

Board of Education

CITY OF ESTELL MANOR

School District

County of Atlantic
Estell Manor, New Jersey



COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**CITY OF ESTELL MANOR
BOARD OF EDUCATION**

**County of Atlantic
Estell Manor, New Jersey**

**Prepared By
City of Estell Manor Board of Education
Finance Department**

CITY OF ESTELL MANOR SCHOOL DISTRICT

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INTRODUCTORY SECTION



ESTELL MANOR SCHOOL DISTRICT

128 Cape May Avenue, Estell Manor, New Jersey 08319

Phone: (609) 476-2267 Fax: (609) 476-4205

Honorable President and
Members of the Board of Education
City of Estell Manor School District
Estell Manor, New Jersey

The comprehensive annual financial report of the City of Estell Manor 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 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
- 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 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 multi-year basis. The District is required to undergo an annual single audit in conformity with provisions of Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Requirements of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws, regulation, findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

The District is an independent reporting entity within the criteria adopted by the Government Standards Board (GASB). All major funds of the District are included in this report. The District provides a full range of educational services appropriate to grade levels K through 8. These included regular education, as well as special education for students with disabilities. The District completed the 2016-17 fiscal year with an enrollment of 175 students. The following charts the student enrollment of the District over the last ten years.

Fiscal Year	Student Enrollment	Percent Increase/Decrease
2016-2017	175	3.55%
2015-2016	169	3.05%
2014-2015	164	-5.75%
2013-2014	174	-11.22%
2012-2013	196	1.02%
2011-2012	194	-0.50%
2010-2011	195	-1.20%
2009-2010	197	-4.80%
2008-2009	207	-9.20%
2007-2008	228	4.40%

2) ECONOMIC CONDITION AND OUTLOOK

The City of Estell Manor continues to experience a period of very little development.

3) MAJOR INITIATIVES

The Department of Education has raised the minimum requirements in test score results. In coordination with these requirements, starting with the 2011-2012 school year, an expanded homework help program began and continues to be successful. All curricula have been updated and approved by the Board. Materials continue to be purchased that relate directly to the New Jersey Standards. Textbooks have been researched and adopted that best meet these standards. Summer academic programs were instituted in 2014 thru 2017. A major initiative regarding literacy is the unique Guided Reading program that allows flexibility for the students regarding advancement. The DRA2 instrument is utilized to assess students in the beginning, mid, and end of year.

Completed projects include HVAC upgrades, roof replacement and an emergency generator for the school facility. Regular Operating District (ROD) grants have been approved from the State of New Jersey for 40% funding for these projects. The District has mostly completed these projects during the 2016-17 school year. A bond referendum question was presented to the voters at the November 2014 election. The District completed a Local Government Energy Audit and qualified for New Jersey's Clean Energy Direct Install Program at 70% funding. The program enabled the District to replace roof top HVAC units in the 1995 section and upgrade to energy efficient lighting throughout the facility during the summer of 2014. The steam boiler was replaced with an energy efficient oil burner in November of 2010 and in 2011 the corresponding 55 year old pipes were replaced. The carpet in the 1955 section of the building has been replaced with vinyl tile in June of 2013. Safety and security of the facility has been enhanced with additional cameras, locks, lighting and exterior markings for all areas of the school for reference by State Police if the need should arise. A monitor for the security cameras has been installed in the main office and maintenance office for reference in the case of an emergency.

There continues to be a central supply system and due to purchasing from discount vendors, the District has maximized its buying power. Over the past ten years, the District has accumulated over 80 PC computers for students and staff. Annually obsolete equipment is replaced as funds allow. All the computers are part of the District network and all instructional areas have Internet access. A computer lab of 15 desktops has been installed in classroom number two for the use of students K - 4. Our facility is now WIFI enabled. We have been able to replace the dilapidated shed for storage purposes. Our message board is Variance approved and being used to its fullest extent. We have completed the installation of Smart Boards in classrooms as planned. (Every teacher has access to a Smart Board for instruction purposes.)

4) INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining internal control structure 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 accounting principles generally accepted in the United States of America (GAAP).

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

As a recipient of federal 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. As part of the District's single audit described earlier, tests are made to determine the adequacy of internal control, 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.

5) BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objectives of these budgetary controls are 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 30th.

6) ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements".

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". 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. 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

The Board of Education is a member of the Atlantic and Cape May Counties School Business Officials Joint Insurance Fund (ACCASBOJIF). This fund was formed under the provisions of NJSA 18A: 18A 1-10. The fund commenced operations on July 1, 1991. 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:

- Property, including buildings, contents, inland marine, crime, boiler and machinery and auto physical damage
- General Liability, including school board legal liability
- Automobile Liability
- 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 District also purchases Student Accident Insurance for all students and coverage for all school volunteers.

9) INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Preziosi Nicholson & Associates, CPA's 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 under the guidelines of Single Audit. The auditor's report on the basic financial statements and detailed schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10) ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the City of Estell Manor School Board 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 administration and business staff.

Respectfully submitted,

Robert Garguilo

Robert Garguilo
Interim Superintendent

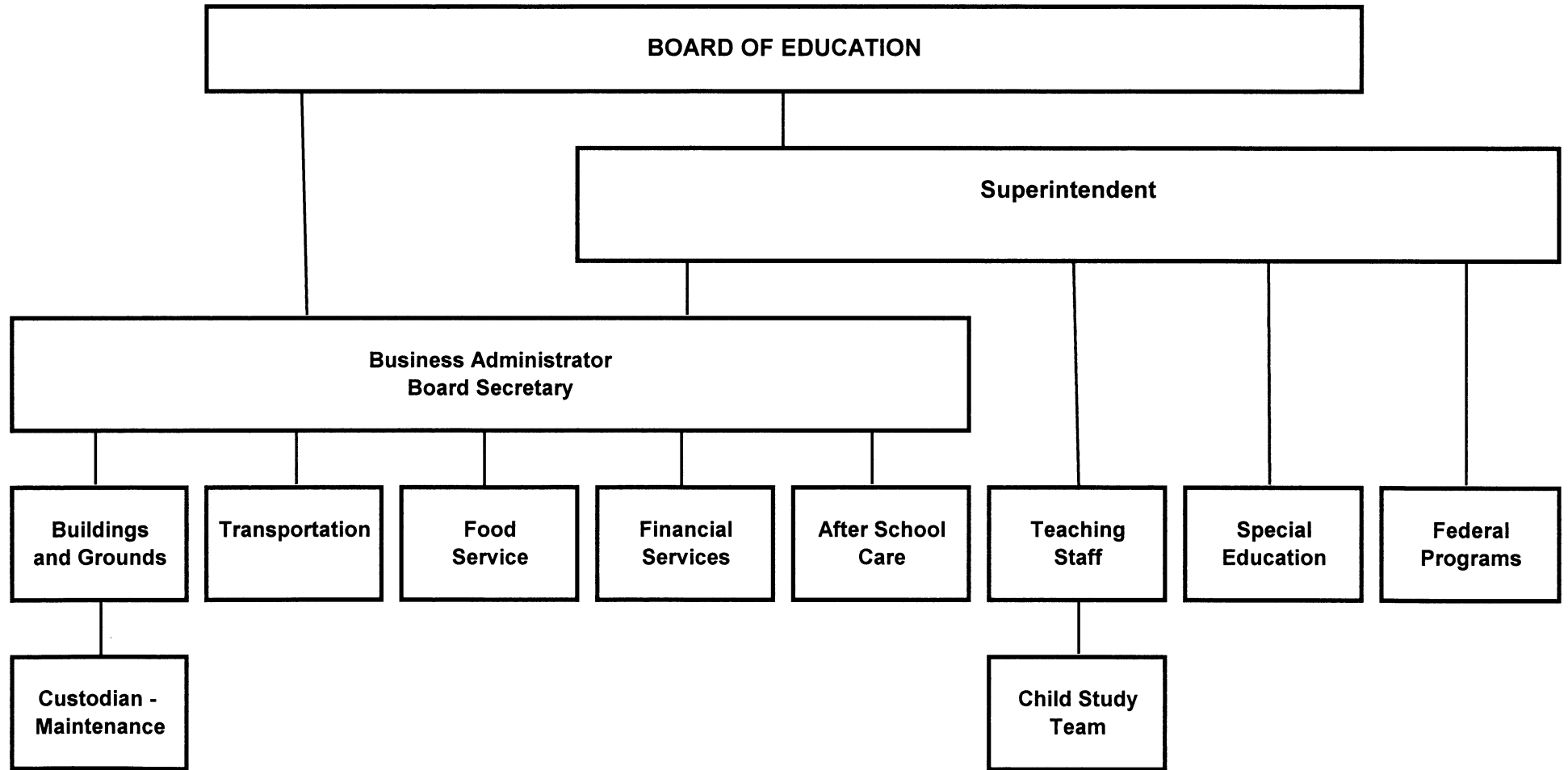
Joseph Rodio

Joseph Rodio
Business Administrator/Board Secretary

CITY OF ESTELL MANOR SCHOOL DISTRICT

**County of Atlantic
Estell Manor, New Jersey**

ORGANIZATIONAL CHART



CITY OF ESTELL MANOR SCHOOL DISTRICT

**County of Atlantic
Estell Manor, New Jersey**

ROSTER OF OFFICIALS

June 30, 2017

Members of the Board of Education		Term Expires
Bonnie Barbetto	President	2019
Brianne Seelman	Vice-President	2017
John Cressey	Board Member	2017
Sarah Ferrari	Board Member	2018
Katherine Mimler	Board Member	2018

Other Officials

Robert Garguilo	Interim Superintendent
Abromo Vallese	Interim Business Administrator/Board Secretary
Joseph Rodio	Business Administrator/Board Secretary - July 1, 2017
Debra D'Amore	Treasurer

CITY OF ESTELL MANOR SCHOOL DISTRICT

Consultants and Advisors

Attorney

Brett Gorman, Esquire
Parker McCay, P.A.
9000 Midlantic Drive, Suite 300
PO Box 5054
Mount Laurel, New Jersey 08054-1539

Audit Firm

James M. Preziosi, MS, CPA, PSA
Preziosi Nicholson & Associates, P.A.
Certified Public Accountants
1101 Wheaton Avenue
Suite 100
Millville, New Jersey 08332

Official Depository

Newfield National Bank
3535 East Landis Ave
Vineland, New Jersey 08361

Risk Management Consultant

Denis M. Brown
Glenn Insurance
500 East Absecon Blvd.
PO Box 365
Absecon, New Jersey

FINANCIAL SECTION

PREZIOSI·NICHOLSON

& ASSOCIATES PA

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the City of Estell Manor Board of Education in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the 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 District'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 District'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 that 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Estell Manor School District in the County of Atlantic, State of New Jersey as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Estell Manor School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administration 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 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Federal Awards and State Financial Assistance are the responsibility of management and were 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 accompanying combining statements and related major fund supporting statements and schedules and Schedule of Expenditures of Federal Awards and State Financial Assistance are 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 28, 2017 on our consideration of the City of Estell Manor School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Estell Manor School District's internal control over financial reporting and compliance.

Respectfully submitted,

PREZIOSI • NICHOLSON & ASSOCIATES
Certified Public Accountants



James M. Preziosi
Certified Public Accountant
Public School Accountant No. CS 01141

November 28, 2017
Millville, NJ

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

CITY OF ESTELL MANOR SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

This section of the City of Estell Manor School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information is required to be presented.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended June 30, 2017 year include the following:

- Net Position (Exhibit A-1) for Governmental \$5,053,586 and Business-Type activities \$5,657 totaling \$5,059,243.
- Net Position (Exhibit A-2) for both activities increased by \$65,536.
- The Fund Balance (Exhibit B-1) of the General Fund as of June 30, 2017 \$1,216,359, a decrease of (Exhibit B-2) \$46,661.
- The District's outstanding bonded debt at June 30, 2017 is \$1,352,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplemental information, an optional section that presents combining statements for special revenue, capital projects, 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 short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operation in more detail than the government-wide statements.
 - a. The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
 - b. Proprietary funds statements offer short-term and long-term financial information about the activities that the District operates like businesses.
 - c. Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Table A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

CITY OF ESTELL MANOR SCHOOL DISTRICT
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2017

Table A-1 MAJOR FEATURES OF THE GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

	Government-Wide 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 regular and special education, building maintenance and transportation	Activities the District operates similar to private businesses: Food Service Fund, School Age Child Care	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	Statements 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 Net Position Statement of Changes in Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities 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 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 the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

CITY OF ESTELL MANOR SCHOOL DISTRICT

Management's Discussion and Analysis (Continued) For the Fiscal Year Ended June 30, 2017

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 District's assets, deferred outflows and inflows of resources and liabilities. All of the current year's revenue 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 District's assets and deferred outflows of resources, less deferred inflows of resources and liabilities – is a measure of the District's financial health or position.

- Over a period of time, increases or decreases in the District's net position are an indicator of whether the financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the government-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, and maintenance. Aid from the State of New Jersey and from the Federal government along with local property taxes finances 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 Fund and After School Program Fund are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on the most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The District has three kinds of funds:

- **Governmental funds** – Most of the District's basic services are included in governmental funds, which generally 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 to 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 statements that explain the relationship (or differences) between them.
- **Proprietary funds** – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements.
- **Fiduciary funds** – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

CITY OF ESTELL MANOR SCHOOL DISTRICT

Management's Discussion and Analysis (Continued) For the Fiscal Year Ended June 30, 2017

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The Statement of Net Position reports all financial and capital resources. The difference between the District's assets and liabilities is its net position.

Summary of Net Position

	Governmental Activities		Business Activities	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Current and Other Assets	\$ 1,232,706	\$ 2,096,613	\$ 32,864	\$ 28,337
Capital Assets	6,044,470	6,013,479	2,687	3,135
Deferred Outflows	247,803	109,319		
Total Assets	<u>7,524,979</u>	<u>8,219,411</u>	<u>35,551</u>	<u>31,472</u>
Current Liabilities	205,865	984,993		27,178
Long-Term Liabilities	2,195,637	2,189,994	29,894	
Deferred Inflows	69,891	55,012		
Total Liabilities	<u>2,471,393</u>	<u>3,229,999</u>	<u>29,894</u>	<u>27,178</u>
Net Position				
Invested in Capital Assets	4,692,470	4,551,479	2,689	3,134
Restricted	1,159,793	1,205,296		
Unrestricted	(798,675)	(767,363)	2,970	1,160
Total Net Position	<u>\$ 5,053,588</u>	<u>\$ 4,989,412</u>	<u>\$ 5,659</u>	<u>\$ 4,294</u>

Summary of Change in Net Position

	Governmental Activities		Business Activities		Total	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Revenues						
Program Revenue						
Charges for Services	\$ -	\$ -	\$ 77,377	\$ 67,604	\$ 77,377	\$ 67,604
Grants and Entitlements	1,214,957	1,144,823	38,297	41,414	1,253,254	1,186,237
General Revenues						
Property Taxes	2,369,139	2,373,649			2,369,139	2,373,649
Grants and Entitlements	2,135,858	2,966,087			2,135,858	2,966,087
Other	33,393	32,944	174	16	33,567	32,960
Total Revenues	<u>5,753,347</u>	<u>6,517,503</u>	<u>115,848</u>	<u>109,034</u>	<u>5,869,195</u>	<u>6,626,537</u>
Expenses						
Instruction	2,686,835	2,655,263			2,686,835	2,655,263
Support Services	2,750,713	2,345,527			2,750,713	2,345,527
Capital Outlay	14,871	14,871			14,871	14,871
Interest on Debt	46,935	48,348			46,935	48,348
Unallocated Depreciation	134,504	134,504			134,504	134,504
Charter School	55,314	16,738			55,314	16,738
Business-Type Activities			114,486	108,926	114,486	108,926
Transfers		6,000		(6,000)	-	-
Total Expenses	<u>5,689,172</u>	<u>5,221,251</u>	<u>114,486</u>	<u>102,926</u>	<u>5,803,658</u>	<u>5,324,177</u>
Change in Net Position	<u>\$ 64,175</u>	<u>\$ 1,296,252</u>	<u>\$ 1,362</u>	<u>\$ 6,108</u>	<u>\$ 65,537</u>	<u>\$ 1,302,360</u>

CITY OF ESTELL MANOR SCHOOL DISTRICT

**Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2017**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in the governmental funds which are accounted for by using the modified accrual basis of accounting. As of the end of the current fiscal year, the District's governmental funds reported combining ending fund balances of:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Change</u>
Restricted			
Capital Reserve	\$ 606,565	\$ 606,565	\$ -
Capital Projects	28,796	135,421	(106,625)
Maintenance Reserve	85,000	85,000	-
Debt Service			-
Excess Surplus	395,330	208,254	187,076
Assigned			-
Subsequent Year Budget	706		706
Encumbrances	43,395	170,057	(126,662)
Unassigned			-
General	56,567	57,723	(1,156)
Total	\$ 1,216,359	\$ 1,263,020	\$ (46,661)

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

Revenues

	<u>Budget</u>		
	<u>Original</u>	<u>Revised</u>	<u>Actual</u>
General Fund	\$ 4,386,911	\$ 4,386,911	\$ 4,419,501
On-Behalf Non-Budgeted			
TPAF Pension Contribution			244,749
TPAF Social Security			94,222
	<u>\$ 4,386,911</u>	<u>\$ 4,386,911</u>	<u>\$ 4,758,472</u>

Expenditures

	<u>Budget</u>		
	<u>Original</u>	<u>Revised</u>	<u>Actual</u>
General Fund	\$ 4,638,942	\$ 4,783,641	\$ 4,359,077
On-Behalf Non-Budgeted			
TPAF Pension Contribution			244,749
TPAF Social Security			94,222
	<u>\$ 4,638,942</u>	<u>\$ 4,783,641</u>	<u>\$ 4,698,048</u>

CITY OF ESTELL MANOR SCHOOL DISTRICT

**Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2017**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2017 the District had \$8,685,673 invested in land, building, and equipment. For more detailed information, please refer to the Notes to the Financial Statements.

