

Comprehensive Annual Financial Report

of the

Egg Harbor City Board of Education

Egg Harbor City, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

Egg Harbor City Board of Education

Finance Department

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Introductory Section

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Egg Harbor City Public Schools

BOARD OF EDUCATION OFFICES

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

ADRIENNE SHULBY
Superintendent of Schools

JOSEPH SMURLO
Business Administrator

November 2, 2017

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

Dear Board Members:

The comprehensive annual financial report of the Egg Harbor City School District (District) for the fiscal year ended June 30, 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 Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and accounting groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels Pre-K–8. These include regular, as well as special education for handicapped students. The District completed the 2016-2017 fiscal year with an average enrollment of 495 students, which is 16 students less than the previous year's enrollment.

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

**Average Daily
Enrollment**

Fiscal	Student	Percent
<u>Year</u>	<u>Enrollment</u>	<u>Change</u>
2016-2017	495	(3.23%)
2015-2016	511	1.17%
2014-2015	505	2.44%
2013-2014	493	0.40%
2012-2013	491	0.41%

2) ECONOMIC CONDITION AND OUTLOOK: The Egg Harbor City School District consists of two schools. The Egg Harbor City Community School, which houses students in Grades 4 through 8, was opened to students in January 2011. The Charles L. Spragg School, which houses students in Grades PreK through 3, was originally built in 1955 with additions and renovations in 1994 and 2010. A roof and HVAC replacement, funded by a NJ Schools Development Authority ROD Grant, was completed in April 2015. In addition, Egg Harbor City is part of the Greater Egg Harbor Regional High School District which encompasses several municipalities in the surrounding area. The Greater Egg Harbor Regional High School District consists of three high schools, the most recently constructed being the Cedar Creek High School which is located in Egg Harbor City and opened to students in the fall of 2010. The increased traffic due the growth of the student population at the school has been a benefit to the local economy.

The land surrounding the new high school (formerly The Neighborhoods at Cedar Creek) is currently under new development (Cedar Creek Estates) that will add 25 new homes to the already existing 25 homes..

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

The Egg Harbor City government has completed the revised Master Plan and is working hard to bring new opportunities to the City.

Construction of a \$7 million water treatment plant was completed in the Spring of 2014 and the facility is online as of January 2015.

The City of Egg Harbor government has completed the revised Master Plan and is working hard to bring new opportunities to the City. Several new businesses have opened in the City in the past year, and the City received a \$723,000 grant to install a bike lane along Philadelphia Avenue from Diesterweg Street to the Egg Harbor City Lake.

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

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

Continued growth and opportunity are the future of Egg Harbor City.

3) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by the District management.

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

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

4) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2017.

5) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements", Note 1.

6) DEBT ADMINISTRATION: At June 30, 2017, the District's outstanding debt issues included \$7,725,000.00 of general obligation bonds.

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

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

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

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

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

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

9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, L.L.C., CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, and related Uniform Guidance and New Jersey OMB Circular 15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10) ACKNOWLEDGMENTS:

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

Respectfully submitted,

Adrienne Shulby

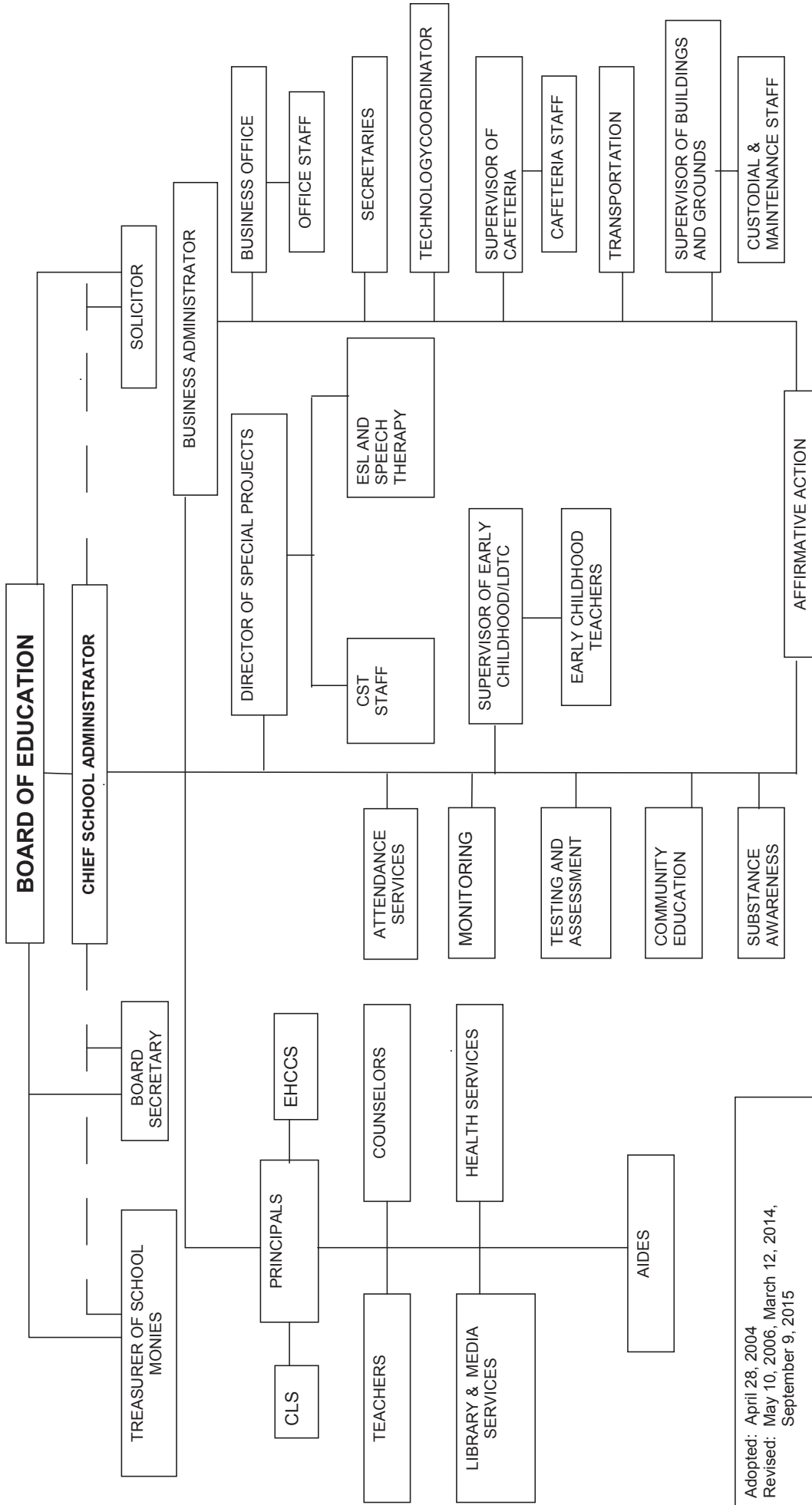
Adrienne Shulby
Superintendent

Joseph Smurlo

Joseph Smurlo
School Business Administrator

Egg Harbor City Board of Education

ORGANIZATIONAL CHART



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

EGG HARBOR CITY BOARD OF EDUCATION

EGG HARBOR CITY, NEW JERSEY

ROSTER OF OFFICIALS

June 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Stephen Bouchard, President	2018
Janine Caudo, Vice-President	2017
Stephen Murphy	2017
Steve Ortiz	2019
Mary Ann Rogers	2018
Dana Seaver	2019
Jeanne Williams	2017

Other Officials

Adrienne K. Shulby, Superintendent of Schools

Joseph Smurlo, School Business Administrator

Maryanne Shupin, Board Secretary

Susan Palaia, CPA, Treasurer

Ronald Sahli, Esq., Solicitor

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

Architect

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

Audit Firm

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

Attorney

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

Official Depositories

Ocean First Bank
975 Hooper Avenue
Toms River, NJ 08753

Health Benefits Broker

Cynergy Group
320 S. Egg Harbor Road
Hammonton, NJ 08037

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Financial Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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PHONE 609.399.6333 • FAX 609.399.3710

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Egg Harbor City School District, Egg Harbor City, New Jersey, as of and for the fiscal year ended June 30, 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, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Egg Harbor City School District, Egg Harbor City, New Jersey, as of June 30, 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 Required Supplementary Information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Egg Harbor City School District's basic financial statements. The introductory section, combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, the schedule of state financial assistance as required by *NJ OMB 15-08*, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements, and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, the schedule of state financial assistance as required by *NJ OMB 15-08*, and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and the schedule of state financial assistance as required by *NJ OMB 15-08*, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2017 on our consideration of the Egg Harbor City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Egg Harbor City School District's internal control over financial reporting and compliance.

Very truly yours,

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

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

Leon P. Costello

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

November 2, 2017

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**Required Supplemental Information
Part I**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Egg Harbor City School District ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

FINANCIAL HIGHLIGHTS

- The net position of the District increased compared to the prior year as a result of an excess of revenues over expenses.
- The State of New Jersey reimbursed the District \$291,998.58 during the fiscal year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. Also the State paid \$818,877.00 on behalf of the District for TPAF Pension Contributions, including post-retirement medical and long-term disability insurance. These amounts, which are not budgeted, are included as both a revenue and appropriation in the financial statements.
- As indicated by New Jersey State Statutes, the unreserved fund balance of the general fund is limited to the greater of \$250,000.00 or 2% of the total general fund expenditures. Any excess is required to be designated as Restricted Fund Balance – Excess Surplus and included in the next year's budget as budgeted fund balance. As of June 30, 2017 the District had excess surplus in the amount of \$906,398.27 of which \$381,945.49 has been appropriated and included as anticipated revenue in the 2018 fiscal year budget. This is compared to the prior year excess surplus of \$884,858.49 of which \$502,913.00 was budgeted in the 2017 fiscal year budget.
- During the fiscal year ended June 30, 2017, the District's governmental fund revenue realized were \$37,695.02 more than total expenditures. This increase can be attributed to unanticipated revenue and controls over spending.
- In the District's business-type activities, net position decreased \$20,749.75 during the 2017 fiscal year compared to a \$10,165.24 decrease in fiscal year 2016. The decrease can be attributed to an overall reduction in the number (approximately 11,000) of meals, breakfast and lunch, served during the past fiscal years, which resulted in lower sales as well as a decrease in State reimbursements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District's government, reporting on the District's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like instruction were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short- and long-term* financial information about the activities the District operates like businesses, such as the food service program.
 - *Fiduciary fund* statements provide information about the financial relationships – like the unemployment trust fund – in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

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

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

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**Figure A-1
Major Features of the Egg Harbor City Board of Education's
Government-wide and Fund Financial Statements**

	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as food service and student activities	Activities the District operates similar to private businesses; food service	Instances in which the District is the trustee or agent for someone else's resources, such as payroll agency and student activities.
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short- term and long-term.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

Government-wide Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the District's facilities.

The government-wide financial statements of the District are divided into two categories:

- *Governmental activities* – most of the District's basic services are included here, such as instruction, transportation, administration, and plant operations. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – the District charges fees to customers to help it cover the costs of certain services it provides. The District's food service program is included here.

Fund Financial Statements

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

The District has three kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's governmental activities net position decreased between fiscal years 2016 and 2017 as a result of depreciation expense and the change in the net pension liability. Net position for business-type activities decreased \$20,749.75 during the current fiscal year.

	<u>Governmental Activities</u>		<u>Business-type Activites</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 1,671,938.72	1,644,089.69	88,258.82	86,175.53	1,760,197.54	1,730,265.22
Capital assets	28,258,276.05	28,937,044.47	64,240.80	83,533.00	28,322,516.85	29,020,577.47
Total assets	<u>29,930,214.77</u>	<u>30,581,134.16</u>	<u>152,499.62</u>	<u>169,708.53</u>	<u>30,082,714.39</u>	<u>30,750,842.69</u>
Deferred outflows of resources	1,510,624.38	512,307.00	-	-	1,510,624.38	2,022,931.38
Long-term liabilities	11,596,311.47	10,763,497.00	-	-	11,596,311.47	10,763,497.00
Other liabilities	233,052.61	153,187.38	8,938.61	5,397.77	241,991.22	158,585.15
Total liabilities	<u>11,829,364.08</u>	<u>10,916,684.38</u>	<u>8,938.61</u>	<u>5,397.77</u>	<u>11,838,302.69</u>	<u>10,922,082.15</u>
Deferred inflows of resources	149,496.00	50,368.00	-	-	149,496.00	50,368.00
Net Position						
Invested in capital assets	20,533,276.05	21,147,044.47	64,240.80	83,533.00	20,597,516.85	21,230,577.47
Restricted	1,695,832.09	1,707,814.27			1,695,832.09	1,707,814.27
Unrestricted	(2,767,129.07)	(2,728,469.96)	79,320.21	80,777.76	(2,687,808.86)	(2,647,692.20)
Total net position	<u>\$ 19,461,979.07</u>	<u>20,126,388.78</u>	<u>143,561.01</u>	<u>164,310.76</u>	<u>19,605,540.08</u>	<u>20,290,699.54</u>

Changes in net position. The total governmental fund revenue of the District increased \$557,217.35 compared to amounts recognized in the prior year. This can be attributed to an overall increase in the amounts awarded for Federal and State grant programs, in particular NCLB and 21st Century funding.

Approximately 39.63% of the District's governmental fund revenue came from the State of New Jersey and Federal Government in the form of unrestricted aid. The state aid is based on the District's enrollment as well as other factors such as legislative funding of the SFRA formula. Egg Harbor City levies property taxes on properties located in the City. This tax is collected by the municipality and remitted to the District. The District expenses are primarily related to instruction, administration, and plant operations.

	<u>2017</u>		<u>2016</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$3,195,352.00	23.80%	3,227,352.00	25.24%
Unrestricted State and Federal Aid	5,320,337.07	39.63%	6,275,088.95	49.08%
Federal & State Aid restricted	82,932.80	0.62%	207,769.57	1.62%
Operating grants and contributions	4,801,896.82	35.76%	3,015,826.00	23.59%
Other	26,133.10	0.19%	60,465.12	0.47%
Totals	<u>\$13,426,651.79</u>	<u>100.00%</u>	<u>12,786,501.64</u>	<u>100.00%</u>

Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2017 and 2016 fiscal years.

	Governmental Activities		Business Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenue						
Charges for services	82,932.80	207,769.57	49,132.06	48,991.19	132,064.86	256,760.76
Federal and State grants and Capital Grants entitlements	4,801,896.82	3,015,826.00	352,639.55	370,296.46	5,154,536.37	3,386,122.46
General revenues						
Property taxes	3,195,352.00	3,227,352.00			3,195,352.00	3,227,352.00
Interest	1,699.88	1,854.29	207.79	92.89	1,907.67	1,947.18
State and Federal Aid	5,320,337.07	6,275,088.95			5,320,337.07	6,275,088.95
Other	24,433.22	58,610.83			24,433.22	58,610.83
Total revenues	13,426,651.79	12,786,501.64	401,979.40	419,380.54	13,828,631.19	13,205,882.18
Expenses						
Instruction:						
Regular	5,533,734.75	5,458,891.28			5,533,734.75	5,458,891.28
Special Education	1,571,700.81	1,415,813.10			1,571,700.81	1,415,813.10
Other Special Instruction	315,928.32	353,328.34			315,928.32	353,328.34
Support services:						
Tuition	1,375,369.73	780,381.01			1,375,369.73	780,381.01
Student & instruction related services	1,896,614.06	1,999,164.64			1,896,614.06	1,999,164.64
General administration services	360,516.57	339,020.00			360,516.57	339,020.00
School administration services	398,308.13	377,277.06			398,308.13	377,277.06
Plant operations & maintenance	1,400,102.71	1,304,324.74			1,400,102.71	1,304,324.74
Pupil transportation	346,794.94	192,003.68			346,794.94	192,003.68
Business and other support services	379,548.65	383,391.28			379,548.65	383,391.28
Interest on long term debt	367,930.50	487,987.73			367,930.50	487,987.73
Other financing uses	144,512.33				144,512.33	-
Business-type activities			422,729.15	429,545.78	422,729.15	429,545.78
Total expenses	14,091,061.50	13,091,582.86	422,729.15	429,545.78	14,513,790.65	13,521,128.64
Increase/(decrease) in net position	(664,409.71)	(305,081.22)	(20,749.75)	(10,165.24)	(685,159.46)	(315,246.46)

The change in net position from 2016 to 2017 is due to an overall increase in salaries due to the contract settlement, as well as an increase in overhead costs such as health benefits and pension obligations.

Business-type Activities

Operating and non-operating revenues of the District's business-type activities decreased \$17,401.14 from the previous year while expenses decreased \$6,816.63. Factors contributing to these results included:

- An decrease in participation of the school lunch program which resulted in a decrease in reimbursements from the Federal Department of Agriculture.
- A slight decrease in expenses for food and supplies as a result of the decrease in participation. In addition, the food service management company purchased more items through co-ops which resulted in lower costs.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$1,504,447.43 which is \$50,973.11 lower than in the beginning of the year. This decrease can be attributed to higher instruction and benefit costs.

