</u> | <u>1,538,474.44</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,295,528.89</u> | <u>189,927.15</u> | <u>414,200.26</u> | <u>2,963.65</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 resources and therefore are not reported in the funds.

The cost of the assets is \$25,296,593.56 and the accumulated depreciation is \$10,405,589.82 14,891,003.74

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. (5,220,484.31)

Pension Liabilities Net of Deferred Outflows & Inflows (2,954,363.00)

Interest on long-term debt in the statement of activities is accrued, regardless of when due. (59,644.72)

Net Position of governmental activities \$ 8,194,986.15

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF ABSECON SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2017

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|--|------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| REVENUES | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 11,254,562.00 | | | 251,167.00 | 11,505,729.00 |
| Tuition From Other LEAs Within the State | 75,367.82 | | | | 75,367.82 |
| Other Tuition | 23,801.00 | | | | 23,801.00 |
| Interest Earned on Investments | 2,633.14 | | 784.61 | 12.00 | 3,429.75 |
| Transportation Fees from Individuals | 700.00 | | | | 700.00 |
| Miscellaneous | 13,060.76 | | | | 13,060.76 |
| Total Local Sources | 11,370,124.72 | - | 784.61 | 251,179.00 | 11,622,088.33 |
| State Sources | 3,124,305.05 | 188,374.78 | | 133,263.00 | 3,445,942.83 |
| Federal Sources | - | 908,393.50 | | | 908,393.50 |
| Total Revenues | 14,494,429.77 | 1,096,768.28 | 784.61 | 384,442.00 | 15,976,424.66 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Regular Instruction | 4,080,679.36 | 789,047.24 | | | 4,869,726.60 |
| Special Education Instruction | 954,779.21 | | | | 954,779.21 |
| Other Special Instruction | 211,630.73 | | | | 211,630.73 |
| Support Services: | | | | | |
| Tuition | 2,047,890.57 | | | | 2,047,890.57 |
| Student & Instruction Related Serv. | 904,079.51 | 307,721.04 | | | 1,211,800.55 |
| School Administrative Services | 343,039.28 | | | | 343,039.28 |
| General Administrative Services | 317,910.03 | | | | 317,910.03 |
| Plant Operation and Maintenance | 816,216.94 | | | | 816,216.94 |
| Pupil Transportation | 622,917.28 | | | | 622,917.28 |
| Central Services | 256,757.10 | | | | 256,757.10 |
| Employee Benefits | 3,641,537.47 | | | | 3,641,537.47 |
| Special Schools | 19,096.89 | | | | 19,096.89 |
| Transfer to Charter School | 377,905.00 | | | | 377,905.00 |
| Debt Service: | | | | | |
| Principal on Bonds | | | | 260,000.00 | 260,000.00 |
| Interest on Bonds | | | | 131,950.00 | 131,950.00 |
| Capital Outlay | 142,034.38 | | 1,302.16 | | 143,336.54 |
| Total Expenditures | 14,736,473.75 | 1,096,768.28 | 1,302.16 | 391,950.00 | 16,226,494.19 |
| Excess (Deficiency) of Revenues Over Expenditures | (242,043.98) | - | (517.55) | (7,508.00) | (250,069.53) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer in | | | | 784.61 | 784.61 |
| Transfer out | | | (784.61) | | (784.61) |
| Capital Lease Proceeds | 102,545.19 | | | | 102,545.19 |
| Total Other Financing Sources and Uses | 102,545.19 | - | (784.61) | 784.61 | 102,545.19 |
| Net Changes in Fund Balance | (139,498.79) | - | (1,302.16) | (6,723.39) | (147,524.34) |
| Fund Balance - July 1 | \$1,297,211.43 | - | 379,100.31 | 9,687.04 | 1,685,998.78 |
| Fund Balance - June 30 | \$ 1,157,712.64 | - | 377,798.15 | 2,963.65 | 1,538,474.44 |

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF ABSECON SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

| | | |
|---|---------------------|-------------------------------|
| Total Net Change in Fund Balance - Governmental Funds (from B-2) | \$ | (147,524.34) |
| <p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> | | |
| <p>Capital outlays are reported in governmental funds as expenditures. However, on 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 current fiscal year.</p> | | |
| Depreciation expense | (372,381.46) | |
| Capital Outlay | 77,491.05 | |
| Loss on Disposal of Assets | <u>(22,200.00)</u> | (317,090.41) |
| <p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long - term liabilities in the statement of net assets and is not reported in the statement of activities.</p> | | |
| Bonds Payable | 260,000.00 | |
| Capital Leases Payable | <u>35,137.88</u> | 295,137.88 |
| <p>Proceeds from debt issues are a financing source in the governmental funds, but increases long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p> | | |
| Capital lease proceeds | <u>(102,545.19)</u> | (102,545.19) |
| <p>Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of of employee contributions is reported as pension expense.</p> | | |
| District pension contributions - PERS | | |
| Cost of benefits earned net of employee contributions | <u>(286,815.00)</u> | (286,815.00) |
| <p>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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).</p> | | |
| | | (98,891.77) |
| <p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a deduction in the reconciliation.</p> | | |
| | | 2,771.53 |
| Change in Net Position of Governmental Activities | | <u><u>\$ (654,957.30)</u></u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF ABSECON SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2017

| | Business-Type Activities - Enterprise Fund Non Major Funds | | |
|----------------------------------|--|----------------------------|--------------------------|
| | Food Service | After School Child Care | Totals |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ 84,467.23 | 48,954.67 | 133,421.90 |
| Accounts Receivable | 12,867.24 | | 12,867.24 |
| Inventory | 1,928.68 | | 1,928.68 |
| Total Current Assets | <u>99,263.15</u> | <u>48,954.67</u> | <u>148,217.82</u> |
| Noncurrent Assets: | | | |
| Furniture, Machinery & Equipment | 142,767.55 | 43,300.00 | 186,067.55 |
| Less: Accumulated Depreciation | <u>(133,437.45)</u> | <u>(43,300.00)</u> | <u>(176,737.45)</u> |
| Total Noncurrent Assets | <u>9,330.10</u> | <u>-</u> | <u>9,330.10</u> |
| Total Assets | <u><u>108,593.25</u></u> | <u><u>48,954.67</u></u> | <u><u>157,547.92</u></u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Unearned Revenue | 1,757.21 | 1,350.00 | 3,107.21 |
| Interfund Payable | 14,364.82 | | 14,364.82 |
| Accounts Payable | 5,633.91 | 30,135.33 | 35,769.24 |
| Total Current Liabilities | <u>21,755.94</u> | <u>31,485.33</u> | <u>53,241.27</u> |
| Noncurrent Liabilities: | | | |
| None | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Noncurrent Liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Liabilities | <u>21,755.94</u> | <u>31,485.33</u> | <u>53,241.27</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 9,330.10 | - | 9,330.10 |
| Unrestricted | 77,507.21 | 17,469.34 | 94,976.55 |
| Total Net Position | <u><u>\$ 86,837.31</u></u> | <u><u>17,469.34</u></u> | <u><u>104,306.65</u></u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF ABSECON SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2017

| | Non Major Funds | | Totals Enterprise |
|--|---------------------|----------------------------|----------------------|
| | Food Service | After School Child Care | |
| Operating Revenues: | | | |
| Charges for Services: | | | |
| Daily Sales - Reimbursable Programs | \$ 59,363.90 | | 59,363.90 |
| Daily Sales - Non-reimbursable Programs | 23,098.67 | | 23,098.67 |
| Tuition Fees | | 99,854.31 | 99,854.31 |
| Registration Fees | | 2,700.00 | 2,700.00 |
| Total Operating Revenue | <u>82,462.57</u> | <u>102,554.31</u> | <u>185,016.88</u> |
| Operating Expenses: | | | |
| Cost of Sales - Reimbursable Programs | 109,029.88 | | 109,029.88 |
| Cost of Sales - Non-reimbursable Programs | 9,831.87 | | 9,831.87 |
| Salaries | 13,289.14 | 61,490.75 | 74,779.89 |
| Employee Benefits | 1,075.68 | 4,704.02 | 5,779.70 |
| Food Service Management | 117,077.92 | | 117,077.92 |
| Depreciation | 518.55 | | 518.55 |
| Support and Maintenance | 5,893.01 | | 5,893.01 |
| Supplies and Materials | 1,238.08 | 34,601.40 | 35,839.48 |
| Write Off Credit Sales | 18,513.81 | | 18,513.81 |
| Total Operating Expenses | <u>276,467.94</u> | <u>100,796.17</u> | <u>377,264.11</u> |
| Operating Income (Loss) | (194,005.37) | 1,758.14 | (192,247.23) |
| Nonoperating Revenues (Expenses): | | | |
| State Sources: | | | |
| State School Lunch/Breakfast Program | 3,199.29 | | 3,199.29 |
| Federal Sources: | | | |
| National School Lunch | 142,966.60 | | 142,966.60 |
| National School Breakfast Program | 29,063.34 | | 29,063.34 |
| Food Distribution Program | 21,558.01 | | 21,558.01 |
| Interest and Investment Income | 122.37 | 44.75 | 167.12 |
| Total Nonoperating Revenues (Expenses) | <u>196,909.61</u> | <u>44.75</u> | <u>196,954.36</u> |
| Income (Loss) before Contributions & Transfers | 2,904.24 | 1,802.89 | 4,707.13 |
| Transfers In (Out) | <u>-</u> | <u>-</u> | <u>-</u> |
| Changes in Net Position | 2,904.24 | 1,802.89 | 4,707.13 |
| Total Net Position - Beginning | <u>83,933.07</u> | <u>15,666.45</u> | <u>99,599.52</u> |
| Total Net Position - Ending | <u>\$ 86,837.31</u> | <u>17,469.34</u> | <u>104,306.65</u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF ABSECON SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2017

| | Business-Type Activities - Enterprise Fund Non Major Funds | | |
|--|--|------------------------|---------------------|
| | Food Service | After School Center | Total Enterprise |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from Customers | \$ 83,919.96 | | 83,919.96 |
| Receipts for Tuition and Registration | | 103,595.41 | 103,595.41 |
| Payments to Employees | | (66,239.71) | (66,239.71) |
| Payments to Suppliers | (255,504.20) | (4,466.07) | (259,970.27) |
| Net Cash Provided by (Used for) Operating Activities | <u>(171,584.24)</u> | <u>32,889.63</u> | <u>(138,694.61)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| State Sources | 3,589.37 | | 3,589.37 |
| Federal Sources | 194,746.80 | | 194,746.80 |
| Food Distribution Program | 21,558.01 | | 21,558.01 |
| Net Cash Provided by (Used for) Noncapital Financing Activities | <u>219,894.18</u> | <u>-</u> | <u>219,894.18</u> |
| CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchase of Capital Assets | (5,178.55) | | (5,178.55) |
| Net Cash (Used for) Capital and Related Financing Activities | <u>(5,178.55)</u> | <u>-</u> | <u>(5,178.55)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Interest and Dividends | 122.37 | 44.75 | 167.12 |
| Net Cash Provided by (Used for) Investing Activities | <u>122.37</u> | <u>44.75</u> | <u>167.12</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 43,253.76 | 32,934.38 | 76,188.14 |
| Balance - Beginning of Year | 41,213.47 | 16,020.29 | 57,233.76 |
| Balance - End of Year | <u>84,467.23</u> | <u>48,954.67</u> | <u>133,421.90</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating Income (Loss) | (194,005.37) | 1,758.14 | (192,247.23) |
| Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities: | | | |
| Depreciation | 518.55 | | 518.55 |
| Decrease in Inventories | 5,625.01 | | 5,625.01 |
| (Increase) Decrease in Accounts Receivable | 2,472.00 | 641.10 | 3,113.10 |
| Increase (Decrease) in Interfund Payable | 14,364.82 | (44.94) | 14,319.88 |
| Increase (Decrease) in Accounts Payable | 455.36 | 30,135.33 | 30,590.69 |
| Increase (Decrease) in Unearned Revenue | (1,014.61) | 400.00 | (614.61) |
| Total Adjustments | <u>22,421.13</u> | <u>31,131.49</u> | <u>53,552.62</u> |
| Net Cash Provided by (Used for) Operating Activities | <u>\$ (171,584.24)</u> | <u>32,889.63</u> | <u>(138,694.61)</u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF ABSECON DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2017

| | <u>Unemployment Compensation</u> | <u>Agency Funds</u> |
|---|--------------------------------------|-------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 155,058.13 | 42,099.54 |
| Accounts Receivable | | <u>2,120.00</u> |
| Total Assets | <u>155,058.13</u> | <u>44,219.54</u> |
| LIABILITIES | | |
| Accounts Payable | 22.98 | 5,144.42 |
| Payroll Deductions and Withholdings | | 14,441.97 |
| Flexible Spending Claims | | 347.13 |
| Payable to Student Groups | | <u>24,286.02</u> |
| Total Liabilities | <u>22.98</u> | <u>44,219.54</u> |
| NET POSITION | | |
| Held in Trust for Unemployment Claims and Other Purposes | \$ <u><u>155,035.15</u></u> | |

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF ABSECON SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2017

| | Unemployment Compensation |
|--------------------------------------|-----------------------------------|
| ADDITIONS | |
| Contributions: | |
| Plan Member | \$ 12,096.77 |
| Total Contributions | <u>12,096.77</u> |
| Investment Earnings: | |
| Interest | 197.21 |
| Total Additions | <u>197.21</u> <u>12,293.98</u> |
| DEDUCTIONS | |
| Unemployment Claims | 513.82 |
| Total Deductions | <u>513.82</u> |
| Changes in Net Position | 11,780.16 |
| Net Position - Beginning of the Year | <u>143,254.99</u> |
| Net Position - End of the Year | <u>\$ 155,035.15</u> |

The accompanying Notes to Financial Statements are an integral part of this statements.

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

The City of Absecon 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 three-year terms. The purpose of the district is to educate students in grades K-8. The City of Absecon School District had an enrollment at June 30, 2017 of 816 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 FINANCIAL STATEMENTS

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's Food Service and After School Child Care programs are classified as business-type activities.

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

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

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

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

B. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

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

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

The following fund types are used by the District:

1. Governmental Funds:

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

- a. **General Fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special Revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.
- c. **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.
- d. **Debt Service** funds are used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

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.

The District's Enterprise Funds are comprised of the Food Service Fund and the After School Child Care Fund.

{This section is intentionally left blank}

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

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

All fund 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.

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.

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

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

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized as a reserve to pay future debt service or transferred to the general fund.

3. Inventories:

Inventories in the general fund consist of expendable supplies held for the District’s use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2017, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

| | | |
|----------------------|----|-----------------|
| Food and Supplies | \$ | 1,928.68 |
| | \$ | <u>1,928.68</u> |

The value of Federal donated commodities 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, 2017 is \$1,356.68.

4. Capital Assets:

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

| | |
|-------------------------|-------------|
| Buildings | 20-50 years |
| Machinery and equipment | 5-10 years |
| Improvements | 10-20 years |
| Infrastructure Assets | 50-65 years |

Infrastructure assets include roads, parking lots, underground pipe, etc. The District includes all infrastructure assets as depreciable assets in the financial statements.

{This section is intentionally left blank}

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

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 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.

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 both an expenditure and a 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 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.

{This section is intentionally left blank}

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

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.

Significant transfers approved by the Board of Education during the fiscal year were as follows:

| | |
|--|-------------|
| Regular Program - Instruction | |
| Grades 6 - 8 - Salaries of Teachers | (30,323.06) |
| Special Education - Instruction | |
| Resource Room - Salaries of Teachers | (47,641.96) |
| Resource Room - Other Salaries for Instruction | (43,413.42) |
| Undistributed Expenditures | |
| Tuition to Other LEA's Within the State - Regular | 73,351.49 |
| Tuition to CSSD & Regional Day Schools | (32,573.00) |
| Tuition to Private Schools for the Disabled-W/I State | 106,318.68 |
| Other Support Serv. Students- | |
| Extraordinary Services - Salaries | 30,947.00 |
| Child Study Team - Salaries of Other Prof. Staff | 46,403.00 |
| Child Study Team - Purch. Prof. Educational Services | (50,000.00) |
| Student Transportation Serv. - Contr. Serv. (Sp Ed Stds) - Joint | 52,559.53 |

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. The final cost is based on agreements with the Port Republic Board of Education.

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

11. Tuition Payable:

Tuition charges for the fiscal years 2016-2017 were based on estimated costs 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 budgetary expenditures by program.

14. 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 NOT YET EFFECTIVE

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 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 November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83 "Certain Asset Retirement Obligations". This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the District's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 "Fiduciary Activities." This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District's financial reporting.

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85 "Omnibus 2017." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the District's financial reporting.

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

In May 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86 "Certain Debt Extinguishment Issues." This statement, which is effective for reporting periods beginning after June 15, 2017, will not have any effect on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for reporting periods beginning after December 15, 2019, may have an effect on the District's financial reporting.

NOTE 2 – CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The district's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2017, \$33,938.42 of the government's bank balance of \$2,246,158.03 was exposed to custodial credit risk.

NOTE 3 – RECEIVABLES

Receivables at June 30, 2017, consisted of accounts (tuition), interfund, and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

| | Governmental Fund Financial Statements | Government Wide Financial Statements |
|------------------------------------|---|---|
| State Aid | \$ 91,365.53 | 91,597.10 |
| Federal Aid | 182,448.00 | 195,083.67 |
| Other | 28,173.97 | 28,173.97 |
| Gross Receivables | 301,987.50 | 314,854.74 |
| Less: Allowance for Uncollectibles | | |
| Total Receivables, Net | \$ 301,987.50 | 314,854.74 |

NOTE 4 – INTERFUND TRANSFERS AND BALANCES

The following interfund balances remained on the fund financial statements at June 30, 2017:

| Fund | Interfund Receivable | Interfund Payable |
|-----------------------|-------------------------|----------------------|
| General Fund | \$ 111,013.22 | |
| Special Revenue Fund | | 96,648.40 |
| Capital Projects Fund | | 784.61 |
| Debt Service Fund | 784.61 | |
| Food Service Fund | | 14,364.82 |
| Total | \$ 111,797.83 | 111,797.83 |

The general fund receivable is comprised of two interfunds. The first interfund is due from the Special Revenue Fund for \$96,648.40. The second interfund is due from the Food Service Fund for \$14,364.82. These receivables are for expenses paid and interest earned by each fund during the fiscal year.

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

The Debt Service Fund receivable is comprised of one interfund. It is due from the Capital Projects Fund in the amount of \$784.61 which is result of interest earned on the deposits in the Capital Projects Fund.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Adjustments</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|--------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,956,141.00 | | | 1,956,141.00 |
| Construction in Progress | 4,766,795.13 | 1,302.16 | | 4,768,097.29 |
| Total capital assets not being depreciated | <u>6,722,936.13</u> | <u>1,302.16</u> | <u>-</u> | <u>6,724,238.29</u> |
| Capital assets being depreciated: | | | | |
| Site Improvements | 622,846.25 | | | 622,846.25 |
| Buildings and building improvements | 16,956,303.46 | 30,192.00 | (30,000.00) | 16,956,495.46 |
| Equipment | 947,016.67 | 45,996.89 | | 993,013.56 |
| Total capital assets being depreciated at historical cost | <u>18,526,166.38</u> | <u>76,188.89</u> | <u>(30,000.00)</u> | <u>18,572,355.27</u> |
| Less accumulated depreciation for: | | | | |
| Site Improvements | (546,290.39) | (7,471.96) | | (553,762.35) |
| Buildings and improvements | (8,751,600.11) | (325,504.94) | 7,800.00 | (9,069,305.05) |
| Equipment | (743,117.86) | (39,404.56) | | (782,522.42) |
| Total capital assets being depreciated, net of accumulated depreciation | <u>8,485,158.02</u> | <u>(296,192.57)</u> | <u>(22,200.00)</u> | <u>8,166,765.45</u> |
| Governmental activity capital assets, net | <u>15,208,094.15</u> | <u>(294,890.41)</u> | <u>(22,200.00)</u> | <u>14,891,003.74</u> |
| Business-type activities: | | | | |
| Capital assets being depreciated: | | | | |
| Equipment | 142,989.00 | 5,178.55 | (5,400.00) | 142,767.55 |
| Less accumulated depreciation | <u>(138,318.90)</u> | <u>(518.55)</u> | <u>5,400.00</u> | <u>(133,437.45)</u> |
| Enterprise Fund capital assets, net | <u>\$ 4,670.10</u> | <u>4,660.00</u> | <u>-</u> | <u>9,330.10</u> |

{This section is intentionally left blank}

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

Depreciation expense was charged to governmental functions as follows:

| | |
|--|----------------------|
| Regular Instruction | \$ 222,031.70 |
| Special Instruction | 43,541.22 |
| Other Special Instruction | 9,651.09 |
| Student & Instruction Related Services | 55,306.88 |
| School Administration Services | 15,643.77 |
| General Administration Services | 14,497.79 |
| Central Services | 11,709.01 |
| | <u>\$ 372,381.46</u> |

NOTE 6 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2017 are as follows:

| | <u>Balance July 1, 2016</u> | <u>Issues or Additions</u> | <u>Payments or Expenditures</u> | <u>Balance June 30, 2017</u> | <u>Amounts Due Within One Year</u> |
|-------------------------|---------------------------------|--------------------------------|-------------------------------------|----------------------------------|--|
| Compensated Absences \$ | 279,185.23 | 98,891.77 | | 378,077.00 | |
| Capital Leases Payable | - | 102,545.19 | 35,137.88 | 67,407.31 | 33,105.29 |
| Bonds Payable | 5,035,000.00 | | 260,000.00 | 4,775,000.00 | 270,000.00 |
| Net Pension Liability | 2,907,426.00 | 1,678,804.00 | 442,965.00 | 4,143,265.00 | |
| | <u>\$ 8,221,611.23</u> | <u>1,880,240.96</u> | <u>738,102.88</u> | <u>9,363,749.31</u> | <u>303,105.29</u> |

Compensated absences have been liquidated in the General Fund.