	Governmental Activities		Business Activities		Total	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Facilities and Improvements	\$ 8,295,871	\$ 8,189,245	\$ -	\$ -	\$ 8,295,871	\$ 8,189,245
Equipment	378,740	319,871	11,062	11,062	389,802	330,933
	<u>\$ 8,674,611</u>	<u>\$ 8,509,116</u>	<u>\$ 11,062</u>	<u>\$ 11,062</u>	<u>\$ 8,685,673</u>	<u>\$ 8,520,178</u>

Debt Administration

At the end of fiscal year 2017, the School District had \$1,463,640 of outstanding debt. Of this amount, \$111,640 is for compensated absences, and \$1,352,000 is for general obligation bonds. Additional information on the District's long-term obligations can be found in the notes the basic financial statements of this report.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a summary of the financial condition of the District. Questions concerning any of the information provided in this report should be addressed to:

School Business Administrator/Board Secretary
City of Estell Manor School District
128 Cape May Avenue
Estell Manor, NJ 08319
609.476.2828

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

CITY OF ESTELL MANOR SCHOOL DISTRICT

Statement of Net Position
June 30, 2017

See Accompanying Notes to the Basic Financial Statements

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 449,868.91	\$ 26,692.67	\$ 476,561.58
Accounts Receivable			
Interfunds Receivable	29,893.91		29,893.91
State of New Jersey	37,223.17	45.74	37,268.91
Federal Government	23,880.92	1,694.81	25,575.73
Other			-
Inventory		4,430.96	4,430.96
Restricted Assets			
Cash Reserve Accounts	691,840.14		691,840.14
Capital Assets, Net	6,044,469.75	2,686.80	6,047,156.55
Total Assets	<u>7,277,176.80</u>	<u>35,550.98</u>	<u>7,312,727.78</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	247,803.00		247,803.00
Total Deferred Outflows of Resources	<u>247,803.00</u>	<u>-</u>	<u>247,803.00</u>
LIABILITIES			
Liabilities			
Accounts Payable			-
Interfund Payable		29,894.30	29,894.30
Grantor Advances	16,348.27		16,348.27
Accrued Interest Payable	21,516.76		21,516.76
Noncurrent Liabilities			
Due Within One Year	168,000.00		168,000.00
Due Beyond One Year	1,295,640.39		1,295,640.39
Net Pension Liability	899,997.00		899,997.00
Total Liabilities	<u>2,401,502.42</u>	<u>29,894.30</u>	<u>2,431,396.72</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	69,891.00		69,891.00
Total Deferred Inflows of Resources	<u>69,891.00</u>	<u>-</u>	<u>69,891.00</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	4,692,469.75	2,686.80	4,695,156.55
Restricted For			
Debt Service	(0.31)		(0.31)
Capital Projects	28,795.56		28,795.56
Other Purposes	1,130,996.53		1,130,996.53
Unrestricted	(798,675.15)	2,969.88	(795,705.27)
Total Net Position	<u>\$ 5,053,586.38</u>	<u>\$ 5,656.68</u>	<u>\$ 5,059,243.06</u>

CITY OF ESTELL MANOR SCHOOL DISTRICT

Statement of Activities
For The Fiscal Year Ended June 30, 2017

See Accompanying Notes to the Basic Financial Statements

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 2,368,961.49	\$ -	\$ 806,168.94		\$ (1,562,792.54)	\$ -	\$ (1,562,792.54)
Special Education	238,235.28		71,298.44		(166,936.83)		(166,936.83)
School Sponsored Activities	79,638.32		-		(79,638.32)		(79,638.32)
Support Services							
Tuition	936,458.12		-		(936,458.12)		(936,458.12)
Student and Instruction	667,175.22		227,008.36		(440,166.86)		(440,166.86)
General Administration	173,425.05		51,902.21		(121,522.85)		(121,522.85)
School Administrative	195,736.51		58,579.52		(137,156.99)		(137,156.99)
Central Services	105,164.83		-		(105,164.83)		(105,164.83)
Plant Operations and Maintenance	395,957.36		-		(395,957.36)		(395,957.36)
Pupil Transportation	276,796.19		-		(276,796.19)		(276,796.19)
Transfer to Charter School	55,314.00		-		(55,314.00)		(55,314.00)
Capital Outlay	14,871.00		-		(14,871.00)		(14,871.00)
Interest on Long-Term Debt	46,935.01		-		(46,935.01)		(46,935.01)
Unallocated Depreciation	134,504.01		-		(134,504.01)		(134,504.01)
Total Governmental Activities	5,689,172.39	-	1,214,957.48	-	(4,474,214.91)	-	(4,474,214.91)
Business-Type Activities							
Enterprise Fund	114,485.67	77,376.76	38,296.93	-		1,188.02	1,188.02
Total Business-Type Activities	114,485.67	77,376.76	38,296.93	-	-	1,188.02	1,188.02
Total Primary Government	\$ 5,803,658.06	\$ 77,376.76	\$ 1,253,254.41	\$ -	(4,474,214.91)	1,188.02	(4,473,026.89)
General Revenues							
Tax Levy							
Property Taxes, Levied for General Purposes					2,249,791.00		2,249,791.00
Taxes Levied for Debt Service					119,348.04		119,348.04
Unrestricted Federal and State Aid					2,135,858.00		2,135,858.00
Investment Earnings					1,270.06	174.45	1,444.51
Other Income					32,121.70		32,121.70
Transfers							
Total General Revenues And Transfers					4,538,388.80	174.45	4,538,563.25
Change in Net Position					64,173.89	1,362.47	65,536.36
Net Position, July 1					4,989,412.49	4,294.21	4,993,706.70
Net Position, June 30					\$ 5,053,586.38	\$ 5,656.68	\$ 5,059,243.06

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

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

See Accompanying Notes to the Basic Financial Statements

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
ASSETS					
Cash and Cash Equivalents	\$ 393,664.72	\$ 41,973.94	\$ 14,230.25	\$ -	\$ 449,868.91
Accounts Receivable					
Interfunds Receivable	101,640.61				101,640.61
Due from Other Governments	418.06	23,880.92	36,805.11		61,104.09
Restricted Cash and Cash Equivalents	691,840.14				691,840.14
Total Assets	\$ 1,187,563.53	\$ 65,854.86	\$ 51,035.36	\$ -	\$ 1,304,453.75
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Anticipation Notes					
Grantor Advances		16,348.27			16,348.27
Interfunds Payable		49,506.59	22,239.80	0.31	71,746.70
Total Liabilities	-	65,854.86	22,239.80	0.31	88,094.97
FUNDS BALANCES					
Restricted					
Capital Reserve	606,565.14				606,565.14
Capital Projects			28,795.56		28,795.56
Maintenance Reserve	85,000.00				85,000.00
Debt Service				(0.31)	(0.31)
Excess Surplus - Current Year	381,697.44				381,697.44
Excess Surplus - Designated for Subsequent Year	13,633.32				13,633.32
Assigned					
Designated for Subsequent Year	705.68				705.68
Other Purposes	43,394.95				43,394.95
Unassigned	56,567.00				56,567.00
Total Fund Balance	1,187,563.53	-	28,795.56	(0.31)	1,216,358.78
Total Liabilities and Fund Balances	\$ 1,187,563.53	\$ 65,854.86	\$ 51,035.36	\$ -	\$ 1,304,453.75

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

Total Governmental Fund Balances \$ 1,216,358.78

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds and consist of:

Construction in Progress	-
Cost of Capital Assets	8,674,611.76
Accumulated Depreciation	(2,630,142.01)

Deferred Outflows related to pension contributions subsequent to the Net Position Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements	247,803.00
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Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements	(69,891.00)
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Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the fund statements	(899,997.00)
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Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-Term liabilities consist of:	
Accrued Interest	(21,516.76)
Bond Payable	(1,352,000.00)
Compensated Absences Payable	(111,640.39)
	(1,785,157.15)

Total Net Position - Governmental Activities	<u><u>\$ 5,053,586.38</u></u>
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CITY OF ESTELL MANOR SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenses and Changes in Fund Balances
For The Fiscal Year Ended June 30, 2017

See Accompanying Notes to the Basic Financial Statements

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
REVENUES					
Local Sources					
Local Tax Levy	\$ 2,249,791.00	\$ -	\$ -	\$ 119,348.04	\$ 2,369,139.04
Interest Earned	1,270.06				1,270.06
Miscellaneous	32,121.70	5,408.00			37,529.70
	2,283,182.76	5,408.00	-	119,348.04	2,407,938.80
Federal Sources		120,650.31			120,650.31
State Sources	2,474,829.17				2,474,829.17
Total Revenues	4,758,011.93	126,058.31	-	119,348.04	5,003,418.28
EXPENDITURES					
Current					
Regular Instruction	1,149,105.84	98,720.44			1,247,826.28
Special Education Instruction	125,759.08				125,759.08
School Sponsored Activities	7,483.21				7,483.21
Other Instruction	72,155.11				72,155.11
Support Services					
Tuition	936,458.12				936,458.12
Student and Instruction	324,849.02	27,337.87			352,186.89
General Administration	91,547.21				91,547.21
School Administrative	103,324.93				103,324.93
Central Services	105,164.83				105,164.83
Plant Operations and Maintenance	395,957.36				395,957.36
Pupil Transportation	276,796.19				276,796.19
Employee Benefits	922,921.77				922,921.77
Transfer to Charter School	55,314.00				55,314.00
Debt Service					
Principal				110,000.00	110,000.00
Interest				66,818.65	66,818.65
Capital Outlay	73,739.94		106,625.93		180,365.87
Total Expenditures	4,640,576.61	126,058.31	106,625.93	176,818.65	5,050,079.50
Excess (Deficiency) of Revenues Over Expenditures	117,435.32	-	(106,625.93)	(57,470.61)	(46,661.22)
OTHER FINANCING SOURCES (USES)					
Bond Proceeds					
Transfer	(57,470.61)			57,470.61	
Total Other Financing Sources (Uses)	(57,470.61)	-	-	57,470.61	-
Net Changes in Fund Balance	59,964.71	-	(106,625.93)	-	(46,661.22)
Fund Balance, July 1	1,127,598.82	-	135,421.49	(0.31)	1,263,020.00
Fund Balance, June 30	\$ 1,187,563.53	\$ -	\$ 28,795.56	\$ (0.31)	\$ 1,216,358.78

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

See Accompanying Notes to the Basic Financial Statements

Total Net Change in Fund Balances - Governmental Funds	(B-2)	\$ (46,661.22)
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Amounts reported for Governmental Activities in the Statement of Activities 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 current fiscal year.

Depreciation Expense	(134,504.01)
Capital Outlays	73,739.94
Debt Service Assessment Charged to Capital Outlay	(14,871.00)
Capital Projects	106,625.93

Pension contributions are reported in governmental funds as expenditures. However in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumptions. This is the amount by which net pension liability and deferred inflows/outflows related to pensions changed during the period.

(44,933.00)

Repayment of bond principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.

Repayments of Debt 110,000.00

Proceeds from debt issues are a financing source in the government funds. They are not revenue in the Statement of Activities: issuing debt increases long-term liabilities in the Statement of Net Assets.

Proceeds from Long-Term Debt -

In the Statement of Activities, certain operating expenses, e.g., compensated absences 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).

(Increase) Decrease in Accrued Compensated Absences (5,106.39)

In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.

(Increase) Decrease in Accrued Interest 19,883.64

Change in Net Position of Governmental Activities		\$ 64,173.89
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PROPRIETARY FUNDS

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

See Accompanying Notes to the Basic Financial Statements

	Enterprise Fund		Total
	Food Service Fund	Playgroup Childcare	
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 8,127.22	\$ 18,565.45	26,692.67
Accounts Receivable			
State	45.74		45.74
Federal	1,694.81		1,694.81
Inventories	4,430.96		4,430.96
Total Current Assets	14,298.73	18,565.45	32,864.18
Noncurrent Assets			
Equipment	11,061.74		11,061.74
Less: Accumulated Depreciation	8,374.94		8,374.94
Total Noncurrent Assets	2,686.80	-	2,686.80
Total Assets	16,985.53	18,565.45	35,550.98
LIABILITIES			
Current Liabilities			
Accounts Payable	-	-	-
Interfund Payable	11,329.16	18,565.14	29,894.30
Total Current Liabilities	11,329.16	18,565.14	29,894.30
NET POSITION			
Invested in Capital Assets Net of Related Debt	2,686.80		2,686.80
Unrestricted	2,969.57	0.31	2,969.88
Total Net Position	\$ 5,656.37	\$ 0.31	\$ 5,656.68

**CITY OF ESTELL MANOR SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Fiscal Year Ended June 30, 2017**

See Accompanying Notes to the Basic Financial Statements

	Enterprise Fund		Total
	Food Service Fund	Playgroup Childcare	
OPERATING REVENUES			
Charges For Services			
Daily Sales			
Reimbursable Programs	\$ 33,842.37	\$ -	\$ 33,842.37
Non-Reimbursable Programs	22,826.02		22,826.02
Community Service Activities		20,708.37	20,708.37
Total Operating Revenue	56,668.39	20,708.37	77,376.76
OPERATING EXPENSES			
Cost of Sales	-	-	
Reimbursable Programs	30,147.97	-	30,147.97
Nonreimbursable Programs	10,592.53	-	10,592.53
Salaries	32,999.96	18,565.14	51,565.10
Employee Benefits	6,318.46	-	6,318.46
General Expenses	6,323.75	-	6,323.75
Management Fee	9,090.06	-	9,090.06
Depreciation	447.80	-	447.80
Total Operating Expenses	95,920.53	18,565.14	114,485.67
Operating Income (Loss)	(39,252.14)	2,143.23	(37,108.91)
NONOPERATING REVENUES (EXPENSES)			
State Sources			
State School Lunch and Breakfast Program	776.46		776.46
Federal Sources			
National School Lunch and Breakfast Program	29,876.28		29,876.28
Food Distribution Program	7,644.19		7,644.19
Interest on Investments	174.45	-	174.45
Total Nonoperating Revenues (Expenses)	38,471.38	-	38,471.38
Income (Loss) Before Contributions and Transfers	(780.76)	2,143.23	1,362.47
Transfers In/(Out)	-	-	
Change in Net Position	(780.76)	2,143.23	1,362.47
Net Position, July 1	6,437.13	(2,142.92)	4,294.21
Net Position, June 30	\$ 5,656.37	\$ 0.31	\$ 5,656.68

CITY OF ESTELL MANOR SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For The Fiscal Year Ended June 30, 2017

See Accompanying Notes to the Basic Financial Statements

	Enterprise Fund		Total
	Food Service Fund	Playgroup Childcare	
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts From Customers and Other Funds	\$ 56,668.39	\$ 20,708.37	\$ 77,376.76
Payments to Employees	(32,999.96)	(18,565.14)	(51,565.10)
Payments to Suppliers	(63,598.56)	-	(63,598.56)
Net Cash Provided By (Used In) Operating Activities	<u>(39,930.13)</u>	<u>2,143.23</u>	<u>(37,786.90)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	791.03		791.03
Federal Sources	38,129.69		38,129.69
Operating Subsidies and Transfers	-	2,716.42	2,716.42
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>38,920.72</u>	<u>2,716.42</u>	<u>41,637.14</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	-		-
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	174.45		174.45
Net Cash Provided By (Used In) Investing Activities	<u>174.45</u>	<u>-</u>	<u>174.45</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(834.96)	4,859.65	4,024.69
Cash and Cash Equivalents, July 1	8,962.18	13,705.80	22,667.98
Cash and Cash Equivalents, June 30	<u>\$ 8,127.22</u>	<u>\$ 18,565.45</u>	<u>\$ 26,692.67</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities			
Operating Income (Loss)	\$ (39,252.14)	\$ 2,143.23	\$ (37,108.91)
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities			
Depreciation	447.80		447.80
(Increase) Decrease			
Accounts Receivable		-	-
Inventories	(1,125.79)		(1,125.79)
Other Current Assets			-
Increase (Decrease)			
Accounts Payable	-	-	-
Accrued Expenses			-
Net Cash Provided By (Used In) Operating Activities	<u>\$ (39,930.13)</u>	<u>\$ 2,143.23</u>	<u>\$ (37,786.90)</u>

FIDUCIARY FUNDS

CITY OF ESTELL MANOR SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2017

See Accompanying Notes to the Basic Financial Statements

	Trust Funds		Agency Fund
	Unemployment Compensation	Scholarship Trust	
ASSETS			
Cash and Cash Equivalents	\$ 12,060.73	\$ 4,522.18	\$ 29,812.04
Interfunds Receivable	-		
Total Assets	<u>12,060.73</u>	<u>4,522.18</u>	<u>29,812.04</u>
LIABILITIES			
Interfunds Payable			
Payroll Withholding			6,970.28
Due to Student Groups			22,841.76
Total Liabilities	<u>-</u>	<u>-</u>	<u>29,812.04</u>
NET POSITION			
Held in Trust	<u>12,060.73</u>	<u>4,522.18</u>	
Total Net Position	<u>\$ 12,060.73</u>	<u>\$ 4,522.18</u>	<u>\$ -</u>

CITY OF ESTELL MANOR SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For The Fiscal Year Ended June 30, 2017

See Accompanying Notes to the Basic Financial Statements

	Trust Funds		Total
	Unemployment Compensation	Scholarship Trust	
ADDITIONS			
Contributions	\$ -	\$ 850.00	\$ 850.00
Total Contributions	-	850.00	850.00
Investment Earnings			
Interest	12.06	4.56	16.62
Total Investment Earnings	12.06	4.56	16.62
Total Additions	12.06	854.56	866.62
DEDUCTIONS			
Quarterly Contribution Report			
Unemployment Claims	-		-
Administrative Expenses	12.06	4.56	16.62
Awards and Scholarships		1,050.00	1,050.00
Total Deductions	12.06	1,054.56	1,066.62
Change in Net Position	-	(200.00)	(200.00)
Net Position, July 1	12,060.73	4,722.18	16,782.91
Net Position, June 30	\$ 12,060.73	\$ 4,522.18	\$ 16,582.91

NOTES TO FINANCIAL STATEMENTS

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

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

The financial statements of the Board of Education (Board) of the City of Estell Manor School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

Description of the Reporting Entity

The City of Estell Manor School District is a Type II district located in the County of Atlantic, State of New Jersey. As a Type II district, the District functions independently through a Board of Education. The Board is comprised of five members elected to three year terms. The purpose of the District is to educate students in grades K-8. Students in grades 9-12 attend Buena Regional High School.