General Fund Budgetary Highlights

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

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, which are not budgeted, the District's actual revenue was \$117,278.18 more than the budgeted amount. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, actual expenditures were below the budgeted appropriations by \$458,761.83.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the District had invested \$28,258,276.05, net of depreciation, in a broad range of capital assets, including land, buildings, vehicles and machinery.

	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 1,745,000.00	1,745,000.00			1,745,000.00	1,745,000.00
Buildings & Improvements	1,286,072.85	1,914,028.30			1,286,072.85	1,914,028.30
Machinery & Equipment	150,126.20	200,939.17	64,240.80	83,533.00	214,367.00	284,472.17
Construction in progress	25,077,077.00	25,077,077.00			25,077,077.00	25,077,077.00
Total	\$ 28,258,276.05	28,937,044.47	64,240.80	83,533.00	28,322,516.85	29,020,577.47

Total aggregate cost basis for the districts capital assets, including construction in progress, as of June 30, 2017 was \$30,600,376.17 million with accumulated depreciation of \$1,436,199.05. More detailed information about the District's capital assets is presented in Note 6 to the financial statements.

Long-term Debt

	Balance June 30, 2016	Issued	Retired	Balance June 30, 2017
Governmental Activities				
Bonds Payable	7,790,000.00	7,500,000.00	7,565,000.00	7,725,000.00
Premium on Bond Refunding		251,682.20	3,699.73	247,982.47
Compensated Absences Payable	124,610.00	23,621.00	18,473.00	129,758.00
Net Pension Liability	2,848,887.00	644,684.00		3,493,571.00
Total Governmental Activities	<u>10,763,497.00</u>	<u>8,419,987.20</u>	<u>7,587,172.73</u>	<u>11,596,311.47</u>

More detailed information about the District’s long-term debt is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The Egg Harbor City School District is presently in satisfactory financial condition. Future challenges include stabilizing or increasing student enrollment, flat state aid revenues, and reduced surplus from prior years to offset increases in tax rates. The District, however, has received notice of a \$58,325 increase in State Aid for the 2017/18 school year.

The school district has been fortunate to receive both State and Federal grants, offering additional resources for teachers assisting students to make increased strides in all instructional areas. For instance, the After School Learning Centers (21st Century) grant provided services to students throughout the year to supplement school-day instruction. Beginning in the 2015/16 school year a new Federal Preschool Expansion Grant in the amount of \$221,963 has allowed the District to improve our Preschool program.

The City’s ratable base decreased approximately \$1,635,000.00 in 2017. In recent years it has become the responsibility of homeowners to foot the majority of the tax burden, and there has been a continued influx of families of many nationalities with lower socio-economic backgrounds. A continuation of appropriate teacher/student classroom ratios remains a priority of the administration.

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

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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DISTRICT - WIDE FINANCIAL STATEMENTS

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Egg Harbor City School District
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,293,361.80	62,100.99	1,355,462.79
Restricted cash:			
Cash on deposit with State Development Authority	291,958.30		291,958.30
Due from other governments	86,618.62	15,102.19	101,720.81
Other accounts receivable	-	820.04	820.04
Inventory		10,235.60	10,235.60
Capital assets, not depreciated	1,745,000.00		1,745,000.00
Capital assets, net	26,513,276.05	64,240.80	26,577,516.85
Total Assets	<u>29,930,214.77</u>	<u>152,499.62</u>	<u>30,082,714.39</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	1,029,089.00		1,029,089.00
Loss on Refunding Bonds	481,535.38	-	481,535.38
Total Deferred Outflows of Resources	<u>1,510,624.38</u>	<u>-</u>	<u>1,510,624.38</u>
LIABILITIES			
Accrued interest	65,561.32		65,561.32
Accounts payable	133,045.37	1,148.12	134,193.49
Unearned revenue	34,445.92	7,790.49	42,236.41
Noncurrent liabilities:			
Due within one year	376,333.92		376,333.92
Net Pension Liability	3,493,571.00		3,493,571.00
Due beyond one year	7,726,406.55		7,726,406.55
Total liabilities	<u>11,829,364.08</u>	<u>8,938.61</u>	<u>11,838,302.69</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	<u>149,496.00</u>		<u>149,496.00</u>
NET POSITION			
Net investment in capital assets	20,533,276.05	64,240.80	20,597,516.85
Restricted for:			
Capital Projects	757,952.19		757,952.19
Other purposes	937,879.90		937,879.90
Unrestricted	(2,767,129.07)	79,320.21	(2,687,808.86)
Total net position	<u>\$ 19,461,979.07</u>	<u>143,561.01</u>	<u>19,605,540.08</u>

The accompanying notes are an integral part of these financial statements

Egg Harbor City School District
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	4,455,113.09	1,078,621.66	82,932.80	2,276,766.81		(3,174,035.14)		(3,174,035.14)
Special education	1,206,930.95	364,769.86		488,336.14		(1,083,364.67)		(1,083,364.67)
Other special instruction	248,813.32	67,115.00		89,850.30		(226,078.03)		(226,078.03)
Support services:								
Tuition	1,105,722.85	269,646.88		541,184.13		(834,185.60)		(834,185.60)
Student & instruction related services	1,543,983.38	352,630.68		1,091,352.45		(805,261.61)		(805,261.61)
General administrative services	251,225.27	109,291.30		40,813.83		(319,702.74)		(319,702.74)
School administrative services	283,776.25	114,531.88		42,770.88		(355,537.25)		(355,537.25)
Plant operations and maintenance	990,785.51	409,317.20		152,855.74		(1,247,246.97)		(1,247,246.97)
Pupil transportation	243,351.35	103,443.59		38,630.06		(308,164.88)		(308,164.88)
Business and other support services	274,213.42	105,335.23		39,336.47		(340,212.18)		(340,212.18)
Unallocated benefits	2,974,703.29	(2,974,703.29)				-		-
Interest on long-term debt	367,930.50					(367,930.50)		(367,930.50)
Total governmental activities	13,946,549.18	-	82,932.80	4,801,896.82	-	(9,061,719.56)		(9,061,719.56)
Business-type activities:								
Food Service	422,729.15		49,132.06	352,639.55		(20,957.54)		(20,957.54)
Total business-type activities	422,729.15		49,132.06	352,639.55		(20,957.54)		(20,957.54)
Total primary government	\$ 14,369,278.33		132,064.86	5,154,536.37		(9,082,677.10)		(9,082,677.10)
General revenues:								
Taxes:								
Property taxes, levied for general purposes, net						2,647,969.00		2,647,969.00
Taxes levied for debt service						547,383.00		547,383.00
Federal and State aid not restricted						5,320,337.07		5,320,337.07
Investment Earnings						1,699.88	207.79	1,907.67
Miscellaneous Income						24,433.22		24,433.22
Special Items:								
Loss on Disposal of Assets						(4,525.00)		(4,525.00)
Cancellation of prior year receivables						(7,024.68)		(7,024.68)
Cost of Issuance on Refunding Bonds						(132,962.64)		(132,962.64)
Transfers in						262,914.44		262,914.44
Transfers out						(262,914.44)		(262,914.44)
Total general revenues, special items, extraordinary items and transfers						8,397,309.85	207.79	8,397,517.64
Change in Net Position						(664,409.71)	(20,749.75)	(685,159.46)
Net Position—beginning						20,126,388.78	164,310.76	20,290,699.54
Net Position—ending						\$ 19,461,979.07	143,561.01	19,605,540.08

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

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Egg Harbor City School District
Balance Sheet
Governmental Funds
June 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 900,869.09	91,786.88	300,705.83		1,293,361.80
Restricted cash					
Cash on deposit with State Development Authority				291,958.30	291,958.30
Due from other funds				294,841.00	294,841.00
Receivables from other governments	64,653.08	21,965.54			86,618.62
Other receivables					-
Total assets	<u>965,522.17</u>	<u>113,752.42</u>	<u>300,705.83</u>	<u>586,799.30</u>	<u>1,966,779.72</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	53,738.87	79,306.50			133,045.37
Grant Anticipation Note Payable					-
Due to other funds	-		294,841.00		294,841.00
Due to other governments					-
Unearned revenue		34,445.92			34,445.92
Total liabilities	<u>53,738.87</u>	<u>113,752.42</u>	<u>294,841.00</u>	<u>-</u>	<u>462,332.29</u>
Fund Balances:					
Restricted for:					
Excess surplus	524,452.78				524,452.78
Excess surplus - designated for subsequent year's expenditures	381,945.49				381,945.49
Capital projects fund				586,799.30	586,799.30
Committed to:					
Capital reserve	171,152.89				171,152.89
Maintenance reserve	31,481.63				31,481.63
Unreserved, reported in:					
General fund	(197,249.49)				(197,249.49)
Special revenue fund		0.00			0.00
Debt service fund			5,864.83		5,864.83
Total Fund balances	<u>911,783.30</u>	<u>0.00</u>	<u>5,864.83</u>	<u>586,799.30</u>	<u>1,504,447.43</u>
Total liabilities and fund balances	<u>\$ 965,522.17</u>	<u>113,752.42</u>	<u>300,705.83</u>	<u>586,799.30</u>	<u>1,966,779.72</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 28,258,276.05

Accrued interest payments on long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (65,561.32)

Deferred amount on Refunding 481,535.38

Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the funds (2,613,978.00)

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

Bonds payable (7,725,000.00)
Premium on Bond Issue (247,982.47)
Compensated absences (129,758.00)

Net position of governmental activities \$ 19,461,979.07

Egg Harbor City School District
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local tax levy	\$ 2,647,969.00		547,383.00		3,195,352.00
Interest	1,699.88			(0.00)	1,699.88
Miscellaneous	102,201.23	8,495.86	5,164.79	-	115,861.88
State sources	6,360,071.33	360,300.00	-		6,720,371.33
Federal sources	71,141.32	1,263,426.38			1,334,567.70
Total revenues	<u>9,183,082.76</u>	<u>1,632,222.24</u>	<u>552,547.79</u>	<u>(0.00)</u>	<u>11,367,852.79</u>
EXPENDITURES					
Current:					
Regular instruction	2,177,046.16	990,516.03			3,167,562.19
Special education instruction	771,505.10				771,505.10
Other special instruction	168,698.13				168,698.13
Support services and undistributed costs:					
Tuition	537,026.31	180,194.00			717,220.31
Student & instruction related services	879,438.50	243,609.57			1,123,048.07
General administrative services	196,793.03				196,793.03
School administrative services	226,733.95				226,733.95
Plant operations and maintenance	786,926.16				786,926.16
Pupil transportation	191,831.54				191,831.54
Business and other support services	221,751.49				221,751.49
Unallocated Benefits	2,599,045.21	375,658.08			2,974,703.29
Transfer to Charter School	66,625.00				66,625.00
Debt service:					
Principal			435,000.00		435,000.00
Interest and other charges			167,529.96		167,529.96
Capital outlay	195,873.00				195,873.00
Total expenditures	<u>9,019,293.58</u>	<u>1,789,977.68</u>	<u>602,529.96</u>	<u>-</u>	<u>11,411,801.22</u>
(Deficiency) of revenues and other financing sources (uses) over expenditures	<u>163,789.18</u>	<u>(157,755.44)</u>	<u>(49,982.17)</u>	<u>(0.00)</u>	<u>(43,948.43)</u>
OTHER FINANCING SOURCES (USES)					
Capital Reserve Transfer from Capital Projects	31,729.96			(31,729.96)	-
Cancellation of prior year receivables	(7,024.68)				(7,024.68)
Transfer in	50,000.00	157,755.44	55,159.00	-	262,914.44
Transfer out	(207,755.44)			(55,159.00)	(262,914.44)
Total other financing sources and uses	<u>(133,050.16)</u>	<u>157,755.44</u>	<u>55,159.00</u>	<u>(86,888.96)</u>	<u>(7,024.68)</u>
Net change in fund balances	30,739.02	0.00	5,176.83	(86,888.96)	(50,973.11)
Fund balance—July 1	881,044.28	-	688.00	673,688.26	1,555,420.54
Fund balance—June 30	<u>\$ 911,783.30</u>	<u>0.00</u>	<u>5,864.83</u>	<u>586,799.30</u>	<u>1,504,447.43</u>

Egg Harbor City School District
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2017

Total net change in fund balances - governmental funds (from B-2) \$ (50,973.11)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	(674,243.42)
Capital outlays	<u> -</u>

In the statement of activities, only the loss on disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale (if any) increases financial resources. Thus, the change in net assets differs from the change in fund balance by the book value of the assets disposed.

Repayment of long term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	(4,525.00)
	435,000.00

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)	(1,043.09)
--	------------

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

District pension contributions - PERS	104,792.00
Cost of benefits earned net of employee contributions	<u>(331,822.00)</u>

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 (+).

Compensated absences	(5,148.00)
Cost of issuance on refunding bonds	(132,962.64)
Amortization of premium on the issuance of bonds	3,699.73
Amortization of gain (loss) on 2017 refunding bond issue	(7,184.18)
Change in net position of governmental activities	<u><u>(664,409.71)</u></u>

\$

The accompanying notes are an integral part of these financial statements

**Egg Harbor City School District
Statement of Net Position
Proprietary Funds
June 30, 2017**

		<u>Business-type Activities - Enterprise Funds</u>
		<u>Food Service</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$	62,100.99
Accounts receivable		820.04
Receivables from other governments		15,102.19
Inventories		10,235.60
		<u>88,258.82</u>
Noncurrent assets:		
Furniture, machinery & equipment		168,535.00
Less accumulated depreciation		<u>(104,294.20)</u>
Total noncurrent assets		<u>64,240.80</u>
Total assets		<u><u>152,499.62</u></u>
LIABILITIES		
Current liabilities:		
Accounts payable		1,148.12
Unearned revenue		7,790.49
Total current liabilities		<u>8,938.61</u>
Total liabilities		<u>8,938.61</u>
NET POSITION		
Net investment in capital assets		64,240.80
Unrestricted		79,320.21
Total net position	\$	<u><u>143,561.01</u></u>

**Egg Harbor City School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017**

		<u>Business-type Activities - Enterprise Funds</u>
		<u>Food Service</u>
Operating revenues:		
Charges for services:		
Daily sales - reimbursable programs	\$	17,695.55
Daily sales - non-reimbursable programs		24,521.51
Special Functions		6,915.00
Total operating revenues		<u>49,132.06</u>
Operating expenses:		
Cost of sales - reimbursable programs		383,048.62
Cost of sales - non-reimbursable programs		25,363.33
Depreciation		14,317.20
Total Operating Expenses		<u>422,729.15</u>
Operating (loss)		<u>(373,597.09)</u>
Nonoperating revenues and expenses:		
State sources:		
State school lunch program		3,449.38
Federal sources:		
National school lunch program		184,732.78
National school breakfast program		117,927.78
School Snack program		7,948.12
Fresh Fruit		8,770.43
Food distribution program		29,811.06
Interest and investment revenue		207.79
Total nonoperating revenues		<u>352,847.34</u>
(Loss) before contributions & transfers		<u>(20,749.75)</u>
Change in net position		(20,749.75)
Total net position—beginning		164,310.76
Total net position—ending	\$	<u>143,561.01</u>

The accompanying notes are an integral part of these financial statements

**Egg Harbor City School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017**

	Business-type Activities - Enterprise Funds
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 48,935.94
Payments to cost of sales	(378,927.92)
Net cash (used in) operating activities	(329,991.98)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Sources	3,518.62
Federal Sources	324,372.57
(To)/From other funds	
Net cash provided by non-capital financing activities	327,891.19
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Equipment	4,975.00
Net cash (used in) capital and related financing activities	4,975.00
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment revenue	207.79
Net cash provided by investing activities	207.79
Net increase in cash and cash equivalents	3,082.00
Balances—beginning of year	59,018.99
Balances—end of year	62,100.99
Reconciliation of operating income (loss) to net cash provided by/(used in) operating activities:	
Operating (loss)	(373,597.09)
Adjustments to reconcile operating (loss) to net cash provided by/ (used in) operating activities	
Depreciation and net amortization	14,317.20
Food distribution program	29,811.06
(Increase) in other accounts receivable	(436.53)
Increase in unearned revenue	3,300.43
Decrease in inventories	(3,627.46)
Increase in accounts payable	240.41
Total adjustments	43,605.11
Net cash (used in) operating activities	\$ (329,991.98)

The accompanying notes are an integral part of these financial statements

**Egg Harbor City School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017**

	<u>Unemployment Compensation</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and cash equivalents	\$ -	1,922.64	49,899.29
Due from payroll agency	<u>48,964.11</u>	<u> </u>	<u> </u>
Total assets	<u><u>48,964.11</u></u>	<u><u>1,922.64</u></u>	<u><u>49,899.29</u></u>
LIABILITIES			
Payroll deductions and withholdings			935.18
Payable to unemployment trust			48,964.11
Total liabilities	<u> -</u>	<u> -</u>	<u><u>49,899.29</u></u>
NET POSITION			
Held in trust for unemployment claims and other purposes	<u><u>\$ 48,964.11</u></u>	<u><u>1,922.64</u></u>	

The accompanying notes are an integral part of these financial statements

**Egg Harbor City School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017**

	<u>Unemployment Compensation</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Investment earnings:		
Interest		3.27
Scholarship donations		
Employee contributions	9,107.64	
Total additions	<u>9,107.64</u>	<u>3.27</u>
DEDUCTIONS		
Other payments	6,677.86	300.00
Total deductions	<u>6,677.86</u>	<u>300.00</u>
Change in net position	2,429.78	(296.73)
Net position—beginning of the year	46,534.33	2,219.37
Net position—end of the year	<u>\$ 48,964.11</u>	<u>1,922.64</u>

Notes to the Financial Statements

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Egg Harbor City School District
Notes to Financial Statements
June 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity:

The Egg Harbor City School District is a Type II district located in the County of Atlantic, State of New Jersey. As a type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to a three-year term. The purpose of the District is to educate students in grades K-8. The Egg Harbor City School District had an approximate enrollment at June 30, 2017 of 494 and 511 at June 30, 2016.