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 District are general obligation bonds.

At June 30, 2017, bonds payable consisted of the following issue:

\$5,210,000 School Bonds dated May 8, 2014, due in annual installments beginning July 15, 2015 through July 15, 2031, bearing interest at various rates. The balance remaining as of June 30, 2017 is \$4,775,000.00.

Debt service requirements on serial bonds payable at June 30, 2017 are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|------------------------|---------------------|---------------------|
| 2018 | \$ 270,000.00 | 126,312.50 | 396,312.50 |
| 2019 | 275,000.00 | 120,181.25 | 395,181.25 |
| 2020 | 285,000.00 | 113,881.25 | 398,881.25 |
| 2021 | 295,000.00 | 106,987.50 | 401,987.50 |
| 2022 | 305,000.00 | 99,487.50 | 404,487.50 |
| 2023-2027 | 1,620,000.00 | 377,787.50 | 1,997,787.50 |
| 2028-2032 | 1,725,000.00 | 137,575.00 | 1,862,575.00 |
| | <u>\$ 4,775,000.00</u> | <u>1,082,212.50</u> | <u>5,857,212.50</u> |

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

Capital Leases

The District is leasing a telephone communication system and Chromebooks amounting to \$102,545.19 under capital leases. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2017:

| Fiscal Year Ending June 30, | Amount |
|-----------------------------------|--------------|
| 2018 | \$ 35,542.00 |
| 2019 | 35,542.00 |
| Total minimum lease payments | 71,084.00 |
| Less amount representing interest | 3,676.69 |
| Present value of lease payments | \$ 67,407.31 |

NOTE 7 – PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF)

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

Public Employees' Retirement System (PERS)

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

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

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 7.34% 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 20.07% and the PERS rate is 12.91% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2017, 2016 and 2015 were \$608,072.00, \$420,312.00, and \$284,594.00 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, 2017, 2016 and 2015 were \$125,148.00, \$111,351.00, and \$106,423.00 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2017, 2016 and 2015, the State of New Jersey contributed \$505,888.00, \$500,475.00, and \$451,793.00, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$425,331.05, \$391,780.97, and \$400,373.2, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Standards.

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. There were 16 employees enrolled in the DCRP for the year ended June 30, 2017.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

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

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

- New members of the PERS 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 ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

- 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; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2012. The phase-in of the additional incremental member contribution rates for PES 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, the prosecutor's part of the PERS and employer contributions to the retirement systems.

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 8 – PUBLIC EMPLOYEES RETIREMENT SYSTEM

At June 30, 2017, the District reported a liability of \$4,143,265.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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 share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the District's proportion was 0.01398941900%, which was an increase of 0.001003758920% from its proportion measured as of June 30, 2015.

{This section is intentionally left blank}

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

For the year ended June 30, 2017, the District recognized pension expense of \$411,095.00. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 77,052.00 | |
| Changes of assumptions | 858,263.00 | |
| Net difference between projected and actual earnings on pension plan investments | 157,986 | |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 174,408.00 | 78,807.00 |
| District contributions subsequent to the measurement date | 124,280.00 | |
| Total | \$ 1,391,989.00 | \$ 78,807.00 |

\$124,280.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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, | | |
|--|------------------------|----|--------------|
| | 2018 | \$ | 269,056.00 |
| | 2019 | | 269,056.00 |
| | 2020 | | 307,586.00 |
| | 2021 | | 257,398.00 |
| | 2022 | | 85,806.00 |
| | Total | \$ | 1,188,902.00 |

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all period in the measurement:

| | |
|----------------------------|------------------------------|
| Inflation rate | 3.08% |
| Salary increases: | |
| Through 2026 | 1.65% - 4.15% (based on age) |
| Thereafter | 2.65% - 5.15% (based on age) |
| Investment rate of return: | 7.65% |

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2014 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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 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 (7.65% at June 30, 2016) 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 inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------|-------------------|--|
| Cash | 5.00% | 0.87% |
| U.S. Treasuries | 1.50% | 1.74% |
| Investment Grade Credit | 8.00% | 1.79% |
| Mortgages | 2.00% | 1.67% |
| High Yield Bonds | 2.00% | 4.56% |
| Inflation-Indexed Bonds | 1.50% | 3.44% |
| Broad US Equities | 26.00% | 8.53% |
| Developed Foreign Equities | 13.25% | 6.83% |
| Emerging Market Equities | 6.50% | 9.95% |
| Private Equity | 9.00% | 12.40% |
| Hedge Funds/Absolute Return | 12.50% | 4.68% |
| Real Estate (Property) | 2.00% | 6.91% |
| Commodities | 0.50% | 5.45% |
| Global Debt (Except US) | 5.00% | -0.25% |
| REIT | 5.25% | 5.63% |

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of the 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 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, 2016, 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 (2.98%) | Current Discount Rate (3.98%) | 1% Increase (4.98%) |
|---|---------------------------|-------------------------------------|---------------------------|
| District's proportionate share of the net pension liability | \$ 4,965,304 | 4,143,265 | 3,465,328.97 |

Pension plan fiduciary net position.

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

NOTE 9 – TEACHERS PENSIONS AND ANNUITY FUND (TPAF)

At June 30, 2017, 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 | | 41,297,508.00 |
| Total | \$ | 41,297,508.00 |

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

The net pension liability was measured as of June 30, 2016 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, 2016, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$3,102,933.00 and revenue of \$3,102,933.00 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 expected and actual experience | \$ 145,533.00 | 70,626.00 |
| Changes of assumptions | 8,243,478.00 | |
| Net difference between projected and actual earnings on pension plan investments | 753,190.00 | |
| Changes in proportion and differences between District contributions and proportionate share of contributions | | 1,429,805.00 |
| District contributions subsequent to the measurement date | 418,086.00 | |
| Total | <u>\$ 9,560,287.00</u> | <u>1,500,431.00</u> |

\$418,086.00 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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, | |
|------------------------|------------------------|
| 2018 | \$ 1,122,611.00 |
| 2019 | 1,122,611.00 |
| 2020 | 1,315,117.00 |
| 2021 | 1,229,925.00 |
| 2022 | 1,038,947.00 |
| Thereafter | 1,812,559.00 |
| Total | <u>\$ 7,641,770.00</u> |

{This section is intentionally left blank}

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. 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 | 7.65% |

Pre-retirement, post-retirement and disable mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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 TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return.</u> |
|------------------------------|--------------------------|--|
| US Cash | 5.00% | 0.39% |
| US Government Bonds | 1.50% | 1.28% |
| US Credit Bonds | 13.00% | 2.76% |
| US Mortgages | 2.00% | 2.38% |
| US Inflation-Indexed Bonds | 1.50% | 1.41% |
| US High Yield Bonds | 2.00% | 4.70% |
| US Equity Market | 26.00% | 5.14% |
| Foreign Developed Equity | 13.25% | 5.91% |
| Emerging market equities | 6.50% | 8.16% |
| Private Real Estate Property | 5.25% | 3.64% |
| Timber | 1.00% | 3.86% |
| Farmland | 1.00% | 4.39% |
| Private equity | 9.00% | 8.97% |
| Commodities | 0.50% | 2.87% |
| Hedge Funds - Multi Strategy | 5.00% | 3.70% |
| Hedge Funds - Equity Hedge | 3.75% | 4.72% |
| Hedge Funds - Distressed | 3.75% | 3.49% |

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

Discount rate. The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, 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 3.22% 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 (2.22%) or 1-percentage point higher (4.22%) than the current rate:

| | 1% Decrease (2.22%) | Current Discount Rate (3.22%) | 1% Increase (4.22%) |
|--|---------------------------|-------------------------------------|---------------------------|
| District's proportionate share of the net pension liability | \$ - | - | - |

Pension plan fiduciary net position.

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

NOTE 10 – 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 the 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

NOTE 11 – 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 policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years as long as it does not violate Title 18A. Upon retirement employees shall be paid by the District for unused sick leave in accordance with the District's agreements with the various employee unions.

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017, there was no liability for compensated absences in the Food Service Enterprise Fund.

NOTE 12 – DEFERRED COMPENSATION

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

- Equitable Life
- Lincoln Investment Planning, Inc.
- Siracusa

NOTE 13 – TUITION RESERVE ACCOUNT

A tuition reserve account was established by the City of Absecon Board of Education in accordance with N.J.A.C. 6A:23-3.1(f)(8). This reserve represents foreseeable future tuition adjustments up to a maximum of 10% of the estimated tuition cost of the respective year. The tuition reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the tuition reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

| | |
|---------------------------------|-----------------------------|
| Beginning balance, July 1, 2016 | \$ 303,308.00 |
| June Board Transfer | 135,240.00 |
| Withdrawals: | |
| Per Approved Budget | (139,908.00) |
| Ending balance, June 30, 2017 | <u><u>\$ 298,640.00</u></u> |

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

NOTE 14 – MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the City of Absecon Board of Education for the accumulation of funds for use as required maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the Maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

| | | |
|---------------------------------|--------------------|--------------------------|
| Beginning balance, July 1, 2016 | \$ | 75,002.00 |
| Interest earnings | 2.00 | |
| June Board Transfer | <u>50,000.00</u> | |
| | | <u>50,002.00</u> |
| Withdrawals: | | |
| Per Approved Budget | <u>(20,000.00)</u> | |
| | | <u>(20,000.00)</u> |
| Ending balance, June 30, 2017 | \$ | <u><u>105,004.00</u></u> |

NOTE 15 – CAPITAL RESERVE ACCOUNT

A capital reserve account was established by City of Absecon Board of Education by the inclusion of \$1 on September 26, 2000 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). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-2.13(g) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve account for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

| | | |
|---------------------------------|--------------------|--------------------------|
| Beginning balance, July 1, 2016 | \$ | 129,106.49 |
| Interest earnings | 143.47 | |
| June Board Transfer | <u>50,000.00</u> | |
| | | <u>50,143.47</u> |
| Withdrawals: | | |
| Per Approved Budget | <u>(40,000.00)</u> | |
| | | <u>(40,000.00)</u> |
| Ending balance, June 30, 2017 | \$ | <u><u>139,249.96</u></u> |

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

NOTE 16 – EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by the City of Absecon Board of Education for the accumulation of funds for the purpose of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S.A. 18A:7F-41c(1). The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the emergency reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

| | |
|---------------------------------|-----------------------|
| Beginning balance, July 1, 2016 | \$ 50,085.00 |
| Decrease: | |
| Per Approved Budget | (50,085.00) |
| | <hr/> |
| Ending balance, June 30, 2017 | \$ <u> -</u> |

NOTE 17 – 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.

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

| <u>Fiscal Year</u> | <u>Contributions</u> | <u>Interest on Investment</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|------------------------|----------------------|-----------------------------------|------------------------------|---------------------------|
| 2016-2017 | \$ 12,096.77 | 197.21 | 513.82 | 155,035.15 |
| 2015-2016 | 11,085.20 | 205.72 | 9,998.30 | 143,254.99 |
| 2014-2015 | 10,960.36 | 196.42 | 1,681.11 | 141,962.37 |

NOTE 18 – CONTINGENT LIABILITIES

Federal and State Grants

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

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

NOTE 19 – ECONOMIC DEPENDENCY

The District receives support from the federal and state governments. A significant reduction in the level of support, if this were to occur, would have an effect on the District’s programs and activities.

NOTE 20 – 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 21 – COMMITMENTS

The District does not have an encumbrance policy for the fiscal year end to determine significant encumbrances. All encumbrances are classified as Assigned Fund Balance in the General Fund and Special Revenue Fund. Significant encumbrances at June 30th are as follows:

| Fund | Amount |
|--------------------------------|--------------|
| General Fund Encumbered Orders | \$ 18,538.90 |
| | \$ 18,538.90 |

NOTE 22 – FUND BALANCE APPROPRIATED

General Fund – Of the \$1,157,712.64 General Fund fund balance, at June 30, 2017, \$18,538.90 is reserved for encumbrances, \$158,095.07 is reserved as excess surplus in accordance with NJSA 18A:7F-7 (\$51,150.04 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2017), \$139,249.96 has been reserved in the Capital Reserve Account; \$298,640.00 has been reserved in a Tuition Reserve Account; \$105,004.00 has been reserved in a Maintenance Reserve Account; \$247,223.96 is designated by BOE for subsequent expenditures; and \$190,960.75 is classified as unassigned.

NOTE 23 – CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). 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 of budgeted fund balance in their subsequent years' budget. The excess fund balance generated in June 30, 2017 is \$106,945.03.

NOTE 24 – SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2017 through October 27, 2017, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

{This section is intentionally left blank}

Required Supplementary Information – Part II

Budgetary Comparison Schedules

CITY OF ABSECON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance with Under/(Over) Final Budget to Actual |
|---|----------------------|---------------------|----------------------|----------------------|--|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 11,254,562.00 | | 11,254,562.00 | 11,254,562.00 | - |
| Tuition From Other LEAs Within the State | 53,255.00 | | 53,255.00 | 75,367.82 | 22,112.82 |
| Other Tuition | | | - | 23,801.00 | 23,801.00 |
| Interest Earned on Capital Reserve Funds | 10.00 | | 10.00 | 143.47 | 133.47 |
| Interest Earned on Maintenance Reserve Funds | 2.00 | | 2.00 | 2.00 | - |
| Interest Earned on Investments | | | - | 2,487.67 | 2,487.67 |
| Transportation Fees from Individuals | | | - | 700.00 | 700.00 |
| Miscellaneous | 4,100.00 | | 4,100.00 | 13,060.76 | 8,960.76 |
| Total Local Sources | <u>11,311,929.00</u> | <u>-</u> | <u>11,311,929.00</u> | <u>11,370,124.72</u> | <u>58,195.72</u> |
| State Sources: | | | | | |
| Categorical Special Education Aid | 515,308.00 | | 515,308.00 | 515,308.00 | - |
| Equalization Aid | 798,863.00 | | 798,863.00 | 798,863.00 | - |
| Categorical Security Aid | 51,965.00 | | 51,965.00 | 51,965.00 | - |
| Under Adequacy Aid | 77,534.00 | | 77,534.00 | 77,534.00 | - |
| Per Pupil Growth Aid | 9,570.00 | | 9,570.00 | 9,570.00 | - |
| PARCC Readiness Aid | 9,570.00 | | 9,570.00 | 9,570.00 | - |
| Categorical Transportation Aid | 69,426.00 | | 69,426.00 | 69,426.00 | - |
| Professional Learning Community Aid | 9,030.00 | | 9,030.00 | 9,030.00 | - |
| Extraordinary Aid | | | - | 33,894.00 | 33,894.00 |
| Non-public Transportation Aid | | | - | 10,788.00 | 10,788.00 |
| Lead Water Testing For Schools Aid | | | - | 2,082.00 | 2,082.00 |
| TPAF Post Retirement Pension (On-Behalf - Non-Budgeted) | | | - | 505,888.00 | 505,888.00 |
| TPAF Pension (On-Behalf - Non-Budgeted) | | | - | 607,142.00 | 607,142.00 |
| TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted) | | | - | 930.00 | 930.00 |
| TPAF Social Security (Reimbursed- Non-Budgeted) | | | - | 425,331.05 | 425,331.05 |
| Total State Sources | <u>1,541,266.00</u> | <u>-</u> | <u>1,541,266.00</u> | <u>3,127,321.05</u> | <u>1,586,055.05</u> |
| Federal Sources: | | | | | |
| Medicaid Reimbursement | 15,371.00 | | 15,371.00 | | (15,371.00) |
| Total Federal Sources | <u>15,371.00</u> | <u>-</u> | <u>15,371.00</u> | <u>-</u> | <u>(15,371.00)</u> |
| Total Revenues | <u>12,868,566.00</u> | <u>-</u> | <u>12,868,566.00</u> | <u>14,497,445.77</u> | <u>1,628,879.77</u> |
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE | | | | | |
| REGULAR PROGRAMS - INSTRUCTION | | | | | |
| Kindergarten - Salaries of Teachers | 335,865.00 | 5,915.25 | 341,780.25 | 341,079.22 | 701.03 |
| Grades 1 - 5 - Salaries of Teachers | 2,225,158.00 | (20,026.25) | 2,205,131.75 | 2,172,705.27 | 32,426.48 |
| Grades 6 - 8 - Salaries of Teachers | 1,444,541.00 | (30,323.06) | 1,414,217.94 | 1,407,134.29 | 7,083.65 |
| Regular Programs - Home Instruction | | | | | |
| Salaries of Teachers | 2,500.00 | 12,340.00 | 14,840.00 | 12,580.00 | 2,260.00 |
| Purchased Prof - Educational Serv | 2,500.00 | (2,200.00) | 300.00 | 300.00 | - |
| Regular Programs - Undistributed Instruction | | | | | |
| Purchased Professional - Educational Services | 4,400.00 | | 4,400.00 | 3,657.76 | 742.24 |
| Purchased Technical Services | 12,800.00 | (7,000.00) | 5,800.00 | 5,328.48 | 471.52 |
| Other Purchased Services (400-500 series) | 55,740.00 | (16,889.00) | 38,851.00 | 38,205.18 | 645.82 |
| General Supplies | 124,647.00 | (8,030.33) | 116,616.67 | 97,217.96 | 19,398.71 |
| Textbooks | 6,000.00 | (3,651.80) | 2,348.20 | 2,348.20 | - |
| Other Objects | 800.00 | (50.32) | 749.68 | 123.00 | 626.68 |
| TOTAL REGULAR PROGRAMS - INSTRUCTION | <u>4,214,951.00</u> | <u>(69,915.51)</u> | <u>4,145,035.49</u> | <u>4,080,679.36</u> | <u>64,356.13</u> |
| SPECIAL EDUCATION - INSTRUCTION | | | | | |
| Multiple Disabilities | | | | | |
| Salaries of Teachers | 76,700.00 | 8,250.00 | 84,950.00 | 84,925.00 | 25.00 |
| Other Salaries for Instruction | 26,048.00 | 26,545.00 | 52,593.00 | 52,588.24 | 4.76 |
| General Supplies | 2,050.00 | (1,055.00) | 995.00 | 881.22 | 113.78 |
| Textbooks | 200.00 | | 200.00 | 200.00 | - |
| Total Multiple Disabilities | <u>104,998.00</u> | <u>33,740.00</u> | <u>138,738.00</u> | <u>138,394.46</u> | <u>343.54</u> |
| Resource Room/Resource Center | | | | | |
| Salaries of Teachers | 682,506.00 | (47,641.96) | 634,864.04 | 634,557.57 | 306.47 |
| Other Salaries for Instruction | 147,996.00 | (43,413.42) | 104,582.58 | 103,506.36 | 1,076.22 |
| General Supplies | 3,200.00 | (725.00) | 2,475.00 | 2,210.48 | 264.52 |
| Textbooks | 800.00 | (310.00) | 490.00 | 490.00 | - |
| Total Resource Room/Resource Center | <u>834,502.00</u> | <u>(92,090.38)</u> | <u>742,411.62</u> | <u>740,274.41</u> | <u>2,137.21</u> |