The primary criterion for including activities within the School 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 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.

Government-Wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's general, special revenue, capital projects, and debt service are classified as Governmental Activities. The District's Food Service Program and Playground Childcare Program are classified as Business-type Activities.

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

The Government-wide Statement of Activities reports both the gross and net costs of each of the District's functions and Business-type Activity. The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student and instruction related services, etc.) or Business-type Activities. 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.).

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. The government-wide financial statements do not include fiduciary activity.

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 District reports the following Governmental Funds:

Governmental Funds

The focus of the Governmental Funds' measurement (in the fund statements) is upon determination of financial position and change 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.

General Fund - The 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. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay Subfund.

As required by the New Jersey State Department of Education, the District included budgeted capital outlays in this fund. Generally accepted accounting principles as they pertain to Governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

Resources from budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings, and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from state and federal governments, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specific purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). 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.

Debt Service Fund - The Debt Service Fund is 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.

Proprietary Funds

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

Enterprise Funds – The Enterprise Funds account for all revenues and expenses pertaining to the Board's operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

The District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the financial transactions related to the food service operations of the District.

Playground Childcare Program – This fund accounts for the financial transactions related to the District's before after school program.

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

Fiduciary Funds

Fiduciary Funds are used to report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other Governments and therefore not available to support District programs. The reporting focus is on net position, changes in net position, and is reported using accounting principles similar to Proprietary Funds.

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. GASB No. 34 sets forth minimum criteria (percentage of 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 District's Fiduciary Funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the Government-wide statements.

The Fiduciary Funds include the Student Activity Fund, Payroll, and Payroll Agency Funds which are custodial in nature (assets equal liabilities) and not involve measurement of results of operations.

Basis of Accounting

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

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.

The Governmental Funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Proceeds of general obligation long-term debt, if any, is recognized when due.

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.

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, cash in banks, money market accounts, 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 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 purposes 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 to the types of investments and types of financial institutions they may invest in. However, NJSA 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 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. established the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a 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 of at least 5% of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Inventories

Inventories in the General Fund consist of expendable supplies held for the District's use and are carried at cost using first-in first-out method. Inventories in the Enterprise Fund are valued at cost, which approximates market, using first-in first-out method.

Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical costs or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. Additions, improvements or 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 computed using the straight-line method over the estimated useful lives:

Asset Class	Estimated Useful
Land Improvements	10-20 Years
Building and Improvements	10-50 Years
Furniture and Equipment	5-20 Years
Vehicles	5-10 Years

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues

Substantially all Governmental Fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey State statute, 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. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASB No. 33. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met are reported as advances by the provider and deferred revenue by the recipient.

Expenditures

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

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.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

Interfund Receivables/Payables

Transfers between Governmental and Business-Type Activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds and other non-operating revenues/expenses in the Enterprise Fund. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the Statement of Net Assets, except for amounts due between governmental and Business-type Activities or Governmental and Agency Funds, which are presented as internal balances.

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office for approval and are approved as long as the District budget is within State mandated CAP's, there is no public vote on the budget. If the budget exceeds state mandated CAP's, 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 NJAC 6:23-2(g). Budget amendments/transfers of appropriations must 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. All budget amendments presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining projects appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The Capital Projects Fund presents the remaining project appropriations compared to current year expenditures.

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 one or more June 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 grants accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognized 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.

Encumbrances

Under encumbrance accounting purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds, other than the Special Revenue Fund, are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year-end.

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, Governmental Fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, which are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from Governmental Funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of Management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Use of Estimates

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

Net Position

Net position represents the difference between assets and liabilities. Net positions invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for the purposes for which both restricted and unrestricted net position funds are available.

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves

Fund Balance – The District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications and policies for determining such classifications, are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact. The "not spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted – The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, which, for the District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned – The assigned fund balance classification includes amounts that are constrained by the District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – The unassigned fund balance classification is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both Restricted and Unrestricted Fund balances are 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.

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

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 84, "Fiduciary Activities". This statement, which is effective for fiscal periods beginning after December 31, 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 December 31, 2018, 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 beginning after June 15, 2017, will not have any effect on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases". This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Districts' deposits might not be recovered. Although the District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, athletic and student activity funds, or funds that may pass to the District relative to the happening of a future condition. Such funds are considered uninsured and uncollateralized.

As of June 30, 2017, the District's bank balances of \$1,463,487 were exposed to custodial credit risk as follows:

Insured FDIC	\$	250,000
Uninsured but collateralized with bank – GUDPA		1,213,487
		1,213,487
	\$	1,463,487

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk Related to Deposits (Continued)

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

Credit Risk – NJSA 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 RESERVE ACCOUNT

Capital Reserve

A capital reserve account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23 A-5.1(d) 7, the balance in the account cannot at any time exceed the support costs of uncompleted capital projects in its approved LRFP.

Maintenance Reserve

Maintenance reserve accounts may be established by New Jersey school districts for the accumulation of funds for the use of required maintenance of a facility. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the reserve accounts for the year is as follows:

Beginning Balance; July 1, 2016	\$	691,565
Deposits		
Interest Earned		275
Withdrawals		
Approved at Election		_____
Ending Balance; June 30, 2017	\$	691,840

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 3 RESERVE ACCOUNT (CONTINUED)

Allocation of Reserve Account at June 30, 2017:

Capital Reserve	\$	606,840
Maintenance Reserve		85,000
		\$ 691,840

NOTE 4 CAPITAL ASSETS

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

	Beginning	Additions	Disposal	Ending
Governmental Activities				
Buildings and Improvements	\$ 8,189,245	\$ 106,626	\$ -	\$ 8,295,871
Equipment	319,871	58,869		378,740
Total Historical Costs	8,509,116	165,495	-	8,674,611
Accumulated Depreciation	2,495,638	134,504		2,630,142
	\$ 6,013,478	\$ 30,991	\$ -	\$ 6,044,469
Business-Type Activities				
Buildings and Improvements	\$ -	\$ -	\$ -	\$ -
Equipment	11,062			11,062
Total Historical Costs	11,062	-	-	11,062
Accumulated Depreciation	7,927	448		8,375
	\$ 3,135	\$ (448)	\$ -	\$ 2,687

NOTE 5 LONG-TERM OBLIGATIONS

During the year ended June 30, 2017 the following changes occurred in long term obligations:

	Beginning	Increases	Decreases	Ending
Compensated Absences	\$ 106,534	\$ 5,107	\$ -	\$ 111,641
Bonds	1,462,000		110,000	1,352,000
	\$ 1,568,534	\$ 5,107	\$ 110,000	\$ 1,463,641

Compensated Absences

Compensated Absences will be paid from the fund from which the employees' salaries are paid.

Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired within the statutory period of usefulness.

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

On April 1, 2003 the District issued \$1,118,000 of School Bonds at an interest rate of 4.10% to fund the cost of various capital improvements. The final maturity of these bonds is January 2018.

On July 15, 2015 the District issued \$1,234,000 of School Bonds at an interest rate of 3.00% to 3.250% for the funding of various capital improvements. The final maturity of these bonds is July 2030.

As of June 30, 2017, debt service requirements in future years are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 168,000	\$ 42,401	\$ 210,401
2019	80,000	35,613	115,613
2020	84,000	33,153	117,153
2021	85,000	30,618	115,618
2022	90,000	27,994	117,994
Thereafter	845,000	121,395	966,395
	\$ 1,352,000	\$ 291,174	\$ 1,643,174
	\$ 1,352,000	\$ 291,174	\$ 1,643,174

Bonds Authorized But Not Issues

As of June 30, 2017, the Board has \$0 of bonds authorized but not issued.

Other

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on the requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceed legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in Governmental Funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the Federal Government. Thus, rebatable arbitrage liabilities related to Governmental debt will be accrued as incurred at least annually (at fiscal year-end) on the District-wide financial statements.

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 6

PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by 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 publically available financial report that includes the financial statements and required supplementary information for Public Employees Retirement System and Teachers; Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Teacher's Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund (TPAF) was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement, death, and disability, and medical benefits to certain qualified members. The TPAF is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 100% of 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 at the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

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

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 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employees. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.78% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS.

Three Year Trend Information

	June 30,		
	2017	2016	2015
District Contribution			
PERS	\$ 26,996	\$ 50,005	\$ 29,107
State of New Jersey Contribution			
TPAF	\$ 133,266	\$ 101,582	\$ 77,992
TPAF Post-Retirement Benefits	\$ 111,483	\$ 120,957	\$ 103,385
TPAF Social Security	\$ 94,222	\$ 93,229	\$ 88,346

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 6 PENSION PLANS (CONTINUED)

Funding Policy (Continued)

The amounts contributed by the State of New Jersey listed above are not required to be budgeted, and have been included in the financial statements as revenues and expenditures in accordance with GASB 27. In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

PERS and TPAF Vesting and Benefit Provisions

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

Public Employees' Retirement System

At June 30, 2017, the District reported a liability of \$899,997 for its proportionate share of net pension liability. 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 is based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the District's proportion was 0.0030%.

For the year ended June 30, 2017, the District recognized pension expense of \$71,929 and reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 16,737	\$ -
Changes of Assumptions	186,431	
Net Differences Between Projected and Actual Investment Earnings	34,318	
Changes in Proportion and Differences Between Contributions and Proportionate Share Contributions	10,317	69,891
	<hr/>	<hr/>
	247,803	69,891
District's Subsequent Contribution	26,996	
	<hr/>	<hr/>
	\$ 274,799	\$ 69,891

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 6 PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

The amount of \$26,996, reported as deferred outflows of resources related to pensions, resulting from the District contributions subsequent to the measurement date 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:

June 30,	
2018	\$ 39,141
2019	39,141
2020	46,257
2021	37,362
2022	16,012
	\$ 177,912

Actuarial Assumptions – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016 using the following assumptions:

Inflation:	3.08%
Salary Increase:	
2015-2026	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. 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.

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.

Long Term Expected Rate of Return – In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of investments and Division of pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocations as of June 30, 2016 are summarized in the following table:

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 6

PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	0.87%
US Treasuries	1.55%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.10%	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 ex 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, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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 due date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate – The following presents the collective net pension liability as of June 30, 2016, calculated using the discount rate disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage –point lower or 1-percentage –point higher than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's Proportionate Share of Net Pension Liability	<u>\$ 1,078,196</u>	<u>\$ 899,997</u>	<u>\$ 752,667</u>

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rpts-home-shtml>.

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 6 PENSION PLANS (CONTINUED)

Teacher's Pension and Annuity Fund (TPAF)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the District employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployed contributing entity. Since the District (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the District.

For the year ended June 30, 2017, the District recognized pension expense of \$749,928 and revenue of \$749,928 for support provided by the State. The measurement period for the pension expense and revenue reported in the District's financial statements (A-2) at June 30, 2017 is based upon changes in the collective net pension liability with a measurement period of June 30, 2015 through June 30, 2016. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon changes in the collective net pension liability between July 1, 2015 and June 30, 2016

At June 30, 2017 the State's portion of the net pension liability that was associated with the District was \$9,980,935 as measured on June 30, 2016 and \$8,194,839 as measured on June 30, 2015.

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

Inflation:	2.5%
Salary Increases	
2012 – 2021:	Varies Based on Experience
Thereafter	Varies Based on Experience
Investment Rate of Return:	7.90%

Pre-retirement, post-retirement and disable mortality rates were based on experience of TPAF members reflecting mortality improvement on a generational bases 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 is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 6

PENSION PLANS (CONTINUED)

Teacher's Pension and Annuity Fund (TPAF)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Markets	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	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 - MultiStrategy	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 State's 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 plans investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at current member contribution rates and that contributions from employers (State of New Jersey) will be made based on an average of the last five years. Based on those assumption, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit pay.

Sensitivity of the District's proportionate share of net pension liability to change in the discount rate – Since the District has no proportionate share in the net person liability of the special funding situation, the District would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pesion/pdf/financial/gasb68-tpaf15.pdf>.

Pension plan fiduciary net position – Detailed information about the plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 6 PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program ("DCRP") established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 45:15C-1 et seq.). The DCRP is a cost sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with tax-sheltered, defined contribution retirement benefits, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

NOTE 7 POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990,c.6 required Teachers' Pension 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 premiums changed from a prefunding 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 free health 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 administration 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.

NOTE 8 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 plans are not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 9 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.

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 9 RISK MANAGEMENT (CONTINUED)

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method".

NOTE 10 INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2017:

	Receivable	Payable
General Fund	\$ 52,134	\$ -
Special Revenue Fund		
Enterprise Fund		29,894
Capital Projects Fund		22,240
	\$ 52,134	\$ 52,134

NOTE 11 INVENTORY

Inventory in the Food Service Fund at June 30, 2017 consisted of the following:

Food	\$ 3,730
Supplies	701
	\$ 4,431

The value of Federal donated commodities as reflected on Schedule A 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.

NOTE 12 DEFICIT UNRESTRICTED NET POSITION

The governmental activities has a deficit in unrestricted net assets of \$798,675. This deficit is attributable to the allocation of compensated absences balances payable, accrued interest payable and net pension liability.

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 13 EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, the designation for Restricted Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund 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.

NOTE 14 FUND BALANCES

Restricted

The restricted fund balance classification includes amounts that are restricted to specific purposes, such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the District's fund balance are summarized as follows:

General Fund

For Excess Surplus - 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 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 surplus balance at June 30, 2017 is \$395,331.

For Capital and Maintenance Reserve – At of June 30, 2017, the balance in the capital reserve account was \$606,565 and the balance in maintenance reserve account was \$85,000. These funds are restricted for future expenditures.

Assigned

The assigned fund balance classification includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the District's fund balance are summarized as follows:

General Fund

Other Purposes - At of June 30, 2017, the District had \$43,395 of encumbrances outstanding for purchase orders and contracts signed by the District, but not completed, as of the close of the fiscal year.

Designated for Subsequent Year's Expenditures – the District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2018, 706.

Unassigned

The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The District's unassigned fund balance is summarized as follows:

General Fund

As of June 30, 2017, \$56,567 of general fund balance was unassigned.

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 15 CONTINGENT LIABILITIES

Federal and State Grants

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

General

Per confirmation by District's legal counsel, there are no material pending litigation, claims, assessments or contingent liabilities against the District.