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

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

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

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's food service program is classified as a business-type activity.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (food service). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement

Egg Harbor City School District
Notes to Financial Statements
June 30, 2017

of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

- a. The District does allocate indirect costs such as depreciation expense, compensated absences, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

The following fund types are used by the District:

1. Governmental Funds:

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

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.
- c. **Debt service** funds are used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.
- d. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. In addition, grant funds specifically related to these projects are reported as earned.

Egg Harbor City School District
Notes to Financial Statements
June 30, 2017

Fund Balances – Governmental Funds

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

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

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

2. Proprietary Funds:

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

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

3. Fiduciary Funds:

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

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

Egg Harbor City School District
Notes to Financial Statements
June 30, 2017

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

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

D. BASIS OF ACCOUNTING

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

1. Accrual:

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

2. Modified Accrual:

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

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

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

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

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

Egg Harbor City School District
Notes to Financial Statements
June 30, 2017

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

2. Investments:

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

3. Inventories:

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

Food	\$	9,154.49
Supplies		1,081.11
	\$	10,235.60

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements. The value of commodities included in the food inventory on June 30, 2017 is \$7,790.49

4. Capital Assets:

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

Buildings	20-50 years
Machinery and equipment	5-20 years
Improvements	10-20 years

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

5. Revenues:

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

Egg Harbor City School District
Notes to Financial Statements
June 30, 2017

6. Expenditures:

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

7. Compensated absences:

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

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

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

8. Interfund Activity:

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

9. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. The following material transfers were made to/(from) budgetary line items:

**Egg Harbor City School District
Notes to Financial Statements
June 30, 2017**

<u>Account</u>		<u>Amount</u>
Multiple Disabilities-Salaries of Teachers	\$	(87,819.95)
Undistributed Expenditures-Instruction		
Tuition to other LEA's within State-Special		66,037.93
Unallocated Benefits – Health Benefits		(82,662.67)
Transfer to Charter Schools		66,625.00

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

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

10. Tuition Receivable

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

11. Tuition Payable

Tuition charges for the fiscal years 2016/17 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

12. Use of Estimates

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

13. Allocation of Costs

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

14. Pensions

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

**Egg Harbor City School District
Notes to Financial Statements
June 30, 2017**

F. RECENT ACCOUNTING PRONOUNCEMENTS

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, which is effective for fiscal periods beginning after June 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, which 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 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.

In May 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86 "Certain Debt Extinguishment Issues". This statement, which is effective for fiscal periods 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.

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Egg Harbor City School District
Notes to Financial Statements
June 30, 2017

NOTE 2. INVESTMENTS

As of June 30, 2016, the District had no investments.

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

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

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

NOTE 3. CASH

Custodial Credit Risk – Deposits. Custodial credit risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2017, \$83,244.81 of the District's bank balance of \$1,580,853.25 was exposed to credit risk.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The total amount included in the plan for uncompleted projects at June 30, 2017 was \$12,736,251.

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**Egg Harbor City School District
Notes to Financial Statements
June 30, 2017**

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

Beginning balance, July 1, 2016	\$	99,267.52
Increased By:		
Interest earnings		155.41
Budgeted increase to Capital Reserve		40,000.00
Return cash from Capital Projects Fund		23,235.71
Clear interfund balance from prior year		8,494.25
Ending balance, June 30, 2017	\$	<u>171,152.89</u>

NOTE 5. MAINTENANCE RESERVE FUND

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

Beginning balance, July 1, 2016	\$	50,000.00
Increased By:		
Transfer back to reserve – unexpended budgeted line items		31,481.63
Withdrawals		
8/10/16 – transfer to Maintenance lines		<u>(50,000.00)</u>
Ending balance, June 30, 2017	\$	<u>31,481.63</u>

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**Egg Harbor City School District
Notes to Financial Statements
June 30, 2017**

NOTE 6. FIXED ASSETS

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

	<u>Balance</u> <u>6/30/16</u>	<u>Additions</u>	<u>Disposals/</u> <u>Adjustments</u>	<u>Balance</u> <u>6/30/17</u>
Governmental Activities				
Capital assets not being depreciated				
Const in Process	\$ 25,077,077.00			25,077,077.00
Land	1,745,000.00			1,745,000.00
Total capital assets not being depreciated	<u>26,822,077.00</u>			<u>26,822,077.00</u>
Bldgs & Improv	3,158,990.00			3,158,990.00
Machinery & equip	628,634.17		(9,325.00)	619,309.17
Total at cost	<u>3,787,624.17</u>		<u>(9,325.00)</u>	<u>3,778,299.17</u>
Less accum depr.				
Bldg & improve	(1,244,961.70)	(627,955.45)		(1,872,917.15)
Machinery & equip	(427,695.00)	(46,287.97)	4,800.00	(469,182.97)
Total accum depr	<u>(1,672,656.70)</u>	<u>(674,243.42)</u>	<u>4,800.00</u>	<u>(2,342,100.12)</u>
Total capital assets being depreciated	<u>2,114,967.47</u>	<u>(674,243.42)</u>	<u>(4,525.00)</u>	<u>1,436,199.05</u>
Governmental activities - Capital Assets, net	<u>28,937,044.47</u>	<u>(674,243.42)</u>	<u>(4,525.00)</u>	<u>28,258,276.05</u>
Business-type activities				
Equipment	173,510.00		(4,975.00)	168,535.00
Less Accum depr	(89,977.00)	(7,735.20)	(6,582.00)	(104,294.20)
Business-type Activities Capital Assets, net	<u>\$ 83,533.00</u>	<u>(7,735.20)</u>	<u>(11,557.00)</u>	<u>64,240.80</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 244,479.36
Special education	82,678.39
Other special instruction	15,212.22
Tuition	61,117.91
Student & instruction related services	79,926.93
General Administration	24,771.86
School administrative expenses	25,959.69
Plant operations and maintenance	92,775.45
Pupil transportation	23,446.43
Business and other support services	23,875.18
	<u>\$ 674,243.42</u>

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**Egg Harbor City School District
Notes to Financial Statements
June 30, 2017**

NOTE 7. OPERATING LEASES

Effective November 2012, the District entered into a lease agreement for a Ricoh Digital Copier. The lease term is 48 months with payments of \$611.78 due monthly. Total rent expense for the 2017 fiscal year was \$7,341.36.

Effective October 2013, the District entered into a lease agreement for a Ricoh Digital Copier/Printer/Scanner. The lease term is 48 months with payments of \$256.18 due monthly. Total rent expense for the 2017 fiscal year was \$3,074.16.

Effective October 2013, the District entered into a lease agreement for a Ricoh Digital Copier/Printer/Scanner. The lease term is 48 months with payments of \$178.07 due monthly. Total rent expense for the 2017 fiscal year was \$2,136.84.

Effective September 2015, the District entered into a lease agreement for a Ricoh Multi-printer. The lease term is 48 months with payments of \$225.45 due monthly. Total rent expense for the 2017 fiscal year was \$2,705.40.

Effective April 2016, the District entered into a lease agreement for a Ricoh Multi-printer. The lease term is 48 months with payments of \$288.52 due monthly. Total rent expense for the 2017 fiscal year was \$3,462.24.

Effective July 2016, the District entered into a lease agreement for a Xerox D95 copier/printer. The lease term is 48 months with payments of \$373.81 due monthly. Total rent expense for the 2017 fiscal year was \$4,485.72.

Effective January 2017, the District entered into a lease agreement for a Xerox PRO8210S copier/printer. These term is 48 months with payment of \$651.24 due monthly. Total rent expense for the 2017 fiscal year was \$3,907.44.

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

Year ending June 30,		
2018	\$	19,770.99
2019		18,468.24
2020		15,348.18
2021		3,907.44
2022		0
Total	\$	<u>57,494.85</u>

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**Egg Harbor City School District
Notes to Financial Statements
June 30, 2017**

NOTE 8. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2017 the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance 6/30/16</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6/30/17</u>	<u>Due within One Year</u>
Compensated					
Absences Payable	\$ 124,610.00	23,621.00	18,473.00	129,758.00	-
Premium on Bond					
Refunding		251,682.20	3,699.73	247,982.47	1,333.92
Bonds Payable	7,790,000.00	7,500,000.00	7,565,000.00	7,725,000.00	375,000.00
Net Pension Liability	2,848,887.00	644,684.00		3,493,571.00	-
Total	\$ 10,763,497.00	8,419,987.20	7,587,172.73	11,596,311.47	376,333.92

A. Bonds Payable:

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

Long-term debt as of June 30, 2017 consisted of the following:

\$8,870,000 School Bonds dated 2/28/08 payable in annual installments through 3/15/33. Interest is paid semiannually at varying rates, which range from 3.75% to 4.05%. In July 2016, \$7,130,000 was refunded with the Refunding School Bonds, Series 2016. This amount represents those bonds with maturity dates of 3/15/19 through 3/15/33. The balance remaining as of June 30, 2017 was \$335,000.00.

\$7,500,000 Refunding School Bonds, Series 2016 dated July 14, 2016 payable in annual installments through 3/15/33. Interest is paid semiannually at varying rates from 2.00% to 4.00% per annum. The bonds maturing on or after March 15, 2027 are redeemable at the option of the Board in whole or in part, upon notice as required, on any date on or after March 15, 2026 at a price of 100% of the principal amount being redeemed, plus interest accrued to the date of redemption. These bonds were issued to advance refund the callable portion of the School Bonds, Series 2008. The bonds that were called had maturities from 3/15/19 to 3/15/33 in the total amount of \$7,130,000. The total net present value savings on the issue is \$497,678.04, or 6.635707%. The balance remaining on the issue as of June 30, 2017 was \$7,390,000.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 375,000.00	223,643.76	598,643.76
2019	390,000.00	210,281.26	600,281.26
2020	405,000.00	198,581.26	603,581.26
2021	415,000.00	186,431.26	601,431.26
2022	425,000.00	173,981.26	598,981.26
2023-2027	2,360,000.00	669,056.30	3,029,056.30
2028-2032	2,755,000.00	300,981.30	3,055,981.30
2033	600,000.00	15,750.00	615,750.00
Total	\$ 7,725,000.00	1,978,706.40	9,703,706.40

Egg Harbor City School District
Notes to Financial Statements
June 30, 2017

NOTE 9. PENSION PLANS

Description of Plans

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

Teachers' Pension and Annuity Fund

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

Public Employees' Retirement System

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

Defined Contribution Retirement Program (DCRP)

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.20% 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 20.3% and the PERS rate is 13.2% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2017, 2016 and 2015 were \$818,877.00, \$706,078.00, and \$579,682.00, respectively, and paid by the State of New Jersey on behalf of the board, equal to the required

Egg Harbor City School District
Notes to Financial Statements
June 30, 2017

contributions for each year. The School District's contributions to PERS for the years ending June 30, 2017, 2016 and 2015 were \$116,682.62, \$109,109.00, and \$105,130.00, respectively, equal to the required contributions for each year.

The Board's total payroll for the year ended June 30, 2017, 2016 and 2015 was \$5,473,471.00, \$5,420,211.25, and \$5,471,191.00; covered payroll was \$4,037,171.00, \$4,058,696.00, and \$4,030,324.00 TPAF; and \$882,359.00, \$824,365.00, and \$846,474.00 for PERS.

Significant Legislation

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

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

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

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

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

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

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

NOTE 10: PUBLIC EMPLOYEES RETIREMENT SYSTEM

At June 30, 2017, the District reported a liability of \$3,493,571.00 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 .01179577720%, which was a decrease of .00089527360% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$331,822.00. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 64,970.00	
Changes of assumptions	723,681.00	
Net difference between projected and actual earnings on pension plan investments	133,213.00	
Changes in proportion and differences between District contributions and proportionate share of contributions	107,225.00	149,496.00
District contributions subsequent to the measurement date		
Total	<u>\$ 1,029,089.00</u>	<u>\$ 149,496.00</u>

\$104,792.00 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:

**Egg Harbor City School District
Notes to Financial Statements
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Year ended June 30,		
2018	\$	199,057.00
2019		199,057.00
2020		227,563.00
2021		190,433.00
2022		63,483.00
Total	\$	879,593.00

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%

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

Egg Harbor City School District
Notes to Financial Statements
June 30, 2017

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%

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:

**Egg Harbor City School District
Notes to Financial Statements
June 30, 2017**

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the net pension liability	\$ 4,186,709	3,493,571	2,921,940.26

Pension plan fiduciary net position.

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

NOTE 11. TEACHERS' PENSION AND ANNUITY FUND (TPAF)

At June 30, 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		31,667,826.00
Total	\$	31,667,826.00

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 \$2,379,396.00 and revenue of \$2,379,396.00 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:

**Egg Harbor City School District
Notes to Financial Statements
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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 111,598.00	54,157.00
Changes of assumptions	6,321,278.00	
Net difference between projected and actual earnings on pension plan investments	577,562	
Changes in proportion and differences between District contributions and proportionate share of contributions		265,484.00
District contributions subsequent to the measurement date		
Total	\$ 7,010,438.00	319,641.00

\$0.00 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	\$ 982,909.00
2019	982,909.00
2020	1,151,458.00
2021	1,076,868.00
2022	909,656.00
Thereafter	1,586,998.00
Total	\$ 6,690,798.00

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%			

**Egg Harbor City School District
Notes to Financial Statements
June 30, 2017**

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
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%

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

**Egg Harbor City School District
Notes to Financial Statements
June 30, 2017**

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 12. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c. 6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and maintenance of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

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**Egg Harbor City School District
Notes to Financial Statements
June 30, 2017**

NOTE 13. LABOR CONTRACTS

As of June 30, 2017 the District's employees were organized in the following collective bargaining unit.

<u>Bargaining Unit</u>	<u>Employees Covered</u>	<u>Expiration</u>
Egg Harbor City Education Association (EHCEA)	All full-time and part-time employees working twenty-five or more hours per week, whether under contract or on leave, including all non-supervisory certificated staff members and non-certified employees including secretaries, clerks, custodians, maintenance personnel and aides.	June 30, 2019

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

NOTE 14. COMPENSATED ABSENCES

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. Eligible administrators may bank unused vacation up to a maximum of five (5) days per year. Any unused vacation days which result in an employee exceeding the allowable number of banked days on June 30 of any given year will be forfeited.

Teachers are entitled to ten sick days per school year and are permitted to accumulate these days from year to year with no maximum limit. In order to be reimbursed for unused sick time, the teacher must have a minimum of fifty days accumulated at the end of the academic year in which their retirement is executed. Teachers will only be reimbursed up to a maximum of \$10,000 for the unused sick time.

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

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

NOTE 15. DEFERRED COMPENSATION

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

**Egg Harbor City School District
Notes to Financial Statements
June 30, 2017**

The plan administrators are as follows:

Metro
Lincoln
Syracusa
Equitable

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

NOTE 16. RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2017 the District did not incur claims in excess of their coverage.