CITY OF ABSECON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance with Under/(Over) Final Budget to Actual |
|--|---------------------|---------------------|---------------------|---------------------|--|
| Preschool Disabilities - Full Time | | | | | |
| Salaries of Teachers | 83,709.00 | | 83,709.00 | 66,379.34 | 17,329.66 |
| Other Salaries for Instruction | 38,646.00 | (24,604.18) | 14,041.82 | 9,587.00 | 4,454.82 |
| General Supplies | 500.00 | | 500.00 | 144.00 | 356.00 |
| Total Preschool Disabilities - Full Time | <u>122,855.00</u> | <u>(24,604.18)</u> | <u>98,250.82</u> | <u>76,110.34</u> | <u>22,140.48</u> |
| TOTAL SPECIAL EDUCATION - INSTRUCTION | <u>1,062,355.00</u> | <u>(82,954.56)</u> | <u>979,400.44</u> | <u>954,779.21</u> | <u>24,621.23</u> |
| Basic Skills/Remedial - Instruction | | | | | |
| Salaries of Teachers | 1,050.00 | | 1,050.00 | 380.00 | 670.00 |
| Total Basic Skills/Remedial - Instruction | <u>1,050.00</u> | <u>-</u> | <u>1,050.00</u> | <u>380.00</u> | <u>670.00</u> |
| Bilingual Education - Instruction | | | | | |
| Salaries of Teachers | 172,067.00 | | 172,067.00 | 170,068.44 | 1,998.56 |
| General Supplies | 2,000.00 | 100.00 | 2,100.00 | 392.29 | 1,707.71 |
| Total Bilingual Education - Instruction | <u>174,067.00</u> | <u>100.00</u> | <u>174,167.00</u> | <u>170,460.73</u> | <u>3,706.27</u> |
| School-Spon. Cocurricular Activities - Instruction | | | | | |
| Salaries | 28,800.00 | | 28,800.00 | 27,000.00 | 1,800.00 |
| Total School-Spon. Cocurricular Activities - Inst. | <u>28,800.00</u> | <u>-</u> | <u>28,800.00</u> | <u>27,000.00</u> | <u>1,800.00</u> |
| School-Sponsored Athletics - Instruction | | | | | |
| Salaries | 7,200.00 | | 7,200.00 | 6,460.00 | 740.00 |
| Total School-Sponsored Athletics - Instruction | <u>7,200.00</u> | <u>-</u> | <u>7,200.00</u> | <u>6,460.00</u> | <u>740.00</u> |
| Before/After School Programs - Instruction | | | | | |
| Salaries of Teachers | 8,000.00 | 80.00 | 8,080.00 | 7,040.00 | 1,040.00 |
| Supplies & Materials | 1,700.00 | | 1,700.00 | 290.00 | 1,410.00 |
| Total Before/After School Programs - Instruction | <u>9,700.00</u> | <u>80.00</u> | <u>9,780.00</u> | <u>7,330.00</u> | <u>2,450.00</u> |
| Community Services Programs/Operations | | | | | |
| Supplies and Materials | 350.00 | | 350.00 | | 350.00 |
| Total Community Services Programs/Operations | <u>350.00</u> | <u>-</u> | <u>350.00</u> | <u>-</u> | <u>350.00</u> |
| TOTAL INSTRUCTION | <u>5,498,473.00</u> | <u>(152,690.07)</u> | <u>5,345,782.93</u> | <u>5,247,089.30</u> | <u>98,693.63</u> |
| UNDISTRIBUTED EXPENDITURES | | | | | |
| Undistributed Expenditures - Instruction | | | | | |
| Tuition to Other LEA's Within the State - Regular | 358,211.00 | 73,351.49 | 431,562.49 | 428,503.39 | 3,059.10 |
| Tuition to County Voc School Dist - Regular | 1,129,386.00 | | 1,129,386.00 | 1,129,386.00 | - |
| Tuition to CSSD & Regional Day Schools | 214,198.00 | (32,573.00) | 181,625.00 | 181,625.00 | - |
| Tuition to Private Schools for the Disabled -W/I State | 90,000.00 | 106,318.68 | 196,318.68 | 196,318.68 | - |
| Tuition - Other | 108,900.00 | 3,689.42 | 112,589.42 | 112,057.50 | 531.92 |
| Total Undistributed Expenditures - Instruction | <u>1,900,695.00</u> | <u>150,786.59</u> | <u>2,051,481.59</u> | <u>2,047,890.57</u> | <u>3,591.02</u> |
| Undist. Expend. - Attendance and Social Work | | | | | |
| Salaries | 50,031.00 | | 50,031.00 | 49,087.64 | 943.36 |
| Purchased Professional & Technical Services | 12,000.00 | (1,303.10) | 10,696.90 | 8,605.00 | 2,091.90 |
| Supplies & Materials | 300.00 | 992.10 | 1,292.10 | 715.82 | 576.28 |
| Total Undist. Expend. - Attendance and Social Work | <u>62,331.00</u> | <u>(311.00)</u> | <u>62,020.00</u> | <u>58,408.46</u> | <u>3,611.54</u> |
| Undistributed Expend. - Health Services | | | | | |
| Salaries | 86,314.00 | (1,583.00) | 84,731.00 | 83,607.84 | 1,123.16 |
| Purchased Professional & Technical Services | 7,500.00 | 2,079.84 | 9,579.84 | 9,579.84 | - |
| Other Purchased Services (400-500 series) | 250.00 | | 250.00 | | 250.00 |
| Supplies & Materials | 3,000.00 | | 3,000.00 | 2,810.65 | 189.35 |
| Total Undistributed Expend. - Health Services | <u>97,064.00</u> | <u>496.84</u> | <u>97,560.84</u> | <u>95,998.33</u> | <u>1,562.51</u> |
| Undist. Expend. - Speech, OT, PT and Related Services | | | | | |
| Salaries | 109,686.00 | 1,035.00 | 110,721.00 | 110,717.59 | 3.41 |
| Purchased Professional - Educational Services | 65,395.00 | 5,158.16 | 70,553.16 | 69,478.78 | 1,074.38 |
| Supplies & Materials | 300.00 | | 300.00 | 244.83 | 55.17 |
| Total Undist. Expend. - Speech, OT, PT and Related Services | <u>175,381.00</u> | <u>6,193.16</u> | <u>181,574.16</u> | <u>180,441.20</u> | <u>1,132.96</u> |
| Undist. Expend. - Other Support Serv. Students - Extraordinary Services | | | | | |
| Salaries | | 30,947.00 | 30,947.00 | 30,277.70 | 669.30 |
| Total Undist. Expend. - Other Supp. Serv. Students - Extraordinary Services | <u>-</u> | <u>30,947.00</u> | <u>30,947.00</u> | <u>30,277.70</u> | <u>669.30</u> |

CITY OF ABSECON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance with Under/(Over) Final Budget to Actual |
|---|--------------------|---------------------|-------------------|-------------------|--|
| Undist. Expend. - Other Support Serv. Students - Guidance | | | | | |
| Salaries of Other Professional Staff | 62,604.00 | | 62,604.00 | 58,764.00 | 3,840.00 |
| Other Purchased Professional & Technical Services | 3,974.32 | | 3,974.32 | 2,378.97 | 1,595.35 |
| Supplies & Materials | 5,050.00 | | 5,050.00 | 1,093.81 | 3,956.19 |
| Total Undist. Expend. - Other Support Services Students - Guidance | <u>71,628.32</u> | <u>-</u> | <u>71,628.32</u> | <u>62,236.78</u> | <u>9,391.54</u> |
| Undist. Expend. - Other Support Serv. Students - Child Study Team | | | | | |
| Salaries of Other Professional Staff | 177,798.00 | 46,403.00 | 224,201.00 | 223,336.60 | 864.40 |
| Salaries of Secretarial and Clerical Assistants | 38,367.00 | (400.00) | 37,967.00 | 37,769.95 | 197.05 |
| Other Salaries | 4,500.00 | 125.00 | 4,625.00 | 4,340.00 | 285.00 |
| Purchased Professional - Educational Services | 50,000.00 | (50,000.00) | - | - | - |
| Other Purchased Professional & Technical Services | 4,650.00 | | 4,650.00 | 4,200.00 | 450.00 |
| Misc. Purchased Services (400-500 series o/than res) | 3,500.00 | | 3,500.00 | 3,084.00 | 416.00 |
| Supplies & Materials | 4,500.00 | | 4,500.00 | 4,449.18 | 50.82 |
| Total Undist. Expend. - Other Support Services Students - Child Study Team | <u>283,315.00</u> | <u>(3,872.00)</u> | <u>279,443.00</u> | <u>277,179.73</u> | <u>2,263.27</u> |
| Undist. - Improvement of Instructional Services | | | | | |
| Salaries of Supervisor of Instruction | | 1,000.00 | 1,000.00 | 500.00 | 500.00 |
| Salaries of Other Professional Staff | | 4,420.76 | 4,420.76 | 4,360.76 | 60.00 |
| Purchased Professional - Educational Services | | 4,500.00 | 4,500.00 | 4,500.00 | - |
| Total Undist. - Improvement of Instructional Services | <u>-</u> | <u>9,920.76</u> | <u>9,920.76</u> | <u>9,360.76</u> | <u>560.00</u> |
| Undist. Expend. - Edu. Media Serv./Library | | | | | |
| Salaries | 90,352.00 | 5,845.00 | 96,197.00 | 96,194.00 | 3.00 |
| Salaries of Technology Coordinators | 63,350.00 | 18,005.00 | 81,355.00 | 76,883.58 | 4,471.42 |
| Purchased Professional and Technical Services | 4,263.00 | | 4,263.00 | 3,631.80 | 631.20 |
| Other Purchased Services (400-500 series) | 700.00 | | 700.00 | 700.00 | - |
| Supplies and Materials | 8,500.00 | | 8,500.00 | 7,870.92 | 629.08 |
| Total Undistributed Expenditures - Educational Media Services - School Library | <u>167,165.00</u> | <u>23,850.00</u> | <u>191,015.00</u> | <u>184,580.30</u> | <u>6,434.70</u> |
| Undist. Expend. - Instructional Staff Training Services | | | | | |
| Other Purchased Services (400-500 series) | 3,000.00 | 2,596.25 | 5,596.25 | 5,596.25 | - |
| Total Undistributed Expenditure - Instructional Staff Training Services | <u>3,000.00</u> | <u>2,596.25</u> | <u>5,596.25</u> | <u>5,596.25</u> | <u>-</u> |
| Undist. Expend. - Supp. Serv. - General Admin. | | | | | |
| Salaries | 197,791.00 | | 197,791.00 | 197,593.08 | 197.92 |
| Legal Services | 15,000.00 | 10,000.00 | 25,000.00 | 12,592.78 | 12,407.22 |
| Audit Services | 21,000.00 | | 21,000.00 | 20,000.00 | 1,000.00 |
| Architectural/Engineering Services | 5,659.00 | (2,550.00) | 3,109.00 | 2,009.67 | 1,099.33 |
| Other Purchased Professional Services | 27,444.00 | (4,051.00) | 23,393.00 | 6,574.90 | 16,818.10 |
| Purchased Technical Services | 3,200.00 | | 3,200.00 | 226.00 | 2,974.00 |
| Communications/Telephone | 29,000.00 | 10,400.00 | 39,400.00 | 32,142.15 | 7,257.85 |
| BOE - Other Purchased Services | 2,500.00 | (700.00) | 1,800.00 | 1,649.00 | 151.00 |
| Misc. Purch Serv (400-500 series) | 42,000.00 | (1,186.78) | 40,813.22 | 36,124.10 | 4,689.12 |
| General Supplies | 2,500.00 | (64.90) | 2,435.10 | 2,337.45 | 97.65 |
| BOE In-House Training/Meeting Supplies | 250.00 | 264.90 | 514.90 | 514.90 | - |
| Miscellaneous Expenditures | 750.00 | (200.00) | 550.00 | 370.00 | 180.00 |
| BOE Membership Dues and Fees | 6,500.00 | | 6,500.00 | 5,776.00 | 724.00 |
| Total Undistributed Expenditures - Support Services - General Administration | <u>353,594.00</u> | <u>11,912.22</u> | <u>365,506.22</u> | <u>317,910.03</u> | <u>47,596.19</u> |

CITY OF ABSECON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance with Under/(Over) Final Budget to Actual |
|--|--------------------|---------------------|-------------------|-------------------|--|
| Undist. Expend. - Supp. Serv. - School Admin. | | | | | |
| Salaries of Principals/Assistant Principals/Prog Dir | 227,000.00 | 1,436.78 | 228,436.78 | 228,266.00 | 170.78 |
| Salaries of Secretarial and Clerical Assistants | 103,692.00 | | 103,692.00 | 101,619.03 | 2,072.97 |
| Purchased Professional and Technical Services | 1,159.00 | 2,522.00 | 3,681.00 | 2,420.00 | 1,261.00 |
| Other Purchased Services (400-500 series) | 8,500.00 | (250.00) | 8,250.00 | 4,861.78 | 3,388.22 |
| Supplies and Materials | 6,450.00 | | 6,450.00 | 4,633.50 | 1,816.50 |
| Other Objects | 2,500.00 | | 2,500.00 | 1,238.97 | 1,261.03 |
| Total Undistributed Expenditures - Support Services - School Administration | <u>349,301.00</u> | <u>3,708.78</u> | <u>353,009.78</u> | <u>343,039.28</u> | <u>9,970.50</u> |
| Undist. Expend. - Central Services | | | | | |
| Salaries | 198,615.00 | | 198,615.00 | 195,156.96 | 3,458.04 |
| Purchased Professional Services | 5,000.00 | | 5,000.00 | 4,312.00 | 688.00 |
| Purchased Technical Services | 17,000.00 | (2,850.00) | 14,150.00 | 14,140.50 | 9.50 |
| Misc. Purchased Services (400-500 series O/T 594) | 6,500.00 | 941.84 | 7,441.84 | 6,684.54 | 757.30 |
| Sale/Lease-back Payments | 10,175.00 | 2,301.00 | 12,476.00 | 12,476.00 | - |
| Supplies and Materials | 1,500.00 | 4,808.16 | 6,308.16 | 6,211.13 | 97.03 |
| Interest on Current Loans | 969.00 | | 969.00 | | 969.00 |
| Miscellaneous Expenditures | 1,560.00 | | 1,560.00 | 1,509.59 | 50.41 |
| Total Undistributed Expenditures - Central Services | <u>241,319.00</u> | <u>5,201.00</u> | <u>246,520.00</u> | <u>240,490.72</u> | <u>6,029.28</u> |
| Undist. Expend. - Admin Info Technology | | | | | |
| Purchased Professional Services | 4,462.00 | | 4,462.00 | | 4,462.00 |
| Purchased Technical Services | 3,248.00 | (12.43) | 3,235.57 | 2,195.00 | 1,040.57 |
| Supplies and Materials | 4,449.00 | 19,622.38 | 24,071.38 | 14,071.38 | 10,000.00 |
| Total Undistributed Expenditures - Admin Info Technology | <u>12,159.00</u> | <u>19,609.95</u> | <u>31,768.95</u> | <u>16,266.38</u> | <u>15,502.57</u> |
| Undist. Expend. - Required Maint. For School Fac. | | | | | |
| Salaries | 50,800.00 | | 50,800.00 | 50,799.95 | 0.05 |
| Cleaning, Repair and Maintenance Service | 77,000.00 | (7,296.71) | 69,703.29 | 69,460.00 | 243.29 |
| Lead Testing of Drinking Water | | 5,317.00 | 5,317.00 | 3,685.00 | 1,632.00 |
| General Supplies | 16,000.00 | (80.00) | 15,920.00 | 15,571.24 | 348.76 |
| Other Objects | 300.00 | 835.00 | 1,135.00 | 1,055.00 | 80.00 |
| Total Undistributed Expenditures - Required Maintenance for School Facilities | <u>144,100.00</u> | <u>(1,224.71)</u> | <u>142,875.29</u> | <u>140,571.19</u> | <u>2,304.10</u> |
| Undist. Expend. - Other Oper. & Maint. of Plant | | | | | |
| Salaries | 328,395.00 | (15,835.00) | 312,560.00 | 309,441.22 | 3,118.78 |
| Salaries of Non-Instructional Aides | 23,400.00 | (3,000.00) | 20,400.00 | 6,131.00 | 14,269.00 |
| Cleaning, Repair and Maintenance Service | 16,900.00 | 2,090.83 | 18,990.83 | 17,510.35 | 1,480.48 |
| Other Purchased Property Services | 27,840.00 | (1,000.00) | 26,840.00 | 24,254.69 | 2,585.31 |
| Insurance | 40,385.00 | 1,188.30 | 41,573.30 | 41,573.30 | - |
| General Supplies | 40,000.00 | 1,000.00 | 41,000.00 | 40,922.27 | 77.73 |
| Energy - (Natural Gas) | 45,760.00 | (10,677.51) | 35,082.49 | 31,555.53 | 3,526.96 |
| Energy - (Electricity) | 180,000.00 | (28,165.94) | 151,834.06 | 142,949.42 | 8,884.64 |
| Other Objects | 300.00 | (100.00) | 200.00 | | 200.00 |
| Total Undistributed Expenditures - Other Operations and Maintenance of Plant | <u>702,980.00</u> | <u>(54,499.32)</u> | <u>648,480.68</u> | <u>614,337.78</u> | <u>34,142.90</u> |
| Total Undistributed Expenditures Operations and Maintenance of Plant | <u>847,080.00</u> | <u>(55,724.03)</u> | <u>791,355.97</u> | <u>754,908.97</u> | <u>36,447.00</u> |
| Undist. Expend. - Care and Upkeep of Grounds | | | | | |
| Salaries | 43,426.00 | 1,145.00 | 44,571.00 | 43,871.49 | 699.51 |
| Cleaning, Repair and Maintenance Services | 6,880.81 | (3,300.00) | 3,580.81 | 3,558.06 | 22.75 |
| General Supplies | 5,000.00 | (3,400.00) | 1,600.00 | 1,592.09 | 7.91 |
| Total Undistributed Expenditures - Care and Upkeep of Grounds | <u>55,306.81</u> | <u>(5,555.00)</u> | <u>49,751.81</u> | <u>49,021.64</u> | <u>730.17</u> |
| Undist. Expend. - Security | | | | | |
| Purchased Professional and Technical Service | 5,822.00 | (605.54) | 5,216.46 | 3,906.01 | 1,310.45 |
| General Supplies | 10,000.00 | (932.65) | 9,067.35 | 8,380.32 | 687.03 |
| Total Undistributed Expenditures - Security | <u>15,822.00</u> | <u>(1,538.19)</u> | <u>14,283.81</u> | <u>12,286.33</u> | <u>1,997.48</u> |