NOTE 16 TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenues because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

NOTE 17 SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred as of November 28, 2017 the date that the financial statements were issued for possible disclosure and recognition in the financial statements and no items were noted for disclosure or adjustment.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

CITY OF ESTELL MANOR SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 2,249,791.00	\$ -	\$ 2,249,791.00	\$ 2,249,791.00	\$ -
Interest Earned - Capital Reserve				275.00	275.00
Interest Earned on Investments	50.00		50.00	995.06	945.06
Miscellaneous	1,100.00		1,100.00	32,121.70	31,021.70
Total Local Sources	<u>2,250,941.00</u>	<u>-</u>	<u>2,250,941.00</u>	<u>2,283,182.76</u>	<u>32,241.76</u>
State Sources					
Equalization Aid	1,604,758.00		1,604,758.00	1,604,758.00	
Special Education Categorical Aid	167,247.00		167,247.00	167,247.00	
Security Aid	36,675.00		36,675.00	36,675.00	
School Choice Aid	256,070.00		256,070.00	256,070.00	
Adjustment Aid	19,046.00		19,046.00	19,046.00	
Transportation Aid	45,514.00		45,514.00	45,514.00	
Nonpublic Transportation Aid				348.00	348.00
Professional Learning Aid	1,980.00		1,980.00	1,980.00	
Per Pupil Growth Aid	2,340.00		2,340.00	2,340.00	
PARCC Readiness Aid	2,340.00		2,340.00	2,340.00	
On-Behalf Non-Budgeted					
Teacher's Pension Contribution				133,266.00	133,266.00
Teacher's Post Retirement Medical				111,040.00	111,040.00
Teacher's Disability				443.00	443.00
Reimbursed TPAF Social Security Contributions				94,222.17	94,222.17
Total State Sources	<u>2,135,970.00</u>	<u>-</u>	<u>2,135,970.00</u>	<u>2,475,289.17</u>	<u>339,319.17</u>
Total Revenues	<u>4,386,911.00</u>	<u>-</u>	<u>4,386,911.00</u>	<u>4,758,471.93</u>	<u>371,560.93</u>

CITY OF ESTELL MANOR SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
Current Expense					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	106,263.00	(4,215.06)	102,047.94	101,682.06	365.88
Grades 1-5 - Salaries of Teachers	551,355.00	27,593.34	578,948.34	578,922.32	26.02
Grades 6-8 - Salaries of Teachers	259,831.00	92,906.10	352,737.10	352,737.10	
Regular Programs - Home Instruction					
Salaries of Teachers	7,500.00	(7,500.00)			
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	15,000.00	2,042.57	17,042.57	17,042.57	
General Supplies	46,930.00	63,337.82	110,267.82	96,339.59	13,928.23
Textbooks	30,000.00	(8,297.80)	21,702.20	2,382.20	19,320.00
Total Regular Programs - Instruction	<u>1,016,879.00</u>	<u>165,866.97</u>	<u>1,182,745.97</u>	<u>1,149,105.84</u>	<u>33,640.13</u>
Resource Room/Resource Center					
Salaries of Teachers	133,856.00	(53,216.47)	80,639.53	65,514.15	15,125.38
Other Salaries for Instruction	75,850.00	(3,615.04)	72,234.96	53,088.81	19,146.15
Other Purchased Services (400-500 series)	2,925.00	758.99	3,683.99	3,683.99	
General Supplies	1,500.00	2,390.99	3,890.99	3,472.13	418.86
Total Resource Room/Resource Center	<u>214,131.00</u>	<u>(53,681.53)</u>	<u>160,449.47</u>	<u>125,759.08</u>	<u>34,690.39</u>
Home Instruction					
Salaries of Teachers					
Total Basic Skills/Remedial - Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Education - Instruction	<u>214,131.00</u>	<u>(53,681.53)</u>	<u>160,449.47</u>	<u>125,759.08</u>	<u>34,690.39</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	85,511.00		85,511.00	72,155.11	13,355.89
Total Basic Skills/Remedial - Instruction	<u>85,511.00</u>	<u>-</u>	<u>85,511.00</u>	<u>72,155.11</u>	<u>13,355.89</u>

CITY OF ESTELL MANOR SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Co-Curricular Activities - Instruction					
Salaries	6,720.00		6,720.00	1,759.50	4,960.50
Other Objects					
Total School-Sponsored Co curricular Activities - Instruction	6,720.00	-	6,720.00	1,759.50	4,960.50
School-Sponsored Athletics - Instruction					
Salaries	9,000.00		9,000.00		9,000.00
Other Purchased Services (400-500 series)	1,803.00	3,000.00	4,803.00	4,395.72	407.28
General Supplies		3,500.00	3,500.00	1,327.99	2,172.01
Total School-Sponsored Athletics - Instruction	10,803.00	6,500.00	17,303.00	5,723.71	11,579.29
Total Instruction and At-Risk Programs	1,334,044.00	118,685.44	1,452,729.44	1,354,503.24	98,226.20
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State - Regular	264,613.00	17,500.00	282,113.00	276,613.11	5,499.89
Tuition to Other LEAs Within the State - Special	42,500.00	6,096.50	48,596.50	43,320.31	5,276.19
Tuition to County Vocational School - Regular	379,777.00		379,777.00	379,777.00	
Tuition to CSSD and Regional Day Schools	393,964.00	(150,878.82)	243,085.18	179,771.50	63,313.68
Tuition to Private Schools for the Disabled - Within State	149,724.00	(25,476.00)	124,248.00	56,976.20	67,271.80
Tuition to State Facilities	15,000.00	(3,241.48)	11,758.52		11,758.52
Total Undistributed Expenditures - Instruction	1,245,578.00	(155,999.80)	1,089,578.20	936,458.12	153,120.08
Undistributed Expenditures - Attendance and Social Work					
Salaries	17,280.00		17,280.00	14,661.84	2,618.16
Purchased Professional and Technical Services	1,000.00	3,241.48	4,241.48	4,241.48	
Other Purchased Services (400-500 series)	2,500.00	(2,500.00)			
Total Undistributed Expenditures - Attendance and Social Work	20,780.00	741.48	21,521.48	18,903.32	2,618.16

CITY OF ESTELL MANOR SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Health Services					
Salaries	52,026.00	6,239.00	58,265.00	58,265.00	
Purchased Professional and Technical Services	2,200.00	200.00	2,400.00	2,382.50	17.50
Other Purchased Services (400-500 series)	2,500.00	(220.00)	2,280.00	529.50	1,750.50
Supplies and Materials	2,000.00	1,348.00	3,348.00	3,132.79	215.21
Total Undistributed Expenditures - Health Services	58,726.00	7,567.00	66,293.00	64,309.79	1,983.21
Other Support Services - Students - Related Services					
Salaries	79,374.00	0.58	79,374.58	68,124.60	11,249.98
Purchased Professional - Educational Services	3,500.00		3,500.00	1,900.00	1,600.00
Total Support Services - Students - Related Services	82,874.00	0.58	82,874.58	70,024.60	12,849.98
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	42,243.00	4,554.17	46,797.17	46,797.17	
Supplies and Materials	1,000.00	(269.17)	730.83		730.83
Total Undistributed Expenditures - Guidance	43,243.00	4,285.00	47,528.00	46,797.17	730.83
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	79,302.00	(4,285.00)	75,017.00	69,302.77	5,714.23
Salaries of Secretarial and Clerical Assistants	15,930.00		15,930.00	14,478.08	1,451.92
Purchased Professional - Educational Services	3,000.00		3,000.00	2,130.00	870.00
Other Purchased Professional and Technical Services	20,000.00	(372.00)	19,628.00	10,165.52	9,462.48
Supplies and Materials	1,200.00	200.40	1,400.40	395.63	1,004.77
Total Undistributed Expenditures - Child Study Teams	119,432.00	(4,456.60)	114,975.40	96,472.00	18,503.40
Undistributed Expenditures - Educational Media Services/School Library					
Salaries		103.50	103.50	103.50	
Purchased Professional and Technical Services	2,000.00	(292.32)	1,707.68	1,546.54	161.14
Other Purchased Services (400-500 Series)	3,000.00	2,758.60	5,758.60	5,758.60	
Supplies and Materials	4,500.00	7,775.52	12,275.52	12,275.52	
Total Undistributed Expenditures - Educational Media Services/School Library	9,500.00	10,345.30	19,845.30	19,684.16	161.14

CITY OF ESTELL MANOR SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instructional Staff Training Services					
Purchased Professional - Educational Services	2,000.00	(1,386.00)	614.00	589.00	25.00
Other Purchased Services (400-500 Series)	4,500.00	3,773.00	8,273.00	8,068.98	204.02
Total Undistributed Expenditures - Instructional Staff Training Services	6,500.00	2,387.00	8,887.00	8,657.98	229.02
Undistributed Expenditures - Support Services - General Administration					
Salaries	30,936.00	3,241.21	34,177.21	34,031.13	146.08
Legal Services	9,300.00	2,850.00	12,150.00	10,836.06	1,313.94
Audit Fees	8,500.00	600.00	9,100.00	9,100.00	
Other Purchased Professional Services	1,500.00	(870.50)	629.50	629.50	
Communications/Telephone	10,000.00	12,829.31	22,829.31	21,977.21	852.10
Board of Education Other Purchased Services	2,500.00	2,270.25	4,770.25	4,770.25	
Miscellaneous Purchased Services (400-500 Series Other Than 530/585)	1,000.00	(89.00)	911.00	893.75	17.25
General Supplies	200.00	(100.00)	100.00		100.00
Board of Education In-House Training		84.00	84.00	84.00	
Miscellaneous Expenditures	2,500.00	4,740.82	7,240.82	5,490.82	1,750.00
Board of Education Membership Dues and Fees	3,000.00	734.49	3,734.49	3,734.49	
Total Undistributed Expenditures - Support Services - General Administration	69,436.00	26,290.58	95,726.58	91,547.21	4,179.37
Undistributed Expenditures - Support Services - School Administration					
Salaries of Principals/Assistant Principals/Program Directors	82,376.00	(4,626.00)	77,750.00	76,982.99	767.01
Salaries of Secretarial and Clerical Assistants	14,780.00	7,887.79	22,667.79	22,667.79	
Supplies and Materials	400.00	(135.00)	265.00	264.29	0.71
Other Objects	570.00	2,839.86	3,409.86	3,409.86	
Total Undistributed Expenditures - Support Services - School Administration	98,126.00	5,966.65	104,092.65	103,324.93	767.72

CITY OF ESTELL MANOR SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Central Services					
Salaries	98,160.00	(36,600.00)	61,560.00	61,560.00	
Purchased Professional Services		34,578.68	34,578.68	34,453.13	125.55
Purchased Technical Services	9,000.00	(1,600.79)	7,399.21	5,861.05	1,538.16
Miscellaneous Purchased Services (400-500 Series)	-	1,775.00	1,775.00	1,775.00	
Supplies and Materials	750.00	(100.00)	650.00	565.65	84.35
Miscellaneous Expenditures	500.00	450.00	950.00	950.00	
Total Undistributed Expenditures - Central Services	108,410.00	(1,497.11)	106,912.89	105,164.83	1,748.06
Undistributed Expenditures - Required Maintenance for School Facilities					
Salaries	67,725.00		67,725.00	66,165.18	1,559.82
Cleaning, Repair, and Maintenance Services	42,338.00	885.44	43,223.44	21,322.84	21,900.60
General Supplies	9,000.00	1,863.77	10,863.77	10,332.60	531.17
Other Objects	2,000.00		2,000.00	600.00	1,400.00
Total Undistributed Expenditures -Required Maintenance for School Facilities	121,063.00	2,749.21	123,812.21	98,420.62	25,391.59

CITY OF ESTELL MANOR SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Custodial Services					
Salaries	101,895.00	(1,751.70)	100,143.30	86,718.23	13,425.07
Purchased Professional and Technical Services	6,000.00	(2,267.50)	3,732.50	3,732.50	
Cleaning, Repair and Maintenance Services	28,750.00	14,642.20	43,392.20	43,389.20	3.00
Insurance	23,195.00	2,214.00	25,409.00	25,401.35	7.65
General Supplies	32,000.00	12,142.27	44,142.27	42,163.04	1,979.23
Energy - Natural Gas	4,500.00		4,500.00	1,444.30	3,055.70
Energy - Electricity	82,000.00		82,000.00	77,409.67	4,590.33
Energy - Oil	12,500.00		12,500.00	9,003.45	3,496.55
Total Undistributed Expenditures - Custodial Services	290,840.00	24,979.27	315,819.27	289,261.74	26,557.53
Undistributed Expenditures - Care and Upkeep of Grounds					
Purchased Professional and Technical Services	6,000.00	2,275.00	8,275.00	8,275.00	
Total Undistributed Expenditures - Care and Upkeep of Grounds	6,000.00	2,275.00	8,275.00	8,275.00	-
Total Undistributed Expenditures - Operations & Maintenance Of Plant	417,903.00	30,003.48	447,906.48	395,957.36	51,949.12
Undistributed Expenditures - Student Transportation Services					
Salaries For Pupil Transportation (Between Home and School) - Regular	27,515.00	1,191.64	28,706.64	28,706.64	
Contracted Services - Aid In Lieu of Payment for Non-Public Students	8,840.00	(2,652.00)	6,188.00	1,768.00	4,420.00
Contracted Services - Aid In Lieu of Payment for Charter School	1,768.00		1,768.00	1,768.00	
Contracted Services - Aid In Lieu of Payment for Choice School	3,536.00	2,652.00	6,188.00	6,188.00	
Contracted Services - (Between Home and School) - Vendors	2,000.00	(1,191.64)	808.36	600.00	208.36
Contracted Services - (Other) - Vendors	16,500.00		16,500.00	11,366.24	5,133.76
Contracted Services - (Between Home and School) - Joint Agreements	218,795.00	(34,400.72)	184,394.28	152,137.97	32,256.31
Contracted Services - (Special Education Students) - Vendors	37,533.00	32,775.10	70,308.10	52,321.34	17,986.76
Contracted Services - (Special Education Students) - Joint Agreements	20,790.00	1,150.00	21,940.00	21,940.00	
Total Undistributed Expenditures - Student Transportation Services	337,277.00	(475.62)	336,801.38	276,796.19	60,005.19

CITY OF ESTELL MANOR SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated Benefits					
Unemployment Compensation	12,500.00	(3,782.16)	8,717.84	8,717.84	
Social Security Contributions	45,000.00	2,006.36	47,006.36	47,006.36	
Other Retirement Contributions - Regular	27,136.00	6,820.09	33,956.09	32,047.59	1,908.50
Health Benefits	481,300.00	27,893.77	509,193.77	495,138.86	14,054.91
Tuition Reimbursement	12,000.00	(10,963.83)	1,036.17	-	1,036.17
Other Employee Benefits	250.00	1,250.00	1,500.00	1,039.95	460.05
Total Unallocated Benefits	<u>578,186.00</u>	<u>23,224.23</u>	<u>601,410.23</u>	<u>583,950.60</u>	<u>17,459.63</u>
On-Behalf Contributions (Non-Budgeted)					
Teacher's Pension Contribution				133,266.00	(133,266.00)
Teacher's Post Retirement Medical				111,040.00	(111,040.00)
Teacher's Disability				443.00	(443.00)
Reimbursed TPAF Social Security Contributions				94,222.17	(94,222.17)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>338,971.17</u>	<u>(338,971.17)</u>
Total Personal Services - Employee Benefits	<u>578,186.00</u>	<u>23,224.23</u>	<u>601,410.23</u>	<u>922,921.77</u>	<u>(321,511.54)</u>
Total Undistributed Expenditures	<u>3,195,971.00</u>	<u>(51,617.83)</u>	<u>3,144,353.17</u>	<u>3,157,019.43</u>	<u>(12,666.26)</u>
Total Current Expense	<u>4,530,015.00</u>	<u>67,067.61</u>	<u>4,597,082.61</u>	<u>4,511,522.67</u>	<u>85,559.94</u>

CITY OF ESTELL MANOR SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital Outlay					
Facilities Acquisition and Construction Services					
Assessment for Debt Service	14,871.00		14,871.00	14,871.00	
Other Objects		58,868.94	58,868.94	58,868.94	
Total Capital Outlay	14,871.00	58,868.94	73,739.94	73,739.94	-
Transfer of Funds to Charter School	30,585.00	24,763.00	55,348.00	55,314.00	34.00
TOTAL EXPENDITURES	4,575,471.00	150,699.55	4,726,170.55	4,640,576.61	85,593.94
Excess (Deficiency) of Revenues Over(Under) Expenditures	(188,560.00)	(150,699.55)	(339,259.55)	117,895.32	457,154.87
Other Financing Sources (Uses)					
Transfer to Debt Service	(57,471.00)	0.39	(57,470.61)	(57,470.61)	
Transfer to Food Service Fund - Board Contribution	(6,000.00)	6,000.00			-
Total Other Financing Sources (Uses)	(63,471.00)	6,000.39	(57,470.61)	(57,470.61)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(252,031.00)	(144,699.16)	(396,730.16)	60,424.71	457,154.87
Fund Balance, July 1	1,320,571.82		1,320,571.82	1,320,571.82	-
Fund Balance, June 30	<u>\$ 1,068,540.82</u>	<u>\$ (144,699.16)</u>	<u>\$ 923,841.66</u>	<u>\$ 1,380,996.53</u>	<u>\$ 457,154.87</u>

CITY OF ESTELL MANOR SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation					
Restricted Fund Balance					
Capital Reserve				\$ 606,565.14	
Maintenance Reserve				85,000.00	
Excess Surplus					
Current Year				381,697.44	
Designated for Subsequent Year's Expenditures				13,633.32	
Assigned Fund Balances					
Year End Encumbrances				43,394.95	
Designated for Subsequent Year's Expenditures				705.68	
Unassigned Fund Balance				250,000.00	
				1,380,996.53	
Reconciliation to Governmental Funds Statements (GAAP)					
Last State Aid Payment not recognized on GAAP Basis				(193,433.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,187,563.53	