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

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

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

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

Fiscal Year	District <u>Contributions</u>	Employee <u>Contributions</u>	Claims <u>Paid</u>	Ending <u>Balance</u>
2016-2017		9,107.64	6,677.86	48,964.11
2015-2016		8,807.66	0	46,534.33
2014-2015		8,614.00	0	37,726.67

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**Egg Harbor City School District
Notes to Financial Statements
June 30, 2017**

NOTE 17. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2017, interfunds remained on the various balance sheets of the Egg Harbor City Board of Education.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Capital Project Fund	294,841.00	
Debt Service Fund		294,841.00
	294,841.00	294,841.00

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

NOTE 18. LITIGATION

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

NOTE 19. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$911,783.30 General Fund fund balance at June 30, 2017, \$8,670.00 is reserved for encumbrances, but not reflected as assigned on the balance sheet since the unassigned balance is negative; \$171,152.89 has been committed to the capital reserve fund; \$31,481.63 has been committed to the maintenance reserve fund; \$906,398.27 is reserved as excess surplus in accordance with NJSA 18A:7F-7 (\$381,945.49 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2018); \$19,171.51 has been appropriated and also included as anticipated revenue for the year ending June 30, 2018, however this amount is not reflected on the balance sheet as assigned since the unassigned balance is negative; and \$(153,081.73) is unreserved and undesignated, after adjusting for the above items.

NOTE 20. CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$906,398.27, of which \$381,945.49 has been included in the 2017-18 budget. The excess fund balance at June 30, 2016 was \$884,858.49.

NOTE 21. DEFICIT FUND BALANCES

The District has a deficit fund balances of \$197,249.49 in the General Fund, as of June 30, 2017 as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal

Egg Harbor City School District
Notes to Financial Statements
June 30, 2017

year, the school district cannot recognize the last two state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last two state aid payments, the General Fund balance deficits do not alone indicate that the district is facing financial difficulties.

NOTE 22. SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 2, 2017, the date which the financial statements were available to be issued and no other items were noted for disclosure or adjustment.

**Required Supplemental Information
Part II**

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BUDGETARY COMPARISON SCHEDULES

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**Egg Harbor City School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,647,969.00		2,647,969.00	2,647,969.00	-
Other Tuition	-		-	82,932.80	82,932.80
Interest Earned on Bank Accounts			-	1,544.47	1,544.47
Interest Earned on Capital Reserve Accounts			-	155.41	155.41
Miscellaneous	45,000.00		45,000.00	19,268.43	(25,731.57)
Total - Local Sources	2,692,969.00	-	2,692,969.00	2,751,870.11	58,901.11
State Sources:					
Categorical Special Education Aid	267,087.00		267,087.00	267,087.00	-
Equalization Aid	4,893,235.00		4,893,235.00	4,893,235.00	-
Categorical Security Aid	43,161.00		43,161.00	43,161.00	-
Categorical Transportation Aid	24,822.00		24,822.00	24,822.00	-
Extraordinary Aid	7,000.00		7,000.00	8,123.00	1,123.00
Per Pupil Growth Aid	4,775.00		4,775.00	4,775.00	-
PARCC Readiness	4,775.00		4,775.00	4,775.00	-
Professional Learning Community Aid	4,820.00		4,820.00	4,820.00	-
Nonpublic Transportation				3,132.00	3,132.00
Lead Testing Reimbursement				2,221.75	2,221.75
On-Behalf TPAF Pension Contributions (non-budgeted)				446,224.00	446,224.00
On-Behalf TPAF Pension Contributions-Post Retirement Medical (non-budgeted)				371,807.00	371,807.00
On-behalf TPAF Pension Contributions-Long Term Disability Insurance (non-budgeted)				846.00	846.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				291,998.58	291,998.58
Total - State Sources	5,249,675.00	-	5,249,675.00	6,367,027.33	1,117,352.33
Federal Sources:					
Medicaid Reimbursement	19,241.00		19,241.00	71,141.32	51,900.32
Total - Federal Sources	19,241.00	-	19,241.00	71,141.32	51,900.32
Total Revenues	7,961,885.00	-	7,961,885.00	9,190,038.76	1,228,153.76

**Egg Harbor City School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool/Kindergarten	286,848.00	26,240.53	313,088.53	308,833.12	4,255.41
Grades 1-5	1,060,366.00	(43,650.57)	1,016,715.43	955,649.49	61,065.94
Grades 6-8	679,460.00	(29,439.00)	650,021.00	632,781.34	17,239.66
Regular Programs - Home Instruction:					
Salaries of Teachers	18,000.00		18,000.00	6,399.12	11,600.88
Purchased Professional - Educational Services					
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	47,978.00	48,600.00	96,578.00	95,108.10	1,469.90
Other Purchased Services	19,600.00		19,600.00	19,476.01	123.99
General Supplies	174,195.32	(1,181.87)	173,013.45	158,798.98	14,214.47
Textbooks	1,500.00	(1,500.00)	-	-	-
Other Objects	-	832.00	832.00	-	832.00
Total Regular Programs	2,287,947.32	(98.91)	2,287,848.41	2,177,046.16	110,802.25
Visual Impairments					
Purchased Professional - Educational Services	-	3,549.00	3,549.00	3,549.00	-
Total Visual Impairments	-	3,549.00	3,549.00	3,549.00	-
Multiple Disabilities					
Salaries of Teachers	486,555.00	(87,819.95)	398,735.05	398,735.05	-
Other Salaries for Instruction	98,999.00	(21,625.69)	77,373.31	77,373.31	-
General Supplies	500.00		500.00	-	500.00
Total Multiple Disabilities	586,054.00	(109,445.64)	476,608.36	476,108.36	500.00
Resource Room/Resource Center					
Salaries of Teachers	255,030.00	38,520.57	293,550.57	291,847.74	1,702.83
Total Resource Room/Resource Center	255,030.00	38,520.57	293,550.57	291,847.74	1,702.83

**Egg Harbor City School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Home Instruction					
Salaries of Teachers	-	-	-	-	-
Total Home Instruction	-	-	-	-	-
Total Special Education - Instruction	841,084.00	(67,376.07)	773,707.93	771,505.10	2,202.83
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	129,997.00	(50,840.75)	79,156.25	70,753.98	8,402.27
Total Basic Skills/Remedial - Instruction	129,997.00	(50,840.75)	79,156.25	70,753.98	8,402.27
Bilingual Education - Instruction:					
Salaries of Teachers	44,071.00	7,413.54	51,484.54	51,484.54	-
General Supplies	200.00	11.33	211.33	211.33	-
Total Bilingual Education - Instruction	44,271.00	7,424.87	51,695.87	51,695.87	-
School Sponsored Cocurricular Activities - Instruction:					
Salaries	45,363.00	-	45,363.00	34,455.73	10,907.27
Supplies and Materials	1,000.00	45.39	1,045.39	1,045.39	-
Other Objects	4,000.00	-	4,000.00	2,481.16	1,518.84
Total School Sponsored Cocurricular Activities - Instruction	50,363.00	45.39	50,408.39	37,982.28	12,426.11
School Sponsored Athletics - Instruction:					
Salaries	9,792.00	-	9,792.00	6,266.00	3,526.00
Purchased Services	2,000.00	(12.00)	1,988.00	988.00	1,000.00
Supplies and Materials	1,000.00	12.00	1,012.00	1,012.00	-
Total School Sponsored Athletics - Instruction	12,792.00	-	12,792.00	8,266.00	4,526.00
Total Instruction	3,366,454.32	(110,845.47)	3,255,608.85	3,117,249.39	138,359.46

**Egg Harbor City School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within State - Special	15,000.00	66,037.93	81,037.93	80,215.31	822.62
Tuition to CSSD & Regional Day Schools	462,827.00	28,079.07	490,906.07	456,811.00	34,095.07
Tuition to Private Schools for the Disabled - Within State	-		-	-	-
Total Undistributed Expenditures - Instruction	477,827.00	94,117.00	571,944.00	537,026.31	34,917.69
Undistributed Expenditures - Attendance and Social Work:					
Salaries	69,983.00	137.29	70,120.29	69,702.54	417.75
Total Undistributed Expenditures - Attendance and Social Work	69,983.00	137.29	70,120.29	69,702.54	417.75
Undistributed Expenditures - Health Services:					
Salaries	97,620.00	(366.00)	97,254.00	96,159.52	1,094.48
Purchased Professional and Technical Services	12,500.00	(200.00)	12,300.00	11,070.00	1,230.00
Supplies and Materials	4,565.00		4,565.00	4,167.98	397.02
Total Undistributed Expenditures - Health Services	114,685.00	(566.00)	114,119.00	111,397.50	2,721.50
Undistributed Expenditures - Other Support Services -					
Students - Related Services:					
Salaries of Other Professional Staff	50,024.00	(1,282.60)	48,741.40	48,741.40	-
Purchased Professional - Educational Services	50,000.00	26,990.00	76,990.00	55,264.50	21,725.50
Supplies and Materials	200.00	(4.40)	195.60	166.75	28.85
Total Undistributed Expenditures - Other Support Services -	100,224.00	25,703.00	125,927.00	104,172.65	21,754.35

**Egg Harbor City School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	173,361.00		173,361.00	169,171.50	4,189.50
Other Purchased Professional and Technical Services	-		-	-	-
Supplies and Materials	2,000.00	(137.29)	1,862.71	1,091.69	771.02
Total Undistributed Expenditures - Other Support Services - Students - Guidance	175,361.00	(137.29)	175,223.71	170,263.19	4,960.52
Undistributed Expenditures - Other Support Services - Students - Child Study Teams:					
Salaries Other Professional Staff	200,958.00	10,162.27	211,120.27	211,120.27	-
Salaries of Secretarial and Clerical Assistants	42,796.00	(2,005.00)	40,791.00	40,791.00	-
Purchase Professional-Ed Services	8,000.00	(8,000.00)	-	-	-
Other Purchased Professional and Technical Services	24,000.00	(5,570.53)	18,429.47	10,165.00	8,264.47
Other Purchased Services	2,200.00		2,200.00	2,136.84	63.16
Miscellaneous Purchased Services	500.00		500.00	296.67	203.33
Supplies and Materials	4,500.00	(48.33)	4,451.67	4,431.12	20.55
Other Objects	1,100.00	37.00	1,137.00	1,117.00	20.00
Total Undistributed Expenditures - Other Support Services - Students - Child Study Teams	284,054.00	(5,424.59)	278,629.41	270,057.90	8,571.51
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	53,214.00		53,214.00	53,214.00	-
Salaries of Other Professional Staff	58,331.00		58,331.00	58,331.00	-
Other Purchased Services	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Undistributed Expenditures - Improv. of Instr. Services	111,545.00	-	111,545.00	111,545.00	-

**Egg Harbor City School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Educational Media Services - School Library					
Salaries	42,119.00	(18,000.00)	24,119.00	24,118.97	0.03
Purchased Professional and Technical Services	5,900.00	102.30	6,002.30	4,781.30	1,221.00
Supplies and Materials	2,000.00	(102.30)	1,897.70	1,240.34	657.36
Total Undistributed Expenditures - Educational Media Services - School Library	50,019.00	(18,000.00)	32,019.00	30,140.61	1,878.39
Undistributed Expenditures - Instruction Staff Training Service					
Salaries of Other Professional Services	9,600.00	-	9,600.00	7,605.00	1,995.00
Other Purchased Services	6,000.00		6,000.00	4,554.11	1,445.89
Total Undistributed Expenditures - Instruction Staff Training Service	15,600.00	-	15,600.00	12,159.11	3,440.89
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	121,511.00	14,158.03	135,669.03	119,793.88	15,875.15
Legal Services	5,000.00	(1,100.00)	3,900.00	850.00	3,050.00
Audit Fees	18,500.00		18,500.00	18,000.00	500.00
Other Purchased Professional Services	1,000.00		1,000.00	-	1,000.00
Communications/Telephone	38,305.00		38,305.00	25,059.60	13,245.40
Other Purchased Services	21,050.00	1,707.22	22,757.22	22,378.83	378.39
General Supplies	1,900.00		1,900.00	1,664.52	235.48
BOE In-House Training and Meeting Supplies	2,000.00		2,000.00	1,261.30	738.70
Miscellaneous Expenditures	1,675.00	1,075.00	2,750.00	2,750.00	-
BOE Membership Dues and Fees	5,000.00	34.90	5,034.90	5,034.90	-
Total Undistributed Expenditures - Support Services - Gen. Admin.	215,941.00	15,875.15	231,816.15	196,793.03	35,023.12
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals and Assistant Principals	109,344.00	11,181.87	120,525.87	109,344.00	11,181.87
Salaries of Secretarial and Clerical Assistants	105,106.00		105,106.00	102,183.57	2,922.43
Other Purchased Services	7,800.00		7,800.00	6,753.82	1,046.18
Supplies and Materials	8,000.00		8,000.00	7,282.59	717.41
Other Objects	1,500.00		1,500.00	1,169.97	330.03
Total Undistributed Expenditures - Support Serv. - School Admin.	231,750.00	11,181.87	242,931.87	226,733.95	16,197.92

**Egg Harbor City School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Central Services					
Salaries	160,495.00	(987.00)	159,508.00	159,508.00	-
Purchased Professional Services	1,350.00		1,350.00	1,350.00	-
Purchased Technical Services	20,970.00	1,497.00	22,467.00	21,905.45	561.55
Misc. Purchased Services	1,000.00		1,000.00	649.90	350.10
Supplies and Materials	1,500.00	(510.00)	990.00	593.68	396.32
Other Objects	1,200.00		1,200.00	1,190.00	10.00
Total Undistributed Expenditures - Central Services	186,515.00	-	186,515.00	185,197.03	1,317.97
Undistributed Expenditures - Admin. Info Technology					
Salaries	23,410.00	-	23,410.00	23,409.46	0.54
Purchased Technical Services	13,500.00	-	13,500.00	13,145.00	355.00
Total Undistributed Expenditures - Admin. Info Technology	36,910.00	-	36,910.00	36,554.46	355.54
Undistributed Expenditures - Required Maint for School Facilities					
Salaries	76,606.00	(1,369.40)	75,236.60	74,340.00	896.60
Cleaning, Repair, and Maintenance Services	121,258.05	53,382.03	174,640.08	135,075.02	39,565.06
General Supplies	15,100.00		15,100.00	11,972.56	3,127.44
Total Undistributed Expenditures - Required Maint for School Facilities	212,964.05	52,012.63	264,976.68	221,387.58	43,589.10
Undistributed Expenditures - Operation and Maintenance of Plant Services - Custodial Services					
Salaries	222,461.00	1,433.20	223,894.20	219,135.81	4,758.39
Purchased Professional and Technical Services	7,000.00	(2,382.03)	4,617.97	4,493.85	124.12
Cleaning, Repair and Maintenance Services	15,380.00	(2,433.20)	12,946.80	2,160.00	10,786.80
Other Purchased Property Services	15,000.00		15,000.00	13,833.75	1,166.25
Insurance	32,600.00	(4,014.00)	28,586.00	28,586.00	-
General Supplies	30,700.00	99.96	30,799.96	29,526.39	1,273.57
Energy (Natural Gas)	122,000.00	(20,198.10)	101,801.90	82,229.64	19,572.26
Energy (Heat and Electricity)	180,000.00	5,088.03	185,088.03	185,088.03	-
Other Objects	475.00	10.11	485.11	485.11	-
Total Undistributed Expenditures - Operation and Maintenance of Plant Services - Custodial Services	625,616.00	(22,396.03)	603,219.97	565,538.58	37,681.39

See Accompanying Auditor's Report

**Egg Harbor City School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Security Salaries	18,000.00	(18,000.00)	-	-	-
Total Undistributed Expenditures - Security	18,000.00	(18,000.00)	-	-	-
Undistributed Expenditures - Student Transportation Services:					
Contracted Services (Other than Bet. Home & School) - Vendors	8,007.00		8,007.00	1,811.73	6,195.27
Contracted Services - (Between Home and School) - Joint Agree.	89,800.00	10,208.58	100,008.58	89,364.97	10,643.61
Contracted Services - (Special Ed Students) - Joint Agreements	79,000.00	22,237.29	101,237.29	94,024.84	7,212.45
Contracted Services - Aid in Lieu of Payments - NonPub Sch.	4,500.00	(640.20)	3,859.80	884.00	2,975.80
Contracted Services - Aid in Lieu of Payments - Charter Sch.	6,300.00		6,300.00	5,746.00	554.00
Total Undistributed Expenditures - Student Transportation Serv.	187,607.00	31,805.67	219,412.67	191,831.54	27,581.13
Unallocated Benefits:					
Social Security Contributions	107,000.00		107,000.00	103,521.20	3,478.80
Other Retirement Contributions - PERS	117,600.00		117,600.00	116,682.62	917.38
Unemployment Compensation	30,452.90		30,452.90	11,786.06	18,666.84
Workmen's Compensation	44,500.00	857.00	45,357.00	45,357.00	-
Health Benefits	1,310,916.00	(82,662.67)	1,228,253.33	1,188,827.75	39,425.58
Tuition Reimbursement	27,000.00		27,000.00	11,930.00	15,070.00
Other Employee Benefits	12,500.00		12,500.00	10,065.00	2,435.00
Total Unallocated Benefits	1,649,968.90	(81,805.67)	1,568,163.23	1,488,169.63	79,993.60
On-behalf TPAF Pension Contributions (non-budgeted)				446,224.00	(446,224.00)
On-behalf TPAF Pension Contributions-Post Retirement Medical (non-budgeted)				371,807.00	(371,807.00)
On-behalf TPAF Pension Contributions-Long Term Disability Insurance (non-budgeted)				846.00	(846.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				291,998.58	(291,998.58)
Total On-behalf Contributions	-	-	-	1,110,875.58	(1,110,875.58)