CITY OF ABSECON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance with Under/(Over) Final Budget to Actual |
|---|----------------------|---------------------|----------------------|----------------------|--|
| Undist. Expend. - Student Transportation Serv. | | | | | |
| Sal for Pupil Trans -(Bet Home & Sch)-Reg. | 4,000.00 | | 4,000.00 | 4,000.00 | - |
| Sal for Pupil Trans -(Bet Home & Sch)- Sp. Ed | 1,000.00 | | 1,000.00 | 1,000.00 | - |
| Sal for Pupil Trans -(Bet Home & Sch)-NonPublic | 1,000.00 | | 1,000.00 | 1,000.00 | - |
| Contract. Serv. - Aid In Lieu Pymts - Non Public | 12,376.00 | | 12,376.00 | 11,492.00 | 884.00 |
| Contract. Serv. - Aid In Lieu Pymts - Charter Schools | 7,072.00 | (7,072.00) | - | - | - |
| Contract. Serv. - Aid In Lieu Pymts - Choice Schools | 39,780.00 | (6,924.44) | 32,855.56 | 31,971.56 | 884.00 |
| Contract. Serv. - (Bet. Home & School) - Vendors | 4,500.00 | (2,660.00) | 1,840.00 | 1,840.00 | - |
| Contract. Serv. - (Bet. Home & School) - Joint Agrmnts | 313,985.05 | (25,675.34) | 288,309.71 | 288,309.70 | 0.01 |
| Contract. Serv. - (Sp Ed Stds) - Joint Agrmnts | 189,318.45 | 52,559.53 | 241,877.98 | 237,389.06 | 4,488.92 |
| Contract. Serv. - (Regular Students) ESCs & CTSAs | 53,000.00 | (7,085.00) | 45,915.00 | 45,914.96 | 0.04 |
| Total Undistributed Expenditures - Student Transportation Services | <u>626,031.50</u> | <u>3,142.75</u> | <u>629,174.25</u> | <u>622,917.28</u> | <u>6,256.97</u> |
| Unallocated Benefits - Personal Services - Employee Benefits | | | | | |
| Social Security Contributions | 125,000.00 | (877.28) | 124,122.72 | 107,402.34 | 16,720.38 |
| Other Retirement Contributions - PERS | 125,000.00 | 148.00 | 125,148.00 | 125,148.00 | - |
| Other Retirement Contributions - Regular | 10,000.00 | 2,566.64 | 12,566.64 | 9,125.54 | 3,441.10 |
| Workmen's Compensation | 87,500.00 | 723.09 | 88,223.09 | 88,223.09 | - |
| Health Benefits | 1,866,330.00 | (22,047.90) | 1,844,282.10 | 1,632,255.54 | 212,026.56 |
| Tuition Reimbursement | 37,000.00 | | 37,000.00 | 34,225.94 | 2,774.06 |
| Other Employee Benefits | 98,834.00 | | 98,834.00 | 91,330.97 | 7,503.03 |
| Unused Sick Payments to Retired Staff | 14,535.00 | | 14,535.00 | 14,535.00 | - |
| Total Unallocated Benefits - Personal Services - Employee Benefits | <u>2,364,199.00</u> | <u>(19,487.45)</u> | <u>2,344,711.55</u> | <u>2,102,246.42</u> | <u>242,465.13</u> |
| On-Behalf Contributions | | | | | |
| On-Behalf TPAF Post Retirement Pension Contribution (non-bud) | | | - | 505,888.00 | (505,888.00) |
| On-Behalf TPAF Pension Contribution (non-bud) | | | - | 607,142.00 | (607,142.00) |
| On-Behalf TPAF Long-Term Disability Insurance (non-bud) | | | - | 930.00 | (930.00) |
| Reimbursed TPAF Social Security Cont.(non-bud) | | | - | 425,331.05 | (425,331.05) |
| Total On-Behalf Contributions | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,539,291.05</u> | <u>(1,539,291.05)</u> |
| Total Personal Services - Employee Benefits | <u>2,364,199.00</u> | <u>(19,487.45)</u> | <u>2,344,711.55</u> | <u>3,641,537.47</u> | <u>(1,296,825.92)</u> |
| TOTAL UNDISTRIBUTED EXPENDITURES | <u>7,625,391.63</u> | <u>181,877.63</u> | <u>7,807,269.26</u> | <u>8,950,348.18</u> | <u>(1,143,078.92)</u> |
| TOTAL GENERAL CURRENT EXPENSE | <u>13,123,864.63</u> | <u>29,187.56</u> | <u>13,153,052.19</u> | <u>14,197,437.48</u> | <u>(1,044,385.29)</u> |
| CAPITAL OUTLAY | | | | | |
| Equipment | | | | | |
| Equipment - Grades 1-5 | | 2,670.39 | 2,670.39 | 2,670.39 | - |
| Total Equipment | <u>-</u> | <u>2,670.39</u> | <u>2,670.39</u> | <u>2,670.39</u> | <u>-</u> |
| Facilities Acquisition & Construction Services | | | | | |
| Construction Services | 40,000.00 | | 40,000.00 | 11,076.80 | 28,923.20 |
| Assessment Debt Service on SDA Funding | 25,742.00 | | 25,742.00 | 25,742.00 | - |
| Total Facilities Acquisition & Construction Services | <u>65,742.00</u> | <u>-</u> | <u>65,742.00</u> | <u>36,818.80</u> | <u>28,923.20</u> |
| Assets Acquired Under Capital Lease (non-budget) | | | | | |
| Undistributed Expenditures: Equipment: | | | | | |
| Telephone Communication System & Laptops | | | - | 102,545.19 | - |
| Total Assets Acquired Under Capital Lease (non-budget) | <u>-</u> | <u>-</u> | <u>-</u> | <u>102,545.19</u> | <u>-</u> |
| TOTAL CAPITAL OUTLAY | <u>65,742.00</u> | <u>2,670.39</u> | <u>68,412.39</u> | <u>142,034.38</u> | <u>28,923.20</u> |
| SPECIAL SCHOOLS | | | | | |
| Summer School - Instruction | | | | | |
| Salaries of Teachers | 14,300.00 | (20.00) | 14,280.00 | 12,120.00 | 2,160.00 |
| Other Salaries for Instruction | 4,480.00 | 20.00 | 4,500.00 | 4,500.00 | - |
| Purchased Professional and Technical Services | 4,310.00 | (3.89) | 4,306.11 | 2,248.00 | 2,058.11 |
| General Supplies | 225.00 | 3.89 | 228.89 | 228.89 | - |
| Total Summer School - Instruction | <u>23,315.00</u> | <u>-</u> | <u>23,315.00</u> | <u>19,096.89</u> | <u>4,218.11</u> |
| TOTAL SPECIAL SCHOOLS | <u>23,315.00</u> | <u>-</u> | <u>23,315.00</u> | <u>19,096.89</u> | <u>4,218.11</u> |
| Transfer of Funds to Charter Schools | 421,843.00 | (31,857.95) | 389,985.05 | 377,905.00 | 12,080.05 |
| TOTAL EXPENDITURES | <u>13,634,764.63</u> | <u>-</u> | <u>13,634,764.63</u> | <u>14,736,473.75</u> | <u>(999,163.93)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(766,198.63)</u> | <u>-</u> | <u>(766,198.63)</u> | <u>(239,027.98)</u> | <u>629,715.84</u> |

CITY OF ABSECON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance with Under/(Over) Final Budget to Actual |
|--|----------------------|---------------------|-------------------|------------------------|--|
| Other Financing Sources: | | | | | |
| Operating Transfers In: | | | | | |
| Assets Acquired by Capital Lease | | | - | 102,545.19 | 102,545.19 |
| Total Other Financing Sources: | - | - | - | 102,545.19 | 102,545.19 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses) | (766,198.63) | | (766,198.63) | (136,482.79) | 732,261.03 |
| Fund Balance July 1 | 1,409,809.43 | | 1,409,809.43 | 1,409,809.43 | - |
| Fund Balance June 30 | <u>\$ 643,610.80</u> | <u>-</u> | <u>643,610.80</u> | <u>1,273,326.64</u> | <u>732,261.03</u> |
| Recapitulation: | | | | | |
| Nonspendable Fund Balance | | | | | |
| None | | | | \$ - | |
| Restricted Fund Balance: | | | | | |
| Excess Surplus - Current Year | | | | 106,945.03 | |
| Excess Surplus - Designated for Subsequent Year's Expenditures | | | | 51,150.04 | |
| Committed Fund Balance: | | | | | |
| Capital Reserve | | | | 99,249.96 | |
| Maintenance Reserve | | | | 85,004.00 | |
| Tuition Reserve | | | | 135,240.00 | |
| Assigned Fund Balance: | | | | | |
| Other Purposes | | | | 18,538.90 | |
| Designated for Subsequent Year's Expenditures | | | | 247,223.96 | |
| Tuition Reserve Designated for Subsequent Year's Expenditures | | | | 163,400.00 | |
| Maintenance Reserve Designated for Subsequent Year's Expenditures | | | | 20,000.00 | |
| Capital Reserve Designated for Subsequent Year's Expenditures | | | | 40,000.00 | |
| Unassigned Fund Balance | | | | <u>306,574.75</u> | |
| | | | | 1,273,326.64 | |
| Reconciliation to Governmental Funds Statements (GAAP): | | | | | |
| Last State Aid Payment not recognized on GAAP Basis | | | | 115,614.00 | |
| Fund Balance per Governmental Funds (GAAP) | | | | <u>\$ 1,157,712.64</u> | |

**CITY OF ABSECON SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017**

| | Original Budget | Amendments/ Budget Transfers | Final Budget | Actual | Variance with Under/(Over) Final Budget to Actual |
|---|-------------------|---------------------------------|---------------------|---------------------|---|
| REVENUES: | | | | | |
| State Sources | \$ 150,632.00 | 42,245.00 | 192,877.00 | 188,374.78 | 4,502.22 |
| Federal Sources | 743,067.00 | 210,349.47 | 953,416.47 | 908,393.50 | 45,022.97 |
| Total Revenues | 893,699.00 | 252,594.47 | 1,146,293.47 | 1,096,768.28 | 49,525.19 |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | 342,187.00 | 56,746.38 | 398,933.38 | 398,381.50 | 551.88 |
| Other Purchased Services (400-500 series) | 323,214.00 | 26,253.00 | 349,467.00 | 349,190.36 | 276.64 |
| Supplies and Materials | 14,894.00 | 7,788.94 | 22,682.94 | 18,098.49 | 4,584.45 |
| Textbooks | 23,468.00 | 913.00 | 24,381.00 | 23,376.89 | 1,004.11 |
| Total Instruction | 703,763.00 | 91,701.32 | 795,464.32 | 789,047.24 | 6,417.08 |
| Support Services: | | | | | |
| Salaries of Program Director | 1,000.00 | | 1,000.00 | 1,000.00 | - |
| Salaries Other | | 22,127.00 | 22,127.00 | 6,528.93 | 15,598.07 |
| Personal Services - Employee Benefits | 112,333.00 | 39,148.74 | 151,481.74 | 146,830.57 | 4,651.17 |
| Purchased Professional Technical Services | 46,990.00 | 38,637.93 | 85,627.93 | 83,000.82 | 2,627.11 |
| Purchased Professional - Educational Services | 8,652.00 | 31,667.48 | 40,319.48 | 29,056.50 | 11,262.98 |
| Cleaning, Repair and Maintenance Services | | 5,000.00 | 5,000.00 | - | 5,000.00 |
| Other Purchased Services (400-500 series) | 20,961.00 | 10,640.00 | 10,640.00 | 7,177.58 | 3,462.42 |
| Supplies and Materials | | 13,672.00 | 34,633.00 | 34,126.64 | 506.36 |
| Total Support Services | 189,936.00 | 160,893.15 | 350,829.15 | 307,721.04 | 43,108.11 |
| Total Outflows | 893,699.00 | 252,594.47 | 1,146,293.47 | 1,096,768.28 | 49,525.19 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | \$ - | - | - | - | - |

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

Notes to the Required Supplementary Information

CITY OF ABSECON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Year Ended June 30, 2017

Note A - Explanation of Differences Between Budgetary Inflows and Outflows GAAP Revenue and Expenditures

| | | <u>General Fund</u> | | | <u>Special Revenue Fund</u> |
|---|-------|-------------------------|-------|--|-------------------------------------|
| Sources / inflows of resources | | | | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | [C-1] | \$ 14,497,445.77 | [C-2] | | 1,096,768.28 |
| Difference - budget to GAAP: | | | | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | | | | |
| None | | | | | |
| Prior year final State Aid payment was delayed until July 2016 and is recorded as revenue in current year under GAAP. | | | | | |
| | | 112,598.00 | | | |
| Final State Aid payment delayed until July 2017 is recorded as budgetary revenue but is not recognized under GAAP. | | | | | |
| | | (115,614.00) | | | |
| Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds. | [B-2] | <u>14,494,429.77</u> | [B-2] | | <u>1,096,768.28</u> |
| Uses / outflows of resources | | | | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | [C-1] | 14,736,473.75 | [C-2] | | 1,096,768.28 |
| 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. | | | | | |
| None | | | | | |
| Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds. | [B-2] | <u>\$ 14,736,473.75</u> | [B-2] | | <u>1,096,768.28</u> |

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

Required Supplementary Information – Part III

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

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|-----------------|-----------------|-----------------|-----------------|
| District's proportion of the net pension liability (asset) | 0.0139894190% | 0.0129518298% | 0.0129093719% | 0.0136813264% |
| District's proportionate of the net pension liability (asset) | \$ 4,143,265.00 | \$ 2,907,426.00 | \$ 2,416,987.00 | \$ 2,614,773.00 |
| District's covered payroll | \$ 886,756.00 | \$ 926,248.00 | \$ 884,408.00 | \$ 884,879.00 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 467.24% | 313.89% | 273.29% | 295.49% |
| Plan fiduciary net position as a percentage of the total pension liability | 40.14% | 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 show information for a 10 year period. However, information is only currently available for four years. Additional years will be presented as they become available.

**CITY OF ABSECON SCHOOL DISTRICT
 Schedule of District Contributions
 Public Employee Retirement System
 Last Four Fiscal Years**

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|-------------------|-------------------|-------------------|-------------------|
| Contractually required contribution | \$ 125,148.00 | \$ 111,351.00 | \$ 106,423.00 | \$ 103,086.00 |
| Contributions in relation to the contractually required contribution | <u>125,148.00</u> | <u>111,351.00</u> | <u>106,423.00</u> | <u>103,086.00</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | \$ 886,756.00 | \$ 926,248.00 | \$ 884,408.00 | \$ 884,879.00 |
| Contributions as a percentage of covered-employee payroll | 14.11% | 12.02% | 12.03% | 11.65% |

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

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

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

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| District's proportion of the net pension liability (asset) | 0.00% | 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>41,297,508.00</u> | <u>33,271,066.00</u> | <u>29,509,732.00</u> | <u>28,153,528.00</u> |
| Total | <u>\$ 41,297,508.00</u> | <u>\$ 33,271,066.00</u> | <u>\$ 29,509,732.00</u> | <u>\$ 28,153,528.00</u> |
| District's covered payroll | \$ 5,480,247.00 | \$ 5,453,395.00 | \$ 5,329,417.00 | \$ 5,187,432.00 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 22.33% | 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 show information for a 10 year period. However, information is only currently available for four years. Additional years will be presented as they become available.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

Other Supplementary Information

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

CITY OF ABSECON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2017

| | Total Brought Forward (Ex. E-1a) | Title I Part A | Title IIA | Title III Immigrant | IDEA Part B | IDEA Preschool | Totals 2017 |
|--|----------------------------------|----------------|-----------|---------------------|-------------|----------------|--------------|
| REVENUES: | | | | | | | |
| State Sources | \$ 188,374.78 | | | | | | 188,374.78 |
| Federal Sources | 329,410.21 | 228,836.75 | 32,178.00 | 10,386.61 | 298,746.93 | 8,835.00 | 908,393.50 |
| Total Revenues | 517,784.99 | 228,836.75 | 32,178.00 | 10,386.61 | 298,746.93 | 8,835.00 | 1,096,768.28 |
| EXPENDITURES: | | | | | | | |
| Instruction: | | | | | | | |
| Salaries of Teachers | 186,277.18 | 183,166.32 | 20,731.00 | | | 8,207.00 | 398,381.50 |
| Other Purchased Services (400-500 series) | 98,001.36 | | | | 251,189.00 | | 349,190.36 |
| Supplies and Materials | 9,403.18 | 708.74 | | 7,986.57 | | | 18,098.49 |
| Textbooks | 23,376.89 | | | | | | 23,376.89 |
| Total Instruction | 317,058.61 | 183,875.06 | 20,731.00 | 7,986.57 | 251,189.00 | 8,207.00 | 789,047.24 |
| Support Services: | | | | | | | |
| Salaries of Program Director | 1,000.00 | | | | | | 1,000.00 |
| Salaries Other | 3,918.93 | 1,250.00 | | 1,360.00 | | | 6,528.93 |
| Personal Services - Employee Benefits | 96,639.88 | 43,711.69 | 5,747.00 | 104.00 | | 628.00 | 146,830.57 |
| Purchased Professional Technical Services | 35,442.89 | | | | 47,557.93 | | 83,000.82 |
| Purchased Professional - Educational Services | 23,356.50 | | 5,700.00 | | | | 29,056.50 |
| Cleaning, Repair and Maintenance Services | - | | | 936.04 | | | - |
| Other Purchased Services (400-500 series) | 6,241.54 | | | | | | 7,177.58 |
| Supplies and Materials | 34,126.64 | | | | | | 34,126.64 |
| Total Support Services | 200,726.38 | 44,961.69 | 11,447.00 | 2,400.04 | 47,557.93 | 628.00 | 307,721.04 |
| Total Outflows | 517,784.99 | 228,836.75 | 32,178.00 | 10,386.61 | 298,746.93 | 8,835.00 | 1,096,768.28 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | \$ - | - | - | - | - | - | - |

CITY OF ABSECON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2017

| | Total Brought Forward (Ex. E-1b) | Preschool Expansion | NonPublic Speech | Nonpublic Supplemental Instruction | Nonpublic Examination & Classification | Nonpublic Auxiliary Comp. Ed. | Subtotals 2017 |
|---|----------------------------------|---------------------|------------------|------------------------------------|--|-------------------------------|-------------------|
| REVENUES: | | | | | | | |
| State Sources | \$ 92,648.82 | | 1,767.00 | 17,928.96 | 29,537.00 | 46,493.00 | 188,374.78 |
| Federal Sources | - | 329,410.21 | | | | | 329,410.21 |
| Total Revenues | 92,648.82 | 329,410.21 | 1,767.00 | 17,928.96 | 29,537.00 | 46,493.00 | 517,784.99 |
| EXPENDITURES: | | | | | | | |
| Instruction: | | | | | | | |
| Salaries of Teachers | - | 186,277.18 | | | | | 186,277.18 |
| Other Purchased Services (400-500 series) | 2,275.40 | | 1,767.00 | 17,928.96 | 29,537.00 | 46,493.00 | 98,001.36 |
| Supplies and Materials | 978.00 | 8,425.18 | | | | | 9,403.18 |
| Textbooks | 23,376.89 | | | | | | 23,376.89 |
| Total Instruction | 26,630.29 | 194,702.36 | 1,767.00 | 17,928.96 | 29,537.00 | 46,493.00 | 317,058.61 |
| Support Services: | | | | | | | |
| Salaries of Program Director | - | 1,000.00 | | | | | 1,000.00 |
| Salaries Other | - | 3,918.93 | | | | | 3,918.93 |
| Personal Services - Employee Benefits | - | 96,639.88 | | | | | 96,639.88 |
| Purchased Professional Technical Services | 35,442.89 | | | | | | 35,442.89 |
| Purchased Professional - Educational Services | - | 23,356.50 | | | | | 23,356.50 |
| Cleaning, Repair and Maintenance Services | - | | | | | | - |
| Other Purchased Services (400-500 series) | 30,575.64 | 6,241.54 | | | | | 6,241.54 |
| Supplies and Materials | | 3,551.00 | | | | | 34,126.64 |
| Total Support Services | 66,018.53 | 134,707.85 | - | - | - | - | 200,726.38 |
| Total Outflows | 92,648.82 | 329,410.21 | 1,767.00 | 17,928.96 | 29,537.00 | 46,493.00 | 517,784.99 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | \$ - | - | - | - | - | - | - |