CITY OF ESTELL MANOR SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	\$ -	\$ 5,408.00	\$ 5,408.00	\$ 5,408.00	\$ -
State Sources					
Federal Sources	156,561.00	(2,081.21)	154,479.79	136,509.71	(17,970.08)
Total Revenues	<u>156,561.00</u>	<u>3,326.79</u>	<u>159,887.79</u>	<u>141,917.71</u>	<u>(17,970.08)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers					-
Purchased Professional Technical Services	18,000.00	4,553.40	22,553.40	22,553.40	-
Tuition	60,602.00		60,602.00	60,602.00	-
Supplies and Materials	31,501.50	10,882.79	42,384.29	42,005.31	378.98
Total Instruction	<u>110,103.50</u>	<u>15,436.19</u>	<u>125,539.69</u>	<u>125,160.71</u>	<u>378.98</u>
Support Services					
Salaries	7,556.00		7,556.00	7,555.50	0.50
Employee Benefits					-
Purchased Professional Technical Services					-
Other Purchased Services	32,775.00	(12,109.40)	20,665.60	3,075.00	17,590.60
Supplies and Materials	6,126.50		6,126.50	6,126.50	-
Total Support Services	<u>46,457.50</u>	<u>(12,109.40)</u>	<u>34,348.10</u>	<u>16,757.00</u>	<u>17,591.10</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment					-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>156,561.00</u>	<u>3,326.79</u>	<u>159,887.79</u>	<u>141,917.71</u>	<u>17,970.08</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(0.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources					
Operating Transfers					-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (0.00)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF ESTELL MANOR SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For The Fiscal Year Ended June 30, 2017

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (Budgetary Basis) revenue from the Budgetary Comparison Schedule	\$ 4,758,471.93	\$ 141,917.71
Difference - Budget to GAAP		
Grant accounting Budgetary Basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized.		
Encumbrances		
June 30, 2016		488.87
June 30, 2017		(16,348.27)
State Aid payment recognized for budgetary purposes, not recognized for GAAP purposes.		
State Aid Payment		
June 30, 2016	192,973.00	
June 30, 2017	(193,433.00)	
Total revenues as reported on the Statements of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 4,758,011.93	\$ 126,058.31
Uses/Outflows of Resources		
Actual amounts (Budgetary Basis) total outflows from the Budgetary Comparison Schedule	\$ 4,640,576.61	\$ 141,917.71
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are recorded in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Encumbrances		
June 30, 2016		488.87
June 30, 2017		(16,348.27)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	\$ 4,640,576.61	\$ 126,058.31

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

CITY OF ESTELL MANOR SCHOOL DISTRICT
Required Supplementary Information
Schedule of the School District's Proportionate Share of Net Pension Liability
Public Employees' Retirement System (PERS)
Last Four Fiscal Years

	Measurement Date Ending June 30,			
	2016	2015	2014	2013
District's Proportion of the Net Pension Liability	0.0030387702%	0.0035307508%	0.0035307508%	0.0034296882%
District's Proportionate Share of the Net Pension Liability	\$ 899,997.00	\$ 731,459.00	\$ 661,053.00	\$ 655,482.00
District's Covered Employee Payroll	\$ 587,615.97	\$ 587,983.29	\$ 584,197.54	\$ 520,359.57
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	153.16%	124.40%	113.16%	125.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.13%	47.93%	52.08%	48.72%

Note - This schedule is presented to illustrate the requirement for 10 years.
However, until a full 10-year trend is compiled, this presentation will only include information
for those years for which information is available.

**CITY OF ESTELL MANOR SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of School District's Contributions
 Public Employees' Retirement System (PERS)
 Last Four Fiscal Years**

	2016	Measurement Date Ending June 30, 2015	2014	2013
Contractually Required Contribution	\$ 26,996.00	\$ 50,005.00	\$ 29,107.00	\$ 25,842.00
Contributions in Relation to the Required Contribution	26,996.00	50,005.00	29,107.00	25,842.00
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Employee Payroll	\$ 587,615.97	\$ 587,983.29	\$ 584,197.54	\$ 520,359.57
Contributions as a Percentage of Covered Payroll	4.59%	8.50%	4.98%	4.97%

Note - This schedule is presented to illustrate the requirement for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

CITY OF ESTELL MANOR SCHOOL DISTRICT
Required Supplementary Information
Schedule of School District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund (TPAF)
Last Four Fiscal Years

	Measurement Date Ending June 30,			
	2016	2015	2014	2013
District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	100.00%	100.00%	100.00%	100.00%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
District's Proportionate of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -
State's Proportionate of the Net Pension Liability Associated with the District	9,980,935.00	8,194,839.00	6,450,153.00	6,166,012.00
	<u>\$ 9,980,935.00</u>	<u>\$ 8,194,839.00</u>	<u>\$ 6,450,153.00</u>	<u>\$ 6,166,012.00</u>
District's Covered Employee Payroll	\$ 1,275,418.82	\$ 1,265,356.11	\$ 1,202,581.55	\$ 1,296,712.86
District's Proportionate Share of the Net Pension Liability 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	0.00%	33.64%	33.64%	33.76%

Note - This schedule is presented to illustrate the requirement for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL BASED BUDGET SCHEDULES

SPECIAL REVENUE FUND

CITY OF ESTELL MANOR SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
For The Fiscal Year Ended June 30, 2017

6000	I.A.S.A		I.D.E.A. Part B		Rural Education Achievement	Community Grant	Total
	Title 1 Part A	Title II Part A	Basic	Preschool			
REVENUES							
Federal Sources	\$ 51,052.84	\$ 11,172.87	\$ 59,009.00	\$ 1,593.00	\$ 13,682.00	\$ -	\$ 136,509.71
Local Sources						5,408.00	5,408.00
Total Revenues	\$ 51,052.84	\$ 11,172.87	\$ 59,009.00	\$ 1,593.00	\$ 13,682.00	\$ 5,408.00	\$ 141,917.71
EXPENDITURES							
Instruction							
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased Professional Technical Services	11,380.53	11,172.87					22,553.40
Tuition			59,009.00	1,593.00			60,602.00
Supplies and Materials	36,597.31					5,408.00	42,005.31
Total Instruction	47,977.84	11,172.87	59,009.00	1,593.00	-	5,408.00	125,160.71
Support Services							
Salaries					7,555.50		7,555.50
Employee Benefits							-
Other Purchased Services	3,075.00						3,075.00
Supplies and Materials					6,126.50		6,126.50
Total Support Services	3,075.00	-	-	-	13,682.00	-	16,757.00
Facilities Acquisition							
Instructional Equipment							-
Total Facilities Acquisition	-	-	-	-	-	-	-
Total Expenditures	\$ 51,052.84	\$ 11,172.87	\$ 59,009.00	\$ 1,593.00	\$ 13,682.00	\$ 5,408.00	\$ 141,917.71

CAPITAL PROJECTS FUND

CITY OF ESTELL MANOR SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For The Fiscal Year Ended June 30, 2017

Project Title	Revised Budgetary Appropriations	Totals		Balance
		Sources of Funds	Uses of Funds	
HVAC Replacement 1410-050-14-1001-G04	\$ 1,420,934.01	\$ 1,420,934.01	\$ 1,377,008.90	\$ 43,925.11
Roof Replacement 1410-050-14-1002-G04	534,181.05	534,181.05	562,164.82	(27,983.77)
Emergency Generator 1410-050-14-1003-G04	172,252.44	172,252.44	159,398.22	12,854.22
	<u>\$ 2,127,367.50</u>	<u>\$ 2,127,367.50</u>	<u>\$ 2,098,571.94</u>	<u>\$ 28,795.56</u>

CITY OF ESTELL MANOR SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
For The Fiscal Year Ended June 30, 2017

REVENUES AND OTHER FINANCING SOURCES	
State Sources	\$ -
Interest Earned	
Sale of Bonds	
Transfer from Capital Reserve	
	-
Total Revenues and Other Financing Sources	-
EXPENDITURES AND OTHER FINANCING USES	
Purchased Professional and Technical Services	11,230.00
Construction Services	84,212.93
General Supplies	11,183.00
	106,625.93
Total Expenditures and Other Financing Uses	106,625.93
Excess (Deficiency) of Revenues Over (Under) Expenditures	(106,625.93)
Fund Balance, July 1	135,421.49
Fund Balance, June 30	\$ 28,795.56

CITY OF ESTELL MANOR SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Balance and Status
For The Fiscal Year Ended June 30, 2017

	Prior Year	Current Year	Totals	Revised Authorized Costs
HVAC Replacement 1410-050-14-1001-G04				
Roof Replacement 1410-050-14-1002-G04				
Emergency Generator 1410-050-14-1003-G04				
 REVENUES AND OTHER FINANCING SOURCES				
State Sources	\$ 740,367.10	\$ -	\$ 740,367.10	\$ 740,367.10
Bond Proceeds	1,234,000.00		1,234,000.00	1,234,000.00
Transfer from Capital Reserve	153,000.00		153,000.00	153,000.00
	<u>2,127,367.10</u>	<u>-</u>	<u>2,127,367.10</u>	<u>2,127,367.10</u>
Total Revenues and Other Financing Sources				
 EXPENDITURES AND OTHER FINANCING USES				
Purchased Professional and Technical Services	165,581.68	11,230.00	176,811.68	132,925.00
Construction Services	1,805,310.96	84,212.93	1,889,523.89	1,649,681.20
Miscellaneous	21,052.97	11,183.00	32,235.97	344,760.90
	<u>1,991,945.61</u>	<u>106,625.93</u>	<u>2,098,571.54</u>	<u>2,127,367.10</u>
Total Expenditures and Other Financing Uses				
 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 135,421.49</u>	<u>\$ (106,625.93)</u>	<u>\$ 28,795.56</u>	<u>\$ -</u>

Project Information

Date Authorized	November 4, 2014	
Bonds Authorized	\$ 1,234,000.00	
Bonds Issued	\$ 1,234,000.00	Issued On July 1, 2015
Original Authorized Cost	\$ 2,170,994.00	
Adjustment to Authorized Cost	\$ (43,626.90)	
Revised Authorized Cost	\$ 2,127,367.10	
 Percentage Increase Over Original Authorized Cost	-2.01%	
Percentage Completion	100.00%	

PROPRIETARY FUND

ENTERPRISE FUND

CITY OF ESTELL MANOR SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Net Position
June 30, 2017

	Food Service Fund	Playgroup Childcare Program	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 8,127.22	\$ 18,565.45	\$ 26,692.67
Accounts Receivable			
State	45.74		45.74
Federal	1,694.81		1,694.81
Inventories	4,430.96		4,430.96
Total Current Assets	14,298.73	18,565.45	32,864.18
Noncurrent Assets			
Equipment	11,061.74		11,061.74
Less: Accumulated Depreciation	8,374.94		8,374.94
Total Noncurrent Assets	2,686.80	-	2,686.80
Total Assets	16,985.53	18,565.45	35,550.98
LIABILITIES			
Current Liabilities			
Accounts Payable			
Interfund Payable	11,329.16	18,565.14	29,894.30
Total Current Liabilities	11,329.16	18,565.14	29,894.30
NET POSITION			
Invested in Capital Assets Net of Related Debt	2,686.80		2,686.80
Unrestricted	2,969.57	0.31	2,969.88
Total Net Position	\$ 5,656.37	\$ 0.31	\$ 5,656.68

CITY OF ESTELL MANOR SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Fiscal Year Ended June 30, 2017

	Food Service Fund	Playgroup Childcare Program	Total
OPERATING REVENUES			
Charges For Services			
Daily Sales			
Reimbursable Programs	\$ 33,842.37	\$ -	\$ 33,842.37
Non-Reimbursable Programs	22,826.02		22,826.02
Community Service Activities		20,708.37	20,708.37
Total Operating Revenue	<u>56,668.39</u>	<u>20,708.37</u>	<u>77,376.76</u>
OPERATING EXPENSES			
Cost of Sales			
Reimbursable Programs	30,147.97		30,147.97
Nonreimbursable Programs	10,592.53		10,592.53
Salaries	32,999.96	18,565.14	51,565.10
Employee Benefits	6,318.46		6,318.46
General Expense	6,323.75		6,323.75
Management Fee	9,090.06		9,090.06
Depreciation	447.80		447.80
Total Operating Expenses	<u>95,920.53</u>	<u>18,565.14</u>	<u>114,485.67</u>
Operating Income (Loss)	<u>(39,252.14)</u>	<u>2,143.23</u>	<u>(37,108.91)</u>
NONOPERATING REVENUES (EXPENSES)			
State Sources			
State School Lunch and Breakfast Program	776.46		776.46
Federal Sources			
National School Lunch and Breakfast Program	29,876.28		29,876.28
Food Distribution Program	7,644.19		7,644.19
Interest on Investments	174.45		174.45
Total Nonoperating Revenues (Expenses)	<u>38,471.38</u>	<u>-</u>	<u>38,471.38</u>
Income (Loss) Before Contributions and Transfers	(780.76)	2,143.23	1,362.47
Board Contribution			
Change in Net Position	(780.76)	2,143.23	1,362.47
Net Position, July 1	6,437.13	(2,142.92)	4,294.21
Net Position, June 30	<u>\$ 5,656.37</u>	<u>\$ 0.31</u>	<u>\$ 5,656.68</u>

CITY OF ESTELL MANOR SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2017

	Food Service Fund	Playgroup Childcare Program	Total
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts From Customers and Other Funds	\$ 56,668.39	\$ 20,708.37	\$ 77,376.76
Payments to Employees	(32,999.96)	(18,565.14)	(51,565.10)
Payments to Suppliers	(63,598.56)		(63,598.56)
Net Cash Provided By (Used In) Operating Activities	<u>(39,930.13)</u>	<u>2,143.23</u>	<u>(37,786.90)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	791.03		791.03
Federal Sources	38,129.69		38,129.69
Operating Subsidies and Transfers		2,716.42	2,716.42
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>38,920.72</u>	<u>2,716.42</u>	<u>41,637.14</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets			
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	174.45		174.45
Net Cash Provided By (Used In) Investing Activities	<u>174.45</u>	<u>-</u>	<u>174.45</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(834.96)	4,859.65	4,024.69
Cash and Cash Equivalents, July 1	8,962.18	13,705.80	22,667.98
Cash and Cash Equivalents, June 30	<u>\$ 8,127.22</u>	<u>\$ 18,565.45</u>	<u>\$ 26,692.67</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities			
Operating Income (Loss)	\$ (39,252.14)	\$ 2,143.23	\$ (37,108.91)
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities			
Depreciation	447.80		447.80
(Increase) Decrease			
Accounts Receivable			
Inventories	(1,125.79)		(1,125.79)
Other Current Assets			
Increase (Decrease)			
Accounts Payable			
Accrued Expenses			
Net Cash Provided By (Used In) Operating Activities	<u>\$ (39,930.13)</u>	<u>\$ 2,143.23</u>	<u>\$ (37,786.90)</u>

INTERNAL SERVICE FUND

FIDUCIARY FUNDS

**CITY OF ESTELL MANOR SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Assets
June 30, 2017**

	Trust			Student Activity	Agency	
	Unemployment Compensation	Scholarship Trust	Total Trust Funds		Payroll	Total Agency Funds
ASSETS						
Cash	\$ 12,060.73	\$ 4,522.18	\$ 16,582.91	\$ 22,841.76	\$ 6,970.28	\$ 29,812.04
Interfunds Receivable			-			
Total Assets	<u>12,060.73</u>	<u>4,522.18</u>	<u>16,582.91</u>	<u>22,841.76</u>	<u>6,970.28</u>	<u>29,812.04</u>
LIABILITIES						
Interfunds Payable						
Payroll Withholding					6,970.28	6,970.28
Due to Student Groups				22,841.76		22,841.76
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,841.76</u>	<u>6,970.28</u>	<u>29,812.04</u>
NET ASSETS						
Held in Trust	<u>12,060.73</u>	<u>4,522.18</u>	<u>16,582.91</u>			
Total Net Assets	<u>\$ 12,060.73</u>	<u>\$ 4,522.18</u>	<u>\$ 16,582.91</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ESTELL MANOR SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For The Fiscal Year Ended June 30, 2017

	Unemployment Compensation Trust	Scholarship Trust	Total
ADDITIONS			
Contributions	\$ -	\$ 850.00	\$ 850.00
Total Contributions	-	850.00	850.00
Investment Earnings			
Interest	12.06	4.56	16.62
Total Investment Earnings	12.06	4.56	16.62
Total Additions	12.06	854.56	866.62
DEDUCTIONS			
Unemployment Claims	-		-
Administrative Expenses	12.06	4.56	16.62
Awards		1,050.00	1,050.00
Total Deductions	12.06	1,054.56	1,066.62
Change in Net Assets	-	(200.00)	(200.00)
Net Position, July 1	12,060.73	4,722.18	16,782.91
Net Position, June 30	<u>\$ 12,060.73</u>	<u>\$ 4,522.18</u>	<u>\$ 16,582.91</u>

CITY OF ESTELL MANOR SCHOOL DISTRICT
 Student Activity Funds
 Schedule of Receipts and Disbursements
 For The Fiscal Year Ended June 30, 2017

	Balance June 30, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
Elementary School	\$ 10,643.20	\$ 37,163.13	\$ 24,964.57	\$ 22,841.76

CITY OF ESTELL MANOR SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For The Fiscal Year Ended June 30, 2017

	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,395.20	\$ 2,087,837.30	\$ 2,082,262.22	\$ 6,970.28
Total Assets	<u>\$ 1,395.20</u>	<u>\$ 2,087,837.30</u>	<u>\$ 2,082,262.22</u>	<u>\$ 6,970.28</u>
LIABILITIES				
Net Payroll	\$ -	\$ 1,202,237.03	\$ 1,202,237.03	\$ -
Payroll Deductions and Withholding		885,562.30	878,592.02	6,970.28
Interfunds Payable	1,395.20	37.97	1,433.17	
Total Liabilities	<u>\$ 1,395.20</u>	<u>\$ 2,087,837.30</u>	<u>\$ 2,082,262.22</u>	<u>\$ 6,970.28</u>