**Egg Harbor City School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Total Undistributed Expenditures	4,764,569.95	84,503.03	4,849,072.98	5,639,546.19	(790,473.21)
Total Current Expense	8,131,024.27	(26,342.44)	8,104,681.83	8,756,795.58	(652,113.75)
Capital Outlay:					
Facilities Acquisition and Construction Services	-				-
Construction Services	195,873.00		195,873.00	195,873.00	-
Debt Service Assessment on SDA Funding					
	195,873.00		195,873.00	195,873.00	-
Total Capital Outlay	195,873.00	-	195,873.00	195,873.00	-
Transfer to Charter Schools	-	66,625.00	66,625.00	66,625.00	-
Total Expenditures	8,326,897.27	40,282.56	8,367,179.83	9,019,293.58	(652,113.75)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(365,012.27)	(40,282.56)	(405,294.83)	170,745.18	576,040.01
Other Financing Sources (Uses)					
Operating Transfers In:					
Capital Reserve Transfer from Capital Projects				31,729.96	31,729.96
Withdrawal from Capital Reserve for Local Share		50,000.00	50,000.00	50,000.00	-
Operating Transfers Out:					
Cancellation of prior year receivables				(7,024.68)	7,024.68
Increase in Capital Reserve	(40,000.00)		(40,000.00)	(50,000.00)	(10,000.00)
Local Contribution-Transfer to Special Revenue - Regular	(148,038.00)	(9,717.44)	(157,755.44)	(157,755.44)	-
Total Other Financing Sources (Uses)	(188,038.00)	40,282.56	(147,755.44)	(133,050.16)	28,754.64

**Egg Harbor City School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Net change in fund balances	(553,050.27)	-	(553,050.27)	37,695.02	604,794.65
Fund Balances, July 1	1,353,434.28		1,353,434.28	1,353,434.28	
Fund Balances, June 30	<u>800,384.01</u>	<u>-</u>	<u>800,384.01</u>	<u>1,391,129.30</u>	<u>604,794.65</u>

Reconciliation of Net Change in Fund Balance:
 Prior Year Encumbrances
 Anticipated in FY17 Budget

	43,271.27
	<u>509,779.00</u>
	<u>553,050.27</u>

Recapitulation of Fund Balance:

Restricted Fund Balance	524,452.78
Excess Surplus	
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures	381,945.49
Committed Fund Balance	
Capital Reserve	171,152.89
Maintenance Reserve	31,481.63
Assigned Fund Balance	
Designated for Subsequent Year's Expenditures	19,171.51
Reserve for Encumbrances	8,670.00
Unassigned Fund Balance	<u>254,255.00</u>
	1,391,129.30

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

	(479,346.00)
Fund Balance per Governmental Funds (GAAP)	<u>911,783.30</u>

**Egg Harbor City School District
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources	\$ 6,695.56	5,334.55	12,030.11	8,495.86	(3,534.25)
Total - Local Sources	6,695.56	5,334.55	12,030.11	8,495.86	(3,534.25)
State Sources:					
Preschool Education Aid	360,300.00	-	360,300.00	360,300.00	-
Total - State Sources	360,300.00	-	360,300.00	360,300.00	-
Federal Sources:					
Title I	341,254.00	93,162.44	434,416.44	378,647.65	(55,768.79)
Title II	45,579.00		45,579.00	45,579.00	-
I.D.E.A., Part B	180,194.00		180,194.00	180,194.00	-
Preschool Development Expansion	221,963.00	605.00	222,568.00	222,056.67	(511.33)
Other	505,655.73		505,655.73	436,949.06	(68,706.67)
Total - Federal Sources	1,294,645.73	93,767.44	1,388,413.17	1,263,426.38	(124,986.79)
Total Revenues	1,661,641.29	99,101.99	1,760,743.28	1,632,222.24	(128,521.04)
EXPENDITURES:					
Instruction					
Salaries of Teachers	819,276.21	36,435.04	855,711.25	795,807.09	59,904.16
Other salaries for instruction	89,356.00	14,123.00	103,479.00	103,479.00	-
Salaries of other professional staff					
Purchased prof. and technical services	32,770.66	(2,729.48)	30,041.18	14,266.00	15,775.18
Tuition	171,831.00	8,363.00	180,194.00	180,194.00	-
Other Purchased services	10,000.00	(2,309.50)	7,690.50	7,690.50	-
General supplies	36,868.63	29,787.70	66,656.33	63,186.69	3,469.64
Textbooks					
Other objects	7,079.00	390.15	7,469.15	6,086.75	1,382.40
Total instruction	1,167,181.50	84,059.91	1,251,241.41	1,170,710.03	80,531.38

**Egg Harbor City School District
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
EXPENDITURES (CONTD):					
Support Services					
Salaries of Other Professional Staff	74,498.00		74,498.00	74,498.00	-
Salaries of Program Directors			-	-	-
Other Salaries	122,403.84	(3,930.32)	118,473.52	101,478.00	16,995.52
Salaries of Supervisors of Instruction	12,754.00		12,754.00	12,754.00	-
Personal Services - Employee Benefits	372,955.53	17,328.84	390,284.37	375,658.08	14,626.29
Purchased professional educational service			-	-	-
Purchased Technical Services	25,360.59	3,889.41	29,250.00	19,500.00	9,750.00
Other Purchased Services	23,800.73	3,840.43	27,641.16	25,021.27	2,619.89
Contr. Serv - Trans. (Field Trips)			-	-	-
Travel	3,587.54	1,392.77	4,980.31	2,816.91	2,163.40
Supplies & Materials	4,481.38	580.77	5,062.15	4,513.94	548.21
Other Objects	2,656.18	1,657.62	4,313.80	3,027.45	1,286.35
Total support services	<u>642,497.79</u>	<u>24,759.52</u>	<u>667,257.31</u>	<u>619,267.65</u>	<u>47,989.66</u>
Facilities acquisition and construction services:					
Instructional Equipment		-	-	-	-
Total facilities acquisition and construction services					
Transfers to Charter Schools					
		-	-	-	-
Total expenditures	1,809,679.29	108,819.43	1,918,498.72	1,789,977.68	128,521.04
Other financing sources					
Transfer from other funds	148,038.00	9,717.44	157,755.44	157,755.44	-
Total other financing sources	148,038.00	9,717.44	157,755.44	157,755.44	-
Total outflows	1,661,641.29	99,101.99	1,760,743.28	1,632,222.24	128,521.04
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00</u>

Egg Harbor City School District
Required Supplementary Information
Budgetary Comparison Schedule
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2017

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

	General Fund	Special Revenue
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 9,190,038.76	1,632,222.24
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		
Prior year		-
Current year		-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	472,390.00	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(479,346.00)	-
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	9,183,082.76	1,632,222.24
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	9,019,293.58	1,789,977.68
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Prior year		-
Current year		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 9,019,293.58	1,789,977.68

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**Required Supplemental Information
Part III**

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

	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0117957772%	0.0126910508%	0.0127197761%	0.0116694603%
District's proportionate of the net pension liability (asset)	\$ 3,493,571	2,848,887.00	2,381,490.00	2,230,266.00
District's covered payroll	882,359	846,480.00	859,952.00	825,778.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	395.94%	336.56%	276.93%	270.08%
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 EGG HARBOR SCHOOL DISTRICT
Schedule of District Contributions
Public Employee Retirement System
Last Four Fiscal Years

	2016	2015	2014	2013
Contractually required contribution	\$ 105,899.00	109,019.00	104,860.00	87,927.00
Contributions in relation to the contractually required contribution	105,899.00	109,019.00	104,860	87,927
Contribution deficiency (excess)	-	-	-	-
District's covered-employee payroll	882,359.00	846,480.00	859,952.00	825,778.00
Contributions as a percentage of covered-employee payroll	12.00%	12.88%	12.19%	10.65%

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

Note: This schedule is required by GASB 68 to 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 EGG HARBOR SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Four Fiscal Years

	2016	2015	2014	2013
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	31,677,826.00	26,186,378.00	22,177,091.00	20,748,898.00
Total	<u>31,677,826.00</u>	<u>26,186,378.00</u>	<u>22,177,091.00</u>	<u>20,748,898.00</u>
District's covered payroll	4,037,171.00	4,030,324.00	4,071,497.00	4,148,221.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	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.

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SPECIAL REVENUE FUND

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**Egg Harbor City School District
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For The Fiscal Year Ended June 30, 2017**

	Atlantic Care	Improve School Health	Sustainable Jersey Grant	Preschool Education	Municipal Alliance	Total State/Local Funds
REVENUES:						
Local Sources	\$ 3,335.64	1,346.26	2,188.96	360,300.00	1,625.00	8,495.86
State Sources						360,300.00
Federal Sources						-
Total revenues	<u>3,335.64</u>	<u>1,346.26</u>	<u>2,188.96</u>	<u>360,300.00</u>	<u>1,625.00</u>	<u>368,795.86</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers						219,546.40
Other salaries for instruction	1,072.50	975.90		217,498.00		78,652.94
Purchased prof. and technical services				78,652.94		-
Tuition						-
Other purchased services	2,263.14	370.36	833.96	7,690.50		7,690.50
General supplies						3,467.46
Other objects						-
Total instruction	<u>3,335.64</u>	<u>1,346.26</u>	<u>833.96</u>	<u>303,841.44</u>	<u>-</u>	<u>309,357.30</u>
Support services:						
Salaries of other professional staff				27,894.00		27,894.00
Other salaries						-
Salaries of supervisors of instruction				12,754.00		12,754.00
Personal services- employee benefits				172,671.00		172,671.00
Purchased technical services						-
Other purchased services						-
Travel			1,355.00			-
Supplies and materials				895.00	1,625.00	1,355.00
Other objects						2,520.00
Total support services	<u>-</u>	<u>-</u>	<u>1,355.00</u>	<u>214,214.00</u>	<u>1,625.00</u>	<u>217,194.00</u>
Facilities acquisition and const. serv.:						
Instructional equipment						-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer to charter schools						-
Total expenditures	<u>3,335.64</u>	<u>1,346.26</u>	<u>2,188.96</u>	<u>518,055.44</u>	<u>1,625.00</u>	<u>526,551.30</u>
Other financing sources						
Transfer from other funds				157,755.44		157,755.44
Total outflows	<u>3,335.64</u>	<u>1,346.26</u>	<u>2,188.96</u>	<u>360,300.00</u>	<u>1,625.00</u>	<u>368,795.86</u>
Excess (deficiency) of revenue over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Egg Harbor City School District
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For The Fiscal Year Ended June 30, 2017**

	Title I Part A	Title I Part D	Carryover Title I Part D	Carryover Title I Part A	I.D.E.A. Part B- Basic Instruction	I.D.E.A. Part B- Basic Preschool	Title II Part A	21st Century
REVENUES:								
Local Sources								
State Sources	324,812.65	37,354.80	15,615.76	864.44	171,831.00	8,363.00	45,579.00	296,074.49
Federal Sources	<u>324,812.65</u>	<u>37,354.80</u>	<u>15,615.76</u>	<u>864.44</u>	<u>171,831.00</u>	<u>8,363.00</u>	<u>45,579.00</u>	<u>296,074.49</u>
Total revenues								
EXPENDITURES:								
Instruction:								
Salaries of teachers								
Other salaries for instruction	254,399.00	34,700.25					36,174.00	123,990.75
Purchased prof. and technical services			6,350.00					741.00
Tuition					171,831.00	8,363.00		
Other purchased services								
General supplies			9,265.76					8,665.96
Other objects								2,614.00
Total Instruction	<u>254,399.00</u>	<u>34,700.25</u>	<u>15,615.76</u>	<u>-</u>	<u>171,831.00</u>	<u>8,363.00</u>	<u>36,174.00</u>	<u>136,011.71</u>
Support services:								
Salaries of other professional staff								84,977.48
Other salaries								
Salaries of supervisors of instruction	66,144.00	2,654.55					9,405.00	55,515.00
Personal services- employee benefits								9,750.00
Purchased technical services				864.44				5,284.34
Other purchased services	4,269.65							2,800.17
Travel								1,735.79
Supplies and materials								
Other objects								
Total support services	<u>70,413.65</u>	<u>2,654.55</u>	<u>-</u>	<u>864.44</u>	<u>-</u>	<u>-</u>	<u>9,405.00</u>	<u>160,062.78</u>
Facilities acquisition and const. serv.:								
Instructional equipment								
Total facilities acquisition and construction services								
Transfer to charter schools								
Total expenditures	<u>324,812.65</u>	<u>37,354.80</u>	<u>15,615.76</u>	<u>864.44</u>	<u>171,831.00</u>	<u>8,363.00</u>	<u>45,579.00</u>	<u>296,074.49</u>
Other financing sources								
Transfer from other funds								
Total outflows	<u>324,812.65</u>	<u>37,354.80</u>	<u>15,615.76</u>	<u>864.44</u>	<u>171,831.00</u>	<u>8,363.00</u>	<u>45,579.00</u>	<u>296,074.49</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Egg Harbor City School District
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For The Fiscal Year Ended June 30, 2017**

	21st Century Carryover	21st Century Supplemental	21st Century Supplemental Carryover	Preschool Development Expansion	Total Federal Funds	Totals
REVENUES:						
Local Sources						8,495.86
State Sources	104,238.70	25,058.62	11,577.25	222,056.67	1,263,426.38	360,300.00
Federal Sources						1,263,426.38
Total revenues	<u>104,238.70</u>	<u>25,058.62</u>	<u>11,577.25</u>	<u>222,056.67</u>	<u>1,263,426.38</u>	<u>1,632,222.24</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers	27,619.75	20,884.50	8,560.50	69,931.94	576,260.69	795,807.09
Other salaries for instruction				24,826.06	24,826.06	103,479.00
Purchased prof. and technical services	5,375.00	1,800.00			14,266.00	14,266.00
Tuition					180,194.00	180,194.00
Other purchased services			729.28	12,938.30	-	7,690.50
General supplies	28,119.93				59,719.23	63,186.69
Other objects	1,390.15	450.00	1,632.60		6,086.75	6,086.75
Total Instruction	<u>62,504.83</u>	<u>23,134.50</u>	<u>10,922.38</u>	<u>107,696.30</u>	<u>861,352.73</u>	<u>1,170,710.03</u>
Support services:						
Salaries of other professional staff				46,604.00	46,604.00	74,498.00
Other salaries	16,500.52				101,478.00	101,478.00
Salaries of supervisors of instruction			654.87	56,706.00	-	12,754.00
Personal services- employee benefits	10,310.00	1,597.66			202,987.08	375,658.08
Purchased technical services	9,750.00				19,500.00	19,500.00
Other purchased services	3,226.01	326.46		11,050.37	25,021.27	25,021.27
Travel	16.74				2,816.91	2,816.91
Supplies and materials	1,423.15				3,158.94	4,513.94
Other objects	507.45				507.45	3,027.45
Total support services	<u>41,733.87</u>	<u>1,924.12</u>	<u>654.87</u>	<u>114,360.37</u>	<u>402,073.65</u>	<u>619,267.65</u>
Facilities acquisition and const. serv.:						
Instructional equipment						-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer to charter schools						-
Total expenditures	<u>104,238.70</u>	<u>25,058.62</u>	<u>11,577.25</u>	<u>222,056.67</u>	<u>1,263,426.38</u>	<u>1,789,977.68</u>
Other financing sources						
Transfer from other funds						157,755.44
Total outflows	<u>104,238.70</u>	<u>25,058.62</u>	<u>11,577.25</u>	<u>222,056.67</u>	<u>1,263,426.38</u>	<u>1,632,222.24</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Egg Harbor City School District
Special Revenue Fund
Schedule of Preschool Education Aid
For the Fiscal Year Ended June 30, 2017**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 217,498.00	217,498.00	-
Other salaries for instruction	78,652.94	78,652.94	-
Other purchased services	7,690.50	7,690.50	-
Supplies	-	-	-
Total instruction	<u>303,841.44</u>	<u>303,841.44</u>	<u>-</u>
Support services:			
Salaries of Other Professional Staff	27,894.00	27,894.00	-
Salaries of Program Directors		-	-
Salaries of Supervisors of Instruction	12,754.00	12,754.00	-
Professional services - employee benefits	172,671.00	172,671.00	-
Other Objects	895.00	895.00	-
Total support services	<u>214,214.00</u>	<u>214,214.00</u>	<u>-</u>
Total Expenditures	<u>\$ 518,055.44</u>	<u>518,055.44</u>	<u>-</u>