CITY OF ABSECON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2017

| | Nonpublic Home Instruct | Nonpublic Nursing | Nonpublic Security Aid | Nonpublic Textbooks | Nonpublic Technology Aid | Subtotals 2017 |
|--|----------------------------|----------------------|---------------------------|------------------------|--------------------------------|-------------------|
| REVENUES: | | | | | | |
| State Sources | \$ 2,275.40 | 35,442.89 | 20,671.00 | 23,376.89 | 10,882.64 | 92,648.82 |
| Federal Sources | | | | | | - |
| Total Revenues | <u>2,275.40</u> | <u>35,442.89</u> | <u>20,671.00</u> | <u>23,376.89</u> | <u>10,882.64</u> | <u>92,648.82</u> |
| EXPENDITURES: | | | | | | |
| Instruction: | | | | | | |
| Salaries of Teachers and Aides | | | | | | - |
| Other Purchased Services (400-500 series) | 2,275.40 | | | | 978.00 | 2,275.40 |
| Supplies and Materials | | | | 23,376.89 | | 978.00 |
| Textbooks | | | | | | 23,376.89 |
| Total Instruction | <u>2,275.40</u> | <u>-</u> | <u>-</u> | <u>23,376.89</u> | <u>978.00</u> | <u>26,630.29</u> |
| Support Services: | | | | | | |
| Salaries of Program Director | | | | | | - |
| Salaries Other | | | | | | - |
| Personal Services - Employee Benefits | | | | | | - |
| Purchased Professional - Technical Services | | 35,442.89 | | | | 35,442.89 |
| Purchased Professional - Educational Services | | | | | | - |
| Cleaning, Repair and Maintenance Services | | | | | | - |
| Other Purchased Services (400-500 series) | | | 20,671.00 | | 9,904.64 | 30,575.64 |
| Supplies and Materials | | | | | | - |
| Total Support Services | <u>-</u> | <u>35,442.89</u> | <u>20,671.00</u> | <u>-</u> | <u>9,904.64</u> | <u>66,018.53</u> |
| Total Outflows | <u>2,275.40</u> | <u>35,442.89</u> | <u>20,671.00</u> | <u>23,376.89</u> | <u>10,882.64</u> | <u>92,648.82</u> |
| Excess (Deficiency) of Revenues Over (Under) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures and Other Financing Sources (Uses) | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

CAPITAL PROJECTS FUND DETAIL STATEMENTS

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

CITY OF ABSECON SCHOOL DISTRICT
Capital Projects Funds
Summary Statement of Project Expenditures
June 30, 2017

| Project Title/Issue | Date | Original Appropriations | Expenditures to Date | | Transferred to Capital Reserve | Unexpended Balance June 30, 2017 |
|--|------|-------------------------|----------------------|-----------------|--------------------------------|----------------------------------|
| | | | Prior Years | Current Years | | |
| Capital Project-Roof/Bathroom/Lighting | 2014 | \$ 5,210,000.00 | 4,830,899.69 | 1,302.16 | | 377,798.15 |
| | | \$ <u>5,210,000.00</u> | <u>4,830,899.69</u> | <u>1,302.16</u> | <u>-</u> | <u>377,798.15</u> |

ABSECON SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, Project Balance
and Project Status - Budgetary Basis
June 30, 2017

| | | |
|---|----|-------------------------------|
| Revenues and Other Financing Sources | | |
| Miscellaneous | \$ | 784.61 |
| | | <hr/> |
| Total Revenues | | 784.61 |
| Expenditures and Other Financing Uses | | |
| Project Expenditures | | 1,302.16 |
| | | <hr/> |
| Total Expenditures | | 1,302.16 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | | <hr/> (517.55) |
| Other Financing Sources (Uses): | | |
| Operating Transfers Out: | | |
| Transfer to Debt Service Fund | | <hr/> (784.61) |
| Total Other Financing Sources (Uses) | | <hr/> (784.61) |
| Excess (Deficiency) of revenues and other financing sources sources over (under) expenditures and other financing sources (uses) | | (1,302.16) |
| Fund Balance, Beginning | | 379,100.31 |
| Fund Balance, Ending | \$ | <hr/> <hr/> <u>377,798.15</u> |

CITY OF ABSECON SCHOOL DISTRICT
Capital Projects Funds
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Roof/Bathroom/Lighting/Misc Upgrades
From Inception and for the Year Ended June 30, 2017

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|--|----------------------|-------------------|---------------------|-------------------------------|
| Revenues and Other Financing Sources: | | | | |
| Sale of Bonds | \$ 5,210,000.00 | | 5,210,000.00 | 5,210,000.00 |
| Total Revenues | <u>5,210,000.00</u> | <u>-</u> | <u>5,210,000.00</u> | <u>5,210,000.00</u> |
| Expenditures and Other Financing Uses: | | | | |
| Purchased Professional and Technical Services | 4,830,899.69 | 1,302.16 | 4,832,201.85 | 4,832,201.85 |
| Total Expenditures | <u>4,830,899.69</u> | <u>1,302.16</u> | <u>4,832,201.85</u> | <u>4,832,201.85</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 379,100.31</u> | <u>(1,302.16)</u> | <u>377,798.15</u> | <u>377,798.15</u> |

Additional Project Information:

| | |
|--|--|
| Project Number | 0010-050-14-2000 & 0010-060-14-2000 |
| Debt Service Approval | 2/21/2014 |
| Bond Authorization (Referendum) Date | 4/24/2014 |
| Bonds Authorized | \$ 5,210,000.00 |
| Bonds Issued | \$ 5,210,000.00 |
| Original Authorized Cost | \$ 5,210,000.00 |
| Additional Authorized Cost | - |
| Revised Authorized Cost | \$ 5,210,000.00 |
| Percentage Increase over Original Authorized Cost | 0.00% |
| Percentage Completion | 92.75% |
| Original Target Completion Date | 9/1/15 |
| Revised Target Completion Date | 1/1/17 |

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

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

CITY OF ABSECON SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2017

| | <u>Unemployment Compensation Trust</u> | <u>Agency Funds</u> | <u>Totals</u> |
|---|--|-------------------------|-------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 155,058.13 | 42,099.54 | 197,157.67 |
| Accounts Receivable | | <u>2,120.00</u> | <u>2,120.00</u> |
| Total Assets | <u>155,058.13</u> | <u>44,219.54</u> | <u>199,277.67</u> |
| LIABILITIES | | | |
| Accounts Payable | 22.98 | 5,144.42 | 5,167.40 |
| Payroll Deductions & Withholdings | | 14,441.97 | 14,441.97 |
| Flexible Spending Claims | | 347.13 | 347.13 |
| Payable to Student Groups | | <u>24,286.02</u> | <u>24,286.02</u> |
| Total Liabilities | <u>22.98</u> | <u>44,219.54</u> | <u>44,242.52</u> |
| NET POSITION | | | |
| Held in Trust for Unemployment Claims and Other Purposes | \$ <u>155,035.15</u> | | 155,035.15 |
| Total Net Position | | | <u>155,035.15</u> |
| Total Liabilities and Net Position | | | <u>199,277.67</u> |

CITY OF ABSECON SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2017

| | Unemployment Compensation Trust | Totals |
|--------------------------------------|---------------------------------------|-------------------|
| | <u>Trust</u> | <u>Totals</u> |
| ADDITIONS | | |
| Contributions: | | |
| Plan Member | \$ 12,096.77 | 12,096.77 |
| Total Contributions | <u>12,096.77</u> | <u>12,096.77</u> |
| Investments Earnings: | | |
| Interest | 197.21 | 197.21 |
| Net Investment Earnings | <u>197.21</u> | <u>197.21</u> |
| Total Additions | <u>12,293.98</u> | <u>12,293.98</u> |
| Deductions | | |
| Unemployment Claims | <u>513.82</u> | <u>513.82</u> |
| Total Deductions | <u>513.82</u> | <u>513.82</u> |
| Change in Net Position | 11,780.16 | 11,780.16 |
| Net Position - Beginning of the Year | <u>143,254.99</u> | <u>143,254.99</u> |
| Net Position - End of the Year | <u>\$ 155,035.15</u> | <u>155,035.15</u> |

CITY OF ABSECON SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2017

| | <u>Balance</u> <u>July 1, 2016</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2017</u> |
|---------------------------|---------------------------------------|------------------|------------------|--|
| Cash and Cash Equivalents | \$ 29,069.88 | 42,514.24 | 44,273.68 | 27,310.44 |
| Total Assets | <u>\$ 29,069.88</u> | <u>42,514.24</u> | <u>44,273.68</u> | <u>27,310.44</u> |

CITY OF ABSECON SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2017

| | Balance July 1, 2016 | Additions | Deletions | Balance June 30, 2017 |
|----------------------------------|----------------------------|----------------------------|----------------------------|--------------------------|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 15,610.35 | 8,353,259.05 | 8,354,080.30 | 14,789.10 |
| Interfund Receivable | 17.60 | | 17.60 | - |
| Total Assets | <u>15,627.95</u> | <u>8,353,259.05</u> | <u>8,354,097.90</u> | <u>14,789.10</u> |
| LIABILITIES: | | | | |
| Payroll Deductions & Withholding | 4,499.88 | 3,856,836.85 | 3,846,894.76 | 14,441.97 |
| Net Payroll | - | 4,485,672.18 | 4,485,672.18 | - |
| Flexible Spending Claims | 42.28 | 10,750.02 | 10,445.17 | 347.13 |
| Payable to Other Funds | 0.59 | | 0.59 | - |
| Intrafund Payable | 11,085.20 | | 11,085.20 | - |
| Total Liabilities | <u>\$ 15,627.95</u> | <u>8,353,259.05</u> | <u>8,354,097.90</u> | <u>14,789.10</u> |

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balance of the general long-term liabilities of the school district. This includes serial bonds outstanding, the outstanding principal balance on capital leases.

CITY OF ABSECON SCHOOL DISTRICT
Schedule of General Serial Bonds
As of June 30, 2017

| Improvement Description | Date of Issue | Amount of Original Issue | Maturities of Bonds | | | | Balance June 30, 2016 | Increased | Decreased | Balance June 30, 2017 |
|-------------------------|---------------|--------------------------|---------------------|---------------------------|---------|---------------|-----------------------|------------|--------------|-----------------------|
| | | | Date | Outstanding June 30, 2017 | Amount | Interest Rate | | | | |
| Renovations Project | 5/8/2014 | \$ 5,210,000 | 7/15/2017 | 270,000 | 270,000 | 2.250% | | 260,000.00 | 4,775,000.00 | |
| | | | 7/15/2018 | 275,000 | 275,000 | 2.250% | | | | |
| | | | 7/15/2019 | 285,000 | 285,000 | 2.250% | | | | |
| | | | 7/15/2020 | 295,000 | 295,000 | 2.500% | | | | |
| | | | 7/15/2021 | 305,000 | 305,000 | 2.500% | | | | |
| | | | 7/15/2022 | 310,000 | 310,000 | 2.500% | | | | |
| | | | 7/15/2023 | 320,000 | 320,000 | 2.500% | | | | |
| | | | 7/15/2024 | 325,000 | 325,000 | 2.500% | | | | |
| | | | 7/15/2025 | 330,000 | 330,000 | 2.500% | | | | |
| | | | 7/15/2026 | 335,000 | 335,000 | 3.000% | | | | |
| | | | 7/15/2027 | 335,000 | 335,000 | 3.000% | | | | |
| | | | 7/15/2028 | 340,000 | 340,000 | 3.000% | | | | |
| | | | 7/15/2029 | 350,000 | 350,000 | 3.000% | | | | |
| | | 7/15/2030 | 350,000 | 350,000 | 3.250% | | | | | |
| | | 7/15/2031 | 350,000 | 350,000 | 3.250% | | | | | |
| | | | | | | \$ | 5,035,000.00 | 260,000.00 | 4,775,000.00 | |

CITY OF ABSECON SCHOOL DISTRICT
Schedule of Obligations Under Capital Lease
As of June 30, 2017

| <u>Description</u> | <u>Amount of Original Issue</u> | <u>Balance June 30, 2016</u> | <u>Issued Current Year</u> | <u>Retired Current Year</u> | <u>Balance June 30, 2017</u> |
|---|---|----------------------------------|------------------------------------|-------------------------------------|----------------------------------|
| Telephone Communication System & Chromebooks | \$ 102,545.19 | \$ - | 102,545.19 | 35,137.88 | 67,407.31 |
| | | <u>\$ -</u> | <u>102,545.19</u> | <u>35,137.88</u> | <u>67,407.31</u> |

CITY OF ABSECON SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2017

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|--|--------------------|---------------------|-------------------|-------------------|--|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 251,167.00 | | 251,167.00 | 251,167.00 | - |
| Interest on Investments | 10.00 | | 10.00 | 12.00 | 2.00 |
| Total - Local Sources | <u>251,177.00</u> | <u>-</u> | <u>251,177.00</u> | <u>251,179.00</u> | <u>2.00</u> |
| State Sources: | | | | | |
| Debt Service Aid Type II | 133,263.00 | | 133,263.00 | 133,263.00 | - |
| Total - State Sources | <u>133,263.00</u> | <u>-</u> | <u>133,263.00</u> | <u>133,263.00</u> | <u>-</u> |
| Total Revenues | <u>384,440.00</u> | <u>-</u> | <u>384,440.00</u> | <u>384,442.00</u> | <u>2.00</u> |
| EXPENDITURES: | | | | | |
| Regular Debt Service: | | | | | |
| Redemption of Principal | 260,000.00 | | 260,000.00 | 260,000.00 | - |
| Interest on Bonds | 131,950.00 | | 131,950.00 | 131,950.00 | - |
| Total Regular Debt Service | <u>391,950.00</u> | <u>-</u> | <u>391,950.00</u> | <u>391,950.00</u> | <u>-</u> |
| Total Expenditures | <u>391,950.00</u> | <u>-</u> | <u>391,950.00</u> | <u>391,950.00</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(7,510.00)</u> | <u>-</u> | <u>(7,510.00)</u> | <u>(7,508.00)</u> | <u>2.00</u> |
| Other Financing Sources(Uses): | | | | | |
| Operating Transfers In: | | | | | |
| Transfer from Capital Projects | - | | - | 784.61 | (784.61) |
| Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures | <u>(7,510.00)</u> | <u>-</u> | <u>(7,510.00)</u> | <u>(6,723.39)</u> | <u>(782.61)</u> |
| Fund Balance, July 1 | 9,687.04 | | 9,687.04 | 9,687.04 | |
| Fund Balance, June 30 | <u>\$ 2,177.04</u> | <u>-</u> | <u>2,177.04</u> | <u>2,963.65</u> | <u>(782.61)</u> |

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

Statistical Section

**Absecon Board of Education
Net Position by Component,
Last Ten Fiscal Years**
(accrual basis of accounting)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 * | 2015 | 2016 | 2017 |
|---|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental activities | | | | | | | | | | |
| Net Investment in Capital Assets | | | | | | | | | | |
| Restricted | 8,742,635.61 | 9,604,547.10 | 11,059,562.38 | 11,430,310.67 | 11,738,524.45 | 11,426,887.71 | 11,150,959.06 | 15,338,190.73 | 10,129,216.10 | 9,988,951.71 |
| Unrestricted | 789,080.44 | 732,455.74 | 641,303.97 | 694,501.65 | 725,231.82 | 971,459.89 | 942,808.64 | (3,548,849.78) | 1,124,869.16 | 966,751.89 |
| Total governmental activities net position | (18,598.99) | 2,460.16 | 7,893.68 | 203,711.10 | (134,003.00) | (93,219.88) | (2,577,375.00) | (2,627,743.43) | (2,404,141.81) | (2,760,717.45) |
| | <u>9,513,127.16</u> | <u>10,339,463.00</u> | <u>11,708,765.03</u> | <u>12,328,523.42</u> | <u>12,328,763.27</u> | <u>12,305,127.72</u> | <u>9,516,392.70</u> | <u>9,161,397.52</u> | <u>8,849,943.45</u> | <u>8,194,986.15</u> |
| Business-type activities | | | | | | | | | | |
| Net Investment in Capital Assets | | | | | | | | | | |
| Restricted | 65,870.80 | 69,810.50 | 69,830.91 | 57,214.40 | 57,022.60 | 66,132.89 | 94,783.31 | 102,345.86 | 94,929.42 | 94,976.55 |
| Unrestricted | 65,870.80 | 69,810.50 | 69,830.91 | 57,214.40 | 57,572.60 | 66,462.89 | 94,893.31 | 107,361.89 | 99,599.52 | 104,306.65 |
| Total business-type activities net position | | | | | | | | | | |
| | <u>131,741.60</u> | <u>139,621.00</u> | <u>139,661.82</u> | <u>114,428.80</u> | <u>114,595.20</u> | <u>132,595.78</u> | <u>189,676.62</u> | <u>209,707.75</u> | <u>194,528.94</u> | <u>199,283.20</u> |
| District-wide | | | | | | | | | | |
| Net Investment in Capital Assets | | | | | | | | | | |
| Restricted | 8,742,635.61 | 9,604,547.10 | 11,059,562.38 | 11,430,310.67 | 11,739,074.45 | 11,427,217.71 | 11,151,069.06 | 15,343,206.76 | 10,133,886.20 | 9,998,281.81 |
| Unrestricted | 789,080.44 | 732,455.74 | 641,303.97 | 694,501.65 | 725,231.82 | 971,459.89 | 942,808.64 | (3,548,849.78) | 1,124,869.16 | 966,751.89 |
| Unrestricted | 47,281.91 | 72,270.66 | 77,729.59 | 260,925.50 | (76,980.40) | (25,086.99) | (2,482,591.69) | (2,525,397.57) | (2,309,212.39) | (2,665,740.90) |
| Total district net position | <u>9,578,997.96</u> | <u>10,409,273.50</u> | <u>11,778,595.94</u> | <u>12,385,737.82</u> | <u>12,387,325.87</u> | <u>12,373,590.61</u> | <u>9,611,286.01</u> | <u>9,268,959.41</u> | <u>8,949,542.97</u> | <u>8,299,292.80</u> |

* As Restated

Source: CAFR Schedule A-1

Absecon Board of Education
Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | 5,439,316.83 | 5,405,141.33 | 5,913,087.52 | 5,751,853.68 | 6,182,712.52 | 6,049,730.18 | 6,114,169.81 | 7,294,988.98 | 7,844,722.07 | 9,052,296.47 |
| Special Education | 1,280,665.25 | 1,325,164.04 | 1,380,165.40 | 1,446,103.41 | 1,433,681.05 | 1,457,372.82 | 1,520,511.76 | 1,761,624.29 | 1,633,361.88 | 1,830,818.11 |
| Other Special Education | 282,427.48 | 353,461.96 | 351,625.16 | 379,012.88 | 294,917.22 | 291,754.40 | 292,917.49 | 337,357.92 | 352,175.85 | 405,825.92 |
| Support Services: | | | | | | | | | | |
| Tuition | 718,739.43 | 753,634.96 | 792,370.00 | 511,715.65 | 1,281,326.96 | 1,612,350.20 | 1,858,910.31 | 1,795,883.97 | 2,121,738.40 | 2,047,890.57 |
| Student & Instruction Related Services | 1,453,350.15 | 1,447,279.45 | 1,594,354.26 | 1,572,427.39 | 1,507,897.93 | 1,461,799.92 | 1,371,959.20 | 1,614,393.31 | 1,727,244.59 | 2,110,549.46 |
| School Administrative Services | 470,171.70 | 447,490.65 | 451,930.90 | 458,536.12 | 461,991.19 | 489,032.72 | 509,952.05 | 488,292.21 | 557,706.44 | 631,893.86 |
| General Administrative Services | 466,667.41 | 475,321.21 | 596,569.65 | 579,662.20 | 633,369.67 | 389,640.73 | 400,362.49 | 408,597.74 | 499,559.45 | 531,195.15 |
| Plant Operations and Maintenance | 886,305.00 | 944,415.90 | 767,587.02 | 943,278.15 | 939,736.74 | 981,991.45 | 1,100,138.40 | 1,083,045.92 | 1,050,172.80 | 1,088,488.32 |
| Pupil Transportation | 387,032.34 | 416,543.93 | 409,148.72 | 407,227.06 | 504,634.31 | 492,605.74 | 544,866.82 | 520,206.01 | 567,043.19 | 625,936.49 |
| Central Services | 152,470.58 | 128,858.76 | 69,428.81 | 76,181.13 | 86,744.97 | 309,970.86 | 302,860.29 | 330,982.60 | 377,031.74 | 434,581.03 |
| Special Schools | 33,729.23 | 41,888.42 | 34,218.32 | 19,228.02 | 19,802.84 | 30,786.37 | 30,786.37 | 33,645.29 | 30,017.96 | 27,460.11 |
| Charter Schools | 251,457.00 | 323,096.00 | 292,863.00 | 415,353.00 | 437,675.00 | 357,374.00 | 395,003.00 | 360,470.00 | 393,649.00 | 377,905.00 |
| Interest on Long-Term Debt | 140,680.09 | 73,711.51 | 43,868.91 | 22,853.88 | 1,810.14 | - | 13,944.54 | 144,429.49 | 135,059.86 | 129,178.47 |
| Unallocated Depreciation | 345,588.75 | 348,508.31 | - | - | - | - | - | - | - | - |
| Total Governmental Activities Expenses | 12,308,581.24 | 12,490,514.43 | 12,896,207.67 | 12,583,414.47 | 13,786,300.54 | 13,897,495.19 | 14,459,462.53 | 16,183,897.73 | 17,309,483.23 | 19,294,028.96 |