LONG-TERM DEBT

CITY OF ESTELL MANOR SCHOOL DISTRICT
Long-Term Debt
Schedule of Bonds Payable
For The Fiscal Year Ended June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2016	Issued	Retired	Balance June 30, 2017
			Date	Amount					
School Additions	4/1/2003	\$ 1,118,000.00	1/1/2018	118,000.00	4.100%	\$ 228,000.00	\$ -	\$ 110,000.00	\$ 118,000.00
School Additions	7/15/2015	1,234,000.00	7/15/2017	50,000.00	3.000%	1,234,000.00			1,234,000.00
			7/15/2018	80,000.00	3.000%				
			7/15/2019	84,000.00	3.000%				
			7/15/2020	85,000.00	3.000%				
			7/15/2021	90,000.00	3.000%				
			7/15/2022	90,000.00	3.000%				
			7/15/2023	95,000.00	3.125%				
			7/15/2024	95,000.00	3.125%				
			7/15/2025	95,000.00	3.125%				
			7/15/2026	95,000.00	3.125%				
			7/15/2027	95,000.00	3.125%				
			7/15/2028	95,000.00	3.250%				
			7/15/2029	95,000.00	3.250%				
			7/15/2030	90,000.00	3.250%				
						<u>\$ 1,462,000.00</u>	<u>\$ -</u>	<u>\$ 110,000.00</u>	<u>\$ 1,352,000.00</u>

CITY OF ESTELL MANOR SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
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	\$ 119,348.00	\$ -	\$ 119,348.00	\$ 119,348.04	\$ 0.04
Total Local Sources	<u>119,348.00</u>	<u>-</u>	<u>119,348.00</u>	<u>119,348.04</u>	<u>0.04</u>
State Sources					
Debt Service Aid Type I					
Debt Service Aid Type II					
Total State Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>119,348.00</u>	<u>-</u>	<u>119,348.00</u>	<u>119,348.04</u>	<u>0.04</u>
EXPENDITURES					
Regular Debt Service					
Interest	66,819.00		66,819.00	66,818.65	0.35
Redemption of Principal	110,000.00		110,000.00	110,000.00	
Total Expenditures	<u>176,819.00</u>	<u>-</u>	<u>176,819.00</u>	<u>176,818.65</u>	<u>0.35</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(57,471.00)</u>	<u>-</u>	<u>(57,471.00)</u>	<u>(57,470.61)</u>	<u>0.39</u>
Other Financing Sources					
Operating Transfers In General Fund	57,471.00		57,471.00	57,470.61	0.39
Total Other Financing Sources	<u>57,471.00</u>	<u>-</u>	<u>57,471.00</u>	<u>57,470.61</u>	<u>0.39</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.78</u>
Fund Balance, July 1	<u>(0.31)</u>		<u>(0.31)</u>	<u>(0.31)</u>	
Fund Balance, June 30	<u>\$ (0.31)</u>	<u>\$ -</u>	<u>\$ (0.31)</u>	<u>\$ (0.31)</u>	<u>\$ 0.78</u>

STATISTICAL SECTION

CITY OF ESTELL MANOR SCHOOL DISTRICT

Statistical Section

Introduction to the Statistical Section

Financial Trends

- J-1 These schedules contain trend information to help the reader understand how the
- J-2 District's financial performance and well being have changed over time.
- J-3
- J-4
- J-5

Revenue Capacity

- J-6 These schedules contain information to help the reader assess the District's most
- J-7 significant local revenue source, the property tax.
- J-8
- J-9

Debt Capacity

- J-10 These schedules present information to help the reader assess the affordability of the
- J-11 District's current levels of outstanding debt and the District's ability to issue additional debt
- J-12 in the future.
- J-13

Demographic and Economic Information

- J-14 These schedules offer demographic and economic indicators to help the reader
- J-15 understand the environment within which the District's financial activities take place.

Operating Information

- J-16 These schedules contain service and infrastructure data to help the reader understand
- J-17 how the information in the District's financial report relates to the services the District
- J-18 provides and the activities it performs.
- J-19
- J-20

Sources: *Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report (CAFR) for the relevant year.*

FINANCIAL TRENDS

CITY OF ESTELL MANOR SCHOOL DISTRICT
Net Position By Component
Source: CAFR A-1

Exhibit J-1
Unaudited

	Fiscal Year Ended									
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
Governmental Activities										
Capital Assets, net of debt	\$ 4,692,469.75	\$ 4,551,478.89	\$ 3,896,642.11	\$ 3,804,962.59	\$ 3,838,599.81	\$ 3,865,591.95	\$ 3,859,969.04	\$ 3,889,950.26	\$ 3,794,630.51	\$ 3,809,556.43
Restricted	1,159,791.78	1,205,297.00	458,793.79	335,383.64	218,012.66	103,010.22	85,429.98	16,324.66	85,884.25	93,384.82
Unrestricted	(798,675.15)	(767,363.40)	(662,275.81)	(48,753.95)	(98,857.70)	(77,473.02)	(240,344.26)	(305,516.92)	(103,443.65)	181,707.17
Total	\$ 5,053,586.38	\$ 4,989,412.49	\$ 3,693,160.09	\$ 4,091,592.28	\$ 3,957,754.77	\$ 3,891,129.15	\$ 3,705,054.76	\$ 3,600,758.00	\$ 3,777,071.11	\$ 4,084,648.42
Business-Type Activities										
Capital Assets, net of debt	\$ 2,686.80	\$ 3,134.60	\$ 3,582.40	\$ 4,030.20	\$ 4,478.00	\$ 60.42	\$ 245.34	\$ 430.26	\$ 1,990.15	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,969.88	1,159.61	(5,396.43)	(732.86)	(3,961.15)	15,335.03	7,591.92	2,089.42	1,615.97	6,566.24
Total Business	\$ 5,656.68	\$ 4,294.21	\$ (1,814.03)	\$ 3,297.34	\$ 516.85	\$ 15,395.45	\$ 7,837.26	\$ 2,519.68	\$ 3,606.12	\$ 6,566.24
District-Wide										
Capital Assets, net of debt	\$ 4,695,156.55	\$ 4,554,613.49	\$ 3,900,224.51	\$ 3,808,992.79	\$ 3,843,077.81	\$ 3,865,652.37	\$ 3,860,214.38	\$ 3,890,380.52	\$ 3,796,620.66	\$ 3,809,556.43
Restricted	1,159,791.78	1,205,297.00	458,793.79	335,383.64	218,012.66	103,010.22	85,429.98	16,324.66	85,884.25	93,384.82
Unrestricted	(795,705.27)	(766,203.79)	(667,672.24)	(49,486.81)	(102,818.85)	(62,137.99)	(232,752.34)	(303,427.50)	(101,827.68)	188,273.41
Total	\$ 5,059,243.06	\$ 4,993,706.70	\$ 3,691,346.06	\$ 4,094,889.62	\$ 3,958,271.62	\$ 3,906,524.60	\$ 3,712,892.02	\$ 3,603,277.68	\$ 3,780,677.23	\$ 4,091,214.66

CITY OF ESTELL MANOR SCHOOL DISTRICT

Changes in Net Position

Source: CAFR A-2

Exhibit J-2

Unaudited

	Fiscal Year Ended									
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 2,368,961.49	\$ 2,355,644.42	\$ 1,540,622.84	\$ 1,408,027.19	\$ 1,488,612.63	\$ 1,306,253.29	\$ 1,021,870.00	\$ 1,488,179.84	\$ 1,585,339.53	\$ 1,411,012.82
Special Education	238,235.28	224,132.84	322,622.20	319,473.64	312,958.79	254,445.38	388,007.28	252,001.62	259,474.20	151,160.90
School Activities	79,638.32	75,486.07	14,360.29	10,223.98	7,880.00	7,832.50	5,000.00	6,868.94	8,183.18	67,039.17
Support Services										
Tuition	936,458.12	627,909.59	1,122,655.39	1,246,322.16	1,262,352.68	1,414,965.83	1,669,982.83	1,496,011.21	1,226,701.03	1,106,270.46
Student and Instruction	667,175.22	555,967.61	426,668.67	452,117.02	441,465.78	451,728.67	420,594.97	472,506.41	445,192.44	361,151.70
General Administration	173,425.05	194,727.03	149,014.56	110,359.14	116,421.10	109,534.24	103,602.70	94,875.02	97,208.39	84,878.35
School Administrative	195,736.51	200,323.95	135,615.21	122,362.71	144,505.43	145,981.89	147,156.44	150,979.57	145,716.90	133,379.99
Central Services	105,164.83	121,602.57	114,117.36	106,801.12	111,659.62	105,489.24	89,995.58	112,781.37	125,468.53	137,279.67
Facility	395,957.36	377,311.42	384,794.25	480,158.62	469,028.04	340,122.21	302,302.72	323,007.18	379,252.53	535,526.38
Pupil Transportation	276,796.19	267,684.80	249,402.21	243,779.47	201,293.67	226,035.78	270,457.71	303,017.13	312,891.19	325,502.73
Charter School	55,314.00	16,738.00								
Capital Outlay	14,871.00	14,871.00	14,871.00	14,871.00	9,644.00	7,027.00	11,622.00			
Interest on Debt	46,935.01	48,348.38	15,913.62	24,113.62	24,113.61	28,213.62	32,313.62	36,413.62	40,513.62	48,670.15
Depreciation	134,504.01	134,504.03	130,499.62	133,637.22	133,033.14	135,648.09	143,138.05	138,100.20	136,716.13	
Total	5,689,172.39	5,215,251.71	4,621,157.22	4,672,246.89	4,722,968.49	4,533,277.74	4,606,043.90	4,874,742.11	4,762,657.67	4,361,872.32
Business-Type Activities										
Food Service Fund	114,485.67	108,925.75	104,593.00	87,691.10	99,458.12	96,161.87	95,555.27	87,275.21	93,473.32	107,155.51
Total	114,485.67	108,925.75	104,593.00	87,691.10	99,458.12	96,161.87	95,555.27	87,275.21	93,473.32	107,155.51
Total District-Wide	\$ 5,803,658.06	\$ 5,324,177.46	\$ 4,725,750.22	\$ 4,759,937.99	\$ 4,822,426.61	\$ 4,629,439.61	\$ 4,701,599.17	\$ 4,962,017.32	\$ 4,856,130.99	\$ 4,469,027.83

CITY OF ESTELL MANOR SCHOOL DISTRICT

Changes in Net Assets (Continued)

Source: CAFR A-2

Exhibit J-2

Unaudited

	Fiscal Year Ended									
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
Program Revenues										
Governmental Activities										
Charges For Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and Contributions	1,214,957.48	1,144,823.11	837,903.93	382,807.78	428,562.76	525,106.65	498,768.03	987,832.30	402,769.89	174,775.11
Total	1,214,957.48	1,144,823.11	837,903.93	382,807.78	428,562.76	525,106.65	498,768.03	987,832.30	402,769.89	174,775.11
Business-Type Activities										
Charges For Services	77,376.76	67,604.30	64,706.35	54,804.60	67,105.38	68,119.82	62,365.66	44,281.34	58,503.39	67,212.57
Grants and Contributions	38,296.93	41,413.84	32,264.11	31,295.49	33,070.79	24,936.00	29,059.87	36,894.48	26,786.37	22,327.15
Total	115,673.69	109,018.14	96,970.46	86,100.09	100,176.17	93,055.82	91,425.53	81,175.82	85,289.76	89,539.72
Total	\$ 1,330,631.17	\$ 1,253,841.25	\$ 934,874.39	\$ 468,907.87	\$ 528,738.93	\$ 618,162.47	\$ 590,193.56	\$ 1,069,008.12	\$ 488,059.65	\$ 264,314.83
Net (Expense) Revenue										
Governmental Activities	\$ (4,474,214.91)	\$ (4,070,428.60)	\$ (3,783,253.29)	\$ (4,289,439.11)	\$ (4,294,405.73)	\$ (4,008,171.09)	\$ (4,107,275.87)	\$ (3,886,909.81)	\$ (4,359,887.78)	\$ (4,187,097.21)
Business-Type Activities	1,188.02	92.39	(7,622.54)	(1,591.01)	718.05	(3,106.05)	(4,129.74)	(6,099.39)	(8,183.56)	(17,615.79)
Total District-Wide	\$ (4,473,026.89)	\$ (4,070,336.21)	\$ (3,790,875.83)	\$ (4,291,030.12)	\$ (4,293,687.68)	\$ (4,011,277.14)	\$ (4,111,405.61)	\$ (3,893,009.20)	\$ (4,368,071.34)	\$ (4,204,713.00)

CITY OF ESTELL MANOR SCHOOL DISTRICT
Changes in Net Assets (Continued)

Source: CAFR A-2

Exhibit J-2
Unaudited

	Fiscal Year Ended									
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Local Tax Levy	\$ 2,369,139.04	\$ 2,373,649.00	\$ 2,367,749.00	\$ 2,375,949.00	\$ 2,375,949.00	\$ 2,356,613.00	\$ 2,430,006.00	\$ 2,161,608.00	\$ 2,087,896.00	\$ 2,090,870.00
Unrestricted Grants	2,135,858.00	2,966,086.87	1,617,439.80	2,021,503.00	1,965,957.00	1,820,009.00	1,774,301.00	1,531,385.00	1,922,494.41	2,410,098.47
Investment Earnings	1,270.06	50.00	321.70	73.96	1,150.33	975.00	2,039.63	1,963.61	3,648.20	11,993.06
Miscellaneous Income	32,121.70	32,895.13	27,813.78	30,124.06	2,361.74	27,302.80	14,671.88	20,652.62	43,404.06	8,840.29
Transfers	-	(6,000.00)	(2,500.00)	(4,373.40)	15,613.27	(10,654.32)	(9,445.58)	(5,012.85)	(5,132.19)	(65,828.41)
Total	4,538,388.80	5,366,681.00	4,010,824.28	4,423,276.62	4,361,031.34	4,194,245.48	4,211,572.93	3,710,596.38	4,052,310.48	4,455,973.41
Business-Type Activities										
Investment Earnings	174.45	15.85	11.17	1.10	16.62	9.89	1.74	0.10	91.25	119.36
Transfers	-	6,000.00	2,500.00	4,373.40	(15,613.27)	10,654.32	9,445.58	5,012.85	5,132.19	22,090.47
Total	174.45	6,015.85	2,511.17	4,374.50	(15,596.65)	10,664.21	9,447.32	5,012.95	5,223.44	22,209.83
Total District-Wide General Revenues and Other Changes in Net Assets										
	\$ 4,538,563.25	\$ 5,372,696.85	\$ 4,013,335.45	\$ 4,427,651.12	\$ 4,345,434.69	\$ 4,204,909.69	\$ 4,221,020.25	\$ 3,715,609.33	\$ 4,057,533.92	\$ 4,478,183.24
Change in Net Assets										
Governmental Activities	\$ 64,173.89	\$ 1,296,252.40	\$ 227,570.99	\$ 133,837.51	\$ 66,625.61	\$ 186,074.39	\$ 104,297.06	\$ (176,313.43)	\$ (307,577.30)	\$ 268,876.20
Business-Type Activities	1,362.47	6,108.24	(5,111.37)	2,783.49	(14,878.60)	7,558.16	5,317.58	(1,086.44)	(2,960.12)	4,594.04
Total District-Wide	\$ 65,536.36	\$ 1,302,360.64	\$ 222,459.62	\$ 136,621.00	\$ 51,747.01	\$ 193,632.55	\$ 109,614.64	\$ (177,399.87)	\$ (310,537.42)	\$ 273,470.24

CITY OF ESTELL MANOR SCHOOL DISTRICT
Fund Balances - Governmental Funds
Source: CAFR B-1

Exhibit J-3
Unaudited

	Fiscal Year Ended									
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
General Fund										
Restricted	\$ 1,086,895.90	\$ 779,097.97	\$ 365,464.65	\$ 315,868.57	\$ 184,762.62	\$ 58,459.19	\$ 16,015.14			
Committed										
Assigned	44,100.63	290,777.85	18,934.95	19,515.38	33,250.35	44,551.34	69,415.15			
Unassigned	56,567.00	57,723.00	62,040.00	45,769.94	72,115.00	69,764.00	(14,273.70)			
Reserved								16,324.66	76,931.48	93,384.82
Unreserved								(51,985.10)	99,310.44	359,321.72
Total	\$ 1,187,563.53	\$ 1,127,598.82	\$ 446,439.60	\$ 381,153.89	\$ 290,127.97	\$ 172,774.53	\$ 71,156.59	\$ (35,660.44)	\$ 176,241.92	\$ 452,706.54
All Other Governmental Funds										
Restricted	\$ 28,795.25	\$ 135,421.18	\$ 74,394.19	\$ (0.31)	\$ (0.31)	\$ (0.31)	\$ (0.31)	\$ -	\$ -	\$ -
Committed										
Assigned										
Unassigned										
Reserved									1.69	1.63
Unreserved										
Special Revenue										
Capital Projects									11,876.42	13,192.02
Debt Service								(0.31)		
General										
Total	\$ 28,795.25	\$ 135,421.18	\$ 74,394.19	\$ (0.31)	\$ (0.31)	\$ (0.31)	\$ (0.31)	\$ (0.31)	\$ 11,878.11	\$ 13,193.65