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2016-17 Preschool Education Aid Allocation	360,300.00
Add: Actual ECPA/PEA Carryover (June 30, 2016)	-
Add: Budgeted Transfer from the General Fund 2016-17	157,755.44
Total Preschool Education Aid Funds Available for 2016-17 Budget	<u>518,055.44</u>
Less: 2016-17 Budgeted Preschool Education Aid (Including prior year budget carryover)	<u>(518,055.44)</u>
Available & Unbudgeted Preschool Education Funds as of June 30, 2017	-
Add: June 30, 2017 Unexpended Preschool Education Aid	-
Less: 2016-17 Commissioner-approved Transfer to the General Fund	-
2016-17 Carryover - Preschool Education Aid Program	<u>-</u>
2016-17 Preschool Education Aid Carryover Budgeted for Preschool Programs 2017-18	-

CAPITAL PROJECTS FUND

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Egg Harbor City School District
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2017

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Transfers Out	Unexpended Appropriations 6/30/2017
			Prior Years	Current Year		
School Facilities Project	11/14/07	24,597,412.00	24,050,079.00	-		547,333.00
Spragg Elementary School Roof and HVAC Replacement	3/17/14	1,153,013.00	1,026,998.00	-	(86,888.96)	39,126.04
Totals		\$ 25,750,425.00	25,077,077.00	-	(86,888.96)	586,459.04

Egg Harbor City School District
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

Revenue and Other Financing Sources

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

Expenditures and Other Financing Uses

Purchase of Land		-
Purchased Professional and Technical Services		-
Construction Services		-
Other Objects		-
Total expenditures		<u>-</u>
Excess (Deficiency) of revenues over (under) expenditures		<u>-</u>

Other Financing Sources (Uses):

Return Capital Projects Funds back to Capital Reserve		(31,729.96)
Transfer to Debt Service Fund		<u>(55,159.00)</u>

Total other financing sources (uses) (86,888.96)

Fund balance- beginning 673,348.00

Fund balance - ending \$ 586,459.04

Egg Harbor City School District
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
Construction of Egg Harbor Community School and Spragg School Improvements
From Inception and for the Year Ended June 30, 2017

	Prior Periods	Current Period	Totals	Revised Authorized Cost
Revenue and Other Financing Sources				
State Sources - SDA	\$ 15,727,412.00		15,727,412.00	15,727,412.00
Bond proceeds and transfers	8,870,000.00		8,870,000.00	8,870,000.00
Transfer from capital reserve				
Transfer from capital outlay				
Total revenues	<u>24,597,412.00</u>	<u>-</u>	<u>24,597,412.00</u>	<u>24,597,412.00</u>
Expenditures and Other Financing Uses				
Purchase of Land	1,745,000.00		1,745,000.00	1,745,000.00
Purchased Professional and Technical Services				
Construction services	22,305,079.00		22,305,079.00	22,852,412.00
Other Objects				
Total expenditures	<u>24,050,079.00</u>	<u>-</u>	<u>24,050,079.00</u>	<u>24,597,412.00</u>
Other Financing Sources (Uses):				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 547,333.00</u>	<u>-</u>	<u>547,333.00</u>	<u>-</u>
Additional project information:				
Project Number	1300-X01-04-1000			
Grant Date	11/27/07			
Bonds Authorization Date	11/14/07			
Bonds Authorized	8,870,000.00			
Bonds Issued	8,870,000.00			
Original Authorized Cost	24,007,569.00			
Additional Authorized Cost	589,843.00			
Revised Authorized Cost	24,597,412.00			
Percentage Increase over Original Authorized Cost	2.46%			
Percentage completion	97.77%			
Original target completion date	June 30, 2010			
Revised target completion date	2015			

Egg Harbor City School District
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
Spragg Elementary School Roof and HVAC Replacement
From Inception and for the Year Ended June 30, 2017

	Prior Periods	Current Period	Totals	Revised Authorized Cost
Revenue and Other Financing Sources				
State Sources - SDA	\$ 813,029.00	-	813,029.00	813,029.00
Bond proceeds and transfers			-	
Transfer from capital reserve	339,984.00	-	339,984.00	339,984.00
Total revenues	<u>1,153,013.00</u>	<u>-</u>	<u>1,153,013.00</u>	<u>1,153,013.00</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	120,130.00		120,130.00	83,000.00
Construction services	906,854.00	-	906,854.00	998,108.00
Other Objects	14.00		14.00	71,905.00
Total expenditures	<u>1,026,998.00</u>	<u>-</u>	<u>1,026,998.00</u>	<u>1,153,013.00</u>
Other Financing Sources (Uses):				
Return Capital Projects Funds back to Capital Reserve	-	(31,729.96)	(31,729.96)	-
Transfer to Debt Service Fund	-	(55,159.00)	(55,159.00)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(86,888.96)</u>	<u>(86,888.96)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>126,015.00</u>	<u>-</u>	<u>126,015.00</u>	<u>-</u>
Additional project information:				
Project Number	1300-020-14-1001			
Grant Date	3/17/14			
Bonds Authorization Date	NA			
Bonds Authorized	-			
Bonds Issued	-			
Original Authorized Cost	1,153,013			
Additional Authorized Cost	-			
Revised Authorized Cost	1,153,013			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	100.00%			
Original target completion date	October 14, 2014			
Revised target completion date	2015			

FIDUCIARY FUNDS

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**Egg Harbor City School District
Fiduciary Fund
Combining Statement of Fiduciary Net Position
June 30, 2017**

H-1

	Expendable Trusts		Agency		Total
	Scholarship	Unemployment Compensation	Payroll		
ASSETS:					
Cash and cash equivalents					51,821.93
Due from payroll agency	1,922.64	48,964.11	49,899.29		48,964.11
Total Assets	<u>1,922.64</u>	<u>48,964.11</u>	<u>49,899.29</u>		<u>100,786.04</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Due to unemployment compensation trust			48,964.11		48,964.11
Other liabilities			935.18		935.18
Total Liabilities	<u>-</u>	<u>-</u>	<u>49,899.29</u>		<u>49,899.29</u>
Fund balances:					
Reserved - Expendable Trust					1,922.64
Scholarship	1,922.64				48,964.11
Reserved - Unemployment Compensation		48,964.11			
Total fund balances	<u>1,922.64</u>	<u>48,964.11</u>	<u>-</u>		<u>50,886.75</u>
Total liabilities and fund balances	<u>1,922.64</u>	<u>48,964.11</u>	<u>49,899.29</u>		<u>100,786.04</u>

Egg Harbor City School District
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year ended June 30, 2017

H-4

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS:				
Cash and cash equivalents	\$ 46,974.74	6,045,184.96	6,042,260.41	49,899.29
Total assets	46,974.74	6,045,184.96	6,042,260.41	49,899.29
LIABILITIES:				
Due to unemployment trust	46,534.33	9,107.64	6,677.86	48,964.11
Payroll deductions and withholdings	440.41	6,036,077.32	6,035,582.55	935.18
Total liabilities	\$ 46,974.74	6,045,184.96	6,042,260.41	49,899.29

LONG-TERM DEBT

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City of Egg Harbor School District
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 579,383.00		579,383.00	547,383.00	(32,000.00)
Miscellaneous	-		-	5,164.79	5,164.79
	579,383.00	-	579,383.00	552,547.79	(26,835.21)
Total Revenues	579,383.00	-	579,383.00	552,547.79	(26,835.21)
EXPENDITURES:					
Regular Debt Service:					
Interest	309,688.00		309,688.00	167,529.96	142,158.04
Redemption of Principal	325,000.00		325,000.00	435,000.00	(110,000.00)
	634,688.00	-	634,688.00	602,529.96	32,158.04
Total expenditures	634,688.00	-	634,688.00	602,529.96	32,158.04
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,305.00)	-	(55,305.00)	(49,982.17)	5,322.83
Other Financing Sources:					
Other financing source					
Unexpended balances on capital projects	55,159.00		55,159.00	55,159.00	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(146.00)	-	(146.00)	5,176.83	5,322.83
Fund Balance, July 1	688.00		688.00	688.00	-
Fund Balance, June 30	542.00		542.00	5,864.83	5,322.83
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$ (146.00)		(146.00)	5,176.83	5,322.83

Statistical Section

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

	For the Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ (1,058,635.00)	3,525,198.00	10,130,678.00	16,002,453.00	16,441,140.00	16,942,671.00	17,270,732.00	21,518,642.00	21,147,044.47	20,533,276.05
Restricted	1,033,192.00	837,954.00	4,253,443.00	1,377,198.00	1,683,659.00	1,813,210.00	1,529,735.00	1,372,785.00	1,707,814.27	1,695,832.09
Unrestricted	(319,823.00)	(439,256.00)	(374,180.00)	(144,982.00)	(484,180.00)	(437,431.00)	(261,977.00)	(2,456,957.00)	(2,728,469.96)	(2,767,129.07)
Total governmental activities net position	<u>(345,266.00)</u>	<u>3,923,896.00</u>	<u>14,009,941.00</u>	<u>17,234,669.00</u>	<u>17,640,619.00</u>	<u>18,318,450.00</u>	<u>18,538,490.00</u>	<u>20,434,470.00</u>	<u>20,126,388.78</u>	<u>19,461,979.07</u>
Business-type activities										
Net investment in capital assets	103,593.00	104,212.00	102,890.00	81,483.00	90,598.00	97,867.00	100,559.00	93,902.00	83,533.00	64,240.80
Unrestricted	<u>103,593.00</u>	<u>104,212.00</u>	<u>102,890.00</u>	<u>188,410.00</u>	<u>198,172.00</u>	<u>198,525.00</u>	<u>183,504.00</u>	<u>174,476.00</u>	<u>80,777.76</u>	<u>79,320.21</u>
Total business-type activities net position									<u>164,310.76</u>	<u>143,561.01</u>
District-wide										
Net investment in capital assets	(1,058,635.00)	3,525,198.00	10,130,678.00	16,109,380.00	16,548,714.00	17,043,329.00	17,371,291.00	21,612,544.00	21,230,577.47	20,597,516.85
Restricted	1,033,192.00	837,954.00	4,253,443.00	1,377,198.00	1,705,239.00	1,813,210.00	1,529,735.00	1,372,785.00	1,707,814.27	1,695,832.09
Unrestricted	(216,230.00)	(335,044.00)	(271,290.00)	(63,499.00)	(415,162.00)	(339,564.00)	(179,032.00)	(2,379,383.00)	(2,647,692.20)	(2,687,808.86)
Total district net position	<u>(241,673.00)</u>	<u>4,028,108.00</u>	<u>14,112,831.00</u>	<u>17,423,079.00</u>	<u>17,838,791.00</u>	<u>18,516,975.00</u>	<u>18,721,994.00</u>	<u>20,605,946.00</u>	<u>20,290,699.54</u>	<u>19,605,540.08</u>

Source: CAFR Schedule A-1

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	4,431,827.00	4,425,185.00	4,756,183.00	3,867,344.00	4,103,860.00	3,906,258.00	3,892,125.00	4,781,312.31	5,458,891.28	5,533,734.75
Special education	970,780.00	932,801.00	964,458.00	973,757.00	1,134,650.00	1,301,615.00	1,234,366.00	1,366,601.00	1,415,813.10	1,571,700.81
Other special instruction	144,560.00	153,086.00	152,413.00	171,402.00	120,330.00	287,282.00	265,407.00	354,714.00	353,328.34	315,928.33
Nonpublic school programs	101,355.00	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	496,826.00	529,663.00	652,097.00	541,696.00	600,886.00	784,653.00	744,603.00	585,438.00	780,381.01	1,375,369.73
Student & instruction related services	1,282,041.00	1,298,435.00	1,256,793.00	1,631,064.00	1,625,445.00	1,469,053.00	1,531,806.00	1,709,987.46	1,999,164.64	1,896,614.06
General administrative services	462,826.00	343,752.00	357,718.00	353,476.00	375,821.00	409,287.00	296,660.00	306,028.00	339,020.00	360,516.57
School administrative services	169,637.00	251,879.00	251,309.00	242,647.00	261,444.00	264,414.00	271,939.00	319,472.00	377,277.06	398,308.13
Plant operations and maintenance	722,201.00	795,532.00	790,412.00	884,958.00	874,452.00	878,693.00	1,031,832.00	1,179,606.00	1,304,324.74	1,400,102.71
Pupil transportation	235,295.00	282,743.00	286,701.00	209,294.00	234,961.00	269,728.00	249,899.00	181,933.00	192,003.68	346,794.94
Business and other support services	235,023.00	212,414.00	246,965.00	261,269.00	239,949.00	250,005.00	262,185.00	309,012.00	383,391.28	379,548.66
Interest on long-term debt	193,311.00	408,314.00	317,281.00	365,936.00	356,213.00	346,057.00	335,393.00	329,282.00	487,987.73	367,930.50
Capital Outlay				182,397.00		126,853.00	195,873.00			
Other financing uses			250,000.00			400,936.00				
Total governmental activities expenses	9,445,682.00	9,633,804.00	10,282,330.00	9,685,240.00	9,928,011.00	10,694,834.00	10,312,088.00	11,423,385.77	13,091,582.86	13,946,549.18
Business-type activities:										
Food service	294,980.00	290,023.00	298,747.00	297,494.00	306,258.00	306,258.00	405,440.00	404,952.00	429,545.78	422,729.15
Child Care			2,467.00							
Total business-type activities expense	294,980.00	290,023.00	301,214.00	297,494.00	306,258.00	306,258.00	405,440.00	404,952.00	429,545.78	422,729.15
Total district expenses	9,740,662.00	9,923,827.00	10,583,544.00	9,982,734.00	10,234,269.00	11,001,092.00	10,717,528.00	11,828,337.77	13,521,128.64	14,369,278.33
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	3,326,917.00	2,269,242.00	2,529,024.00	2,244,224.00	2,149,576.00	2,208,985.00	2,128,607.00	3,178,119.00	3,015,826.00	4,801,896.82
Operating grants and contributions		3,156,847.00	10,652,699.00	3,147,412.00	171,103.00	-	54,172.00	3,525,325.00		
Capital grants and contributions		5,426,089.00	13,181,723.00	5,391,636.00	2,320,679.00	2,208,985.00	2,182,779.00	6,703,444.00	3,223,595.57	4,884,829.62
Total governmental activities program revenues	3,326,917.00	10,852,178.00	16,363,446.00	10,777,272.00	4,641,358.00	4,417,970.00	4,365,558.00	10,386,888.00	6,242,421.57	9,686,726.44
Business-type activities:										
Charges for services:										
Food service	82,622.00	76,063.00	71,010.00	69,482.00	69,564.00	64,233.00	66,443.00	61,187.00	48,991.19	49,132.06
Operating grants and contributions	200,751.00	214,164.00	228,837.00	211,920.00	246,420.00	336,950.00	323,967.00	334,699.00	370,296.46	352,639.55
Total business type activities program revenues	283,373.00	290,227.00	299,847.00	281,402.00	315,984.00	401,183.00	390,410.00	395,886.00	419,287.65	401,771.61
Total district program revenues	3,610,290.00	5,716,316.00	13,481,570.00	5,673,038.00	2,636,663.00	2,610,168.00	2,573,189.00	7,099,330.00	3,642,883.22	5,288,601.23
Net (Expense)/Revenue										
Governmental activities	(6,118,765.00)	(4,207,715.00)	2,899,393.00	(4,293,604.00)	(7,607,332.00)	(8,084,913.00)	(8,129,309.00)	(4,719,942.00)	(9,867,987.29)	(9,061,719.56)
Business-type activities	(11,607.00)	204.00	(1,367.00)	(16,092.00)	9,726.00	247.00	(15,030.00)	(9,066.00)	(10,258.13)	(20,957.54)
Total district-wide net expense	(6,130,372.00)	(4,207,511.00)	2,898,026.00	(4,309,696.00)	(7,597,606.00)	(8,084,666.00)	(8,144,339.00)	(4,729,008.00)	(9,878,245.42)	(9,082,677.10)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	1,902,167.00	1,902,167.00	1,978,253.00	2,235,239.00	2,235,239.00	2,280,542.00	2,370,858.00	2,523,087.00	2,596,048.00	2,647,969.00

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Taxes levied for debt service	92,559.00	355,473.00	277,127.00	120,461.00	465,673.00	528,353.00	534,821.00	632,510.00	631,304.00	547,383.00
Unrestricted grants and contributions	3,981,809.00	4,916,975.00	4,710,498.00	4,856,166.00	5,159,250.00	5,163,406.00	5,257,862.00	5,275,987.00	6,275,088.95	5,320,337.07
Restricted grants and contributions	123,701.00	122,390.00	120,996.00	101,703.00	100,555.00	99,453.00	98,341.00	-	-	-
Investment earnings	54,589.00	13,480.00	224.00	1,900.00	93.00	7,649.00	7,210.00	1,316.00	1,854.29	1,699.88
Miscellaneous income	254,213.00	1,162,795.00	95,957.00	199,266.00	81,237.00	23,719.00	80,257.00	322,361.00	58,610.83	24,433.22
Amortization	3,597.00	3,597.00	3,597.00	3,597.00	3,597.00					
Transfers in	11,000.00									
Transfers out										
Cost of issuance on refunding bonds										
Loss on asset adjustment					(32,362.00)	8,166.00				262,914.44
Assets added in prior year						(3,007.00)				(262,914.44)
Cancellation of Receivable										(132,962.64)
Total governmental activities	6,423,635.00	8,476,877.00	7,186,652.00	7,518,332.00	8,013,282.00	7,784,553.00	8,349,349.00	8,755,251.00	9,562,906.07	8,397,309.85
Business-type activities:										
Investment earnings	1,951.00	415.00	45.00	63.00	36.00	106.00	9.00	38.00	92.89	207.79
Contributed capital				101,550.00						
Total business-type activities	1,951.00	415.00	45.00	101,613.00	36.00	106.00	9.00	38.00	92.89	207.79
Total district-wide	6,425,586.00	8,477,292.00	7,186,697.00	7,619,945.00	8,013,318.00	7,784,659.00	8,349,358.00	8,755,299.00	9,562,998.96	8,397,517.64
Change in Net Position										
Governmental activities	304,870.00	4,269,162.00	10,086,045.00	3,224,728.00	405,950.00	(300,360.00)	220,040.00	4,035,319.00	(305,081.22)	(664,409.71)
Business-type activities	(9,656.00)	619.00	(1,322.00)	85,521.00	9,762.00	353.00	(15,021.00)	(9,028.00)	(10,165.24)	(20,749.75)
Total district	295,214.00	4,269,781.00	10,084,723.00	3,310,249.00	415,712.00	(300,007.00)	205,019.00	4,026,291.00	(315,246.46)	(685,159.46)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Restricted				715,718.00	1,195,072.00	860,090.00	618,649.00	740,826.00	884,858.49	906,398.27
Committed				191,207.00	191,522.00	291,802.00	202,423.00	52,172.00	149,267.52	202,634.52
Assigned				86,174.00	-	-	-	-	-	-
Unassigned				-	(186,396.00)	(146,822.00)	(21,969.00)	(144,345.00)	(153,081.73)	(197,249.49)
Reserved	1,033,190.00	1,275,847.00	864,576.00	-						
Unreserved	72,124.00	(222,399.00)	(221,482.00)							
Total general fund	<u>1,105,314.00</u>	<u>1,053,448.00</u>	<u>643,094.00</u>	<u>993,099.00</u>	<u>1,200,198.00</u>	<u>1,005,070.00</u>	<u>799,103.00</u>	<u>648,653.00</u>	<u>881,044.28</u>	<u>911,783.30</u>
All Other Governmental Funds										
Restricted				352,939.00	295,781.00	661,038.00	708,601.00	673,348.00	673,688.26	586,799.30
Reserved	8,870,000.00	7,767,066.00	2,951,623.00							
Unreserved, reported in:										
Special revenue fund	(40,927.00)	(27,317.00)	(28,418.00)	(28,159.00)	(32,962.00)	(30,731.00)	(26,621.00)	(27,993.00)	-	0.00
Debt service fund	2.00	665,041.00	437,244.00	31,160.00	1,284.00	280.00	62.00	155.00	688.00	5,864.83
Total all other governmental funds	<u>8,829,075.00</u>	<u>8,404,790.00</u>	<u>3,360,449.00</u>	<u>355,940.00</u>	<u>264,103.00</u>	<u>630,587.00</u>	<u>682,042.00</u>	<u>645,510.00</u>	<u>674,376.26</u>	<u>592,664.13</u>

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

Source: CAFR Schedule B-1

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	1,994,726.00	2,257,640.00	2,255,380.00	2,355,700.00	2,700,912.00	2,808,895.00	2,905,679.00	3,155,597.00	3,227,352.00	3,195,352.00
Interest earnings	54,589.00	13,480.00	224.00	1,900.00	93.00	7,649.00	7,210.00	1,316.00	1,854.29	1,699.88
Miscellaneous	254,213.00	1,163,795.00	95,957.00	201,243.00	85,183.00	33,123.00	85,281.00	332,892.31	274,270.39	115,861.88
State sources	6,015,365.00	9,074,292.00	15,616,451.00	8,942,405.00	6,344,333.00	6,444,618.00	6,445,687.00	7,039,571.00	6,608,795.13	6,720,371.33
Federal sources	1,417,062.00	1,390,163.00	2,395,663.00	1,405,382.00	1,232,205.00	1,017,823.00	1,088,270.00	1,115,941.32	1,297,978.83	1,334,567.70
Total revenue	9,735,955.00	13,899,370.00	20,363,675.00	12,906,630.00	10,362,726.00	10,312,108.00	10,532,127.00	11,645,317.63	11,410,250.64	11,367,852.79
Expenditures										
Instruction										
Regular Instruction	3,371,490.00	3,463,608.00	3,658,489.00	2,937,919.00	2,923,937.00	2,838,658.00	2,817,164.00	2,941,900.31	2,988,328.72	3,167,562.19
Special education instruction	735,751.00	728,319.00	740,228.00	724,543.00	822,187.00	945,876.00	892,619.00	840,859.00	775,050.23	771,505.10
Other special instruction	109,561.00	119,528.00	116,978.00	127,535.00	87,193.00	208,766.00	191,926.00	218,252.00	193,420.45	168,698.13
Nonpublic school programs	76,817.00	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	332,774.00	370,835.00	399,088.00	318,005.00	307,980.00	530,470.00	528,508.00	571,533.00	780,381.01	717,220.31
Student & instruction related services	971,655.00	1,013,801.00	964,597.00	1,213,624.00	1,177,824.00	1,067,551.00	1,107,709.00	1,052,140.46	1,094,390.94	1,123,048.07
General administrative services	350,774.00	268,397.00	274,551.00	263,011.00	272,326.00	297,427.00	214,526.00	210,288.00	198,808.76	196,793.03
School Administrative services	128,567.00	196,664.00	192,882.00	180,546.00	189,447.00	192,148.00	196,650.00	219,526.00	221,243.54	226,733.95
Business administrative services	178,330.00	165,850.00	189,547.00	194,403.00	173,871.00	181,677.00	189,596.00	212,339.00	224,829.05	221,751.49
Plant operations and maintenance	547,354.00	621,141.00	606,647.00	658,470.00	633,642.00	638,541.00	746,159.00	810,570.00	764,884.62	786,926.16
Pupil transportation	178,125.00	220,762.00	220,045.00	155,729.00	170,257.00	196,010.00	180,712.00	181,933.00	192,003.68	191,831.54
Unallocated employee benefits	2,215,521.00	1,995,832.00	2,225,553.00	2,216,793.00	2,358,446.00	2,588,719.00	2,677,244.00	2,761,165.86	2,888,466.60	2,974,703.29
Charter Schools	57,750.00	54,712.00	132,117.00	114,309.00	175,862.00	54,677.00	13,751.00	13,885.00	-	66,625.00
Capital outlay	1,573.00	4,510,381.00	15,218,366.00	5,826,943.00	325,363.00	742,956.00	296,684.00	1,165,325.00	195,873.00	195,873.00
Debt service:										
Principal	172,650.00	241,464.00	250,338.00	259,508.00	268,894.00	278,617.00	293,577.00	300,000.00	310,000.00	435,000.00
Interest and other charges	43,610.00	404,227.00	378,944.00	369,796.00	360,235.00	350,246.00	339,814.00	332,563.00	321,312.50	167,529.96
Total expenditures	9,472,302.00	14,375,521.00	25,568,370.00	15,561,134.00	10,247,464.00	11,112,339.00	10,686,639.00	11,832,279.63	11,148,993.10	11,411,801.22
Excess (Deficiency) of revenues over (under) expenditures	263,653.00	(476,151.00)	(5,204,695.00)	(2,654,504.00)	115,262.00	(800,231.00)	(154,512.00)	(186,962.00)	261,257.54	(43,948.43)
Other Financing sources (uses)										
Cancellation of prior year receivable						(3,007.00)				(7,024.68)
Adjustment to project balance										
Payment of funds to City per contract			(250,000.00)							
Proceeds from bond sales	8,870,000.00									262,914.44
Transfers in	11,000.00									(262,914.44)
Transfers out										(7,024.68)
Total other financing sources (uses)	8,881,000.00	-	(250,000.00)	-	-	(3,007.00)	-	-	-	-
Net change in fund balances	9,144,653.00	(476,151.00)	(5,454,695.00)	(2,654,504.00)	115,262.00	(803,238.00)	(154,512.00)	(186,962.00)	261,257.54	(50,973.11)
Debt service as a percentage of noncapital expenditures	2.28%	6.55%	6.08%	6.46%	6.34%	6.06%	6.10%	5.93%	5.76%	5.37%

Source: CAFR Schedule B-2

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Misc.	Total
2008	54,589.00		2,700,912.00	a 2,755,501.00
2009	13,480.00	23,151.00	56,777.00	93,408.00
2010	224.00		95,957.00	96,181.00
2011	1,900.00		201,110.00	203,010.00
2012	93.00		85,183.00	85,276.00
2013	7,649.00		33,123.00	40,772.00
2014	7,210.00		85,281.00	92,491.00
2015	1,316.00		332,892.00	334,208.00
2016	1,854.29		274,270.39	276,124.68
2017	1,699.88		115,861.88	117,561.76

a: Miscellaneous revenue includes the sale of property

Source: District Records

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

Fiscal Year Ended June 30,	Farm				Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
	Vacant Land	Residential	Reg.	Qfarm								
2008	7,473,400	232,881,600	-	-	41,998,600	7,936,600	297,233,600	-	2,202,882	299,436,482	0.637	299,504,482
2009	6,730,400	233,335,500	-	-	42,063,000	7,936,500	297,008,800	-	2,113,286	299,122,086	0.634	299,195,886
2010	6,989,700	234,107,100	-	-	42,194,800	8,204,100	298,286,100	-	2,179,885	300,465,985	0.638	307,764,239
2011	6,899,000	233,514,400	-	-	42,409,300	6,908,800	296,521,900	-	2,153,609	298,675,509	0.748	286,369,003
2012	5,108,200	176,622,200	-	-	30,112,100	5,598,300	222,219,600	-	2,187,933	224,407,533	1.209	258,093,073
2013	6,552,800	176,509,100	-	-	30,217,200	5,515,800	223,573,700	-	1,556,978	225,130,678	1.262	255,018,572
2014	5,785,800	176,902,100	-	-	30,375,400	5,515,800	223,357,900	-	1,475,852	224,833,752	1.264	238,719,458
2015	6,384,000	177,085,300	-	-	30,669,400	5,694,500	225,081,400	-	-	225,081,400	1.376	239,689,183
2016	6,011,800	174,834,200	-	-	31,155,800	5,694,500	223,833,300	-	-	223,833,300	1.445	215,752,918
2017	6,061,700	173,631,600	-	-	31,581,600	5,694,500	222,198,200	-	-	222,198,200	1.442	230,519,971

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

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Fiscal Year Ended June 30,	Egg Harbor City Board of Education				Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General		Total Direct	Greater Egg Harbor Regional	Egg Harbor City	Atlantic County	
		Obligation	Service ^b					
2007	0.604	0.030	0.075	0.634	0.454	1.068	0.306	2.462
2008	0.634	0.076	0.075	0.710	0.443	1.125	0.317	2.595
2009	0.635	0.075	0.075	0.710	0.404	1.137	0.327	2.578
2010	0.692	0.075	0.075	0.767	0.414	1.201	0.334	2.716
2011	0.849	0.040	0.040	0.889	0.450	1.275	0.366	2.980
2012	1.001	0.208	0.208	1.209	0.614	1.708	0.430	3.961
2013	1.024	0.238	0.238	1.262	0.540	1.797	0.529	4.128
2014	1.029	0.235	0.235	1.264	0.580	1.828	0.506	4.178
2015	1.229	0.147	0.147	1.376	0.563	1.867	0.470	4.276
2016	1.166	0.279	0.279	1.445	0.658	1.892	0.538	4.533
2017	1.160	0.282	0.282	1.442	0.673	1.959	0.592	4.666

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

Source: District Records and Municipal Tax Collector

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

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

b Rates for debt service are based on each year's requirements.

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

Taxpayer	2016			2008		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Renault, LLC				3,882,300.00	1	1.30%
Philadelphia Associates				2,790,400.00	2	0.93%
975 Holdings LLC	2,763,700.00	1	1.24%			
Semdor, Inc.				2,515,500.00	3	0.84%
Egg Harbor Holdings Urban Renewal	1,849,900.00	2	0.83%			
Harbor Plaza Holdings, LLC	1,797,400.00	3	0.81%			
Egg Harbor Realty Holdings LLC	1,189,600.00	4	0.54%	1,684,000.00	4	0.56%
Cedar Creek Partners, LLC	1,113,200.00	5	0.50%			
Taxpayer #1	1,042,600.00	6	0.47%	1,423,800.00	5	0.48%
White Horse Pike	1,001,000.00	7	0.45%			
Taxpayer #2	990,500.00	8	0.45%			
Taxpayer #3	989,700.00	9	0.45%			
Taxpayer #4	938,900.00	10	0.42%			
Liverpool Estates, LP				1,384,200.00	6	0.46%
Daniel Kamin Clements Bridge Rd.				1,303,700.00	7	0.44%
EH Yachts, LLC				1,264,200.00	8	0.42%
Pembroke Associates, LLC				1,242,600.00	9	0.41%
Rastelli Atlantic Realty, LLC				1,217,800.00	10	0.41%
Total	<u>13,676,500.00</u>		<u>6.16%</u>	<u>18,708,500.00</u>		<u>6.25%</u>

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

222,198,200

299,436,482

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

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

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	1,994,726.00	1,994,726.00	100%	-
2009	1,902,167.00	1,902,167.00	100%	-
2010	1,978,253.00	1,978,253.00	100%	-
2011	2,355,700.00	2,355,700.00	100%	-
2012	2,700,912.00	2,700,912.00	100%	-
2013	2,808,895.00	2,808,895.00	100%	-
2014	2,905,679.00	2,905,679.00	100%	-
2015	3,155,597.00	3,155,597.00	100%	-
2016	3,227,352.00	3,227,352.00	100%	-
2017	3,195,352.00	3,195,352.00	100%	-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2008	9,992,397	-	-	-	-	9,992,397	5.832%	2,281	
2009	9,750,933	-	-	-	-	9,750,933	5.689%	2,227	
2010	20,000,000	-	-	-	-	20,000,000	11.911%	4,710	
2011	9,241,088	-	-	-	-	9,241,088	5.261%	2,175	
2012	8,972,194	-	-	-	-	8,972,194	5.045%	2,115	
2013	8,693,577	-	-	-	-	8,693,577	4.921%	2,050	
2014	8,400,000	-	-	-	-	8,400,000	4.550%	1,972	
2015	8,100,000	-	-	-	-	8,100,000	4.478%	1,911	
2016	7,790,000	-	-	-	-	7,790,000	5.142%	1,858	
2017	7,725,000	-	-	-	-	7,725,000	4.216%	1,842	

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

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

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

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

General Bonded Debt Outstanding					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value a of Property	Per Capita ^b
2008	9,992,397	-	9,992,397	3.34%	2,281
2009	9,750,933	-	9,750,933	3.26%	2,227
2010	9,500,596	-	9,500,596	3.09%	2,238
2011	9,241,088	-	9,241,088	3.23%	2,175
2012	8,972,194	-	8,972,194	3.48%	2,115
2013	8,693,577	-	8,693,577	3.41%	2,050
2014	8,400,000	-	8,400,000	3.52%	1,972
2015	8,100,000	-	8,100,000	3.38%	1,911
2016	7,790,000	-	7,790,000	3.61%	1,858
2017	7,725,000	-	7,725,000	3.35%	1,842

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

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

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

EGG HARBOR CITY SCHOOL DISTRICT
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2017
Unaudited

<u>Governmental Unit</u>	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Egg Harbor City	3,204,250.00	100.00%	3,204,250.00
Other debt			
Greater Egg Harbor Regional School District	52,466,000.00	3.87%	2,029,702.00
Atlantic County	152,426,901.32	0.64%	977,103.00
Subtotal, overlapping debt			6,211,055.00
Egg Harbor City of School District debt	7,725,000.00	100.00%	7,725,000.00
Total direct and overlapping debt			<u>13,936,055.00</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	8,409,420.00	9,392,093.00	9,527,739.00	9,231,049.00	8,874,049.00	8,307,266.00	7,693,996.00	6,949,296.00	6,786,716.53	6,770,006.23
Total net debt applicable to limit	<u>9,992,397.00</u>	<u>9,750,933.00</u>	<u>9,500,596.00</u>	<u>9,241,088.00</u>	<u>8,972,194.00</u>	<u>8,693,577.00</u>	<u>8,400,000.00</u>	<u>8,100,000.00</u>	<u>7,790,000.00</u>	<u>7,725,000.00</u>
Legal debt margin	<u>(1,582,977.00)</u>	<u>(358,840.00)</u>	<u>27,143.00</u>	<u>(10,039.00)</u>	<u>(98,145.00)</u>	<u>(386,311.00)</u>	<u>(706,004.00)</u>	<u>(1,150,704.00)</u>	<u>(1,003,283.47)</u>	<u>(954,993.77)</u>
Total net debt applicable to the limit as a percentage of debt limit	118.82%	103.82%	99.72%	100.11%	101.11%	104.65%	109.18%	116.56%	114.78%	114.11%

Average equalized valuation of taxable property	225,666,874
---	-------------

Equalized valuation basis	
2016	233,744,048
2015	233,511,153
2014	209,745,422
	<u>677,000,623</u>

Debt limit (3% of average) equalization	6,770,006
Net bonded school debt	7,725,000
Legal debt margin	<u>(954,994)</u>

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

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

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2008	4,381	171,323	39,106	8.70%
2009	4,378	171,412	39,153	8.70%
2010	4,246	167,908	39,545	18.40%
2011	4,249	175,645	41,338	18.80%
2012	4,242	177,854	41,927	19.00%
2013	4,241	176,676	41,659	19.80%
2014	4,260	184,611	43,336	18.40%
2015	4,239	180,900	43,695	10.60%
2016	4,193	151,493	43,695	9.90%
2017	4,193	183,213	43,695	9.20%

Source:

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

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

c Per Capita Income based on Census Bureau midyear population estimates. Estimates for 2010-2015 reflect county population estimates available as of March 2016.

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

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

Employer	2017			2007		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
	_____		_____			_____
	=====		_____			_____
			.			.
	=====		_____			_____

This information is not available for this district.

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction	43.8	45.2	38.2	35.2	30.4	30.4	29.7	31.8	32.8	32.1
Regular	13.0	13.0	16.0	21.0	26.6	26.6	25.6	24.6	24.8	24.8
Special education										
Support Services:										
Student & instruction related services	21.0	21.0	27.0	17.0	15.7	15.7	15.7	13.7	11.5	13.7
General administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.5	1.5	1.5
School administrative services	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.5	5.5	5.5
Business administrative services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	6.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Total	94.80	97.20	99.20	91.20	90.70	90.70	89.00	87.10	86.10	87.60

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

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b		Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Elementary	Middle School						
2007	499	8,640,111	17,315	5.08%	82	12:1	9:1	499	466	-6.55%	93.39%	
2008	489	9,254,469	18,925	9.30%	95	12:1	9:1	489	459	-2.00%	93.87%	
2009	479	9,219,449	19,247	1.70%	97	12:1	9:1	479	458	-2.04%	95.62%	
2010	497	8,882,269	17,872	-7.15%	83	7:1	7:1	473	444	-1.25%	93.87%	
2011	477	9,104,887	19,088	6.80%	72	9:1	7:1	466	437	-1.48%	93.78%	
2012	489	9,292,972	19,004	-0.44%	63	10:1	7:1	489	457	4.94%	93.46%	
2013	492	9,740,520	19,798	4.18%	64	9:1	7:1	491	458	0.41%	93.28%	
2014	491	9,756,564	19,871	0.37%	61	8:1	8:1	493	463	0.40%	94.02%	
2015	503	11,199,717	22,266	12.05%	61	11:01	10:01	505	474	2.44%	93.86%	
2016	527	10,517,681	19,958	-10.37%	58	9:1	9:1	511	479	1.19%	93.74%	
2017	501	10,809,271	21,575	8.58%	57	8:1	10:1	495	463	-3.13%	93.54%	

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

Note: Enrollment based on annual October district count.

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Building</u>										
<u>Elementary</u>										
Charles L. Spragg School (1955)			40,654	44,718	44,718	44,718	44,718	44,718	44,718	44,718
Square Feet	40,654	40,654	40,654	44,718	44,718	44,718	44,718	44,718	44,718	44,718
Capacity (students)	317	317	317	326	326	326	326	326	326	326
Enrollment	287	299	299	222	268	265	254	272	292	259
<u>Middle School</u>										
Egg Harbor Community School (2010)										
Square Feet				61,954	61,954	61,954	61,954	61,954	61,954	61,954
Capacity (students)				343	343	343	343	343	343	343
Enrollment				240	221	226	237	233	235	235
Fanny D. Rittenberg School (1923)										
Square Feet	40,458	40,458	40,458	-	-	-	-	-	-	-
Capacity (students)	282	282	282	-	-	-	-	-	-	-
Enrollment	202	180	180	-	-	-	-	-	-	-
<u>Other</u>										
Administration Building										
Square Feet	2,300	2,300	2,300	-	-	-	-	-	-	-

Number of District Buildings at June 30, 2017

Elementary = 1

Middle School = 1

Source: District records, ASSA

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

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

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
School Facilities										
Elementary School	90,186.63	71,988.20	94,502.81	70,077.04	93,638.00	88,995.00	81,520.00	89,971.00	84,265.00	31,576.00
Middle School	131,200.95	147,867.46	140,840.25	125,857.96	77,060.00	87,455.00	69,620.00	49,075.00	48,492.00	14,715.00
Total School Facilities	221,387.58	219,855.66	235,343.06	195,935.00	170,698.00	176,450.00	151,140.00	139,046.00	132,757.00	46,291.00
Other Facilities								6,689.00	6,049.00	
Grand Total	221,387.58	219,855.66	235,343.06	195,935.00	170,698.00	176,450.00	151,140.00	145,735.00	138,806.00	46,291.00

EGG HARBOR CITY SCHOOL DISTRICT
Insurance Schedule
June 30, 2017
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property - Blanket Building & Contents	175,000,000	500
ACCASBO JIF Self-Insured Retention, per occurrence	250,000	
Comprehensive General Liability and Automobile	20,000,000	
ACCASBO JIF Self-Insured Retention	250,000	
Comprehensive Crime Coverage	500,000	500
ACCASBO JIF Self-Insured Retention	250,000	
Boiler and Machinery - ACCASBOJIF		
Property Damage	125,000,000	1,000
Crime Liability - ACCASBOJIF	500,000	500
ACCASBO JIF Self-Insured Retention	250,000	
Workers; Compensation - ACCASBOJIF		
Coverage A	Statutory	
ACCASBO JIF Self-Insured Retention	250,000	
Educator's Legal Liability - ACCASBOJIF	20,000,000	
ACCASBO JIF Self-Insured Retention	175,000	
Pollution Legal Liability	3,000,000	
Pollution Incident		25,000
Mold Incident		100,000
Cyber Liability	1,000,000	25,000
Violent Malicious Acts	1,000,000	15,000
Disaster Management Services	2,000,000	15,000

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

Source: District Records.

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Single Audit Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

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Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Egg Harbor City School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Egg Harbor City School District's basic financial statements, and have issued our report thereon dated November 2, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Egg Harbor City School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

Very truly yours,

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

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

Leon P. Costello

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

November 2, 2017



FORD - SCOTT

& ASSOCIATES, L.L.C.

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Independent Auditor's Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Egg Harbor City School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Egg Harbor City School District's major federal and state programs for the year ended June 30, 2017. The Egg Harbor City School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Egg Harbor City School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Uniform Guidance, and New Jersey OMB 15-08 *State Aid/Grant Compliance Supplement*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Egg Harbor City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Egg Harbor City School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Egg Harbor City School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Egg Harbor City School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Egg Harbor City School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and NJ OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Very truly yours,

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

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

November 2, 2017

**Egg Harbor City School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year ended June 30, 2017**

Federal CFDA Number	Federal FEIN Number	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable) June 30, 2016	Unearned Revenue	Carryover/(Walkover) Amount	Cash Received	Budget Expenditures			(MEMO) Passed Through to Sub-Recipients	Adjustments	Repayment of Prior Year's Balances	Accounts Receivable	Balance at June 30, 2017	Due to Grantor	
									Passed Through	Direct	Total							
U.S. Department of Agriculture																		
Passed-through State Department of Education:																		
Enterprise Fund:																		
10.555				59,811.06	\$	4,490.06	-	29,811.06	(29,811.06)				(4,490.06)	-			-	
	16161NJ30N1099	N/A	7/1/16-6/30/17	32,744.30														
10.555				117,527.78				117,527.78	(117,527.78)									
	16161NJ30N1099	N/A	7/1/16-6/30/17	128,583.03	(7,527.23)													
10.553				184,732.78				184,732.78	(184,732.78)									
	16161NJ30N1099	N/A	7/1/16-6/30/17	184,732.78	(10,706.03)													
10.555				8,770.43				8,770.43	(8,770.43)									
	16161NJ30L1603	N/A	7/1/16-6/30/17	6,912.03	(1,776.75)													
10.582				7,848.12				7,848.12	(7,848.12)									
	16161NJ30N1099	N/A	7/1/16-6/30/17	8,381.52	(69.80)													
10.555				354,298.32	(20,070.81)	4,490.06	-	354,298.32	(349,190.17)				(4,490.06)	-				
	16161NJ30N1099	N/A	7/1/16-6/30/17	71,141.32				71,141.32	(71,141.32)									
	1705N150MAP	N/A	7/1/16-6/30/17	71,141.32				71,141.32	(71,141.32)									
U.S. Department of Education																		
General Fund:																		
80.378				325,822.00				325,822.00	(324,812.65)								145.35	
	1705N150MAP	N/A	7/1/16-6/30/17	297,882.00	(8.56)												(0.44)	
84.070A				108,594.00	(5,548.90)			29,142.00	(864.44)				(0.44)				(8,212.80)	
84.070A				85,817.00	(12,544.00)			20,620.00	(37,354.80)									
84.070A				58,240.00	(15,096.14)			378,020.00	(15,615.76)				0.58				(7,665.76)	
	S010A150030	NCLB17	7/1/16-6/30/17	45,279.00				378,020.00	(378,647.65)				0.14				(15,869.00)	
	S010A150030	NCLB17	7/1/16-6/30/17	45,279.00				45,279.00	(45,279.00)									
84.027				171,831.00				171,831.00	(171,831.00)									
84.173				8,383.00				6,691.00	(8,383.00)									
	H027A150100	IDEA17	7/1/16-6/30/17	171,831.00				171,831.00	(171,831.00)									
	H123A150114	IDEA17	7/1/16-6/30/17	8,383.00				178,522.00	(180,194.00)									
84.297C				288,649.22	(11,596.22)			326,639.00	(296,074.48)								29,564.51	
84.297C				35,000.00	(7,060.05)			24,312.00	(104,238.70)				(0.30)				(0.00)	
84.297C				19,820.00	(18,662.27)			484,422.30	(25,058.62)				(0.03)				(746.62)	
	S297C150030	N/A	8/1/16-8/31/17	19,820.00				484,422.30	(436,343.06)				(0.33)				(28,964.51)	
84.198				222,668.00	(0.34)			218,379.00	(222,066.67)				0.34				(3,677.67)	
	S419B150020	N/A	4/1/15-6/30/16	221,983.00				218,379.00	(222,066.67)				0.34					
Total Preschool Development Expansion																		
Total Special Revenue Fund																		
Total Federal Financial Awards																		
				\$	(53,822.96)	4,490.06	-	1,720,360.34	(1,612,616.50)				(4,489.91)	-			(36,929.80)	29,709.86

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

Egg Harbor City 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	Grant Period	Award Amount	Balance at June 30, 2016		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Year's Balances	Balance at June 30, 2017		MEMO
				Deferred Revenue/ (Accts Receivable)	Due to Grantor						(Accounts Receivable)	Deferred Revenue	
State Department of Education													
General Fund:													
Categorical Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	267,087.00	\$			267,087.00	(267,087.00)					267,087.00
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	4,893,235.00			4,893,235.00	(4,893,235.00)						4,893,235.00
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	43,161.00			43,161.00	(43,161.00)						43,161.00
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	4,775.00			4,775.00	(4,775.00)						4,775.00
PARCC Readiness	17-495-034-5120-098	7/1/16-6/30/17	4,775.00			4,775.00	(4,775.00)						4,775.00
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	4,620.00			4,620.00	(4,620.00)						4,620.00
Total State Aid Public Cluster						5,217,863.00	(5,217,863.00)						5,213,033.00
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	24,822.00			24,822.00	(24,822.00)						24,822.00
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	8,123.00			8,123.00	(8,123.00)						8,123.00
Additional Nonpublic School Transportation Aid	16-495-034-5120-044	7/1/15-6/30/16	22,865.00	(22,865.00)		22,865.00					(8,123.00)		22,865.00
Additional Nonpublic School Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	3,132.00			3,132.00	(3,132.00)						3,132.00
Lead Testing for Schools Aid	17-495-034-5120-104	7/1/16-6/30/17	2,221.75			2,221.75	(2,221.75)						2,221.75
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	291,998.58			290,485.24	(291,998.58)				(2,221.75)		291,998.58
On-Behalf Teachers' Pension and Annuity Fund	16-495-034-5094-003	7/1/15-6/30/16	296,323.13	(1,460.97)		1,460.97					(1,513.94)		296,323.13
On-Behalf Teachers' Pension and Annuity Fund	17-495-034-5094-002	7/1/16-6/30/17	446,224.00			446,224.00	(446,224.00)						446,224.00
On-Behalf Teachers' Pension and Annuity Fund	17-495-034-5094-001	7/1/16-6/30/17	371,807.00			371,807.00	(371,807.00)						371,807.00
Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	846.00			846.00	(846.00)						846.00
Total General Fund				(27,631.97)		6,379,669.21	(6,367,027.33)				(14,990.09)		6,684,701.46
Special Revenue Fund:													
Preschool Education Aid	17-495-034-5064-086	7/1/16-6/30/17	360,300.00			360,300.00	(360,300.00)						360,300.00
Total Special Revenue Fund													360,300.00
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State Share)	16-100-010-3350-023	7/1/16-6/30/17	3,449.38			3,311.45	(3,449.38)				(137.93)		3,449.38
National School Lunch Program (State Share)	15-100-010-3350-023	7/1/15-6/30/16	3,694.25	(94.08)		94.08							3,694.25
Total Enterprise Fund				(94.08)		3,405.53	(3,449.38)				(137.93)		7,146.63
Total State Financial Assistance				(27,726.05)		6,743,374.74	(6,730,776.71)				(15,128.02)		7,052,148.09

Egg Harbor City School District
Notes to the Schedules of Financial Assistance
June 30, 2017

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance and NJ OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to NJSA 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with NJSA 18A:22-44.2.

The net adjustment to reconcile from budgetary basis to GAAP basis is (\$6,956.00) for the general fund and \$0.00 for the special revenue fund. See the following schedule and Note 1(D) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and food service funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

Egg Harbor City School District
Notes to the Schedules of Financial Assistance
June 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
State Assistance:				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$6,367,027.33	360,300.00	3,449.38	6,730,776.71
Difference – budget to "GAAP"				
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	472,390.00			472,390.00
State aid payments recognized for budgetary purposes not recognized for GAAP statements until the subsequent year.	(479,346.00)			(479,346.00)
<hr/>				
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances/net position	<u>\$6,360,071.33</u>	<u>360,300.00</u>	<u>3,449.38</u>	<u>6,723,820.71</u>

**Egg Harbor City School District
Notes to the Schedules of Financial Assistance
June 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Local Assistance:				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance		8,495.86		8,495.86
Difference – budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
<hr/>				
Total local revenue as reported on the statement of revenues, expenditures and changes in fund balances/net position		8,495.86		8,495.86
<hr/>				
Federal Assistance:				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	71,141.32	1,263,426.38	349,190.17	1,683,757.83
Difference – budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
<hr/>				
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances/net position	\$71,141.32	1,263,426.38	349,190.17	1,683,757.83
<hr/>				

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

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

**EGG HARBOR CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

State Awards Section

- J) Internal Control over compliance:
- 1) Material weakness(es) identified? _____ yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? _____ yes X no
- K) Type of auditor's report on compliance for major programs _____ Unmodified _____
- L) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? _____ yes X no

M) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
	State Aid - Public Cluster:
_____	_____
17-495-034-5120-078	Equalization Aid
17-495-034-5120-089	Categorical Special Education Aid
17-495-034-5120-084	Categorical Security Aid
17-495-034-5120-097	Per Pupil Growth Aid
17-495-034-5120-098	PARCC Readiness
17-495-034-5120-101	Professional Learning Community Aid
_____	_____
_____	_____
_____	_____

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

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

EGG HARBOR CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Part 2 – Schedule of Financial Statement Findings

NONE

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

FEDERAL AWARDS

NONE

STATE AWARDS

NONE

Financial Statement Findings:

NONE

STATUS OF PRIOR YEAR FINDINGS

NONE