**Absecon Board of Education
Changes in Net Position,
Last Ten Fiscal Years**
(accrual basis of accounting)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Business-Type Activities: | | | | | | | | | | |
| Food Service | 251,491.33 | 250,860.45 | 230,154.76 | 230,110.36 | 230,410.56 | 245,587.32 | 228,224.49 | 233,688.86 | 310,237.81 | 276,467.94 |
| Child Care | 138,789.34 | 119,638.65 | 122,859.64 | 111,797.73 | 110,882.37 | 104,056.50 | 90,226.22 | 90,216.77 | 66,682.68 | 100,796.17 |
| Other | | | | | | | | | | |
| Total Business-Type Activities Expenses | 390,280.67 | 370,499.10 | 353,014.40 | 341,908.09 | 341,292.93 | 349,643.82 | 318,450.71 | 323,885.63 | 376,920.49 | 377,264.11 |
| Total District Expenses | 12,698,861.91 | 12,861,013.53 | 13,049,222.07 | 12,925,322.56 | 14,127,593.47 | 14,247,139.01 | 14,777,933.24 | 16,507,783.36 | 17,686,403.72 | 19,671,293.07 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Instruction (Tuition) | 50,520.00 | 44,905.00 | 57,747.00 | 39,313.02 | 33,278.50 | 28,909.80 | 55,599.00 | 45,080.97 | 69,900.82 | 98,168.82 |
| Pupil Transportation | 9,594.41 | 9,270.00 | | | | | | | | - |
| Operating Grants and Contributions | 2,906,574.74 | 2,180,161.49 | 2,417,745.47 | 2,253,634.74 | 2,287,279.02 | 2,443,532.23 | 2,251,819.14 | 3,791,484.31 | 4,733,472.68 | 6,052,473.33 |
| Capital Grants and Contributions | | | | | | | | | | |
| Total Governmental Activities Program Revenues | 2,966,689.15 | 2,234,336.49 | 2,475,492.47 | 2,292,947.76 | 2,320,557.52 | 2,472,442.03 | 2,307,418.14 | 3,836,565.28 | 4,803,373.50 | 6,151,642.15 |
| Business-Type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Food Service | 188,208.25 | 145,143.06 | 121,948.69 | 107,579.65 | 107,170.73 | 101,650.80 | 75,648.87 | 67,687.64 | 82,996.16 | 82,462.57 |
| Child Care | 126,187.94 | 125,061.11 | 126,830.61 | 111,167.84 | 97,417.30 | 93,732.50 | 99,624.84 | 76,852.57 | 77,808.90 | 102,554.31 |
| Operating Grants and Contributions | 90,644.03 | 103,364.46 | 103,983.22 | 110,104.96 | 136,456.87 | 164,954.40 | 169,485.65 | 191,674.59 | 208,235.00 | 196,787.24 |
| Capital Grants and Contributions | | | | | | | | | | |
| Total Business-Type Activities Program Revenue | 375,040.22 | 373,568.63 | 352,762.52 | 328,852.45 | 341,044.90 | 360,337.70 | 344,759.36 | 336,214.80 | 369,040.06 | 381,804.12 |
| Total District Program Revenue | 3,341,729.37 | 2,607,905.12 | 2,828,254.99 | 2,621,800.21 | 2,681,602.42 | 2,832,779.73 | 2,652,177.50 | 4,172,780.08 | 5,172,413.56 | 6,533,446.27 |

**Absecon Board of Education
Changes in Net Position,
Last Ten Fiscal Years**
(accrual basis of accounting)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | 2,966,689.15 | (10,256,177.94) | (10,220,715.20) | (10,290,466.71) | (11,465,743.02) | (11,425,053.16) | (12,152,064.39) | (12,347,332.45) | (12,506,109.73) | (13,142,386.81) |
| Business-Type Activities | (12,323,621.69) | 3,069.53 | (251,889) | (13,055,641) | (248,031) | 10,693,888 | 26,308,665 | 12,329,117 | (7,880,443) | 4,540,011 |
| Total District-Wide Net Expense | (9,357,132.54) | (10,253,108.41) | (10,220,967.08) | (10,303,522.35) | (11,465,991.05) | (11,414,359.28) | (12,125,755.74) | (12,335,003.28) | (12,513,990.16) | (13,137,846.80) |
| General Revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property Taxes Levied for General Purposes; Net | 8,614,387.00 | 8,880,961.96 | 9,565,974.00 | 9,518,290.00 | 9,950,651.00 | 10,480,379.00 | 10,866,757.00 | 10,921,920.00 | 11,033,884.00 | 11,254,562.00 |
| Taxes levied for debt service | 1,134,142.00 | 1,134,740.00 | 601,011.00 | 676,340.00 | 647,509.00 | - | - | 94,718.00 | 172,082.00 | 251,167.00 |
| Unrestricted grants and contributions | 643,596.13 | 1,019,077.34 | 1,408,418.00 | 686,511.00 | 851,531.00 | 890,205.00 | 971,744.60 | 965,821.00 | 965,530.00 | 987,410.00 |
| Investment earnings | 57,446.57 | 13,524.49 | 3,396.09 | 8,497.70 | 12,458.04 | 5,473.92 | 3,921.60 | 10,036.77 | 5,060.00 | 3,429.75 |
| Miscellaneous income | 9,222.18 | 36,283.32 | 11,218.14 | 20,586.40 | 4,823.83 | 24,369.69 | 32,593.17 | 8,621.50 | 22,392.53 | 13,060.76 |
| Special items | - | (2,073.33) | - | - | - | - | - | (8,580.00) | (4,492.87) | (22,200.00) |
| Transfers | - | - | - | - | - | - | - | - | - | - |
| Total governmental activities | 10,458,793.88 | 11,082,513.78 | 11,590,017.23 | 10,910,225.10 | 11,466,972.87 | 11,400,427.61 | 11,875,016.37 | 11,992,537.27 | 12,194,455.66 | 12,487,429.51 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 3,321.00 | 870.17 | 272.29 | 439.13 | 606.23 | 196.41 | 121.77 | 139.41 | 118.06 | 167.12 |
| Miscellaneous | - | - | - | - | - | - | - | - | - | - |
| Transfers | 3,321.00 | 870.17 | 272.29 | 439.13 | 606.23 | 196.41 | 121.77 | 139.41 | 118.06 | 167.12 |
| Total business-type activities | 10,462,114.88 | 11,083,383.95 | 11,590,289.52 | 10,910,664.23 | 11,467,579.10 | 11,400,624.02 | 11,875,138.14 | 11,992,676.68 | 12,194,573.72 | 12,487,596.63 |
| Total district-wide | 13,425,483.03 | 826,335.84 | 1,369,302.03 | 619,758.39 | 1,229.85 | (24,625.55) | (277,048.02) | (354,795.18) | (311,654.07) | (654,957.30) |
| Changes in Net Position | (12,320,500.69) | 3,939.70 | 20.41 | (12,616.51) | 358.20 | 10,890.29 | 26,430.42 | 12,468.58 | (7,762.37) | 4,707.13 |
| Business-type activities | 1,104,982.34 | 830,275.54 | 1,369,322.44 | 607,141.88 | 1,588.05 | (13,735.26) | (250,617.60) | (342,326.60) | (319,418.44) | (650,250.17) |
| Total district | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |

Source: CAFR Schedule A-2

**Absecon Board of Education
Fund Balances, Governmental Funds,
Last Nine Fiscal Years**
(modified accrual basis of accounting)

Exhibit J-3

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|-----------------|---------------|---------------|---------------|
| General Fund | | | | | | | | | | |
| Restricted | | | | 333,732.42 | 266,625.71 | 265,679.66 | 436,019.37 | 502,441.97 | 317,317.04 | 158,095.07 |
| Committed | | | - | 358,587.59 | 229,922.11 | 215,773.04 | 270,543.94 | 293,968.32 | 307,508.49 | 319,493.96 |
| Assigned | | | | 212,293.68 | 217,803.00 | 479,126.19 | 313,132.18 | 316,454.31 | 500,043.63 | 489,162.86 |
| Unassigned | 822,298.64 | 757,384.12 | 674,176.08 | 242,743.12 | 187,077.00 | 205,732.00 | 206,238.00 | 173,207.00 | 172,342.27 | 190,960.75 |
| Reserved | 261,719.82 | 283,987.20 | 266,395.73 | | | | | | | |
| Unreserved | 1,084,018.46 | 1,041,371.32 | 940,571.81 | 1,147,356.81 | 901,427.82 | 1,166,310.89 | 1,225,933.49 | 1,286,071.60 | 1,297,211.43 | 1,157,712.64 |
| Total general fund | | | | | | | | | | |
| All Other Governmental Funds | | | | 10,881.00 | 10,881.00 | 10,881.00 | 5,147,057.69 | 603,270.01 | 379,100.31 | 377,798.15 |
| Restricted | | | | | | | | | | |
| Assigned | | | | | | | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue fund | (6,391.00) | | | | | | | | | |
| Capital projects fund | | | 10,881.00 | | | | | | | |
| Debt service fund | 617.11 | 93.69 | 23.69 | 1.00 | | | | 8,672.00 | 9,687.04 | 2,963.65 |
| Permanent fund | | | | | | | | | | |
| Total all other governmental funds | \$ (5,773.89) | \$ 93.69 | \$ 10,904.69 | \$ 10,882.00 | \$ 10,881.00 | \$ 10,881.00 | \$ 5,147,057.69 | \$ 611,942.01 | \$ 388,787.35 | \$ 380,761.80 |

* - FY 2011 was the first year of reporting under GASB 54 - Fund Balance Classifications

Source: CAFR Schedule B-1

**Absecon Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

Exhibit J-4

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|
| Revenues | | | | | | | | | | |
| Tax Levy | 9,748,529.00 | 10,015,701.96 | 10,166,985.00 | 10,194,630.00 | 10,598,160.00 | 10,480,379.00 | 10,866,757.00 | 10,921,920.00 | 11,205,966.00 | 11,505,729.00 |
| Tuition charges | 50,520.00 | 44,905.00 | 57,747.00 | 39,313.02 | 33,278.50 | 28,909.80 | 55,599.00 | 45,080.97 | 69,900.82 | 99,168.82 |
| Interest earnings | 57,446.57 | 13,524.49 | 3,396.09 | 8,497.70 | 12,458.04 | 5,476.32 | 3,921.60 | 10,036.77 | 5,060.00 | 3,429.75 |
| Transportation Fees from Individuals | | | | | | | | | 150.00 | 700.00 |
| Miscellaneous | 18,816.59 | 45,553.32 | 12,268.14 | 22,203.40 | 5,123.83 | 24,369.69 | 32,593.17 | 8,621.50 | 22,392.53 | 13,060.76 |
| State sources | 3,136,095.35 | 2,709,760.55 | 2,987,242.43 | 2,145,616.79 | 2,459,819.09 | 2,790,395.22 | 2,705,696.40 | 2,906,168.74 | 3,140,674.02 | 3,445,942.83 |
| Federal sources | 414,075.52 | 489,478.28 | 837,871.04 | 792,911.95 | 678,690.93 | 550,863.61 | 522,219.74 | 642,547.57 | 809,584.66 | 908,393.50 |
| Total revenue | 13,425,483.03 | 13,318,923.60 | 14,065,509.70 | 13,203,172.86 | 13,787,530.39 | 13,880,393.64 | 14,186,786.91 | 14,534,375.55 | 15,253,728.03 | 15,976,424.66 |
| Expenditures | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular instruction | 3,975,876.35 | 4,133,201.25 | 4,320,227.26 | 4,126,607.41 | 4,215,006.85 | 4,092,232.61 | 4,263,679.78 | 4,454,357.43 | 4,529,886.53 | 4,869,726.60 |
| Special education instruction | 871,389.72 | 958,831.76 | 956,353.89 | 976,142.09 | 937,327.40 | 946,000.79 | 1,019,578.28 | 1,032,534.44 | 924,907.91 | 954,779.21 |
| Other special education instruction | 192,150.57 | 255,745.03 | 243,891.57 | 256,388.60 | 194,817.04 | 190,126.69 | 198,147.31 | 198,841.03 | 196,539.54 | 211,630.73 |
| Support Services: | | | | | | | | | | |
| Tuition | 718,739.43 | 753,634.96 | 792,370.00 | 511,715.65 | 1,281,326.96 | 1,612,350.20 | 1,858,910.31 | 1,795,883.97 | 2,121,738.40 | 2,047,890.57 |
| Student & instruction related services | 1,043,805.91 | 1,119,028.19 | 1,202,908.65 | 1,184,932.40 | 1,115,375.15 | 1,063,957.47 | 975,662.38 | 1,025,952.78 | 1,060,832.60 | 1,211,800.55 |
| School administrative services | 326,136.23 | 328,837.32 | 310,670.57 | 308,289.68 | 305,946.14 | 317,627.65 | 329,981.24 | 328,903.97 | 327,413.29 | 343,039.28 |
| General administrative services | 464,042.11 | 472,675.91 | 512,017.50 | 487,776.33 | 519,058.86 | 501,841.37 | 520,942.33 | 540,290.56 | 555,673.64 | 574,667.13 |
| Plant operations and maintenance | 716,430.43 | 750,005.44 | 690,911.07 | 772,734.62 | 734,294.81 | 772,622.00 | 873,733.42 | 870,488.85 | 823,408.20 | 816,216.94 |
| Pupil transportation | 387,032.24 | 416,543.93 | 406,766.62 | 404,633.60 | 501,754.48 | 489,657.21 | 542,047.46 | 517,414.63 | 584,111.90 | 622,917.28 |
| Unallocated employee benefits | 2,835,636.78 | 2,431,756.12 | 2,589,625.44 | 2,757,867.64 | 3,055,740.07 | 3,185,446.26 | 3,061,566.76 | 3,166,829.24 | 3,344,006.53 | 3,641,537.47 |
| Special schools | 22,920.00 | 30,240.00 | 24,539.04 | 13,468.80 | 13,907.10 | 17,643.36 | 22,524.39 | 24,301.15 | 21,067.76 | 19,096.89 |
| Charter Schools | 251,437.00 | 329,096.00 | 292,853.00 | 415,335.00 | 437,675.00 | 337,374.00 | 398,003.00 | 360,470.00 | 393,649.00 | 377,905.00 |
| Capital outlay | 227,450.98 | 193,582.50 | 1,210,882.60 | 103,865.23 | 73,720.02 | 88,630.96 | 131,858.56 | 4,598,367.43 | 271,207.56 | 143,336.54 |
| Debt service: | | | | | | | | | | |
| Principal | 1,085,000.00 | 1,100,000.00 | 550,000.00 | 645,000.00 | 637,000.00 | - | - | - | 175,000.00 | 260,000.00 |
| Interest and other charges | 142,841.63 | 82,524.75 | 51,381.00 | 31,663.50 | 10,510.50 | - | - | 94,717.64 | 136,300.00 | 131,950.00 |
| Total Expenditures | 13,260,891.38 | 13,355,703.16 | 14,155,498.21 | 12,996,410.55 | 14,033,460.38 | 13,615,510.57 | 14,196,635.22 | 19,009,353.12 | 15,465,742.86 | 16,226,494.19 |
| Excess (Deficiency) of revenues over (under) expenditures | 164,591.65 | (36,779.56) | (89,988.51) | 206,762.31 | (245,929.99) | 264,883.07 | (9,848.31) | (4,474,977.57) | (212,014.83) | (250,069.53) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Bond Proceeds | | | | | | | | | | |
| Canceled SDA Grant | | | | | | | 5,210,000.00 | - | - | 102,545.19 |
| Capital Lease Proceeds | | | | | | | (4,352.40) | - | - | 784.61 |
| Operating Transfers In | | | | | | | 7,690.85 | 7,493.75 | 2,175.04 | (784.61) |
| Operating Transfers Out | | | | | | | (7,690.85) | (7,493.75) | (2,175.04) | |
| Total other financing sources (uses) | | | | | | | 5,205,647.60 | - | - | 102,545.19 |
| Net change in fund balances | 164,591.65 | (36,779.56) | (89,988.51) | 206,762.31 | (245,929.99) | 264,883.07 | 5,195,799.29 | (4,474,977.57) | (212,014.83) | (147,524.34) |
| Debt service as a percentage of noncapital expenditures | 9.42% | 8.98% | 4.65% | 5.25% | 4.64% | 0.00% | 0.00% | 0.66% | 2.05% | 2.44% |

Source: CAFR Schedule B-2

Absecon Board of Education
General Fund Other Local Revenue by Source,
Last Ten Fiscal Years
 Unaudited

Exhibit J-5

| <u>Fiscal Year</u> <u>Ended June 30,</u> | <u>Interest on</u> <u>Investments</u> | <u>Miscellaneous</u> | <u>Totals</u> |
|---|--|----------------------|---------------|
| 2008 | 55,776.97 | 18,816.59 | 74,593.56 |
| 2009 | 11,901.16 | 45,553.32 | 57,454.48 |
| 2010 | 3,396.09 | 12,268.14 | 15,664.23 |
| 2011 | 8,196.89 | 22,203.40 | 30,400.29 |
| 2012 | 12,458.04 | 5,123.83 | 17,581.87 |
| 2013 | 5,473.32 | 24,369.69 | 29,843.01 |
| 2014 | 3,921.60 | 32,593.17 | 36,514.77 |
| 2015 | 10,036.77 | 8,621.50 | 18,658.27 |
| 2016 | 5,060.00 | 22,392.53 | 27,452.53 |
| 2017 | 3,429.75 | 13,060.76 | 16,490.51 |

Source: District Records

Exhibit J-6

Absecon Board of Education
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Regular | Q Farm | Commercial | Industrial | Apartment | Total Assessed Value | Less Tax-exempt Property | Public Utilities | Net Valuation Taxable | Total District School Tax Rate | Estimated County Equalized Value |
|----------------------------|-------------|-------------|--------------|--------|-------------|------------|---------------------------|----------------------|--------------------------|------------------|-----------------------|--------------------------------|----------------------------------|
| * 2008 | 45,629,300 | 813,389,900 | - | - | 178,439,200 | - | - | 1,037,458,400 | - | 1,480,927 | 1,038,939,327 | 0.964 | 985,523,930 |
| 2009 | 40,726,600 | 815,482,100 | - | - | 176,030,200 | - | - | 1,032,238,900 | - | 1,626,072 | 1,033,864,972 | 0.984 | 985,102,403 |
| 2010 | 37,483,145 | 817,257,600 | - | - | 174,051,200 | - | - | 1,028,791,945 | - | 1,648,926 | 1,030,440,871 | 0.989 | 979,041,208 |
| 2011 | 36,332,745 | 816,324,700 | - | - | 176,591,200 | - | - | 1,029,248,645 | - | 1,380,160 | 1,030,628,805 | 1.029 | 952,522,001 |
| 2012 | 34,987,100 | 810,551,700 | - | - | 171,436,200 | - | - | 1,016,975,000 | - | 1,353,424 | 1,018,328,424 | 1.029 | 929,980,296 |
| * 2013 | 23,149,600 | 568,982,900 | - | - | 123,823,800 | - | - | 715,956,300 | - | 1,228,960 | 717,185,260 | 1.515 | 784,066,098 |
| 2014 | | | | | | | Information Not Available | 715,166,900 | - | 815,770 | 715,982,670 | 1.539 | 805,942,346 |
| 2015 | 22,592,800 | 567,248,500 | - | - | 123,620,900 | - | - | 713,462,200 | - | 863,731 | 714,325,931 | 1.593 | 770,562,305 |
| 2016 | | | | | | | Information Not Available | 709,592,700 | - | - | 709,592,700 | 1.622 | 772,029,138 |
| 2017 | 24,144,400 | 558,761,200 | - | - | 119,324,800 | - | 3,702,500 | 705,932,900 | - | - | 705,932,900 | 1.689 | 727,840,911 |