CITY OF ESTELL MANOR SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds
Source: CAFR B-2

Exhibit J-4
Unaudited

	Fiscal Year Ended									
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
Revenues										
Local Tax Levy	\$ 2,369,139.04	\$ 2,373,649.00	\$ 2,367,749.00	\$ 2,375,949.00	\$ 2,375,949.00	\$ 2,356,613.00	\$ 2,430,006.00	\$ 2,161,608.00	\$ 2,087,896.00	\$ 2,090,870.00
Interest Earned	1,270.06	50.00	321.70	73.96	1,150.33	975.00	2,039.63	1,963.61	3,648.20	11,993.06
Miscellaneous	37,529.70	32,894.43	27,813.78	30,124.06	2,361.74	27,302.80	14,671.88	20,652.62	43,404.06	8,840.29
Federal Sources	120,650.31	102,209.34	102,878.43	109,249.57	125,659.24	140,913.01	187,145.75	474,214.00	129,996.81	135,897.00
State Sources	2,474,829.17	3,178,847.87	2,352,465.30	2,295,061.21	2,268,860.52	2,204,202.64	2,085,923.28	2,045,003.29	2,195,267.49	2,453,226.47
Total Revenues	5,003,418.28	5,687,650.64	4,851,228.21	4,810,457.80	4,773,980.83	4,730,006.45	4,719,786.54	4,703,441.52	4,460,212.56	4,700,826.82
Expenditures										
Instruction										
Regular	1,247,826.28	1,176,923.99	1,090,031.43	1,107,898.40	1,041,760.57	936,522.31	746,505.31	1,075,375.28	1,166,415.06	1,124,685.86
Special Education	125,759.08	113,102.85	227,961.24	238,759.30	223,853.91	174,656.59	276,571.30	185,937.47	192,716.15	120,486.88
Other Instruction	79,638.32	75,486.07	14,360.29	10,223.98	7,880.00	7,832.50	5,000.00	6,868.94	8,183.18	53,435.39
Support Services										
Tuition	936,458.12	627,909.59	1,122,655.39	1,246,322.16	1,262,352.68	1,414,965.83	1,669,982.83	1,496,011.21	1,226,701.03	881,782.74
Student and Instruction	352,186.89	280,554.70	301,479.32	337,890.61	315,772.70	310,075.94	299,799.78	348,635.25	330,652.42	292,115.60
General Administration	91,547.21	98,263.97	105,292.02	82,477.14	83,273.96	75,186.58	73,847.93	70,002.81	72,198.42	67,654.58
School Administrative	103,324.93	101,088.31	95,824.19	91,448.03	103,362.19	100,205.00	104,893.00	111,399.12	108,226.56	106,314.12
Central Services	105,164.83	121,602.57	114,117.36	106,801.12	111,659.62	105,489.24	89,995.58	112,781.37	125,468.53	109,422.47
Facility	395,957.36	377,311.42	384,794.25	467,443.62	469,028.04	340,122.21	302,302.72	323,007.18	379,252.53	426,855.76
Pupil Transportation	276,796.19	267,684.80	249,402.21	243,779.47	201,293.67	226,035.78	270,457.71	303,017.13	312,891.19	259,450.74
Employee Benefits	922,921.77	864,729.05	748,121.66	628,270.65	703,760.32	729,399.79	605,030.94	636,472.06	647,851.69	746,686.72
Charter School	55,314.00	16,738.00								
Debt Service	176,818.65	123,858.00	117,958.00	126,158.00	126,158.00	130,258.00	134,358.00	138,458.00	142,558.00	266,137.50
Capital Outlay	180,365.87	1,928,211.11	137,050.64	27,586.00	22,085.00	66,984.42	24,778.83	112,868.66	19,745.83	75,188.33
Total Expenditures	5,050,079.50	6,173,464.43	4,709,048.00	4,715,058.48	4,672,240.66	4,617,734.19	4,603,523.93	4,920,834.48	4,732,860.59	4,530,216.69
Revenues Over (Under) Expenditures	(46,661.22)	(485,813.79)	142,180.21	95,399.32	101,740.17	112,272.26	116,262.61	(217,392.96)	(272,648.03)	170,610.13
Other Sources (Uses)										
Bond Proceeds	-	1,234,000.00								
Transfers In (Out)		(6,000.00)	(2,500.00)	(4,373.40)	(10,654.32)	(10,654.32)	(9,445.58)	(6,387.82)	(5,132.19)	(65,828.41)
	-	1,228,000.00	(2,500.00)	(4,373.40)	(10,654.32)	(10,654.32)	(9,445.58)	(6,387.82)	(5,132.19)	(65,828.41)
Net Changes	\$ (46,661.22)	\$ 742,186.21	\$ 139,680.21	\$ 91,025.92	\$ 91,085.85	\$ 101,617.94	\$ 106,817.03	\$ (223,780.78)	\$ (277,780.22)	\$ 104,781.72

CITY OF ESTELL MANOR SCHOOL DISTRICT
General Fund - Other Local Revenue By Source
Source: District Records

Exhibit J-5
Unaudited

Fiscal Year Ended									
<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>

Detail Provided on Exhibit J-4

REVENUE CAPACITY

CITY OF ESTELL MANOR SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Source: Municipal Tax Assessor

Exhibit J-6
Unaudited

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Vacant Land</u>	<u>Improvements</u>	<u>Total Taxable</u> <u>Value of Land</u> <u>& Improvements</u>	<u>Total Partial</u> <u>Exemptions &</u> <u>Abatements</u>	<u>Net Total Taxable</u> <u>Value of Land</u> <u>& Improvements</u>	<u>Taxable Value of</u> <u>Locally Assessed</u> <u>Personal Property</u>	<u>Net</u> <u>Valuation</u> <u>Taxable</u>	<u>Estimated Actual</u> <u>County Equalized</u> <u>Value</u>	<u>Total District</u> <u>School Tax Rate</u>
2008	39,784,400	77,600,500	117,384,900		117,384,900	396,565	117,781,465	215,942,279	1.773
2009	39,713,500	78,759,400	118,472,900		118,472,900	414,123	118,887,023	226,106,928	1.818
2010	39,708,500	79,288,600	118,997,100		118,997,100	427,499	119,424,599	214,560,903	2.035
2011	39,633,100	79,452,500	119,085,600		119,085,600	382,112	119,467,712	191,426,642	1.972
2012	39,361,300	79,340,200	118,701,500		118,701,500	370,539	119,072,039	184,865,888	1.995
2013	38,431,500	79,384,000	117,815,500		117,815,500	339,362	118,154,862	175,530,386	2.007
2014	49,899,900	104,098,900	153,998,800		153,998,800	383,296	154,382,096	163,726,382	1.534
2015	50,024,100	104,105,500	154,129,600		154,129,600	385,512	154,515,112	164,116,482	1.536
2016	50,076,800	104,533,800	154,610,600		154,610,600		154,610,600	167,876,529	1.528
2017	49,873,300	104,047,800	153,921,100		153,921,100		153,921,100	160,066,269	1.539

CITY OF ESTELL MANOR SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Source: Municipal Tax Collector

Exhibit J-7
Unaudited

Fiscal Year Ended June 30,	School District			Overlapping Rates				Total Direct and Overlapping Tax Rates
	Basic Rate	Debt Service	Total	Local	County	Other	Total	
2008	1.773		1.773	0.135	0.527	0.000	0.662	2.435
2009	1.818		1.818	0.135	0.571	0.000	0.706	2.524
2010	2.035		2.035	0.282	0.575	0.000	0.857	2.892
2011	1.972		1.972	0.282	0.581	0.000	0.863	2.835
2012	1.995		1.995	0.282	0.582	0.000	0.864	2.859
2013	2.007		2.007	0.281	0.699	0.000	0.980	2.987
2014	1.534		1.534	0.253	0.507	0.000	0.760	2.294
2015	1.536		1.536	0.299	0.530	0.000	0.829	2.365
2016	1.528		1.528	0.308	0.559	0.000	0.867	2.395
2017	1.539		1.539	0.297	0.580	0.000	0.877	2.416

CITY OF ESTELL MANOR SCHOOL DISTRICT

Principal Property Taxpayers

Source: Municipal Tax Assessor

Exhibit J-8

Unaudited

Taxpayer	2017			2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Campground of Pleasant Valley LP	\$ 1,875,000	1	1.22%	1,233,500	2	1.60%
Homeowner	1,646,200	2	1.07%	920,900	4	0.79%
MHC Mays Landing LLC	1,189,700	3	0.77%	1,028,600	3	0.88%
Four B's	716,800	4	0.47%	700,000	5	0.60%
176 Route 50 LLC	714,000	5	0.46%			
Homeowner	699,000	6	0.45%	835,500	6	0.72%
Federal Nat Mortg	590,000	7	0.38%			
Homeowner	579,400	8	0.38%	497,100	7	0.43%
Homeowner	554,500	9	0.36%	408,700	9	0.35%
Homeowner	530,500	10	0.34%	394,900	10	0.34%
Crown Financial				2,396,000	1	2.06%
MHS LLC				431,300	8	0.37%
Gem Refrigeration						
Homeowner						
Homeowner						
Homeowner						

CITY OF ESTELL MANOR SCHOOL DISTRICT

Property Tax Levies and Collections

Source: District Records

Exhibit J-9

Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>School Taxes Levied for the Fiscal Year</u>	<u>Current Tax Collections</u>	<u>Percentage of Tax Levy Collections</u>
2008	2,090,870.00	2,090,870.00	100.00%
2009	2,087,896.00	2,087,896.00	100.00%
2010	2,161,608.00	2,161,608.00	100.00%
2011	2,430,006.00	2,430,006.00	100.00%
2012	2,356,613.00	2,356,613.00	100.00%
2013	2,375,949.00	2,375,949.00	100.00%
2014	2,375,949.00	2,375,949.00	100.00%
2015	2,367,749.00	2,367,749.00	100.00%
2016	2,373,649.00	2,373,649.00	100.00%
2017	2,369,139.04	2,369,139.04	100.00%

DEBT CAPACITY

CITY OF ESTELL MANOR SCHOOL DISTRICT

Ratio of Outstanding Debt By Type

Source: District Records

Exhibit J-10

Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-Type	Total District	Percentage of Personal Income	Per Capita Personal Income
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes	Capital Leases			
2008	1,038,000					1,038,000	1.68%	608
2009	938,000					938,000	1.47%	547
2010	838,000					838,000	1.25%	486
2011	738,000					738,000	1.11%	426
2012	638,000					638,000	0.96%	369
2013	538,000					538,000	0.78%	309
2014	438,000					438,000	0.62%	252
2015	338,000					338,000	0.48%	195
2016	1,462,000					1,462,000	2.02%	849
2017	1,352,000					1,352,000	1.80%	787

CITY OF ESTELL MANOR SCHOOL DISTRICT
Ratios of General Bonded Debt Outstanding
Source: District Records

Exhibit J-11
Unaudited

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value of Property</u>	<u>Per Capita</u>
2008	1,038,000		1,038,000	0.89%	608
2009	938,000		938,000	0.79%	547
2010	838,000		838,000	0.70%	486
2011	738,000		738,000	0.62%	426
2012	638,000		638,000	0.54%	369
2013	538,000		538,000	0.46%	309
2014	438,000		438,000	0.28%	252
2015	338,000		338,000	0.22%	195
2016	1,462,000		1,462,000	0.95%	849
2017	1,352,000		1,352,000	0.88%	787

CITY OF ESTELL MANOR SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
Source: District Records

Exhibit J-12
Unaudited

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Net Direct Debt of the School District	\$ 1,352,000.00	100.00%	\$ 1,352,000.00
Debt Repaid With Property Taxes			
Local Municipality	\$ -	100.00%	-
Other Debt			
County of Atlantic	\$ 160,505,901.32	0.49%	<u>786,478.92</u>
Total Direct and Overlapping Debt			<u><u>\$ 2,138,478.92</u></u>

CITY OF ESTELL MANOR SCHOOL DISTRICT
Legal Debt Margin Information
Source: District Records

Exhibit J-13
Unaudited

Year	Equalized Valuation Basis
2014	\$ 163,238,075
2015	166,626,595
2016	<u>160,035,814</u>
	<u>\$ 489,900,484</u>
Average Equalized Valuation of Taxable Property	<u>\$ 163,300,161</u>
School Borrowing Margin	
Average Equalized Valuation of Taxable Property	\$ 163,300,161
	<u>3.00%</u>
	4,899,005
Net Bonded School Debt	<u>1,352,000</u>
Legal Debt Margin	<u>\$ 3,547,005</u>

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 5,757,116	\$ 6,351,122	\$ 6,487,334	\$ 6,269,545	\$ 5,879,344	\$ 5,879,344	\$ 5,318,157	\$ 5,103,963	\$ 5,009,341
Total Net Debt Applicable Limit	<u>1,038,000</u>	<u>938,000</u>	<u>838,000</u>	<u>738,000</u>	<u>638,000</u>	<u>538,000</u>	<u>438,000</u>	<u>338,000</u>	<u>1,462,000</u>
Legal Debt Margin	<u>\$ 4,719,116</u>	<u>\$ 5,413,122</u>	<u>\$ 5,649,334</u>	<u>\$ 5,531,545</u>	<u>\$ 5,241,344</u>	<u>\$ 5,341,344</u>	<u>\$ 4,880,157</u>	<u>\$ 4,765,963</u>	<u>\$ 3,547,341</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	18.03%	14.77%	12.92%	11.77%	10.85%	9.15%	8.24%	6.62%	29.19%

DEMOGRAPHIC AND ECONOMIC INFORMATION

CITY OF ESTELL MANOR SCHOOL DISTRICT**Demographic and Economic Statistics***Source: NJ Department of Labor***Exhibit J-14*****Unaudited***

<u>Fiscal Year Ended June 30,</u>	<u>School District Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2008	1,708	61,650,260	36,095	7.00%
2009	1,714	63,625,394	37,121	9.00%
2010	1,724	66,830,860	38,765	13.80%
2011	1,732	66,418,736	38,348	14.10%
2012	1,728	66,191,040	38,305	14.80%
2013	1,739	69,053,951	39,709	12.00%
2014	1,741	70,386,889	40,429	10.10%
2015	1,736	70,774,984	40,769	8.60%
2016	1,723	72,247,113	41,931	7.70%
2017	1,718	75,068,010	43,695	7.70%

CITY OF ESTELL MANOR SCHOOL DISTRICT

Principal Employers

Source: NJ Department of Labor

Exhibit J-15

Unaudited

Information Not Available

Operating Information

CITY OF ESTELL MANOR SCHOOL DISTRICT
Full-Time Equivalent District Employees By Function/Program
Source: District Personnel Records

Exhibit J-16
Unaudited

<u>Function/Program</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Instruction										
Regular	16.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Special Education	2.0	2.0	2.0	2.0	1.8	1.8	1.6	1.6	2.4	2.4
Other Special Education										
Other										
Support Services										
Student Related	2.5	2.2	2.2	2.2	2.2	2.2	2.1	3.8	3.8	3.8
General Administrative	1.0	1.3	1.3	1.3	1.3	1.3	0.3	2.6	2.6	2.6
School Administrative	2.0	1.8	1.8	1.8	1.8	1.8	0.8	1.0	1.0	1.0
Business Administrative	1.0	1.0	1.0	1.0	1.0	1.0	0.8	1.0	1.0	1.0
Plant Operation	3.5	3.1	3.1	3.1	3.1	3.1	2.5	3.5	3.5	3.5
Other							0.3			
Food Service										
Child Care					0.4	0.4	0.6		0.9	0.9
	<u>28.0</u>	<u>28.4</u>	<u>28.4</u>	<u>28.4</u>	<u>28.6</u>	<u>28.6</u>	<u>26.0</u>	<u>30.5</u>	<u>32.2</u>	<u>32.2</u>

CITY OF ESTELL MANOR SCHOOL DISTRICT

Operating Statistics

Source: District Records

Exhibit J-17

Unaudited

Fiscal Year Ended June 30,	Enrollment (a)	Operating Expenditures	Cost Per Pupil	% Change	Teaching Staff	Average Daily		% Change in Average Daily Attendance	Student Attendance Percentage
						Enrollment (b)	Attendance (b)		
2008	330	4,188,891	12,694	-1.40%	19.4	225	216	5.88%	96.00%
2009	314	4,570,557	14,556	14.67%	19.4	218	199	-7.87%	91.28%
2010	319	4,669,508	14,638	0.56%	18.6	205	197	-1.01%	96.10%
2011	285	4,444,387	15,594	6.53%	18.6	193	190	-3.55%	98.45%
2012	275	4,420,492	16,075	3.08%	18.8	194	174	-8.68%	89.43%
2013	252	4,523,997	17,952	11.68%	18.8	189	185	6.63%	97.88%
2014	272	4,561,314	16,770	-6.59%	19.0	177	168	-9.19%	94.92%
2015	263	4,454,039	16,936	0.99%	19.0	164	155	-7.74%	94.51%
2016	257	4,127,395	16,060	-5.17%	19.0	171	162	4.52%	94.74%
2017	257	4,692,895	18,260	13.70%	18.0	174	162	0.00%	93.10%