* Reassessed

Source: County Abstract of Ratables & Municipal Tax Assessor

Exhibit J-8

Absecon Board of Education
Principal Property Tax Payers,
Current Year and Nine Years Ago

| Taxpayer | 2017 | | | | 2008 | | | |
|-----------------------------------|-------------------------|------|--|------------------------|------|--|-------------------------|--|
| | Taxable Assessed Value | Rank | % of Total District Net Assessed Value | Taxable Assessed Value | Rank | % of Total District Net Assessed Value | | |
| Absecon MP Holding LLC | 13,902,500.00 | 1 | 1.34% | 19,344,800.00 | 1 | 0.00% | | |
| RD Absecon Associates | \$ 13,200,000.00 | 2 | 1.27% | 16,635,900.00 | 3 | 1.86% | | |
| Home Depot | 9,161,000.00 | 3 | 0.88% | 12,168,700.00 | 4 | 1.60% | | |
| Absecon Nursing Home | 9,100,000.00 | 4 | 0.88% | 7,202,100.00 | 5 | 1.17% | | |
| Village Supermarket | 5,300,000.00 | 5 | 0.51% | 3,593,400.00 | 9 | 0.69% | | |
| Renuka Hospitality LLC | 5,160,000.00 | 6 | 0.50% | | | 0.35% | | |
| Ratan AC LLC | 4,772,100.00 | 7 | 0.46% | | | 0.00% | | |
| HP Holding & 405 Hotel Realty LLC | 4,500,000.00 | 8 | 0.43% | | | 0.00% | | |
| Absecon Equities | 3,620,700.00 | 9 | 0.35% | | | 0.00% | | |
| Mill Road Associates | 1,656,100.00 | 10 | 0.16% | 3,219,200.00 | 10 | 0.31% | | |
| Foxmoor at Absecon City | | | | 16,896,000.00 | 2 | 1.63% | | |
| 539 Absecon Blvd LLC | | | | 6,360,100.00 | 6 | 0.61% | | |
| Taxpayer #1 | | | | 6,304,500.00 | 7 | 0.61% | | |
| RJS Absecon LLC | | | | 4,438,000.00 | 8 | 0.43% | | |
| Totals | \$ 70,372,400.00 | | 6.77% | 96,162,700.00 | | 9.26% | | |
| | | | | | | | \$ 1,038,939,327 | |

Source: District CAFR & Municipal Tax Assessor

Exhibit J-7

**Absecon Board of Education
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years**
(rate per \$100 of assessed value)

| Fiscal Year Ended June 30, | Absecon Board of Education | | | Overlapping Rates | | | | | Total Direct and Overlapping Tax Rate |
|----------------------------|----------------------------|---------------------------------|--------------|-------------------|-------------------|--------------|-----------------------|-------------------------|---------------------------------------|
| | Basic Rate | General Obligation Debt Service | Total Direct | County General | County Open Space | County Other | Municipal Library Tax | Municipal Local Purpose | |
| 2008 | 0.855 | 0.109 | 0.964 | 0.215 | 0.019 | 0.011 | | 0.630 | 1.839 |
| 2009 | 0.874 | 0.110 | 0.984 | 0.236 | 0.005 | 0.016 | | 0.659 | 1.900 |
| 2010 | 0.931 | 0.058 | 0.989 | 0.254 | 0.005 | 0.017 | | 0.695 | 1.960 |
| 2011 | 0.963 | 0.066 | 1.029 | 0.284 | 0.005 | 0.018 | 0.030 | 0.678 | 2.044 |
| 2012 | 0.963 | 0.066 | 1.029 | 0.284 | 0.005 | 0.018 | 0.030 | 0.678 | 2.044 |
| 2013 | 1.515 | - | 1.515 | 0.437 | 0.007 | 0.022 | 0.040 | 1.022 | 3.043 |
| 2014 | 1.539 | - | 1.539 | 0.450 | 0.006 | 0.035 | 0.038 | 1.024 | 3.092 |
| 2015 | 1.569 | 0.024 | 1.593 | 0.490 | 0.002 | 0.011 | 0.036 | 1.027 | 3.159 |
| 2016 | 1.598 | 0.024 | 1.622 | 0.497 | 0.002 | 0.023 | 0.036 | 0.996 | 3.176 |
| 2017 | 1.653 | 0.036 | 1.689 | 0.527 | 0.002 | 0.023 | 0.035 | 0.992 | 3.268 |

Source: District Records and Municipal Tax Collector

**Absecon Board of Education
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

| 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 | |
| 2008 | 9,748,529 | 9,748,529 | 100% | - |
| 2009 | 10,015,702 | 10,015,702 | 100% | - |
| 2010 | 10,166,985 | 10,166,985 | 100% | - |
| 2011 | 10,194,630 | 10,194,630 | 100% | - |
| 2012 | 10,598,160 | 10,598,160 | 100% | - |
| 2013 | 10,480,379 | 10,480,379 | 100% | - |
| 2014 | 10,866,757 | 10,866,757 | 100% | - |
| 2015 | 11,016,638 | 11,016,638 | 100% | - |
| 2016 | 11,205,966 | 11,205,966 | 100% | - |
| 2017 | 11,505,729 | 11,505,729 | 100% | - |

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

Exhibit J-10

Absecon Board of Education
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Governmental Activities | | | | Business-Type Activities | | Total District | Percentage of Personal Income | Per Capita Personal Income |
|----------------------------|--------------------------|-------------------------------|----------------|--------------------------------|--------------------------|-----------|----------------|-------------------------------|----------------------------|
| | General Obligation Bonds | Certificates of Participation | Capital Leases | Bond Anticipation Notes (BANs) | Capital Leases | | | | |
| 2008 | 2,382,000 | 550,000 | - | - | - | 2,932,000 | 1.33% | 39,106 | |
| 2009 | 1,832,000 | - | - | - | - | 1,832,000 | 2.14% | 39,153 | |
| 2010 | 1,282,000 | - | - | - | - | 1,282,000 | 3.08% | 39,545 | |
| 2011 | 637,000 | - | - | - | - | 637,000 | 6.49% | 41,338 | |
| 2012 | - | - | - | - | - | - | 0.00% | 41,927 | |
| 2013 | - | - | - | - | - | - | 0.00% | 41,659 | |
| 2014 | 5,210,000 | - | - | - | - | 5,210,000 | 0.83% | 43,336 | |
| 2015 | 5,210,000 | - | - | - | - | 5,210,000 | 0.84% | 43,695 | |
| 2016 | 5,035,000 | - | - | - | - | 5,035,000 | 0.87% | 43,695 | |
| 2017 | 4,775,000 | - | - | - | - | 4,775,000 | 0.92% | 43,695 | |

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

Exhibit J-11

Absecon Board of Education
 Ratios of Net General Bonded Debt Outstanding,
 Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Governmental Activities | | | Percentage of Actual Taxable Value of Property | Per Capita Personal Income |
|----------------------------|--------------------------|------------|-------------------------------------|--|----------------------------|
| | General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding | | |
| 2008 | 2,382,000 | - | 2,382,000 | 0.23% | 39,106 |
| 2009 | 1,832,000 | - | 1,832,000 | 0.18% | 39,153 |
| 2010 | 1,282,000 | - | 1,282,000 | 0.12% | 39,545 |
| 2011 | 637,000 | - | 637,000 | 0.06% | 41,338 |
| 2012 | - | - | - | 0.00% | 41,927 |
| 2013 | - | - | - | 0.00% | 41,659 |
| 2014 | 5,210,000 | - | 5,210,000 | 0.73% | 43,336 |
| 2015 | 5,210,000 | - | 5,210,000 | 0.73% | 43,695 |
| 2016 | 5,035,000 | - | 5,035,000 | 0.71% | 43,695 |
| 2017 | 4,775,000 | - | 4,775,000 | Not Available | 43,695 |

**Absecon Board of Education
Direct and Overlapping Governmental Activities Debt,
As of December 31, 2016**

Exhibit J-12

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable^a</u> | <u>Estimated Share of Overlapping Debt</u> |
|--|-------------------------|--|--|
| Debt Repaid with Property Taxes | | | |
| Local Municipality | \$ 4,939,530 | 100.00% | \$ 4,939,530 |
| Other Debt | | | |
| County of Atlantic | 160,505,901 | Not Available | Not Available |
| Subtotal, Overlapping Debt | | | 4,939,530 |
| City of Absecon School District Direct Debt | | | <u>\$ 4,775,000</u> |
| Total Direct and Overlapping Debt | | | <u><u>\$ 9,714,530</u></u> |

Sources: Atlantic County Abstract of Ratables; City of Absecon; County of Atlantic.

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 Absecon 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.

**Absecon Board of Education
Legal Debt Margin Information,
Last Ten Fiscal Years**

Exhibit J-13

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Debt limit | \$ 25,104,331 | \$ 27,978,919 | \$ 29,381,972 | \$ 29,201,002 | \$ 28,715,270 | \$ 27,393,173 | \$ 25,933,904 | \$ 24,238,422 | \$ 23,504,678 | \$ 22,933,759 |
| Total net debt applicable to limit | 2,382,000 | 1,832,000 | 1,282,000 | 637,000 | - | - | 5,210,000 | 5,210,000 | 5,035,000 | 4,775,000 |
| Legal debt margin | \$ 22,722,331 | \$ 26,146,919 | \$ 28,099,972 | \$ 28,564,002 | \$ 28,715,270 | \$ 27,393,173 | \$ 20,723,904 | \$ 19,028,422 | \$ 18,469,678 | \$ 18,158,759 |
| Total net debt applicable to the limit as a percentage of debt limit | 9.49% | 6.55% | 4.36% | 2.18% | 0.00% | 0.00% | 20.09% | 21.49% | 21.42% | 20.82% |

| | 2016 | 2015 | 2014 |
|---|----------------|----------------|----------------|
| Equalized valuation basis | \$ 747,805,564 | \$ 775,165,363 | \$ 770,404,934 |
| Average equalized valuation of taxable property | \$ 764,458,620 | | |
| Debt limit (3% of average) | 22,933,759 | | |
| Net bonded school debt | 4,775,000 | | |
| Legal debt margin | \$ 18,158,759 | | |

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

**Absecon Board of Education
Demographic and Economic Statistics,
Last Ten Fiscal Years**

Exhibit J-14

| Fiscal Year Ended June 30, | Population | Personal Income (thousands of dollars) | Per Capita Personal Income | Unemployment Rate |
|----------------------------|------------|--|----------------------------|-------------------|
| 2008 | 8,368 | 327,239.01 | 39,106 | 7.50% |
| 2009 | 8,573 | 335,658.67 | 39,153 | 13.3% |
| 2010 | 8,412 | 332,652.54 | 39,545 | 13.6% |
| 2011 | 8,414 | 347,817.93 | 41,338 | 13.7% |
| 2012 | 8,409 | 352,564.14 | 41,927 | 14.3% |
| 2013 | 8,410 | 350,352.19 | 41,659 | 12.3% |
| 2014 | 8,374 | 362,895.66 | 43,336 | 9.60% |
| 2015 | 8,317 | 363,411.32 | 43,695 | 8.90% |
| 2016 | 8,295 | 362,450.03 | 43,695 | 6.50% |
| 2017 | 8,295 | 362,450.03 | 43,695 | Not Available |

Source: New Jersey Department of Labor and Workforce Development

**Absecon Board of Education
Principal Employers,
Current Year and Nine Years Ago**

Exhibit J-15

| Employer | 2017 | | | 2008 | | |
|----------|-----------|------|--------------------------------|-----------|------|--------------------------------|
| | Employees | Rank | Percentage of Total Employment | Employees | Rank | Percentage of Total Employment |
| | | 1 | 0.00% | | | 0.00% |
| | | 2 | | | | |
| | | 3 | | | | |
| | | 4 | | | | |
| | | 5 | | | | |
| | | 6 | | | | |
| | | 7 | | | | |
| | | 8 | | | | |
| | | 9 | | | | |
| | | 10 | | | | |
| Totals | - | | 0.00% | - | | 0.00% |

This Information is not available for this district.

Absecon Board of Education
 Full-time Equivalent District Employees by Function/Program,
 Last Ten Fiscal Years

Exhibit J-16

| Function/Program | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Instruction: | | | | | | | | | | |
| Regular instruction | 60 | 58 | 63 | 62 | 59 | 60 | 60 | 60 | 60 | 60 |
| Special education instruction | 5 | 6 | 6 | 5 | 6 | 6 | 6 | 6 | 6 | 6 |
| Other special education instruction | 9 | 13 | 9 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 12 | 12 | 12 | 9 | 11 | 9 | 9 | 9 | 9 | 9 |
| General administrative services | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| School administrative services | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Business administrative services | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Plant operations and maintenance | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Food Service | 8 | 8 | 7 | 7 | 7 | - | - | - | - | 0 |
| Child Care | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Total | 122 | 126 | 125 | 117 | 117 | 110 | 110 | 110 | 110 | 110 |

Source: District Personnel Records

**Absecon Board of Education
Operating Statistics,
Last Ten Fiscal Years**

Exhibit J-17

| Fiscal Year Ended June 30, | Enrollment | Operating Expenditures | | Cost per Pupil | % Change | Teaching Staff | Pupil/Teacher Ratio | | | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|----------------------------|------------|------------------------|----------------|----------------|----------|----------------|---------------------|----------------|-------------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
| | | Operating Expenditures | Cost per Pupil | | | | % Change | Teaching Staff | Elementary School | | | | |
| 2008 | 822 | 9,988,046 | C | 12,151 | 6.52% | 72 | 11.0:1 | 12.2:1 | N/A | 814 | 779 | B | 95.70% |
| 2009 | 833 | 9,825,002 | C | 11,795 | -2.93% | 75 | 10.9:1 | 11.2:1 | N/A | 813 | 776 | B | 95.45% |
| 2010 | 815 | 11,634,483 | C | 14,275 | 21.03% | 75 | 12.3:1 | 11.2:1 | N/A | 815 | 775 | B | 95.09% |
| 2011 | 858 | 10,531,923 | C | 12,275 | -14.01% | 74 | 12.5:1 | 10.5:1 | N/A | 849 | 810 | B | 95.45% |
| 2012 | 834 | 9,904,584 | D | 11,876 | -3.25% | 74 | 16.5:1 | 8.6:1 | N/A | 824 | 790 | B | 95.81% |
| 2013 | 872 | 9,777,085 | D | 11,212 | -5.59% | 71 | 12.9:1 | 13.3:1 | N/A | 834 | 795 | B | 95.32% |
| 2014 | 864 | 10,208,087 | D | 11,815 | 5.38% | 71 | 13.2:1 | 12.2:1 | N/A | 858 | 820 | B | 95.55% |
| 2015 | 865 | 11,440,444 | D | 13,226 | 11.94% | 71 | 14.1:1 | 12.3:1 | N/A | 858 | 815 | B | 94.99% |
| 2016 | 858 | 11,458,194 | D | 13,355 | 0.97% | 73 | 12.3:1 | 13.7:1 | N/A | 852 | 813 | B | 95.37% |
| 2017 | 816 | 11,771,642 | D | 14,426 | 8.02% | 73 | 12.3:1 | 13.7:1 | N/A | 819 | 778 | B | 94.99% |

Source: A = Calculated based on ASSA - K-8 exclude
B = School Register Summary
C - CAFR Report - Schedule C-1
D - CAFR Report - Schedule C-1 less tuition and charter school expenses

Absecon Board of Education
 School Building Information,
 Last Ten Fiscal Years

Exhibit J-18

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <u>District Buildings</u> | | | | | | | | | | |
| <u>Elementary</u> | | | | | | | | | | |
| H. Ashton Marsh | | | | | | | | | | |
| Square Feet | 78,000 | 78,000 | 78,000 | 78,000 | 78,000 | 78,000 | 78,000 | 78,000 | 78,000 | 78,000 |
| Capacity (students) | 845 | 845 | 845 | 845 | 845 | 845 | 845 | 845 | 845 | 845 |
| Enrollment | 456 | 468 | 462 | 483 | 479 | 479 | 511 | 488 | 496 | 462 |
| <u>Middle School</u> | | | | | | | | | | |
| Emma C. Attales School | | | | | | | | | | |
| Square Feet | 68,000 | 68,000 | 68,000 | 68,000 | 68,000 | 68,000 | 68,000 | 68,000 | 68,000 | 68,000 |
| Capacity (students) | 676 | 676 | 676 | 676 | 676 | 676 | 676 | 676 | 676 | 676 |
| Enrollment | 366 | 365 | 353 | 366 | 355 | 355 | 353 | 368 | 362 | 354 |
| <u>Other</u> | | | | | | | | | | |
| Administration | | | | | | | | | | |
| Square Feet | 3,360 | 3,360 | 3,360 | 3,360 | 3,360 | 3,360 | 3,360 | 3,360 | 3,360 | 3,360 |

Number of Buildings at June 30, 2017

- Elementary - 1
- Middle - 1
- Other - 1

Source: District Records, ASSA

Absecon Board of Education
 General Fund
 Schedule of Required Maintenance for School Facilities,
 Last Ten Fiscal Years
 (Unaudited)

Undistributed Expenditures - Required Maintenance for School Facilities

| School Facilities | Project # (s) | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------------|---------------|------------|---------|--------|--------|--------|---------|---------|---------|---------|---------|
| Emma C. Attales School | N/A | \$ 47,354 | 51,797 | 39,006 | 41,324 | 39,856 | 51,577 | 72,848 | 67,082 | 66,218 | 63,257 |
| H. Ashton Marsh School | N/A | 53,399 | 58,410 | 47,673 | 50,507 | 48,713 | 63,038 | 89,036 | 81,990 | 80,933 | 77,314 |
| Total School Facilities | | 100,753 | 110,207 | 86,679 | 91,831 | 88,570 | 114,615 | 161,884 | 149,072 | 147,151 | 140,571 |
| Grand Total | | \$ 100,753 | 110,207 | 86,679 | 91,831 | 88,570 | 114,615 | 161,884 | 149,072 | 147,151 | 140,571 |

Source: District Records

**Absecon Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

Exhibit J-20

| Company | Type of Coverage | Amount of Coverage | Deductible |
|------------------------------|--|-----------------------|----------------|
| NJ School Boards Assn Ins Gp | School Package Policy (1) | | |
| | Property: | | |
| | Blanket Buildings & Contents | \$ 31,486,100 | \$ 1,000 |
| | Extra Expense | 50,000,000 | |
| | Valuable Papers & Records | 10,000,000 | |
| | Construction | 25,000,000 | |
| | Pollutant Clean-Up | 250,000 | |
| | Earthquake | 50,000,000 | |
| | Flood | 75,000,000 | 10,000 |
| | Mold Clean-Up | 25,000 | |
| | Environmental | 1,000,000 | 25,000 |
| | Equipment Breakdown | 100,000,000 | 1,000 |
| | Crime: | | 500 |
| | Employee Dishonesty | 100,000 | |
| | Money & Securities | 25,000 | |
| | Money Order & Counterfeit Paper | 25,000 | |
| Forgery & Alterations | 100,000 | | |
| Computer Fraud | 100,000 | | |
| Computer: | | | |
| Hardware/Software | 500,000 | 1,000 | |
| Computer Virus | 250,000 | | |
| General Liability | 11,000,000 | 1,000 | |
| Business Auto | 11,000,000 | 1,000 | |
| NJ School Boards Assn Ins Gp | Worker's Compensation (2) | Statutory/\$2,000,000 | N/A |
| Markel Ins. Co. | Excess over Worker's Compensation (3) | 52 Weeks/\$2,500 wk | N/A |
| Berkley Life & Health | Student Accident Insurance (4) | | |
| | Compulsory Participation (Maximum Limit) | 1,000,000 | N/A |
| NJ School Boards Assn Ins Gp | School Boards Legal Liability (2) | | |
| | Coverage A | 11,000,000 | \$5,000/ claim |
| | Coverage B (limit \$300,000 / policy period) | 100,000 | \$5,000/ claim |
| Selective Ins Co | Surety Bonds: | | |
| | Public Official Bonds: (1) | | |
| | Business Administrator/Board Secretary | 200,000 | N/A |
| Beasley | Cyber Liability | 1,000,000 | N/A |

Source: District Records

Single Audit Section



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

K-1 INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Absecon School District
County of Atlantic
Absecon, New Jersey

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Absecon School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Absecon School District's basic financial statements, and have issued our report thereon dated October 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Absecon School Districts' 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 City of Absecon School Districts' 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 City of Absecon School Districts basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic 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 prescribed by the Division of Finance, Department of Education, and 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.