(a) Includes Grades K-12

(b) Includes Grades K-8

CITY OF ESTELL MANOR SCHOOL DISTRICT
School Building Information
Source: District Records

Exhibit J-18
Unaudited

<u>District Building</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Estell Manor Elementary School										
Square Feet	43,366	43,366	43,366	43,366	43,366	43,366	43,366	43,366	43,366	43,366
Capacity	877	877	877	877	877	877	877	877	877	877
Enrollment	174	171	164	177	196	194	193	197	207	228

CITY OF ESTELL MANOR SCHOOL DISTRICT
Schedule of Required Maintenance for School Facilities
Source: District Records

Exhibit J-19
Unaudited

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Facilities</u>	<u>Project Number</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Estell Manor School	N/A	<u>\$ 98,421</u>	<u>\$ 119,423</u>	<u>\$ 116,671</u>	<u>\$ 116,305</u>	<u>\$ 206,347</u>	<u>\$ 94,694</u>	<u>\$ 93,490</u>	<u>\$ 90,449</u>	<u>\$ 142,609</u>	<u>\$ 139,284</u>

CITY OF ESTELL MANOR SCHOOL DISTRICT

Insurance Schedule

Source: District Records

Exhibit J-20

Unaudited

Company	Type of Coverage	Amount of Coverage	Deductible
Atlantic and Cape May Counties School Business Officials Joint Insurance Fund	Property, Inland Marine and Automobile Physical Damages		
	Limit of Liability - Per Occurrence	\$ 150,000,000	
	ACCASBOJIF Self Insured Retention - Per Occurrence	250,000	
	Member District Deductible		\$ 500
	Property Valuation		
	Buildings and Contents	Replacement Cost	
	Contractors Equipment	Actual Cash Value	
	Automobiles	Replacement Cost	
	Boiler and Machinery		
	Limit of Liability	125,000,000	
	ACCASBOJIF Self Insured Retention	None	
	Member District Deductible		1,000
	Crime		
	Limit of Liability	500,000	
	ACCASBOJIF Self Insured Retention	250,000	
	Member District Deductible		500
	General and Automobile Liability		
	Limit of Liability	15,000,000	
	ACCASBOJIF Self Insured Retention	250,000	
	Member District Deductible		-
	Workers Compensation		
	Limit of Liability	Statutory	
	ACCASBOJIF Self Insured Retention	250,000	
Member District Deductible		-	
Educator's Legal Liability			
Limit of Liability	15,000,000		
ACCASBOJIF Self Insured Retention	175,000		
Member District Deductible		-	
Pollution Legal Liability			
Limit of Liability	3,000,000		
ACCASBOJIF Self Insured Retention	None		
Member District Deductible		25,000	
Cyber Liability			
Limit of Liability	1,000,000		
ACCASBOJIF Self Insured Retention	None		
Member District Deductible		25,000	
Western Surety Company	Surety Bonds		
	Treasurer	200,000	
	Board Secretary/Business Administrator	148,000	

SINGLE AUDIT SECTION

PREZIOSI·NICHOLSON

& ASSOCIATES PA

Certified Public Accountants

EXHIBIT K-1

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITORS' REPORT

Honorable President and
Members of the Board of Education
City of Estell Manor School District
County of Atlantic
Dorothy, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Estell Manor School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Estell Manor School District's basic financial statements and have issued our report thereon dated November 28, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Estell Manor School District's internal 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Estell Manor School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

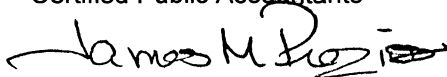
Purpose of this Report

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

PREZIOSI • NICHOLSON & ASSOCIATES

Certified Public Accountants



James M. Preziosi
Certified Public Accountant
Public School Accountant No. CS 01141

November 28, 2017
Millville, NJ

PREZIOSI·NICHOLSON

& ASSOCIATES PA

Certified Public Accountants

EXHIBIT K-2

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE REQUIRED BY UNIFORM ADMINISTRATIVE
REQUIREMENTS, COST PRINCIPLES, AUDIT REQUIREMENTS FOR FEDERAL
AWARDS (UNIFORM GUIDANCE) AND NEW JERSEY OMB'S CIRCULAR 15-08**

INDEPENDENT AUDITORS' REPORT

Honorable President and
Members of the Board of Education
City of Estell Manor School District
County of Atlantic
Dorothy, New Jersey

Report on Compliance for Each Major State Program

We have audited the City of Estell Manor School District's compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on the District's major state programs for the fiscal year ended June 30, 2017. The District's major 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 state programs

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations part 200, uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and NJ OMB15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and State of New Jersey OMB's Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the 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 state program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major State Program

In our opinion, the City of Estell Manor 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 state programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and the New Jersey OMB's Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as item 2017-1. Our opinion on each major state program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of the 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, we considered the 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 purposes of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Uniform Guidance and State of New Jersey OMB's Circular 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 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 major 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 major 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 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 the 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 the 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 Uniform Guidance and State of New Jersey OMB's Circulars 15-08. Accordingly, this report is not suitable for any other purpose.

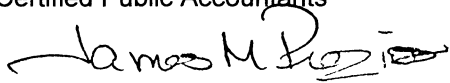
Report on Schedules of Expenditures of Federal Awards Required and State Financial Assistance Required by Uniform Guidance and New Jersey OMB's Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund of the City of Estell Manor School District as of and for the year ended June 30, 2017, and have issued our report thereon dated November 28, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

The accompanying schedules of expenditures of Federal Awards and State Financial Assistance are presented for the purposes of additional analysis as required by Uniform Guidance and NJ OMB's Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was not derived from and relates directly to the underlying accounting and the other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

PREZIOSI • NICHOLSON & ASSOCIATES
Certified Public Accountants



James M. Preziosi
Certified Public Accountant
Public School Accountant No. CS 01141

November 28, 2017
Millville, NJ

CITY OF ESTELL MANOR SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Schedule A
For The Fiscal Year Ended June 30, 2017

See Accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Program or Award Amount	Grant Period	Balance at June 30, 2016	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2017	
								Accounts Receivable	Due to Grantor
U.S. Department of Education									
Passed-through State Department of Education									
Special Revenue Fund:									
Title I	84.010		7\1\15 - 6\30\16	\$ (24,316.15)	\$ 24,316.15	\$ -	\$ -	\$ -	\$ -
Title I	84.010	64,566.00	7\1\16 - 6\30\17		32,682.98	51,052.84		(18,369.86)	
Title II A	84.367		7\1\15 - 6\30\16	(4,493.06)	4,493.06				
Title II A	84.367	15,630.00	7\1\16 - 6\30\17		5,172.94	11,172.87		(5,999.93)	
I.D.E.A. Part B, Basic Regular	84.027	59,009.00	7\1\16 - 6\30\17		59,009.00	59,009.00			
I.D.E.A. Part B, Preschool	84.395	1,593.00	7\1\16 - 6\30\17		1,593.00	1,593.00			
Title VI REAP	84.358	13,682.00	7\1\16 - 6\30\17		13,682.00	13,682.00			
Total Special Revenue Fund				(28,809.21)	140,949.13	136,509.71	-	(24,369.79)	-
U.S. Department of Agriculture									
Passed-through State Department of Education									
Enterprise Fund:									
Food Distribution Program	10.555	7,744.19	7\1\15 - 6\30\16		7,644.19	7,644.19			
School Breakfast Program	10.553		7\1\15 - 6\30\16	(640.77)	640.77				
School Breakfast Program	10.553	7,980.46	7\1\14 - 6\30\15		7,539.99	7,980.46		(440.47)	
National School Lunch Program	10.555		7\1\15 - 6\30\16	(1,663.26)	1,663.26				
National School Lunch Program	10.555	21,895.82	7\1\14 - 6\30\15		20,641.48	21,895.82		(1,254.34)	
Total Enterprise Fund				(2,304.03)	38,129.69	37,520.47		(1,694.81)	
Total Federal Financial Awards				\$ (31,113.24)	\$ 179,078.82	\$ 174,030.18	\$ -	\$ (26,064.60)	\$ -

CITY OF ESTELL MANOR SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
Schedule B
For The Fiscal Year Ended June 30, 2017

See Accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance

State Grantor/Program Title	Grant or Project Number	Grant Period	Program or Award Amount	Balance at June 30, 2016	Cash Received	Budgetary Expenditures	Balance at June 30, 2017		(MEMO) Delayed State Payment
							Accounts Receivable	Deferred Revenue	
State Department of Education									
General Fund									
Equalization Aid	17-495-034-5120-078	07/01/16-06/30/17	\$ 1,604,758.00	\$ -	\$ 1,411,325.00	\$ 1,604,758.00	\$(193,433.00)	\$ -	\$(193,433.00)
Equalization Aid	16-495-034-5120-078	07/01/15-06/30/16		(192,973.00)	192,973.00				
Special Education Categorical Aid	17-495-034-5120-089	07/01/16-06/30/17	167,247.00		167,247.00	167,247.00			
School Choice Aid	17-495-034-5120-068	07/01/16-06/30/17	256,070.00		256,070.00	256,070.00			
Security Aid	17-495-034-5120-084	07/01/16-06/30/17	36,675.00		36,675.00	36,675.00			
Transportation Aid	17-495-034-5120-014	07/01/16-06/30/17	45,514.00		45,514.00	45,514.00			
Adjustment Aid	17-495-034-5120-085	07/01/16-06/30/17	19,046.00		19,046.00	19,046.00			
Nonpublic Transportation Aid	16-495-034-5120-014	07/01/15-06/30/16		(696.00)	696.00				
Nonpublic Transportation Aid	17-495-034-5120-014	07/01/16-06/30/17	348.00			348.00	(348.00)		
Per Pupil Growth Aid	17-495-034-5120-097	07/01/16-06/30/17	2,340.00		2,340.00	2,340.00			
PARCC Readiness Aid	17-495-034-5120-098	07/01/16-06/30/17	2,340.00		2,340.00	2,340.00			
Professional Learning Aid	17-495-034-5120-101	07/01/16-06/30/17	1,980.00		1,980.00	1,980.00			
On Behalf TPAF									
Pension Contribution	17-495-034-5095-002	07/01/16-06/30/17	133,266.00		133,266.00	133,266.00			
Post Retirement Medical	17-495-034-5095-001	07/01/16-06/30/17	111,040.00		111,040.00	111,040.00			
Disability	17-495-034-5095-004	07/01/16-06/30/17	443.00		443.00	443.00			
Social Security Contributions	16-495-034-5095-003	07/01/15-06/30/16		(4,942.10)	4,942.10				
Social Security Contributions	17-495-034-5095-003	07/01/16-06/30/17	94,222.00		94,152.11	94,222.17	(70.06)		
Total General Fund				(198,611.10)	2,480,049.21	2,475,289.17	(193,851.06)	-	(193,433.00)
Capital Projects Fund									
SDA Grant - HVAC	G5-4792	07/01/15-06/30/17	501,481.00	(501,481.00)	476,407.14		(25,073.86)		
SDA Grant - Roof	G5-4793	07/01/15-06/30/17	196,235.10	(196,235.10)	186,423.35		(9,811.75)		
SDA Grant - Emergency Generator	G5-6155	07/01/15-06/30/17	42,651.00	(42,651.00)	40,731.90		(1,919.10)		
Total Capital Projects Fund				(740,367.10)	703,562.39	-	(36,804.71)	-	-
U.S. Department of Agriculture									
Passed-through State Department of Education									
Enterprise Fund:									
National School Lunch Program	16-100-010-3360-067	07/01/15-06/30/16		(60.31)	60.31				
National School Lunch Program	17-100-010-3360-067	07/01/16-06/30/17	776.46		730.72	776.46	(45.74)		
Total Enterprise Fund				(60.31)	791.03	776.46	(45.74)	-	
Total State Financial Assistance				<u>\$ (939,038.51)</u>	<u>\$ 3,184,402.63</u>	<u>2,476,065.63</u>	<u>\$(230,701.51)</u>	<u>\$ -</u>	<u>\$(193,433.00)</u>
Less: On-Behalf TPAF Pension Contributions						244,749.00			
Total for State Financial Assistance						<u>\$ 2,231,316.63</u>			

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Schedules of Awards and Financial Assistance
June 30, 2017

NOTE 1 GENERAL

The accompanying Schedules of Expenditures of Awards and Financial Assistance include federal awards and state award activity of the City of Estell Manor School District. The District is defined in Note 1 to the 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 schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using 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 District's financial statements. The information in this schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award, therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 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 last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

See Exhibit C-3, Notes to Required Supplementary Information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

CITY OF ESTELL MANOR SCHOOL DISTRICT
Notes to Schedules of Awards and Financial Assistance
June 30, 2017

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS (CONTINUED)

Awards and financial assistance revenues are reported in the basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 2,474,829.	\$ 2,474,829.
Special Revenue Fund	120,650.		120,650.
Enterprise Fund	37,520.	776.	38,296.
	<hr/>		
Total GAAP	158,170.	2,475,605.	2,633,775.
Budgetary Adjustment			
State Aid Payment			
Current Year		193,433.	193,433.
Prior Year		(192,973.)	(192,973.)
Encumbrances			
Current Year	16,348.		16,348.
Prior Year	(489.)		(489.)
	<hr/>		
Total Budgetary	\$ 174,029.	\$ 2,476,065.	\$ 2,650,094.

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 ADJUSTMENTS

No adjustment were reported.

NOTE 6 OTHER

Revenues and expenditures reported under the U.S.D.A. Commodities Program represents current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

NOTE 7 MAJOR PROGRAMS

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.

**CITY OF ESTELL MANOR SCHOOL DISTRICT
Schedule of Findings and Questioned Costs**

For The Fiscal Year Ended June 30, 2017

PART 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statements

- A. Type of auditors' report issued:
Unmodified
- B. Internal control over financial reporting:
 - 1. Material weakness(es) identified?
No
 - 2. Were significant deficiency(ies) identified?
None Reported
- C. Noncompliance material to general purpose financial statements noted?
No

Federal Awards Section

This Section Does Not Apply

State Financial Assistance

- A. Dollar threshold used to determine Type A and Type B programs.
\$750,000.00
- B. Auditee qualified as low-risk auditee?
Yes
- C. Type of auditors' report issued on compliance for major programs.
Unmodified
- D. Internal control over compliance.
 - 1. Material weakness(es) identified?
No
 - 2. Were significant deficiency(ies) identified that were not considered to be material weaknesses?
No
- E. Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB's Circular 15-08 ?
Yes
- F. Identification of major programs.

<u>GMIS Number(s)</u>	<u>Program Type</u>	<u>Name of State Program</u>
		State Aid Public
495-034-5120-078	A	Equalization Aid
495-034-5120-089	B	Special Education Categorical Aid
495-034-5120-084	B	Security Aid
495-034-5120-068	B	School Choice Aid
495-034-5120-085	B	Adjustment Aid
495-034-5120-097	B	Per Pupil Growth Aid
495-034-5120-098	B	PARCC Readiness Aid
495-034-5120-101	B	Professional Learning Aid
495-034-5120-014	B	Transportation Aid

**CITY OF ESTELL MANOR SCHOOL DISTRICT
Schedule of Findings and Questioned Costs**

For The Fiscal Year Ended June 30, 2017

PART 2 - SCHEDULE OF FINANCIAL STATEMENT FINDINGS

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

None

CITY OF ESTELL MANOR SCHOOL DISTRICT
Schedule of Findings and Questioned Costs

For The Fiscal Year Ended June 30, 2017

PART 3 - SCHEDULE OF FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs as required by Uniform Guidance and New Jersey OMB Circular 15-08.

FEDERAL AWARDS

This Section Not Applicable

STATE FINANCIAL ASSISTANCE

Finding No. 2017-1

**New Jersey State Department of Education
State Aid - Public**

Criteria or Specific Requirement

N.J.A.C. 6A:23A-13.3(g) requires Districts to receive Executive County Superintendent approval for any transfer to an advertised appropriation account identified as administration that exceeds, on a cumulative basis, ten percent (10%) of the amount of the account included in the District's budget certified for taxes.

Condition

The District did not obtain proper approval for general fund appropriation account transfers that on a cumulative basis exceeded ten percent (10%) of the total amount included in the budget certified for taxes. This finding is repeated from the prior year.

Questioned Costs

None

Context

Budget line accounts included transfers over 10% which require Executive County Superintendent approval.

Effect

The District did not comply with N.J.A.C. 6A:23A-13.3(g) requirements.

Cause

Unknown

Recommendation

Executive County Superintendent approval must be granted in compliance with N.J.A.C. 6A:23A-13.3(g) for any transfer from an advertised appropriation account which is cumulatively more than ten percent (10%) of that amount.

Management's Response

The responsible officials agree with the finding and will address the matter as part of their corrective action.

CITY OF ESTELL MANOR SCHOOL DISTRICT
Summary Schedule of Prior-Year Findings and
Questioned Costs as Prepared by Management
For The Fiscal Year Ended June 30, 2017

This section identifies the status of prior year findings related to the financial statements of Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, Uniform Guidance and State of New Jersey Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Financial Statement Findings

There were no prior year audit findings.

Federal Awards

There were no prior year audit findings.

State Financial Assistance Programs

Finding No. 2016-1

Condition

The District transferred an amount that on a cumulative basis exceeded 10 percent of the total amount included in the original budget without Executive County Superintendent Approval.

Current Status

The condition has not been corrected