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

October 27, 2017



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

K-2 INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM; ON INTERNAL CONTROL OVER COMPLIANCE;
AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE

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

Report on Compliance for Each Major Federal and State Program

We have audited the City of Absecon School District, County of Atlantic, State of New Jersey 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 its major federal and state programs for the year ended June 30, 2017. The City of Absecon 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 major programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Absecon 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; 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 15-08. Those standards, the Uniform Guidance and NJ OMB 15-08 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 program occurred. An audit includes examining, on a test basis, evidence about the City of Absecon 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 program. However, our audit does not provide a legal determination of the City of Absecon School District's compliance.

Opinion on Each Major Program

In our opinion, the City of Absecon 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, 2017.

Report on Internal Control over Compliance

Management of the City of Absecon 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 City of Absecon 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 program and to test and report on internal control over compliance in accordance with the 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 City of Absecon 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 or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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.

Report on Schedules of Expenditures of Federal Awards Required by the Uniform Guidance and Expenditures of State Financial Assistance Required by NJ OMB 15-08

We have audited the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund of the City of Absecon School District as of and for the year ended June 30, 2017, and have issued our report thereon dated October 27, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance and NJ Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditure of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

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

October 27, 2017

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

CITY OF ABSECON SCHOOL DISTRICT
Schedules of Financial Assistance
for the Fiscal Year ended June 30, 2017

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Federal FAIN Number | Grant or Project Number | Grant Period | | Program or Award Amount | Balance at June 30, 2016 | Carryover/ Amount | Cash Received | Budgetary Expenditures | | (NET)O Passed Through to Sub-Recipients | Adjustments | Repayment Years' Balances | Accounts Receivable | Balance at June 30, 2017 Unearned Revenue | Due to Grantor |
|---|---------------------------|---------------------------|-------------------------------|--------------|-----------|-------------------------------|--------------------------------|----------------------|------------------|------------------------|--------|---|-------------|---------------------------------|------------------------|---|-------------------|
| | | | | From | To | | | | | Pass Through | Direct | | | | | | |
| U.S. Department of Education | | | | | | | | | | | | | | | | | |
| Passed-Through State Department of Education: | | | | | | | | | | | | | | | | | |
| Special Education Cluster (DEA): | | | | | | | | | | | | | | | | | |
| IDEA-0010-16 | 84-027A | H027A150100 | IDEA-0010-16 | 7/1/2015 | 6/30/2016 | 323,516.00 | (14,488.00) | 14,468.00 | | | | | | | 0.00 | | |
| IDEA-0010-17 | 84-027A | H027A160100 | IDEA-0010-17 | 7/1/2016 | 6/30/2017 | 298,747.00 | - | 298,338.00 | (298,746.93) | (0.07) | | | | | (409.00) | | |
| IDEA-0010-16 | 84-173 | H173A150114 | IDEA-0010-16 | 7/1/2015 | 6/30/2016 | 8,726.00 | (2,646.00) | 2,648.00 | | | | | | | (1,448.00) | | |
| IDEA-0010-17 | 84-173 | H173A160114 | IDEA-0010-17 | 7/1/2016 | 6/30/2017 | 8,655.00 | (17,114.00) | 322,839.00 | (8,835.00) | (0.07) | | | | | (1,857.00) | | |
| Total Special Education Cluster (IDEA) | | | | | | | | | | | | | | | | | |
| Title I, Part A Cluster: | | | | | | | | | | | | | | | | | |
| Title I | 84-010A | S010A150030 | NCLB-0010-16 | 7/1/2015 | 6/30/2016 | 24,482.00 | (100,272.00) | 100,272.00 | | | | | | | (67,939.00) | | |
| Title I | 84-010A | S010A160030 | NCLB-0010-17 | 7/1/2016 | 6/30/2017 | 229,384.00 | (100,272.00) | 25,177.00 | (29,835.75) | (0.25) | | | | | (67,338.00) | | |
| Total Title I, Part A Cluster | | | | | | | | | | | | | | | | | |
| No Child Left Behind (NCLB): | | | | | | | | | | | | | | | | | |
| Title II - Part A | 84-367A | S367A150029 | NCLB-0010-16 | 7/1/2015 | 6/30/2016 | 35,572.00 | (6,837.00) | 5,837.00 | | | | | | | - | | |
| Title II - Part A | 84-367A | S367A160029 | NCLB-0010-17 | 7/1/2016 | 6/30/2017 | 35,139.00 | - | 26,256.00 | (32,178.00) | | | | | | (6,922.00) | | |
| Title III - Immigrant | 84-365A | S365A150030 | NCLB-0010-16 | 7/1/2015 | 6/30/2016 | 14,348.00 | (1,962.00) | 1,962.00 | | | | | | | - | | |
| Title III - Immigrant | 84-365A | S365A160030 | NCLB-0010-17 | 7/1/2016 | 6/30/2017 | 11,839.00 | - | 7,524.00 | (10,396.61) | (0.39) | | | | | (2,863.00) | | |
| Total No Child Left Behind (NCLB) | | | | | | | | | | | | | | | | | |
| ARRA-Race to the Top- Preschool Development Grants-Expansion | 84-418B | S418B150020 | N/A | 7/1/2015 | 6/30/2016 | 24,459.00 | (84,948.00) | 84,949.00 | | | | | | | (0.00) | | |
| ARRA-Race to the Top- Preschool Development Grants-Expansion | 84-418B | S418B160020 | N/A | 7/1/2016 | 6/30/2017 | 36,972.05 | (84,948.00) | 24,777.00 | (329,410.21) | 166.21 | | | | | (104,467.00) | | |
| Total ARRA-Race to the Top | | | | | | | | | | | | | | | | | |
| Total Special Revenue Fund | | | | | | | | | | | | | | | | | |
| Total U.S. Department of Education | | | | | | | | | | | | | | | | | |
| Passed-through State Department of Education: | | | | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | | | | |
| Child Nutrition Program | 10-550 | 171NJ00AN1099 | N/A | 7/1/2016 | 6/30/2017 | 21,568.01 | - | 21,568.01 | | | | | | | - | | |
| National School Lunch Program | 10-555 | 1616NJ00AN1099 | N/A | 7/1/2015 | 6/30/2016 | 154,618.05 | (28,650.22) | 29,650.22 | | | | | | | - | | |
| National School Lunch Program | 10-555 | 171NJ00AN1099 | N/A | 7/1/2016 | 6/30/2017 | 146,780.32 | - | 136,128.58 | (146,780.32) | | | | | | (10,651.74) | | |
| National School Breakfast Program | 10-553 | 1616NJ00AN1099 | N/A | 7/1/2015 | 6/30/2016 | 24,985.59 | (6,702.31) | 5,702.31 | | | | | | | 0.00 | | |
| National School Breakfast Program | 10-553 | 171NJ00AN1099 | N/A | 7/1/2016 | 6/30/2017 | 25,288.62 | - | 23,255.89 | (25,249.62) | | | | | | (1,983.83) | | |
| Total Child Nutrition Cluster | | | | | | | | | | | | | | | | | |
| Total Enterprise Fund | | | | | | | | | | | | | | | | | |
| Total Federal Financial Awards | | | | | | | | | | | | | | | | | |
| | | | | | | | \$ | 1,162,218.81 | (1,101,981.45) | 165.50 | | | | | (185,088.67) | | |

CITY OF ABSECON SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2017

| State Grantor/Program Title | Grant or State Project Number | Program or Award Amount | Grant Period | | Balance at June 30, 2016 | | Adjustments Amount | Cash Received | Budgetary Expenditures | Adjustments/Repayment of Prior Years' Balances | (Accounts Receivable) | Unearned Revenue | Due to Grantor | Budgetary Receivable | MEMO Cumulative Total Expenditures |
|---|-------------------------------|-------------------------|--------------|-----------|--------------------------|----------------|--------------------|----------------|------------------------|--|-----------------------|------------------|----------------|----------------------|---------------------------------------|
| | | | From | To | Unearned (Accts Rec.) | Due to Grantor | | | | | | | | | |
| State Department of Education | | | | | | | | | | | | | | | |
| State Aft Public Cluster: | | | | | | | | | | | | | | | |
| Equalization Aid | 17-485-034-5120-078 | \$ 798,863.00 | 7/1/2016 | 6/30/2017 | \$ - | | | 798,863.00 | (798,863.00) | | | | | (69,924.60) | 798,863.00 |
| Special Education Aid | 17-485-034-5120-089 | 515,308.00 | 7/1/2016 | 6/30/2017 | (10,614.00) | | 515,308.00 | (515,308.00) | | | | | | (38,684.47) | 515,308.00 |
| Under Adequacy Aid | 17-485-034-5120-096 | 77,534.00 | 7/1/2016 | 6/30/2017 | (21,106.00) | | 77,534.00 | (77,534.00) | | | | | | (6,818.01) | 77,534.00 |
| Professional Learning Community Aid | 17-485-034-5120-101 | 9,030.00 | 7/1/2016 | 6/30/2017 | (19,460.66) | | 9,030.00 | (9,030.00) | | | | | | (677.36) | 9,030.00 |
| Per-Pupil Growth Aid | 17-485-034-5120-097 | 9,570.00 | 7/1/2016 | 6/30/2017 | (51,180.66) | | 9,570.00 | (9,570.00) | | | | | | (717.87) | 9,570.00 |
| PARCC Readiness Aid | 17-485-034-5120-098 | 9,570.00 | 7/1/2016 | 6/30/2017 | (61,180.66) | | 9,570.00 | (9,570.00) | | | | | | (717.87) | 9,570.00 |
| Total State Aft Public Cluster | | | | | | | 1,471,840.00 | (1,471,840.00) | | | | | | (110,406.20) | 1,471,840.00 |
| Transportation Aid | 17-485-034-5120-014 | 69,436.00 | 7/1/2016 | 6/30/2017 | (10,614.00) | | 69,436.00 | (69,436.00) | | | | | | (5,207.80) | 69,436.00 |
| Non Public Transportation Aid | 16-485-034-5120-014 | 10,614.00 | 7/1/2016 | 6/30/2016 | (10,614.00) | | 10,614.00 | | | | (10,788.00) | | | 10,788.00 | |
| Non Public Transportation Aid | 17-485-034-5120-014 | 10,788.00 | 7/1/2016 | 6/30/2017 | (21,106.00) | | 21,106.00 | | | | (33,894.00) | | | 33,894.00 | |
| Extraordinary Aid | 16-100-034-5120-473 | 21,106.00 | 7/1/2015 | 6/30/2016 | (19,460.66) | | 2,082.00 | | | | (2,082.00) | | | 2,082.00 | |
| Extraordinary Aid | 17-100-034-5120-473 | 33,894.00 | 7/1/2016 | 6/30/2017 | (19,460.66) | | 2,082.00 | | | | (2,082.00) | | | 33,894.00 | |
| Lead Water Testing for Schools Aid | 17-485-034-5120-104 | 2,082.00 | 7/1/2016 | 6/30/2017 | (19,460.66) | | 2,082.00 | | | | (2,082.00) | | | 2,082.00 | |
| Reimbursed TPAF Social Security Contributions | 16-485-034-5094-003 | 381,780.97 | 7/1/2015 | 6/30/2016 | (51,180.66) | | 408,723.52 | | | | (20,607.53) | | | 425,331.05 | |
| Reimbursed TPAF Social Security Contributions | 17-485-034-5094-003 | 425,331.05 | 7/1/2016 | 6/30/2017 | (51,180.66) | | 1,999,252.18 | | | | (65,289.53) | | | (115,614.00) | 425,331.05 |
| Total General Fund | | | | | | | 1,999,252.18 | (2,013,361.05) | | | (65,289.53) | | | (115,614.00) | 2,013,361.05 |
| Special Revenue Fund: | | | | | | | | | | | | | | | |
| N.J. Nonpublic Aid: | | | | | | | | | | | | | | | |
| Nursing | 16-100-034-5120-070 | 36,990.00 | 7/1/2015 | 6/30/2016 | (1,917.00) | | | | | | (1,917.00) | | | | |
| Nursing | 17-100-034-5120-070 | 38,070.00 | 7/1/2016 | 6/30/2017 | (1,917.00) | | 38,070.00 | | | | (1,917.00) | | | 2,627.00 | 35,442.89 |
| Security Aid | 16-100-034-5120-609 | 10,275.00 | 7/1/2015 | 6/30/2016 | 555.00 | | | | | | (555.00) | | | | |
| Security Aid | 17-100-034-5120-609 | 21,150.00 | 7/1/2016 | 6/30/2017 | 555.00 | | 21,150.00 | | | | (555.00) | | | 479.00 | 20,671.00 |
| Textbook Aid | 17-100-034-5120-064 | 24,381.00 | 7/1/2016 | 6/30/2017 | 1,283.00 | | | | | | (1,283.00) | | | 1,004.00 | |
| Technology Aid | 16-100-034-5120-373 | 10,688.00 | 7/1/2015 | 6/30/2016 | 556.00 | | 24,381.00 | | | | (556.00) | | | | 23,376.89 |
| Technology Aid | 17-100-034-5120-373 | 10,988.00 | 7/1/2016 | 6/30/2017 | 556.00 | | 10,988.00 | | | | (556.00) | | | 116.00 | 10,882.64 |
| Auxiliary Services: | | | | | | | | | | | | | | | |
| Compensatory Education | 16-100-034-5120-067 | 40,609.00 | 7/1/2015 | 6/30/2016 | 3,384.00 | | | | | | (3,384.00) | | | | |
| Compensatory Education | 17-100-034-5120-067 | 46,493.00 | 7/1/2016 | 6/30/2017 | 3,384.00 | | 46,493.00 | | | | (3,384.00) | | | | 46,493.00 |
| Head Start: | | | | | | | | | | | | | | | |
| Head Start Instruction | 17-100-034-5120-066 | 18,676.00 | 7/1/2016 | 6/30/2017 | 1,192.00 | | 18,676.00 | | | | (1,192.00) | | | 747.00 | 17,928.96 |
| Examination & Classification | 16-100-034-5120-066 | 19,263.00 | 7/1/2015 | 6/30/2016 | 1,192.00 | | | | | | (1,192.00) | | | | |
| Examination & Classification | 17-100-034-5120-066 | 31,342.00 | 7/1/2016 | 6/30/2017 | 1,192.00 | | 31,342.00 | | | | (1,192.00) | | | 1,805.00 | 29,537.00 |
| Speech | 17-100-034-5120-066 | 1,767.00 | 7/1/2016 | 6/30/2017 | (621.65) | | 1,767.00 | | | | (621.65) | | | | 1,767.00 |
| Home Instruction | 17-100-034-5120-066 | 2,275.40 | 7/1/2016 | 6/30/2017 | (621.65) | | | | | | (621.65) | | | | 2,275.40 |
| Total Special Revenue Fund | | | | | | | 8,887.00 | (192,877.00) | (188,374.78) | (8,886.22) | (2,275.00) | | 6,778.00 | | 188,374.78 |
| Debt Service Fund: | | | | | | | | | | | | | | | |
| School Construction Debt Service Aid | 17-485-034-5120-075 | 133,263.00 | 7/1/2016 | 6/30/2017 | - | | 133,263.00 | | | | - | | | - | 133,263.00 |
| Total Debt Service Fund | | | | | | | 133,263.00 | (133,263.00) | | | - | | | | 133,263.00 |
| State Department of Agriculture: | | | | | | | | | | | | | | | |
| Child Nutrition Cluster: | | | | | | | | | | | | | | | |
| National School Lunch Program (State Share) | 16-100-010-3350-023 | 3,274.44 | 7/1/2015 | 6/30/2016 | (621.65) | | 621.65 | | | | (621.65) | | | | 0.00 |
| National School Lunch Program (State Share) | 17-100-010-3350-023 | 3,196.29 | 7/1/2016 | 6/30/2017 | (621.65) | | 3,599.37 | | | | (621.65) | | | | 3,196.29 |
| Total Child Nutrition Cluster | | | | | | | 3,599.37 | (3,196.29) | | | (231.57) | | | | 3,196.29 |
| Total Enterprise Fund | | | | | | | 2,328,981.55 | (2,338,198.12) | | (8,886.22) | (67,786.10) | | 6,778.00 | (115,614.00) | 2,338,198.12 |

The accompanying Notes to the Schedule of Financial Assistance are an integral part of this statement.

CITY OF ABSECON SCHOOL DISTRICT
Notes to the Schedules of Financial Assistance
June 30, 2017

K-5

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, Absecon School District. The Board of Education is defined in Note 1 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 basis 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 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. 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 Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$3,016.00) for the general fund. See the Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

| | <u>Federal</u> | <u>State</u> | <u>TPAF Pension</u> | <u>Total</u> |
|----------------------|------------------------|---------------------|-----------------------|---------------------|
| General Fund | \$ | 3,127,321.05 | (1,113,960.00) | 2,013,361.05 |
| Special Revenue Fund | 908,393.50 | 188,374.78 | | 1,096,768.28 |
| Debt Service Fund | | 133,263.00 | | 133,263.00 |
| Food Service Fund | <u>193,587.95</u> | <u>3,199.29</u> | | <u>196,787.24</u> |
| | <u>\$ 1,101,981.45</u> | <u>3,452,158.12</u> | <u>(1,113,960.00)</u> | <u>3,440,179.57</u> |

The On-Behalf Pension Contributions made for the district by the State of New Jersey are recognized as revenue in the basic financial statements, but are not considered in the major program determination.

CITY OF ABSECON SCHOOL DISTRICT
Notes to the Schedules of Financial Assistance
June 30, 2017
(Continued)

K-5

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, 2017. 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, 2017.

Note 6: Adjustments

Both favorable and unfavorable differences incurred as a result of final grant payments being rounded by the grantor and are included in the schedule(s) of financial assistance in a column entitled "Adjustments."

**CITY OF ABSECON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2017**

K-6

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified Opinion

Internal control over financial reporting:

- 1) Material weakness(es) identified? Yes X No
- 2) Significant deficiencies identified? Yes X None reported
- Noncompliance material to basic financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- 1) Material weakness(es) identified? Yes X No
- 2) Significant deficiencies identified? Yes X None reported

Type of auditor’s report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes X No

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>FAIN Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|-----------------------|---|
| 84.419B | S419B150020 | ARRA-Race to the Top-Preschool Development Grants-Expansion |

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

**CITY OF ABSECON SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDING JUNE 30, 2017
 (CONTINUED)**

K-6

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

Type of auditor's report issued on compliance for major programs: Unmodified Opinion

Internal Control over major programs:

1) Material weakness(es) identified? Yes X No

2) Significant deficiencies identified? Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 Yes X No

Identification of major programs:

| <u>State Grant/Project Number(s)</u> | <u>Name of State Program</u> |
|--------------------------------------|-------------------------------------|
| | State Aid Public Cluster: |
| 495-034-5120-078 | Equalization Aid |
| 495-034-5120-089 | Special Education Aid |
| 495-034-5120-096 | Under Adequacy Aid |
| 495-034-5120-084 | Security Aid |
| 495-034-5120-097 | Per Pupil Growth Aid |
| 495-034-5120-098 | PARCC Readiness Aid |
| 495-034-5120-101 | Professional Learning Community Aid |

**CITY OF ABSECON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2017
(CONTINUED)**

K-6

Section II – Financial Statement Findings

In accordance with *Government Auditing Standards*, our audit disclosed no findings relating to the financial statements that are required to be reported under this section.

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

FEDERAL AWARDS

Our audit disclosed no matters to be reported.

STATE AWARDS

Our audit disclosed no matters to be reported.

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings.