

MOUNT EPHRAIM SCHOOL DISTRICT

Mount Ephraim, New Jersey
County of Camden

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

MOUNT EPHRAIM SCHOOL DISTRICT

Mount Ephraim, New Jersey

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by

**MOUNT EPHRAIM SCHOOL DISTRICT
Finance Department**

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INTRODUCTORY SECTION

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M T. E P H R A I M P U B L I C S C H O O L S

225 W. Kings Highway Mt. Ephraim, NJ 08059 Phone: 856-931-7807
www.mtphraimschools.org

October 6, 2017

Honorable President and Members
of the Board of Education
Mount Ephraim School District
County of Camden, New Jersey

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Mount Ephraim School 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 Mount Ephraim School District. 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, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the district as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

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

Introductory Section:

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

Financial Section:

Section contains the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.

Statistical Section:

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB’s Circular 15-08 OMB, “*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*”. Information related to this Single Audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES

The Mount Ephraim School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The School District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular and vocational as well as special education for children with special needs. The School District’s enrollment, as of October 15th, for the current and past nine fiscal years are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	433	-0.23%
2015-2016	434	-0.23%
2014-2015	435	0.23%
2013-2014	434	-2.47%
2012-2013	445	-1.98%
2011-2012	454	-2.16%
2010-2011	464	-5.88%
2009-2010	493	6.02%
2008-2009	465	0.87%
2007-2008	461	4.06%

Mount Ephraim Schools maintained clubs and after-school activities during the 2016-17 school year in student council, national junior honor society, safety patrol, and yearbook. Seventh and eighth graders participated in the junior high after-school programs at Audubon High School.

Student leadership activities are also provided in the form of a safety patrol and student government. A chapter of the Junior National Honor Society functions at the R.W. Kershaw School.

ECONOMIC CONDITION AND OUTLOOK

The Borough of Mount Ephraim’s financial situation is reflective of the state of the economy within New Jersey. Revitalization efforts continue along the Kings Highway section of town as well as the Black Horse Pike. Enrollment is expected to grow due to the District’s approval as a Choice School District as well as the completion of the new townhouses and the consolidation/closing of parochial schools in the area.

Choice School designation has had a positive revenue impact for the District with twenty-six (26) students electing to attend Mt. Ephraim Schools in the 2017-18 school year.

The District has two bargaining units, the Mt. Ephraim Education Association (MEEA) and the Mt. Ephraim Paraprofessional Association (MEPA). The MEEA contract ends June 30, 2019. The District negotiated agreement with the MEPA ends June 30, 2020.

The Board of Education continues its commitment to the Mount Ephraim Community and will continue to seek alternative funding for school programs to alleviate the burden on the local tax rate.

MAJOR INITIATIVES

One-to-One Student Electronic Device initiative was implemented in 2014-15. It included one-to-one Chromebooks for each student in grades 6, 7, & 8. Carts of twenty-five Chromebooks were purchased to be shared among students in grades 3 & 4.

INTERNAL ACCOUNTING CONTROLS

Management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be delivered; and (2) the valuation of costs and benefits require estimates and judgments by management.

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

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

BUDGETARY CONTROLS

In addition to internal accounting controls, the School District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as re-appropriations of fund balance in the subsequent year.

ACCOUNTING SYSTEM AND REPORTS

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

OTHER INFORMATION

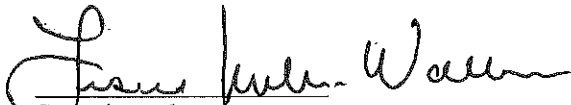
INDEPENDENT AUDIT

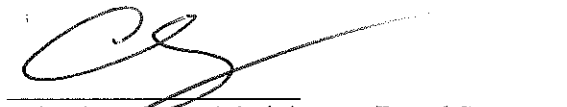
State statutes require an annual audit by independent certified public accountants. The accounting firm of Holman, Frenia & Allison, P.C., Certified Public Accounts, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

ACKNOWLEDGEMENTS

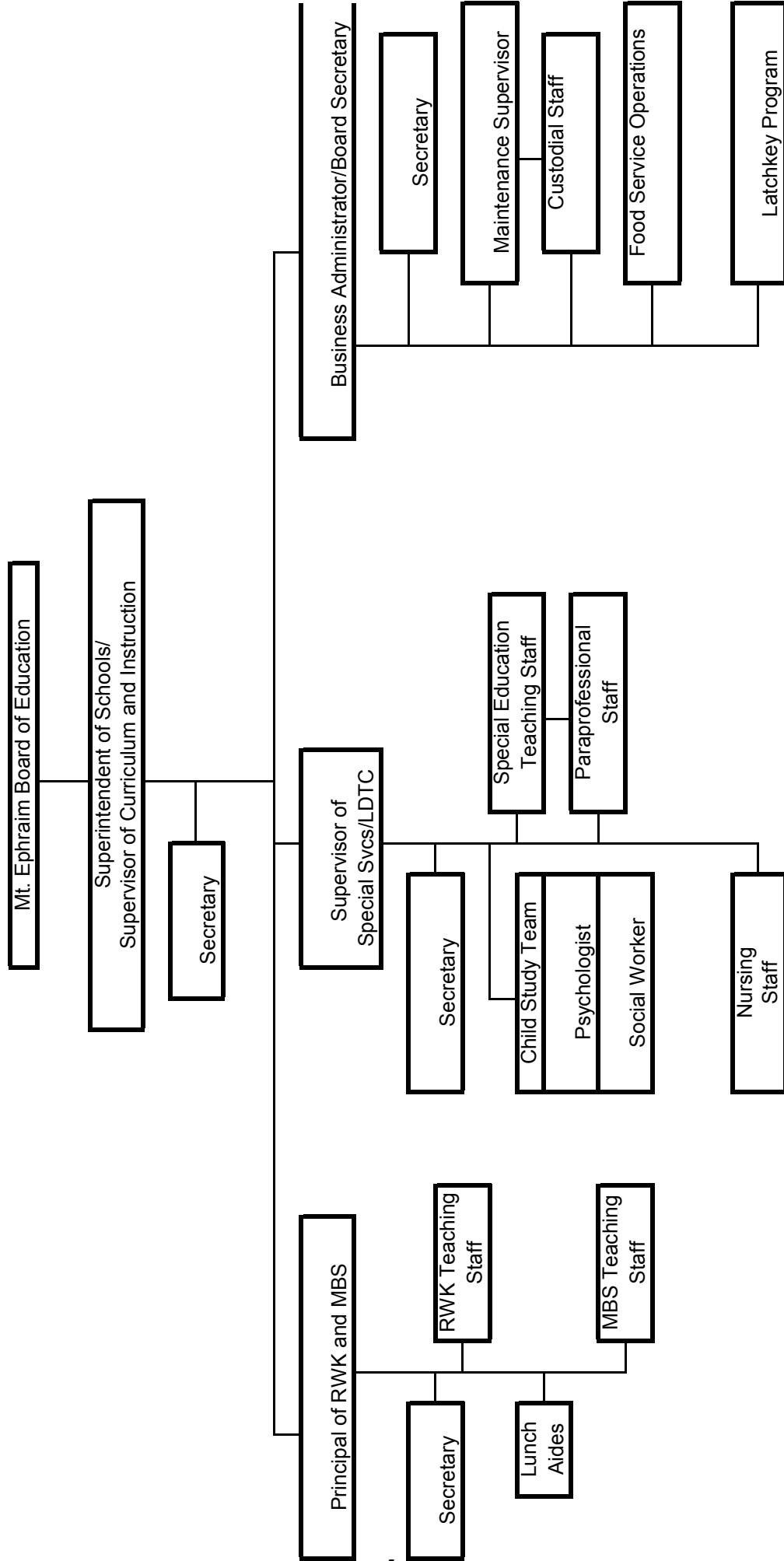
We would like to express our appreciation to the members of the Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation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

Respectfully submitted,


Superintendent


School Business Administrator/Board Secretary

Mount Ephraim Public School District
Organization Chart



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MOUNT EPHRAIM SCHOOL DISTRICT
Mount Ephraim, New Jersey

ROSTER OF OFFICIALS

JUNE 30, 2017

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Patricia Blaylock, President	2019
C. Diane Vilardo, Vice President	2018
Joan Greenwood	2017
Robin Malinowski	2017
Rocco Vespe	2017
Nicholas Salamone, Jr.	2018
Michelle Cannaday	2017
Nancy Schiavo	2017
Michael Marrone	2019

OTHER OFFICIALS

Leslie Koller, Superintendent

William Gerson, Board Secretary

Mary Bakey, Treasurer

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MOUNT EPHRAIM SCHOOL DISTRICT
Mount Ephraim, New Jersey

CONSULTANTS AND ADVISORS

AUDIT FIRM

Kevin Frenia CPA, PSA
Holman Frenia Allison, P.C.
618 Stokes Road
Medford, New Jersey 08055

ATTORNEY

Lenox Law Firm
136 Franklin Corner Road
Lawrence Township, New Jersey 08648

OFFICIAL DEPOSITORY

1st Colonial Community Bank
1040 Haddon Avenue
Collingswood, New Jersey 08108

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FINANCIAL SECTION

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HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Suite 201, Toms River, NJ 08753 • Tel: 732.797.1333

618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612

912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800

6 E. Park Street, P.O. Box 614, Bordentown, NJ 08505 • Tel: 609.298.8639

194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010

795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090

926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090

www.hfacpas.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Mount Ephraim School District
County of Camden
Mount Ephraim, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Mount Ephraim School District, County of Camden, 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 School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, the business-type activities, each major fund and the aggregate remaining fund information of the Mount Ephraim School District, County of Camden, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions, 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 Mount Ephraim School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 schedules 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 section and statistical section listed in the table of contents 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 our report dated October 6, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
October 6, 2017

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

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MOUNT EPHRAIM SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

As management of the Mount Ephraim School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the Food Service and Latchkey Program Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

MOUNT EPHRAIM SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

The School District's two enterprise funds (Food Service Fund and Latchkey Program) are listed individually and are considered to be a major funds.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

MOUNT EPHRAIM SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole

Table 1 provides a summary of the School Districts net position for the fiscal years 2017 compared to fiscal year 2016.

Table 1
Summary of Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 1,060,739	\$ 900,721	\$ 160,018	17.8%
Capital Assets, Net	<u>8,021,737</u>	<u>9,109,760</u>	<u>(1,088,023)</u>	-11.9%
Total Assets	<u>9,082,476</u>	<u>10,010,481</u>	<u>(928,005)</u>	-9.3%
Deferred Outflow of Resources	<u>1,136,103</u>	<u>626,386</u>	<u>509,717</u>	81.4%
Current and other Liabilities	160,543	108,368	52,175	48.1%
Noncurrent Liabilities	<u>8,164,683</u>	<u>7,775,605</u>	<u>389,078</u>	5.0%
Total Liabilities	<u>8,325,226</u>	<u>7,883,973</u>	<u>441,253</u>	5.6%
Deferred Inflow of Resources	<u>223,502</u>	<u>313,713</u>	<u>(90,211)</u>	-28.8%
Net Position:				
Net Investment in Capital Assets	2,983,097	3,705,933	(722,836)	-19.5%
Restricted	956,501	549,931	406,570	73.9%
Unrestricted (Deficit)	<u>(2,269,747)</u>	<u>(1,816,683)</u>	<u>(453,064)</u>	24.9%
Total Net Position	<u>\$ 1,669,851</u>	<u>\$ 2,439,181</u>	<u>\$ (769,330)</u>	-31.5%

MOUNT EPHRAIM SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole (continued)

Table 2 shows the changes in net position for fiscal year 2017 compared to fiscal year 2016.

Table 2
Summary of Changes in Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 185,739	\$ 171,212	\$ 14,527	8.5%
Operating Grants & Contributions	1,188,873	1,033,657	155,216	15.0%
General Revenues:				
Property Taxes	6,319,010	5,988,581	330,429	5.5%
Federal & State Aid	4,014,975	3,937,417	77,558	2.0%
Other General Revenues	56,200	67,134	(10,934)	-16.3%
Special Items:				
Gain/(Loss) on Fixed Asset Appraisal	(860,892)		(860,892)	100.0%
Total Revenues	<u>10,903,905</u>	<u>11,198,001</u>	<u>(294,096)</u>	<u>-2.6%</u>
Function/Program Expenses:				
Regular Instruction	1,756,352	1,884,126	(127,774)	-6.8%
Special Education Instruction	1,093,496	1,093,979	(483)	0.0%
Other Instruction	67,305	187,082	(119,777)	-64.0%
Tuition	3,423,839	3,310,645	113,194	3.4%
Student & Instruction Related Services	894,366	924,521	(30,155)	-3.3%
General Administrative	230,289	222,889	7,400	3.3%
School Administrative Services	162,127	179,617	(17,490)	-9.7%
Central Services	179,070	182,271	(3,201)	-1.8%
Plant Operations & Maintenance	586,984	529,753	57,231	10.8%
Pupil Transportation	212,360	150,437	61,923	41.2%
Unallocated Benefits	1,461,099	1,297,529	163,570	12.6%
On Behalf TPAF Pension and Social				
Security Contributions	845,491	696,617	148,874	21.4%
Interest & Other Charges	230,027	208,720	21,307	10.2%
Unallocated Depreciation	260,496	276,135	(15,639)	-5.7%
Food Service	175,438	178,250	(2,812)	-1.6%
Latch Key Program	94,496	48,584	45,912	94.5%
Total Expenses	<u>11,673,235</u>	<u>11,371,155</u>	<u>302,080</u>	<u>2.7%</u>
Change In Net Position	<u>(769,330)</u>	<u>(173,154)</u>	<u>(596,176)</u>	<u>344.3%</u>
Net Position - Beginning	2,439,181	2,612,335	(173,154)	-6.6%
Net Position - Ending	<u>\$ 1,669,851</u>	<u>\$ 2,439,181</u>	<u>\$ (769,330)</u>	<u>-31.5%</u>

MOUNT EPHRAIM SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Governmental Activities

During the fiscal year 2017, the net position of governmental activities decreased by \$787,843 or -34.5%. The primary reason for the decrease was because the School District recognized a loss on fixed asset appraisal in the amount of \$866,672.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$1,493,596, with an unrestricted deficit balance of \$2,422,781. The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, accrued interest, GASB 68 net pension liability, and the last 2 state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$	(2,422,781)
Add back: PERS Pension Liability		2,541,633
Less: Deferred Outflows related to pensions		(804,380)
Add back: Deferred Inflows related to pensions		<u>223,502</u>
Unrestricted Net Position (Without GASB 68)	\$	<u>(462,026)</u>

Business-type Activities

During the fiscal year 2017, the net position of business-type activities increased by \$18,513 or 11.7%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$176,255.

General Fund Budgeting Highlights

Final budgeted revenues was \$9,740,561, which was equal to the original budget. Excluding nonbudgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$75,137.

Final budgeted appropriations was \$10,033,912, which was an increase of \$163,773 from the original budget. The increase is due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year's budget. Excluding nonbudgeted revenues, the School District's budget appropriations exceeded actual expenditures by \$402,009.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$1,184,422 at June 30, 2017, an increase of \$183,795 from the prior year.

MOUNT EPHRAIM SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Financial Analysis of the School District's Funds

Governmental Funds

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$882,905, an increase of \$180,753 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District's general fund increased by \$187,171. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- Increased miscellaneous revenues and saving on budget

Special revenue fund – There was no change in the fund balance for the special revenue fund.

Capital projects fund - During the current fiscal year, the fund balance of the School District's capital projects fund decreased by \$6,418. The primary factor(s) affecting the change in fund balance of the capital projects fund is as follows:

- Outstanding balance due from state for ROD Grants
- Money paid to vendors for ROD Grant

Debt service fund - There was no change in the fund balance for the special revenue fund.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District's food service fund increased by \$4,602. The primary factor(s) affecting the change in net position of the food service fund is as follows:

- Price of lunch increased and good operations

Latchkey Program - During the current fiscal year, the net position of the School District's latchkey program fund increased by \$13,911. The primary factor(s) affecting the change in net position of the latchkey program fund is as follows:

- Enrollment increased from previous year

MOUNT EPHRAIM SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$8,021,737 (net of accumulated depreciation). This investment in capital assets includes land improvements, buildings and improvements and equipment. There was a net decrease in the School District's investment in capital assets for the current fiscal year in the amount of \$722,836. This decrease is primarily due to negative adjustment (loss) to capital assets in the amount of \$860,892 as a result of the fixed asset appraisal completed in the current fiscal year. Table 3 shows fiscal 2017 balances compared to 2016.

Table 4
Summary of Capital Assets

<u>Capital Assest (Net of Depreciation):</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Land		\$ 44,260	(44,260)	-100.0%
Land Improvements	27,613	71,301	(43,688)	-61.3%
Building and Improvements	7,922,147	8,941,445	(1,019,298)	-11.4%
Equipment	71,977	52,754	19,223	36.4%
	<u>\$ 8,021,737</u>	<u>\$ 9,109,760</u>	<u>\$ (1,088,023)</u>	<u>-11.9%</u>

Depreciation expense for the year was \$260,496. Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 4) of this report.

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$5,090,000, which is a decrease of \$370,000 from the prior year.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 6) of this report.

Factors on the School District's Future

For the fiscal year 2017-2018, the School District was able to sustain its budget through property taxes, federal and state sources, and other various revenue sources. Approximately fifty-six percent (56%) of total revenue is from property taxes, while forty-four percent (44%) of the School District's revenue is from federal, state, and local sources. The fiscal year 2017-2018 budget was adopted on May 8, 2017 by the Board.

For the 2017-18 budget, the district will be using funds to maintain the staffing and curriculum initiatives which were begun in the three previous school years. These initiatives included Common Core curriculum alignment for instruction and assessment as well as a Response to Intervention (RTI) program to assist in differentiating instruction and assessment for all students.

MOUNT EPHRAIM SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Factors on the School District's Future (continued)

Phase two was supposed to be implemented in 2015-16 but was postponed for budgetary reasons. It is in the 2017-18 budget to facilitate teacher instruction and student learning using District electronic curriculum in all subject areas, particularly English Language Arts and Mathematics. Phase 2 will include one-to-one Chromebooks for students in grades 1, 2, 3, 4, 5, 6, 7, & 8.

Contacting the School Districts Financial Management

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School Business Administrator at the Mount Ephraim School District, 125 S. Black Horse Pike, Mount Ephraim, New Jersey 08059.

BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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MOUNT EPHRAIM SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash & Cash Equivalents	\$ 567,164	\$ 146,765	\$ 713,929
Receivables, Net (Note 3)	337,754	5,355	343,109
Inventory	-	3,701	3,701
Capital Assets, Net (Note 4)			
Depreciable	7,998,516	23,221	8,021,737
	<hr/>		
Total Assets	8,903,434	179,042	9,082,476
<hr/>			
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 7)	804,380	-	804,380
Related to Loss on Debt Refunding	331,723	-	331,723
	<hr/>		
Total Deferred Outflow of Resources	1,136,103	-	1,136,103
<hr/>			
LIABILITIES:			
Accounts Payable	22,013	-	22,013
Due to Other Governments	82,000	-	82,000
Unearned Revenue	-	2,787	2,787
Accrued Interest	53,743	-	53,743
Noncurrent Liabilities (Note 6):			
Due within one year	421,285	-	421,285
Due in more than one year	7,743,398	-	7,743,398
	<hr/>		
Total Liabilities	8,322,439	2,787	8,325,226
<hr/>			
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 7)	223,502	-	223,502
	<hr/>		
Total Deferred Inflow of Resources	223,502	-	223,502
<hr/>			
NET POSITION:			
Net Investment in Capital Assets	2,959,876	23,221	2,983,097
Restricted for:			
Capital Projects	62,663	-	62,663
Excess Surplus	893,838	-	893,838
Unrestricted (Deficit)	(2,422,781)	153,034	(2,269,747)
	<hr/>		
Total Net Position	\$ 1,493,596	\$ 176,255	\$ 1,669,851
	<hr/> <hr/>		

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

**MOUNT EPHRAIM SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 1,756,352	-	\$ -	(1,756,352)	\$ -	\$ (1,756,352)
Special Education Instruction	1,093,496	-	225,807	(867,689)	-	(867,689)
Other Instruction	67,305	-	-	(67,305)	-	(67,305)
Support Services:						
Tuition	3,423,839	-	-	(3,423,839)	-	(3,423,839)
Student & Instruction Related Services	894,366	-	-	(894,366)	-	(894,366)
General Administrative	230,289	-	-	(230,289)	-	(230,289)
School Administrative Services	162,127	-	-	(162,127)	-	(162,127)
Central Services	179,070	-	-	(179,070)	-	(179,070)
Plant Operations & Maintenance	586,984	-	-	(586,984)	-	(586,984)
Pupil Transportation	212,360	-	-	(212,360)	-	(212,360)
Unallocated Benefits	1,461,099	-	20,647	(1,440,452)	-	(1,440,452)
On Behalf TPAF Pension and Social Security Contributions	845,491	-	845,491	-	-	-
Interest & Other Charges	230,027	-	-	(230,027)	-	(230,027)
Unallocated Depreciation	260,496	-	-	(260,496)	-	(260,496)
Total Governmental Activities	11,403,301	-	1,091,945	(10,311,356)	-	(10,311,356)
Business-Type Activities:						
Food Service	175,438	\$ 77,332	96,928	-	\$ (1,178)	(1,178)
Latch Key Program	94,496	108,407	-	-	13,911	13,911
Total Business-Type Activities	269,934	185,739	96,928	-	12,733	12,733
Total Primary Government	\$ 11,673,235	\$ 185,739	\$ 1,188,873	(10,311,356)	12,733	(10,298,623)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				5,753,650	-	5,753,650
Property Taxes, Levied for Debt Service				565,360	-	565,360
Federal & State Aid Restricted				5,751	-	5,751
Federal & State Aid Not Restricted				4,009,224	-	4,009,224
Tuition Charges				11,177	-	11,177
Miscellaneous				45,023	-	45,023
Special Items:						
Gain/(loss) on Fixed Asset Appraisal				(866,672)	5,780	(860,892)
Total General Revenues and Special Items				9,523,513	5,780	9,529,293
Change In Net Position				(787,843)	18,513	(769,330)
Net Position - Beginning				2,281,439	157,742	2,439,181
Net Position - Ending				\$ 1,493,596	\$ 176,255	\$ 1,669,851

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

B. Fund Financial Statements

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Governmental Funds

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**MOUNT EPHRAIM SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS:				
Cash & Cash Equivalents	\$ 752,822	\$ -	\$ -	\$ 752,822
Receivables, Net:				
Due from Other Governments:				
State	30,836	-	169,022	199,858
Federal	1,254	85,494	-	86,748
Other Receivables	51,148	-	-	51,148
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 836,060	\$ 85,494	\$ 169,022	\$ 1,090,576
	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES & FUND BALANCES:				
Liabilities:				
Cash Deficit	\$ -	\$ 79,299	\$ 106,359	\$ 185,658
Accounts Payable	15,818	6,195	-	22,013
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	15,818	85,494	106,359	207,671
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances:				
Restricted for:				
Excess Surplus - Current year	445,716	-	-	445,716
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	448,122	-	-	448,122
Capital Projects	-	-	62,663	62,663
Assigned to:				
Designated for Subsequent Year's Expenditures	5,845	-	-	5,845
Designated for Subsequent Year's Expenditures - SEMI	1,092	-	-	1,092
Other Purposes	2,811	-	-	2,811
Unassigned	(83,344)	-	-	(83,344)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	820,242	-	62,663	882,905
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities & Fund Balances	\$ 836,060	\$ 85,494	\$ 169,022	
	<hr/>	<hr/>	<hr/>	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$11,658,006 and the accumulated depreciation is \$3,659,490.				
				7,998,516
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.				
Deferred Outflows related to pensions				804,380
Deferred Inflows related to pensions				(223,502)
Deferred Outflow related to the loss on bond refunding of debt				331,723
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.				
				(53,743)
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.				
				(82,000)
Long-term liabilities, including net pension liability on bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.				
				<hr/> <u>(8,164,683)</u>
Net Position of Governmental Activities				<hr/> <u>\$ 1,493,596</u>

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

MOUNT EPHRAIM SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 5,753,650	\$ -	\$ -	\$ 565,360	\$ 6,319,010
Tuition Charges	11,177	-	-	-	11,177
Miscellaneous	45,023	-	-	-	45,023
Total Local Sources	5,809,850	-	-	565,360	6,375,210
State Sources	4,829,579	-	5,751	-	4,835,330
Federal Sources	25,136	246,454	-	-	271,590
Total Revenues	10,664,565	246,454	5,751	565,360	11,482,130
Expenditures:					
Instruction:					
Regular Instruction	1,756,352	-	-	-	1,756,352
Special Education Instruction	867,689	225,807	-	-	1,093,496
Other Instruction	67,305	-	-	-	67,305
Support Services:					
Tuition	3,423,839	-	-	-	3,423,839
Student & Instruction Related Services	894,366	-	-	-	894,366
General Administrative	230,289	-	-	-	230,289
School Administrative Services	162,127	-	-	-	162,127
Central Services	179,070	-	-	-	179,070
Plant Operations & Maintenance	586,984	-	-	-	586,984
Pupil Transportation	212,360	-	-	-	212,360
Unallocated Benefits	1,204,115	20,647	-	-	1,224,762
On Behalf TPAF Pension and Social Security Contributions	845,491	-	-	-	845,491
Capital Outlay	14,316	-	12,169	-	26,485
Debt Service:					
Principal	-	-	-	370,000	370,000
Interest & Other Charges	33,091	-	-	195,360	228,451
Total Expenditures	10,477,394	246,454	12,169	565,360	11,301,377
Excess/(Deficiency) of Revenues over Expenditures	187,171	-	(6,418)	-	180,753
Fund Balance, July 1	633,071	-	69,081	-	702,152
Fund Balance, June 30	\$ 820,242	\$ -	\$ 62,663	\$ -	\$ 882,905

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

**MOUNT EPHRAIM SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total Net Changes in Fund Balances - Governmental Funds (B-2)	\$	180,753
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period</p>		
	Depreciation Expense	\$ (260,496)
	Loss from Fixed Asset Appraisal	(866,672)
	Capital Outlays	<u>26,485</u>
		(1,100,683)
<p>Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.</p>		
		(118,633)
<p>Repayment of long-term debt principal and obligation of lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		370,000
<p>Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:</p>		
	Amortization of premium on bonds	26,284
	Amortization of loss on Bond Refunding	<u>(31,097)</u>
		(4,813)
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+).</p>		
		3,237
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		<u>(117,704)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(787,843)</u></u>

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Proprietary Funds

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MOUNT EPHRAIM SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		TOTALS
	<u>LATCHKEY</u>	<u>FOOD SERVICE</u>	
Current Assets:			
Cash & Cash Equivalents	\$ 136,047	\$ 10,718	\$ 146,765
Accounts Receivable:			
State	-	97	97
Federal	-	4,892	4,892
Other	-	366	366
Inventories	-	3,701	3,701
Total Current Assets	<u>136,047</u>	<u>19,774</u>	<u>155,821</u>
Capital Assets:			
Equipment	-	44,958	44,958
Less: Accumulated Depreciation	-	(21,737)	(21,737)
Total Capital Assets	<u>-</u>	<u>23,221</u>	<u>23,221</u>
Total Assets	<u>136,047</u>	<u>42,995</u>	<u>179,042</u>
LIABILITIES			
Unearned Revenue	-	2,787	2,787
Total Liabilities	<u>-</u>	<u>2,787</u>	<u>2,787</u>
NET POSITION			
Investment in Capital Assets	-	23,221	23,221
Unrestricted	136,047	16,987	153,034
Total Net Position	<u>\$ 136,047</u>	<u>\$ 40,208</u>	<u>\$ 176,255</u>

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

**MOUNT EPHRAIM SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR FISCAL YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	<u>LATCHKEY</u>	<u>FOOD SERVICE</u>	<u>TOTALS</u>
	Operating Revenues:		
Local Sources:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ -	\$ 47,183	\$ 47,183
Daily Sales - Nonreimbursable Programs	-	24,532	24,532
Special Functions	-	5,122	5,122
Miscellaneous	-	495	495
Enrollment Fees	108,407	-	108,407
	<hr/>	<hr/>	<hr/>
Total Operating Revenue	108,407	77,332	185,739
	<hr/>	<hr/>	<hr/>
Operating Expenses:			
Salaries - Food Service Management	-	62,344	62,344
Salaries - Personnel Services	84,902	-	84,902
Payroll Taxes & Benefits - Food Service Management	-	11,923	11,923
Supplies and Materials	9,594	7,088	16,682
Management Fee	-	12,688	12,688
Other Purchased Services	-	5,469	5,469
Depreciation	-	1,780	1,780
Miscellaneous	-	3,833	3,833
Cost of Sales- Reimbursable	-	54,859	54,859
Cost of Sales- Non Reimbursable	-	15,454	15,454
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	94,496	175,438	269,934
	<hr/>	<hr/>	<hr/>
Operating Income/(Loss)	13,911	(98,106)	(84,195)
	<hr/>	<hr/>	<hr/>
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	-	1,663	1,663
Federal Sources:			
National School Breakfast Program	-	18,575	18,575
National School Lunch Program	-	62,551	62,551
After School Snack Program	-	1,865	1,865
Healthy Hungry Kids Act	-	2,069	2,069
Food Distribution Program	-	10,205	10,205
Gain/(Loss) on Adjustment to Capital Assets	-	5,780	5,780
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues/(Expenses)	-	102,708	102,708
	<hr/>	<hr/>	<hr/>
Change in Net Position	13,911	4,602	18,513
Total Net Position - Beginning	122,136	35,606	157,742
	<hr/>	<hr/>	<hr/>
Total Net Position - Ending	\$ 136,047	\$ 40,208	\$ 176,255
	<hr/>	<hr/>	<hr/>

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

**MOUNT EPHRAIM SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	<u>LATCHKEY</u>	<u>FOOD SERVICE</u>	<u>TOTALS</u>
	Cash Flows From Operating Activities:		
Receipts from Customers	\$ 108,407	\$ 76,051	\$ 184,458
Payments to Employees	(84,902)	(62,344)	(147,246)
Payment to Employee Benefits	-	(11,923)	(11,923)
Payments to Suppliers	(18,311)	(90,379)	(108,690)
Net Cash Provided/(Used) by Operating Activities	<u>5,194</u>	<u>(88,595)</u>	<u>(83,401)</u>
Cash Flows From Noncapital Financing Activities:			
State Sources	-	1,623	1,623
Federal Sources	-	82,930	82,930
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>84,553</u>	<u>84,553</u>
Cash Flows From Capital & Related Financing Activities:			
Purchases of Capital Assets	-	(8,660)	(8,660)
Net Cash Provided/(Used) by Capital & Related Financing Activities	<u>-</u>	<u>(8,660)</u>	<u>(8,660)</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	5,194	(12,702)	(7,508)
Cash & Cash Equivalents, July 1	130,853	23,420	154,273
Cash & Cash Equivalents, June 30	<u>\$ 136,047</u>	<u>\$ 10,718</u>	<u>\$ 146,765</u>

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$ 13,911	\$ (98,106)	\$ (84,195)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	-	1,780	1,780
Food Distribution Program	-	10,205	10,205
Change in Assets & Liabilities:			
(Increase)/Decrease in Other Accounts Receivable	-	(366)	(366)
Increase/(Decrease) in Accounts Payable	-	(1,528)	(1,528)
Increase/(Decrease) in Interfund Payable	(8,717)	-	(8,717)
(Increase)/Decrease in Inventory	-	335	335
Increase/(Decrease) in Unearned Revenue	-	(915)	(915)
Net Cash Provided/(Used) by Operating Activities	<u>\$ 5,194</u>	<u>\$ (88,595)</u>	<u>\$ (83,401)</u>

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

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Fiduciary Fund

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**MOUNT EPHRAIM SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

ASSETS	AGENCY FUNDS		PRIVATE PURPOSE TRUST FUNDS			TOTAL
	STUDENT ACTIVITY	SCHOLARSHIP FUND	FLEXIBLE BENEFITS FUND	UNEMPLOYMENT COMPENSATION		
Cash & Cash Equivalents	\$ 18,591	\$ 9,345	\$ 9,123	\$ 88,278	\$ 125,337	
Total Assets	18,591	9,345	9,123	88,278	125,337	
LIABILITIES						
Due to Student Groups Accounts Payable	18,591	-	-	-	18,591	
	-	-	-	364	364	
Total Liabilities	18,591	-	-	364	18,955	
NET POSITION						
Held in Trust for:						
Unemployment Claims	-	-	-	87,914	87,914	
Flexible Benefits Claims	-	-	9,123	-	9,123	
Scholarships	-	9,345	-	-	9,345	
Total Net Position	\$ -	\$ 9,345	\$ 9,123	\$ 87,914	\$ 106,382	

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

**MOUNT EPHRAIM SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

ADDITIONS	PRIVATE PUPOSE TRUST FUNDS			TOTAL
	SCHOLARSHIP FUNDS	FLEXIBLE BENEFITS FUNDS	UNEMPLOYMENT COMPENSATION	
Contributions:				
Employee Contributions	\$ -	\$ 18,697	\$ 6,721	\$ 25,418
Total Contributions	-	18,697	6,721	25,418
Investment Earnings:				
Interest & Dividends	23	15	233	271
Net Investment Earnings	23	15	233	271
Total Additions	23	18,712	6,954	25,689
DEDUCTIONS				
Claims	-	14,415	21,620	36,035
Total Deductions	-	14,415	21,620	36,035
Change in Net Position	23	4,297	(14,666)	(10,346)
Net Position - Beginning of the Year	9,322	4,826	102,580	116,728
Net Position - End of the Year	\$ 9,345	\$ 9,123	\$ 87,914	\$ 106,382

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

MOUNT EPHRAIM BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Mount Ephraim School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Reporting Entity

The Mount Ephraim School District is a Type II School District located in the County of Camden, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the School District is to educate students in grades kindergarten through eighth grade at its two schools. The School District has an approximate enrollment at June 30, 2017 of 401 students.

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 School District holds the corporate powers of the organization;
- ◆ the School District appoints a voting majority of the organization’s board
- ◆ the School District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the School District
- ◆ there is a fiscal dependency by the organization on the School District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Component Units

GASB Statement No.14. *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

MOUNT EPHRAIM SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

A. Government-Wide Financial Statements

The School District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the School District accompanied by a total column. Fiduciary activities of the School District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the School District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

B. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The School District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related

MOUNT EPHRAIM SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the School District and 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 sub-fund.

As required by the New Jersey Department of Education the School District includes budgeted capital outlay 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.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

MOUNT EPHRAIM SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenue from state and federal government, other than major capital projects, debt service or proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially 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 financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

C. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds would also be presented in these statements. However, internal service funds balances and activities would be combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The School District reports the following major proprietary funds:

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

Latchkey Program – The latch key fund accounts for the financial transactions related to providing day care services for student before and after school.

MOUNT EPHRAIM SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District's fiduciary funds include Agency and Private-Purpose Trust Funds and, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The School District reports the following fiduciary funds:

Private Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The School District currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the School District. Expenditures consist of unemployment reimbursement claims.

Scholarship Fund – Revenues consist of interest income and donations. Expenditures consist of scholarships provided to students.

Flexible Benefits Trust Fund – Revenues consist of interest income and employee contributions. Expenditures consist of qualifying employee medical and daycare expenses.

Agency Funds - Agency funds (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

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. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the one or more June state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of

MOUNT EPHRAIM SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the general fund budgetary comparison schedules and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

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 assigned 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 School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue 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.

Cash, Cash Equivalents and Investments

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

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

N.J.S.A.17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

Tuition Receivable/Payable

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are determined.

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

Capital assets of the School District are depreciated or amortized using the straight-line method over the following estimated useful lives:

MOUNT EPHRAIM SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 Years

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 School 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 School 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 absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the School District is eligible to realize the revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain

MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Notes
Note 1. Summary of Significant Accounting Policies (continued)

reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. 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 after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

MOUNT EPHRAIM SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Pensions

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

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These 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) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the

MOUNT EPHRAIM SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

School District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The adoption of this Statement had no impact on the School District's financial statements

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. The adoption of this Statement had no impact on the School District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of this Statement had no impact on the School District's financial statements.

MOUNT EPHRAIM SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The adoption of this Statement had no impact on the School District's financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those

MOUNT EPHRAIM SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District’s financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District’s financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District’s financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District’s financial statements.

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District’s bank balance of \$1,107,332 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 970,232
Uninsured and Uncollateralized	<u>137,100</u>
	<u>\$ 1,107,332</u>

Investments

The School District had no investments at June 30, 2017.

MOUNT EPHRAIM SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 3. Accounts Receivable

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2017, consisted of the following:

Description	Governmental Funds			Total Governmental Activities	Proprietary Funds		Total Business-Type Activities
	General Fund	Special Revenue Fund	Capital Projects Fund		Food Service Fund		
Federal Awards	\$ 1,254	\$ 85,494	\$ -	\$ 86,748	\$ 4,892	\$ 4,892	
State Awards	30,836		169,022	199,858	97	97	
Other	51,148	-	-	51,148	366	366	
Total	\$ 83,238	\$ 85,494	\$ 169,022	\$ 337,754	\$ 5,355	\$ 5,355	

Note 4. Capital Assets

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

	Balance July 1, 2016	Additions	Retirements and Transfers	Balance June 30, 2017
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 44,260	\$ -	\$ (44,260)	\$ -
Total Capital Assets not being depreciated	44,260	-	(44,260)	-
Capital Assets being depreciated:				
Land Improvements	132,616		(82,259)	50,357
Buildings and Improvements	12,209,155	26,485	(896,174)	11,339,466
Equipment	211,807		56,376	268,183
Total Capital Assets being depreciated	12,553,578	26,485	(922,057)	11,658,006
Less: Accumulated Depreciation:				
Land Improvements	(61,315)	(2,518)	41,089	(22,744)
Buildings and Improvements	(3,267,710)	(232,819)	83,210	(3,417,319)
Equipment	(169,614)	(25,159)	(24,654)	(219,427)
Total Accumulated Depreciation	(3,498,639)	(260,496)	99,645	(3,659,490)
Total Capital Assets being depreciated, net	9,054,939	(234,011)	(822,412)	7,998,516
Total Governmental Activities Capital Assets, net	\$ 9,099,199	\$ (234,011)	\$ (866,672)	\$ 7,998,516

MOUNT EPHRAIM SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 4. Capital Assets (continued)

	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements and <u>Transfers</u>	Balance June 30, <u>2017</u>
Business-Type Activities:				
Equipment	\$ 90,499	\$ 8,659	\$ (54,200)	\$ 44,958
	<u>90,499</u>	<u>8,659</u>	<u>(54,200)</u>	<u>44,958</u>
Less: Accumulated Depreciation:				
Equipment	(79,938)	(1,779)	59,980	(21,737)
	<u>(79,938)</u>	<u>(1,779)</u>	<u>59,980</u>	<u>(21,737)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 10,561</u>	<u>\$ 6,880</u>	<u>\$ 5,780</u>	<u>\$ 23,221</u>

Depreciation expense was not allocated among the various functions/programs of the School District.

Capital Asset Appraisal - During the fiscal year the School District performed revaluation of all existing capital assets that resulted in a loss of \$866,672 in the governmental activities and a gain of \$5,780 in the business-type activities. The adjustment is reflected in the "Retirements and Transfers" column in the tables above.

Note 5. Interfund Receivables, Payables and Transfers

There were no individual fund receivables/payables balances at June 30, 2017.

There were no interfund transfers during the fiscal year ended June 30, 2017.

Note 6. Long-Term Obligations

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance July 1, 2016	<u>Additions</u>	<u>Reductions</u>	Balance June 30, 2017	Balance Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 5,460,000	\$ -	\$ 370,000	\$ 5,090,000	\$ 395,000
Unamortized Bond Premiums	306,648	-	26,285	280,363	26,285
Compensated Absences	134,983	117,704	-	252,687	-
Net Pension Liability	1,873,974	667,659	-	2,541,633	-
	<u>\$ 7,775,605</u>	<u>\$ 785,363</u>	<u>\$ 396,285</u>	<u>\$ 8,164,683</u>	<u>\$ 421,285</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences and net pension liability are liquidated by the general fund.

MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 6. Long-Term Obligations (continued)

Bonds Payable

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

On September 15, 2012, the School District issued \$6,295,000 of Refunding Bonds to refund the callable portion of the outstanding 2004 Bond Issue. The Refunding Bonds generated \$300,818 in gross debt service savings and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$250,118, or a net annual present value savings of 4.09%. The Refunding Bonds were issued at interest rates varying from 2.00% to 4.00% and mature on March 15, 2028.

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

Fiscal Year Ending	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
2018	\$	395,000	\$	195,360	\$	590,360
2019		410,000		184,260		594,260
2020		440,000		168,460		608,460
2021		460,000		134,460		594,460
2022		480,000		116,060		596,060
2023-2027		2,420,000		323,110		2,743,110
2028		485,000		19,400		504,400
		\$ 5,090,000		\$ 1,141,110		\$ 6,231,110

Bonds Authorized but not Issued

As of June 30, 2017, the School District had no bonds authorized but not issued.

Note 7. Pension Plans

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

MOUNT EPHRAIM SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 7. Pension Plans (continued)

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2017, the School District reported a liability of \$2,541,633 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was .00858%, which was an increase of .000234% from its proportion measured as of June 30, 2015.

MOUNT EPHRAIM SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Pension Plans (continued)

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$194,869 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 47,267	\$ -
Changes of Assumptions	526,491	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	96,915	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	51,707	223,502
School District contributions subsequent to measurement date	82,000	
	\$ 804,380	\$ 223,502

\$82,000 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2016-2017 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ending
June 30,**

2018	\$	101,436
2019		101,434
2020		129,704
2021		116,015
2022		50,290
	\$	498,879

MOUNT EPHRAIM SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Pension Plans (continued)

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
 Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
 Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

Actuarial Assumptions – The collective 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. This actuarial valuation used the following assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
 Investment Rate of Return	 7.65%

MOUNT EPHRAIM SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Pension Plans (continued)

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. 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 U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

MOUNT EPHRAIM SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Pension Plans (continued)

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	At 1% Decrease <u>(2.98%)</u>	At Current Discount Rate <u>(3.98%)</u>	At 1% Increase <u>(4.98%)</u>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 3,114,475</u>	<u>\$ 2,541,633</u>	<u>\$ 2,068,703</u>

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119
 School District's portion	 0.00858%	 0.00835%

MOUNT EPHRAIM SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 7. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is

MOUNT EPHRAIM SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 7. Pension Plans (continued)

treated as a nonemployer contributing entity. Since the School District 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 local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$21,431,927. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was .02724%, which an increase of .00183% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the School District recognized \$1,610,311 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2016 measurement date.

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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges

MOUNT EPHRAIM SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Pension Plans (continued)

are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - 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 total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability,

MOUNT EPHRAIM SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Pension Plans (continued)

attributable to the School District's 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:

	At 1% Decrease <u>(2.22%)</u>	At Current Discount Rate <u>(3.22%)</u>	At 1% Increase <u>(4.22%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 25,594,510	\$ 21,431,927	\$ 18,032,641
	<u>\$ 25,594,510</u>	<u>\$ 21,431,927</u>	<u>\$ 18,032,641</u>

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

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.

MOUNT EPHRAIM SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Pension Plans (continued)

- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2017, employee contributions totaled \$5,206, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$1,591.

Note 8. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers’ Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$346,102, \$288,381 and \$781, respectively.

Note 9. Risk Management

The School 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.

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

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 6,721	\$ 233	\$ 21,620	\$ 87,914
2015-2016	16,022	237	4,017	102,580
2014-2015	10,779	186	13,926	90,338

MOUNT EPHRAIM SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 9. Risk Management (continued)

Property and Liability Insurance – The School 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.

Joint Insurance Pool – The School District also participates in the Burlington County Joint Insurance Fund and, public entity risk pool. The Pool provides its members with the following coverage:

Property – Blanket Building & Grounds	General & Automobile Liability
Environmental Impairment Liability	Workers' Compensation
School Board Legal Liability	Excess Liability
Employers Liability	Comprehensive Crime Coverage

Note 10. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Litigation – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts' attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

Economic Dependency – The School District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the School District's programs and activities.

Note 11. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. 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. The plan administrators are as follows:

Lincoln Investment Planning
Prudential Financial
Midland National

MOUNT EPHRAIM SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 12. Compensated Absences

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

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the School District for the unused sick leave in accordance with School Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide and on the proprietary fund Statement of Net Position was \$252,687 and \$0, respectively.

Note 13. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, 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 revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Note 14. Commitments

The School District has contractual commitments at June 30, 2017 to various vendors, which are recorded in the general fund as assigned to other purposes in the amount of \$2,811.

Note 15. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 was \$445,716.

MOUNT EPHRAIM SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 16. Fund Balances

General Fund – Of the \$820,242 General Fund fund balance at June 30, 2017, \$445,716 has been restricted for current year excess surplus; \$448,122 is restricted for prior year excess surplus – designated for subsequent year’s expenditures; \$2,811 is assigned to designated for subsequent year’s expenditures-SEMI; \$1,092 has been assigned to other purposes; \$5,845 has been assigned and included as anticipated revenue for the year ending June 30, 2018; and \$(83,344) has been unassigned.

Capital Projects Fund – Of the \$62,663 Capital Projects Fund fund balance at June 30, 2017, \$62,663 is restricted for future capital projects approved by the School District.

Note 17. Deficit Fund Balances

The School District has a deficit fund balance of \$83,344 in the General Fund as of June 30, 2017 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District’s general fund deficit in the GAAP funds statements of \$83,344 is less than the last state aid payment in the amount of \$364,180.

Note 18. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$(2,422,781) at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee’s Retirement System (PERS) as of June 30, 2017. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**MOUNT EPHRAIM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:						
Local Sources:						
Local Tax Levy	10-1210-000-000	\$ 5,753,650	\$ -	\$ 5,753,650	\$ 5,753,650	\$ -
Tuition	10-1310-000-000	4,000	-	4,000	11,177	7,177
Miscellaneous	10-1000-000-000	20,958	-	20,958	45,023	24,065
Total Local Sources		5,778,608	-	5,778,608	5,809,850	31,242
State Sources:						
School Choice Aid	10-3116-000-000	175,628	-	175,628	175,628	-
Categorical Transportation Aid	10-3121-000-000	12,869	-	12,869	12,869	-
Extraordinary Aid	10-3131-000-000	-	-	-	30,836	30,836
Categorical Special Education Aid	10-3132-000-000	365,699	-	365,699	365,699	-
Equalization Aid	10-3176-000-000	3,318,797	-	3,318,797	3,318,797	-
Security Aid	10-3176-000-000	20,463	-	20,463	20,463	-
Per Pupil Growth Aid	10-3191-000-000	6,120	-	6,120	6,120	-
PARCC Readiness Aid	10-3190-000-000	6,120	-	6,120	6,120	-
Professional Learning Community Aid	10-3183-000-000	6,000	-	6,000	6,000	-
Adjustment Aid	10-3178-000-000	38,180	-	38,180	38,180	-
Non Public Transportation	10-3XXX	-	-	-	-	-
Nonbudgeted:						
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	288,381	288,381
On-Behalf TPAF Pension Contributions		-	-	-	346,102	346,102
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	781	781
Reimbursed TPAF Social Security		-	-	-	210,227	210,227
Total State Sources		3,949,876	-	3,949,876	4,826,203	876,327
Federal Sources:						
Medicaid Reimbursement- ARRA	10-4200-000-000	-	-	-	1,092	1,092
Medicaid Reimbursement	10-4200-000-000	12,077	-	12,077	24,044	11,967
Total Federal Sources		12,077	-	12,077	25,136	13,059
Total Revenues		9,740,561	-	9,740,561	10,661,189	920,628

**MOUNT EPHRAIM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool	11-105-100-101	25,922	212	26,134	26,134	-
Kindergarten	11-110-100-101	192,411	(4,712)	187,699	187,699	-
Grades 1 - 5	11-120-100-101	888,240	(15,049)	873,191	872,391	800
Grades 6 - 8	11-130-100-101	484,166	42,351	526,517	526,517	-
Regular Programs - Undistributed Instruction:						
Purchased Professional - Educational Services	11-190-100-320	96,000	(3,716)	92,284	92,284	-
Purchased Technical Services	11-190-100-340	-	-			-
Other Purchased Services (400-500 Series)	11-190-100-500	20,000	(3,195)	16,805	16,805	-
General Supplies	11-190-100-610	60,726	(27,350)	33,376	32,523	853
Textbooks	11-190-100-640	1,000	1,217	2,217	1,999	218
Total Regular Programs		1,768,465	(10,242)	1,758,223	1,756,352	1,871
Special Education:						
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	124,633	3,853	128,486	128,486	-
Textbooks	11-204-100-640	3,193	(2,993)	200	154	46
Total Learning &/or Language Disabilities		127,826	860	128,686	128,640	46
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	141,154	(1,683)	139,471	139,471	-
Other Salaries for Instruction	11-212-100-106	63,603	(7,276)	56,327	56,327	-
General Supplies	11-212-100-610	3,823	(1,907)	1,916	1,836	80
Textbooks	11-212-100-640	200	347	547	507	40
Total Multiple Disabilities		208,780	(10,519)	198,261	198,141	120

**MOUNT EPHRAIM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Resource Room / Resource Center:						
Salaries of Teachers	11-213-100-101	230,406	9,549	239,955	239,955	-
Other Salaries for Instruction	11-213-100-106	232,669	(27,059)	205,610	205,610	-
Unused Vacation Payment to Terminated/Retired Staff	11-213-100-199	15,203	26,932	42,135	42,135	-
General Supplies	11-213-100-610	4,958	(4,608)	350	182	168
Textbooks	11-213-100-640	500	(500)	-	-	-
Total Resource Room/Resource Center		483,736	4,314	488,050	487,882	168
Preschool Disabilities - Part-Time:						
Salaries of Teachers	11-215-100-101	27,962	212	28,174	28,174	-
Other Salaries for Instruction	11-215-100-106	29,145	(3,562)	25,583	24,852	731
General Supplies	11-215-100-610	518	(518)	-	-	-
Total Preschool Disabilities - Part-Time		57,625	(3,868)	53,757	53,026	731
Home Instruction:						
Other Salaries for Instruction	11-219-100-106	10,000	(8,908)	1,092	-	1,092
Total Home Instruction		10,000	(8,908)	1,092	-	1,092
Total Special Education		887,967	(18,121)	869,846	867,689	2,157
Basic Skills/Remedial - Instruction:						
Salaries of Teachers	11-230-100-101	122,774	(67,702)	55,072	54,633	439
General Supplies	11-230-100-610	4,455	(2,635)	1,820	950	870
Other Objects	11-230-100-800	-	180	180	180	-
Total Basic Skills/Remedial - Instruction		127,229	(70,157)	57,072	55,763	1,309
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	10,510	60	10,570	10,570	-
Supplies and Materials	11-401-100-600	1,000	(775)	225	197	28
Other Objects	11-401-100-800	-	775	775	775	-
Total School Sponsored Cocurricular - Activities		11,510	60	11,570	11,542	28
Total - Instruction		2,795,171	(98,460)	2,696,711	2,691,346	5,365

**MOUNT EPHRAIM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Undistributed Expenditures						
Instruction:						
Tuition to Other LEAs Within State - Regular	11-000-100-561	1,930,804	(32,488)	1,898,316	1,898,316	-
Tuition to Other LEAs Within State - Special	11-000-100-562	860,770	31,487	892,257	892,257	-
Tuition to County Vocational School District - Regular	11-000-100-563	25,104	8,191	33,295	30,784	2,511
Tuition to CSSD & Regional Day School	11-000-100-565	257,320	24,541	281,861	279,800	2,061
Tuition to Private Schools for Disabled Within the State	11-000-100-566	385,382	(39,216)	346,166	322,682	23,484
Total Undistributed Expenditures - Instruction		3,459,380	(7,485)	3,451,895	3,423,839	28,056
Health Services:						
Salaries	11-000-213-100	144,518	2,873	147,391	147,391	-
Purchased Professional & Technical Services	11-000-213-300	4,100	(1,964)	2,136	222	1,914
Other Purchased Services (400-500 Series)	11-000-213-500	200	-	200	-	200
Supplies and Materials	11-000-213-600	2,600	-	2,600	2,234	366
Total Health Services		151,418	909	152,327	149,847	2,480
Other Support Services - Students - Speech, OT, PT and Related Services:						
Salaries	11-000-216-100	59,039	735	59,774	59,774	-
Purchased Professional - Educational Services	11-000-216-320	107,000	69,958	176,958	170,085	6,873
Supplies and Materials	11-000-216-600	400	200	600	582	18
Total Other Support Services - Students - Related Services		166,439	70,893	237,332	230,441	6,891
Other Support Services - Students - Extraordinary Services:						
Purchased Professional & Educational Services	11-000-217-320	48,394	(2,017)	46,377	45,732	645
Total Other Support Services - Students - Extraordinary Services		48,394	(2,017)	46,377	45,732	645

**MOUNT EPHRAIM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>ACCOUNT NUMBER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE) FINAL TO ACTUAL</u>
Other Support Services - Students - Child Study Team:						
Salaries of Other Professional Staff	11-000-219-104	228,176	543	228,719	228,719	-
Salaries of Secretarial & Clerical Assistants	11-000-219-105	31,431	2,190	33,621	33,060	561
Other Salaries	11-000-219-110	1,500	-	1,500	-	1,500
Purchased Professional - Educational Services	11-000-219-320	11,000	(893)	10,107	10,107	-
Other Purchased Services (400-500 Series)	11-000-219-590	3,700	-	3,700	2,950	750
Supplies and Materials	11-000-219-600	15,424	(8,483)	6,941	5,997	944
Other Objects	11-000-219-800	1,099	-	1,099	820	279
Total Other Support Services - Students - Special Services		292,330	(6,643)	285,687	281,653	4,034
Improvement of Instruction Services:						
Salaries of Secretarial and Clerical Assistants	11-000-221-105	21,477	(4,095)	17,382	12,363	5,019
Purchased Professional - Educational Services	11-000-221-320	-	250	250	-	250
General Supplies	11-000-221-600	24,075	(680)	23,395	23,329	66
Total Improvement of Instruction Services		45,552	(4,525)	41,027	35,692	5,335
Educational Media Services/School Library:						
Salaries	11-000-222-100	7,935	(7,935)	-	-	-
Salaries of Technology Coordinators	11-000-222-177	39,120	3,577	42,697	42,697	-
Purchased Professional & Technical Services	11-000-222-300	10,445	-	10,445	10,445	-
Other Purchased Services (400-500 Series)	11-000-222-500	53,295	(21,816)	31,479	30,696	783
Supplies and Materials	11-000-222-601	55,434	13,747	69,181	65,141	4,040
Total Educational Media Services/School Library		166,229	(12,427)	153,802	148,979	4,823
Instructional Staff Training Services:						
Other Purchased Services (400-500 Series)	11-000-223-500	6,000	-	6,000	2,022	3,978
Total Instructional Staff Training Services		6,000	-	6,000	2,022	3,978

**MOUNT EPHRAIM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Support Services General Administration:						
Salaries	11-000-230-100	155,362	(2,199)	153,163	145,596	7,567
Legal Services	11-000-230-331	30,000	11,590	41,590	25,620	15,970
Audit Services	11-000-230-332	24,000	(3,000)	21,000	21,000	-
Architectural/Engineering Services	11-000-230-334	2,500	(1,583)	917	-	917
Other Purchased Professional Services	11-000-230-339	1,000	1,013	2,013	1,512	501
Communications/Telephone	11-000-230-530	18,000	20,801	38,801	13,537	25,264
BOE Other Purchased Services	11-000-230-585	4,100	(2,700)	1,400	1,400	-
Other Purchased Services (400-500Series)	11-000-230-590	6,718	2,780	9,498	7,387	2,111
General Supplies	11-000-230-610	4,930	(1,873)	3,057	2,470	587
Miscellaneous Expenditures	11-000-230-890	4,300	2,490	6,790	6,700	90
BOE Membership Dues & Fees	11-000-230-895	5,892	-	5,892	5,067	825
Total Support Services General Administration		256,802	27,319	284,121	230,289	53,832
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	116,459	3,133	119,592	119,592	-
Salaries of Secretarial & Clerical Assistants	11-000-240-105	37,728	1,015	38,743	38,743	-
Other Purchased Services (400-500Series)	11-000-240-500	5,000	(3,192)	1,808	1,608	200
Supplies and Materials	11-000-240-600	4,029	(2,329)	1,700	1,364	336
Other Objects	11-000-240-800	1,700	-	1,700	820	880
Total Support Services School Administration		164,916	(1,373)	163,543	162,127	1,416
Central Services:						
Salaries	11-000-251-100	28,560	7,906	36,466	36,466	-
Purchased Professional Services	11-000-251-300	106,496	(1,535)	104,961	104,496	465
Purchased Technical Services	11-000-251-340	31,750	10,317	42,067	30,286	11,781
Other Purchased Services	11-000-251-592	4,000	600	4,600	4,063	537
Supplies and Materials	11-000-251-600	4,571	(496)	4,075	3,759	316
Miscellaneous Expenditures	11-000-251-890	1,150	-	1,150	-	1,150
Total Central Services		176,527	16,792	193,319	179,070	14,249
Allowable Maintenance for School Facilities:						
Salaries	11-000-261-100	57,620	2,120	59,740	59,740	-
Cleaning, Repair & Maintenance Services	11-000-261-420	52,000	16,140	68,140	56,464	11,676
General Supplies	11-000-261-610	27,502	(11,475)	16,027	15,443	584
Total Allowable Maintenance for School Facilities		137,122	6,785	143,907	131,647	12,260

**MOUNT EPHRAIM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Operation & Maintenance of Plant - Custodial:						
Salaries	11-000-262-100	154,681	2,470	157,151	141,042	16,109
Unused Vacation Payment to Terminated/Retired Staff	11-000-262-199	32,200	(11,400)	20,800	16,818	3,982
Cleaning, Repair & Maintenance Services	11-000-262-420	8,650	(667)	7,983	6,805	1,178
Other Purchased Property Services	11-000-262-490	15,000	-	15,000	13,918	1,082
Insurance	11-000-262-520	21,877	-	21,877	21,789	88
General Supplies	11-000-262-610	44,294	(3,991)	40,303	28,364	11,939
Energy (Electricity)	11-000-262-622	155,000	(7,077)	147,923	49,014	98,909
Energy (Natural Gas)	11-000-262-621	135,000	72,785	207,785	177,039	30,746
Energy (Gasoline)	11-000-262-626	300	-	300	74	226
Other Objects	11-000-262-800	-	175	175	175	-
Total Operation & Maintenance of Plant - Custodial		567,002	52,295	619,297	455,038	164,259
Operation & Maintenance of Plant - Security:						
Salaries	11-000-266-100	3,600	(3,600)	-	-	-
General Supplies	11-000-266-610	400	-	400	299	101
Total Operation & Maintenance of Plant - Security		4,000	(3,600)	400	299	101
Student Transportation Services:						
Management Fee	11-000-270-350	8,000	(994)	7,006	7,006	-
Contracted Services (Aid in Charter Schools)	11-000-270-504	3,536	(1,768)	1,768	1,768	-
Contracted Services (Regular Students) - ESC's	11-000-270-517	37,000	(37,000)	-	-	-
Contracted Services (Special Education Students) - ESC's	11-000-270-518	125,000	78,586	203,586	203,586	-
Total Student Transportation Services		173,536	38,824	212,360	212,360	-

**MOUNT EPHRAIM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Unallocated Benefits - Employee Benefits:						
Group Insurance	11-000-291-210	1,500	(5)	1,495	994	501
Social Security	11-000-291-220	81,043	8,216	89,259	89,259	-
Other Retirement Contributions - TPAF	11-000-291-231	-	13,962	13,962	13,962	-
Other Retirement Contributions - PERS	11-000-291-241	84,230	(6,639)	77,591	77,138	453
Other Retirement Contributions - DCRP	11-000-291-249	3,000	-	3,000	1,591	1,409
Workmen's Compensation	11-000-291-260	30,100	5	30,105	30,105	-
Health Benefits	11-000-291-270	826,587	47,009	873,596	807,655	65,941
Tuition Reimbursements	11-000-291-280	29,345	(3,208)	26,137	7,855	18,282
Other Employee Benefits	11-000-291-290	153,925	26,175	180,100	175,556	4,544
Total Unallocated Benefits		1,209,730	85,515	1,295,245	1,204,115	91,130
Nonbudgeted:						
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	288,381	(288,381)
On-Behalf TPAF Pension Contributions		-	-	-	346,102	(346,102)
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	781	(781)
Reimbursed TPAF Social Security		-	-	-	210,227	(210,227)
Total Nonbudgeted On-Behalf TPAF		-	-	-	845,491	(845,491)
Total Undistributed Expenditures		7,025,377	261,262	7,286,639	7,738,641	(452,002)
Total Expenditures - Current Expense		9,820,548	162,802	9,983,350	10,429,987	(446,637)
Equipment:						
Undistributed Expenditures:						
Required Maintenance of School Facilities	12-000-261-730	16,500	(3,309)	13,191	10,250	2,941
Total Equipment		16,500	(3,309)	13,191	10,250	2,941
Facilities Acquisition & Construction Services:						
Construction Services	12-000-400-450	-	4,280	4,280	4,066	214
Assessment for Debt Service	12-000-400-896	33,091	-	33,091	33,091	-
Total Facilities Acquisition & Construction Services		33,091	4,280	37,371	37,157	214
Total Capital Outlay		49,591	971	50,562	47,407	3,155
Total Expenditures		9,870,139	163,773	10,033,912	10,477,394	(443,482)

**MOUNT EPHRAIM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Excess/(Deficiency) of Revenues Over/(Under)						
Expenditures Before Other Financing Sources/(Uses)		(129,578)	(163,773)	(293,351)	183,795	477,146
Fund Balances, July 1		1,000,627	-	1,000,627	1,000,627	-
Fund Balances, June 30		\$ 871,049	\$ (163,773)	\$ 707,276	\$ 1,184,422	\$ 477,146

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Encumbrances	\$	167,082	
Cancelled Encumbrances		(3,309)	
Total	\$	163,773	

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:		
Reserved Excess Surplus Designated of Subsequent Year's Expenditures	\$	448,122
Excess Surplus		445,716
Assigned Fund Balance:		
Year-End Encumbrances		2,811
ARRA- Special Education - Medicaid Initiative		1,092
Designated for Subsequent Year's Expenditures		5,845
Unassigned Fund Balance		280,836
Subtotal		1,184,422
Reconciliation to Governmental Fund Statements (GAAP):		
Last State Aid Payment Not Recognized on GAAP Basis		(364,180)
Total Fund Balance per Governmental Funds (GAAP)	\$	820,242

**MOUNT EPHRAIM SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

REVENUES	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Federal Sources	\$ 246,454	\$ -	\$ 246,454	\$ 246,454	\$ -
Total Revenues	246,454	-	246,454	246,454	-
EXPENDITURES:					
Instruction:					
Salaries of Teachers	79,412	-	79,412	79,412	-
Tuition	142,581	-	142,581	142,581	-
General Supplies	3,814	-	3,814	3,814	-
Total Instruction	225,807	-	225,807	225,807	-
Support Services:					
Personal Services - Employee Benefits	20,647	-	20,647	20,647	-
Total Support Services	20,647	-	20,647	20,647	-
Total Expenditures	246,454	-	246,454	246,454	-
Total Outflows	246,454	-	246,454	246,454	-
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**MOUNT EPHRAIM SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR 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 (C-Series)	\$ 10,661,189	\$ 246,454
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	367,556	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(364,180)	-
	<hr/>	<hr/>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 10,664,565</u>	<u>\$ 246,454</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	10,477,394	246,454
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	-	-
	<hr/>	<hr/>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, & Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 10,477,394</u>	<u>\$ 246,454</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST FOUR FISCAL YEARS*

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00858%	0.00835%	0.01013%	0.01000%
School District's proportionate share of the net pension liability \$	2,541,633	\$ 1,873,974	\$ 1,897,243	\$ 1,911,149
School District's covered payroll	629,402	585,770	587,107	582,348
School District's proportionate share of the net pension liability as a percentage of its covered payroll	403.82%	319.92%	323.15%	328.18%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, government should present information for those years for which information is available

**MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's contractually required contribution	\$ 82,000	\$ 76,238	\$ 71,771	\$ 83,538
Contributions in relation to the contractually required contribution	<u>(82,000)</u>	<u>(76,238)</u>	<u>(71,771)</u>	<u>(83,538)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 550,686	\$ 629,402	\$ 585,770	\$ 587,107
Contributions as a percentage of covered payroll	14.89%	12.11%	12.25%	14.23%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST FOUR FISCAL YEARS*

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	21,431,927	16,064,909	13,465,970	13,870,991
	<u>\$ 21,431,927</u>	<u>\$ 16,064,909</u>	<u>\$ 13,465,970</u>	<u>\$ 13,870,991</u>
School District's covered payroll	\$ 3,038,404	\$ 3,093,369	\$ 2,584,913	\$ 2,653,459
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, government should present information for those years for which information is available.

**MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**MOUNT EPHRAIM SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	<u>NO CHILD LEFT BEHIND</u>		<u>I.D.E.A. PART B BASIC</u>	<u>I.D.E.A. PART B PRESCHOOL</u>	<u>TOTAL</u>
	<u>TITLE I</u>	<u>TITLE II - PART A</u>			
Revenues:					
Federal Source	\$ 78,709	\$ 21,350	\$ 142,581	\$ 3,814	\$ 246,454
Total Revenues	78,709	21,350	142,581	3,814	246,454
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 62,467	\$ 16,945	\$ -	\$ -	\$ 79,412
Tuition	-	-	142,581	-	142,581
Supplies	-	-	-	3,814	3,814
Total Instruction	62,467	16,945	142,581	3,814	225,807
Support Services:					
Employee Benefits	16,242	4,405	-	-	20,647
Total Support Services	16,242	4,405	-	-	20,647
Total Expenditures	\$ 78,709	\$ 21,350	\$ 142,581	\$ 3,814	\$ 246,454

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F. Capital Projects Fund

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**MOUNT EPHRAIM SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES TO DATE		UNEXPENDED BALANCE JUNE 30, 2017
			PRIOR YEARS	CURRENT YEAR	
Raymond W. Kershaw Elementary School Roof Replacement	7/9/2014	\$ 407,938	\$ 269,322	\$ -	\$ 138,616
Mary Bray Elementary School Security Upgrades	7/9/2014	55,071	46,658	7,337	1,076
Raymond W. Kershaw Elementary School Security Upgrades	7/9/2014	34,346	29,514	4,832	-
		<u>\$ 497,355</u>	<u>\$ 345,494</u>	<u>\$ 12,169</u>	<u>\$ 139,692</u>
Reconciliation to Governmental Funds (GAAP):					
					\$ 139,692
					<u>(77,029)</u>
					<u>\$ 62,663</u>

**MOUNT EPHRAIM SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

Expenditures & Other Financing Uses:	
Construction Services	\$ 12,169
	<hr/>
Total Expenditures & Other Financing Uses	12,169
	<hr/>
Excess/(Deficiency) of Revenues & Other Financing Sources	
Over/(Under) Expenditures & Other Financing Uses	(12,169)
Fund Balances, July 1	151,861
	<hr/>
Fund Balances, June 30	\$ 139,692
	<hr/> <hr/>

**MOUNT EPHRAIM SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RAYMOND W. KERSHAW ELEMENTARY SCHOOL ROOF REPLACEMENT
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
Revenues & Other Financing Sources:				
State Sources - ROD Grants	\$ 203,795	\$ -	\$ 203,795	\$ 203,795
Transfer from Capital Reserve	204,143	-	204,143	204,143
Total Revenues	407,938	-	407,938	407,938
Expenditures & Other Financing Uses:				
Purchased Professional & Technical				
Technical Services	2,533	-	2,533	3,000
Construction Services	266,789	-	266,789	404,938
Total Expenditures	269,322	-	269,322	407,938
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 138,616	\$ -	\$ 138,616	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	3420-020-14-G1MW
Grant Date	2014-2015
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 431,245
Additional Authorized Cost	\$ (23,307)
Revised Authorized Cost	\$ 407,938
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	66%
Original Target Completion Date	2015-2016
Revised Target Completion Date	N/A

**MOUNT EPHRAIM SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
MARY BRAY ELEMENTARY SCHOOL SECURITY UPGRADES
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
Revenues & Other Financing Sources:				
State Sources - ROD Grants	\$ 26,025	\$ -	\$ 26,025	\$ 26,025
Transfer from Capital Reserve	29,046	-	29,046	29,046
Total Revenues	55,071	-	55,071	55,071
Expenditures & Other Financing Uses:				
Purchased Professional & Technical				
Technical Services	2,018	-	2,018	2,018
Construction Services	44,640	7,337	51,977	53,053
Total Expenditures	46,658	7,337	53,995	55,071
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 8,413	\$ (7,337)	\$ 1,076	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	3420-030-14-1004-G04
Grant Date	2014-2015
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 55,071
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 55,071
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	98%
Original Target Completion Date	2015-2016
Revised Target Completion Date	N/A

**MOUNT EPHRAIM SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
KERSHAW ELEMENTARY SCHOOL SECURITY UPGRADES
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
Revenues & Other Financing Sources:				
State Sources - ROD Grants	\$ 16,231	\$ -	\$ 16,231	\$ 16,231
Transfer from Capital Reserve	18,115	-	18,115	18,115
Total Revenues	34,346	-	34,346	34,346
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Technical Services	3,774	-	3,774	3,774
Construction Services	25,740	4,832	30,572	30,572
Total Expenditures	29,514	4,832	34,346	34,346
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 4,832	\$ (4,832)	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	3420-020-14-1003-G04
Grant Date	2014-2015
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 34,346
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 34,346
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	2015-2016
Revised Target Completion Date	N/A

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G. Proprietary Funds

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Enterprise Funds

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**MOUNT EPHRAIM SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2017**

ASSETS	<u>LATCHKEY</u>	FOOD SERVICE <u>FUND</u>	<u>TOTAL</u>
Current Assets:			
Cash & Cash Equivalents	\$ 136,047	\$ 10,718	\$ 146,765
Accounts Receivable:			
State	-	97	97
Federal	-	4,892	4,892
Other	-	366	366
Inventories	-	3,701	3,701
	<hr/>		
Total Current Assets	136,047	19,774	155,821
	<hr/>		
Capital Assets:			
Equipment	-	44,958	44,958
Accumulated Depreciation	-	(21,737)	(21,737)
	<hr/>		
Total Capital Assets	-	23,221	23,221
	<hr/>		
Total Assets	136,047	42,995	179,042
	<hr/>		
LIABILITIES			
Current Liabilities:			
Unearned Revenue	-	2,787	2,787
	<hr/>		
Total Current Liabilities	-	2,787	2,787
	<hr/>		
NET POSITION			
Investment in Capital Assets	-	23,221	23,221
Unrestricted	136,047	16,987	153,034
	<hr/>		
Total Net Position	\$ 136,047	\$ 40,208	\$ 176,255
	<hr/> <hr/>		

**MOUNT EPHRAIM SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2017**

	<u>LATCHKEY</u>	FOOD SERVICE <u>FUND</u>	<u>TOTAL</u>
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ -	\$ 47,183	\$ 47,183
Daily Sales - Nonreimbursable Programs	-	24,532	24,532
Special Functions	-	5,122	5,122
Miscellaneous	-	495	495
Enrollment Fees	108,407	-	108,407
	<hr/>		<hr/>
Total Operating Revenue	108,407	77,332	185,739
	<hr/>		<hr/>
Operating Expenses:			
Salaries - Food Service Management	-	62,344	62,344
Salaries - Personnel Services	84,902	-	84,902
Payroll Taxes & Benefits - Food Service Management	-	11,923	11,923
Supplies and Materials	9,594	7,088	16,682
Management Fee	-	12,688	12,688
Other Purchased Services	-	5,469	5,469
Depreciation	-	1,780	1,780
Miscellaneous	-	3,833	3,833
Cost of Sales- Reimbursable	-	54,859	54,859
Cost of Sales- Non Reimbursable	-	15,454	15,454
	<hr/>		<hr/>
Total Operating Expenses	94,496	175,438	269,934
	<hr/>		<hr/>
Operating Income/(Loss)	13,911	(98,106)	(84,195)
	<hr/>		<hr/>
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	-	1,663	1,663
Federal Sources:			
National School Breakfast Program	-	18,575	18,575
National School Lunch Program	-	62,551	62,551
After School Snack Program	-	1,865	1,865
Healthy Hungry Kids Act	-	2,069	2,069
Food Distribution Program	-	10,205	10,205
Gain on Fixed Asset Appraisal	-	5,780	5,780
	<hr/>		<hr/>
Total Nonoperating Revenues/(Expenses)	-	102,708	102,708
	<hr/>		<hr/>
Change in Net Position	13,911	4,602	18,513
Total Net Position - Beginning	122,136	35,606	157,742
	<hr/>		<hr/>
Total Net Position - Ending	\$ 136,047	\$ 40,208	\$ 176,255
	<hr/> <hr/>		<hr/> <hr/>

**MOUNT EPHRAIM SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2017**

	<u>LATCHKEY</u>	<u>FOOD SERVICE FUND</u>	<u>TOTALS</u>
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 108,407	\$ 76,051	\$ 184,458
Payments to Employees	(84,902)	(62,344)	(147,246)
Payment to Employee Benefits	-	(11,923)	(11,923)
Payments to Suppliers	(18,311)	(90,379)	(108,690)
Net Cash Provided/(Used) by Operating Activities	<u>5,194</u>	<u>(88,595)</u>	<u>(83,401)</u>
Cash Flows From Noncapital Financing			
State Sources	-	1,623	1,623
Federal Sources	-	82,930	82,930
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>84,553</u>	<u>84,553</u>
Cash Flows From Capital & Related Financing Activities:			
Purchases of Capital Assets	-	(8,660)	(8,660)
Net Cash Provided/(Used) by Capital & Related Financing Activities	<u>-</u>	<u>(8,660)</u>	<u>(8,660)</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	5,194	(12,702)	(7,508)
Cash and Cash Equivalents, July 1	<u>130,853</u>	<u>23,420</u>	<u>154,273</u>
Cash and Cash Equivalents, June 30	<u>\$ 136,047</u>	<u>\$ 10,718</u>	<u>\$ 146,765</u>

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$ 13,911	\$ (98,106)	\$ (84,195)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	-	1,780	1,780
Food Distribution Program	-	10,205	10,205
Change in Assets & Liabilities:			
(Increase)/Decrease in Other Accounts Receivable	-	(366)	(366)
Increase/(Decrease) in Accounts Payable	-	(1,528)	(1,528)
Increase/(Decrease) in Interfund Payable	(8,717)	-	(8,717)
(Increase)/Decrease in Inventory	-	335	335
Increase/(Decrease) in Unearned Revenue	-	(915)	(915)
Net Cash Provided/(Used) by Operating Activities	<u>\$ 5,194</u>	<u>\$ (88,595)</u>	<u>\$ (83,401)</u>

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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**MOUNT EPHRAIM SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

ASSETS	AGENCY FUNDS	PRIVATE PURPOSE TRUST FUNDS			TOTAL
	STUDENT ACTIVITY	SCHOLARSHIP FUND	FLEXIBLE BENEFITS	UNEMPLOYMENT COMPENSATION	
Cash & Cash Equivalents	\$ 18,591	\$ 9,345	\$ 9,123	\$ 88,278	\$ 125,337
Total Assets	18,591	9,345	9,123	88,278	125,337
LIABILITIES					
Due to Student Groups	18,591	-	-	-	18,591
Accounts Payable	-	-	-	364	364
Total Liabilities	18,591	-	-	364	18,955
Net Position					
Held in Trust for:					
Unemployment Claims & Other Purposes	-	-	9,123	87,914	97,037
Scholarships	-	9,345	-	-	9,345
Total Net Position	\$ -	\$ 9,345	\$ 9,123	\$ 87,914	\$ 106,382

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	PRIVATE PURPOSE TRUST FUNDS			TOTAL
	SCHOLARSHIP	FLEXIBLE BENEFITS	UNEMPLOYMENT COMPENSATION	
Additions:				
Local Sources:				
Employee Contribution	\$ -	\$ 18,697	\$ 6,721	\$ 25,418
Interest on Investments	23	15	233	271
Total Operating Revenues	23	18,712	6,954	25,689
Deductions:				
Claims	-	14,415	21,620	36,035
Total Operating Expenses	-	14,415	21,620	36,035
Excess/(Deficit) of Revenues Over Expenditures	23	4,297	(14,666)	(10,346)
Fund Balances, July 1	9,322	4,826	102,580	116,728
Fund Balances, June 30	\$ 9,345	\$ 9,123	\$ 87,914	\$ 106,382

**MOUNT EPHRAIM SCHOOL DISTRICT
FIDUCIARY FUNDS
SCHEDULE OF STUDENT ACTIVITY RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, <u>2016</u>	CASH <u>RECEIPTS</u>	CASH <u>DISBURSEMENTS</u>	BALANCE JUNE 30, <u>2017</u>
Cash & Cash Equivalents	\$ 23,040	\$ 22,406	\$ 26,855	\$ 18,591
Total Assets	<u>\$ 23,040</u>	<u>\$ 22,406</u>	<u>\$ 26,855</u>	<u>\$ 18,591</u>
LIABILITIES				
Due to Student Groups	\$ 23,040	\$ 22,406	\$ 26,855	\$ 18,591
Total Liabilities	<u>\$ 23,040</u>	<u>\$ 22,406</u>	<u>\$ 26,855</u>	<u>\$ 18,591</u>

**SCHEDULE OF CHANGES IN PAYROLL AGENCY ASSETS AND LIABILITIES
FOR FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, <u>2016</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE JUNE 30, <u>2017</u>
Cash & Cash Equivalents	\$ 59,657	\$ 4,260,285	\$ 4,319,942	\$ -
Total Assets	<u>\$ 59,657</u>	<u>\$ 4,260,285</u>	<u>\$ 4,319,942</u>	<u>\$ -</u>
LIABILITIES				
Interfund Payable - General Fund	\$ 56,237	\$ -	\$ 56,237	\$ -
Payroll Deductions & Withholdings	3,420	1,841,719	1,845,139	-
Net Payroll		2,418,566	2,418,566	-
Total Liabilities	<u>\$ 59,657</u>	<u>\$ 4,260,285</u>	<u>\$ 4,319,942</u>	<u>\$ -</u>

I. Long-Term Debt

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MOUNT EPHRAIM SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2017

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JULY 1, 2016</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2017</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Refunding School Bonds, Series 2012	7/1/2012	\$ 6,295,000	3/15/18	\$ 395,000	4.000%	\$ 5,460,000	\$ 370,000	\$ 5,090,000
			3/15/19	410,000	4.000%			
			3/15/20	440,000	4.000%			
			3/15/21	460,000	4.000%			
			3/15/22	480,000	4.000%			
			3/15/23	490,000	4.000%			
			3/15/24	485,000	2.700%			
			3/15/25	480,000	2.800%			
			3/15/26	475,000	3.500%			
			3/15/27	490,000	3.000%			
			3/15/28	485,000	4.000%			
Total						\$ 5,460,000	\$ 370,000	\$ 5,090,000

**MOUNT EPHRAIM SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO <u>ACTUAL</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 565,360	\$ -	\$ 565,360	\$ 565,360	\$ -
Total Revenues	565,360	-	565,360	565,360	-
Expenditures					
Regular Debt Service:					
Interest	195,360	-	195,360	195,360	-
Redemption of Principal	370,000	-	370,000	370,000	-
Total Expenditures	565,360	-	565,360	565,360	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

**MOUNT EPHRAIM SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF COMPENSATED ABSENCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	OUTSTANDING BALANCE <u>2016</u>		<u>ADDITIONS</u>		OUTSTANDING BALANCE <u>2017</u>
Compensated Absences	\$ 134,983	\$	117,704	\$	<u>252,687</u>

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STATISTICAL SECTION (Unaudited)

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. Note the the Exhibits are presented for the last ten fiscal years.

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MOUNT EPHRAIM SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30,										
Governmental Activities:										
Net Investment										
in Capital Assets	\$ 2,959,876	\$ 3,695,372	\$ 3,606,321	\$ 3,163,394	\$ 2,906,459	\$ 2,537,409	\$ 2,483,102	\$ 2,319,188	\$ 2,943,093	\$ 2,698,882
Restricted	956,501	549,931	537,041	1,359,537	1,516,862	1,552,715	1,306,976	1,052,758	673,090	872,442
Unrestricted	(2,422,781)	(1,963,864)	(1,656,705)	(88,821)	(216,291)	(241,636)	(271,210)	(368,242)	(368,171)	(381,518)
Total Governmental Activities	\$ 1,493,596	\$ 2,281,439	\$ 2,486,657	\$ 4,434,109	\$ 4,207,030	\$ 3,848,489	\$ 3,518,868	\$ 3,003,704	\$ 3,248,011	\$ 3,189,806
Business-Type Activities:										
Net Investment										
in Capital Assets	\$ 23,221	\$ 10,561	\$ 17,287	\$ 17,358	\$ 22,862	\$ 28,459	\$ 26,908	\$ 26,343	\$ 31,123	\$ 35,903
Unrestricted	153,034	147,181	108,391	166,183	149,385	100,535	89,071	69,009	43,942	28,272
Total Business-Type Activities	\$ 176,255	\$ 157,742	\$ 125,678	\$ 183,541	\$ 172,247	\$ 128,994	\$ 115,979	\$ 95,352	\$ 75,065	\$ 64,175
Government-Wide:										
Net Investment										
in Capital Assets	\$ 2,983,097	\$ 3,705,933	\$ 3,623,608	\$ 3,180,752	\$ 2,929,322	\$ 2,565,868	\$ 2,510,010	\$ 2,345,531	\$ 2,974,216	\$ 2,734,785
Restricted	956,501	549,931	537,041	1,359,537	1,516,862	1,552,715	1,306,976	1,052,758	673,090	872,442
Unrestricted	(2,269,747)	(1,816,683)	(1,548,314)	77,361	(66,907)	(141,100)	(182,139)	(299,233)	(324,229)	(353,246)
Total District Net Position	\$ 1,669,851	\$ 2,439,181	\$ 5,708,963	\$ 4,617,650	\$ 4,379,277	\$ 3,977,482	\$ 3,634,847	\$ 3,099,056	\$ 3,323,077	\$ 3,253,981

**MOUNT EPHRAIM SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30.									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 1,756,352	\$ 1,884,126	\$ 1,976,073	\$ 2,007,400	\$ 1,758,921	\$ 1,460,549	\$ 1,529,493	\$ 2,074,784	\$ 1,940,688	\$ 2,069,028
Special Education	1,093,496	1,093,979	1,170,400	936,460	794,924	1,140,445	932,945	1,016,028	822,526	797,482
Other Special Instruction	-	171,509	180,345	34,316	66,993	-	-	-	-	-
Other Instruction	67,305	15,573	11,825	13,630	15,312	48,018	83,447	70,070	111,941	89,092
Support Services & Undistributed Costs:										
Tuition	3,423,839	3,310,645	3,099,269	3,205,577	3,272,805	3,307,744	3,078,400	2,961,730	2,795,155	2,682,972
Health Services	-	148,825	145,370	-	-	-	-	-	-	-
Student & Instruction Related										
Services	894,366	564,817	591,697	733,492	835,829	766,669	825,909	862,568	907,709	775,049
Educational Media Services/School Library	230,289	210,879	152,064	-	-	-	-	-	-	-
Other Administrative Services	162,127	405,160	386,807	303,223	445,250	525,190	459,346	515,242	478,140	516,654
School Administrative Services	179,070	179,617	169,024	386,316	277,020	86,013	86,780	86,010	83,442	123,955
Plant Operations & Maintenance	586,984	529,753	588,005	518,611	499,570	513,109	531,059	594,479	547,227	627,169
Pupil Transportation	212,360	150,437	170,075	193,268	231,519	124,880	170,515	161,912	166,775	170,343
Employee Benefits	2,306,590	2,758,926	2,481,520	1,651,416	1,493,051	1,591,827	1,483,825	1,461,707	1,400,219	1,523,019
Transfers to Charter Schools	-	-	27,261	19,353	207,102	-	-	-	-	-
Interest on Long-Term Debt	230,027	208,720	210,511	229,733	287,693	406,165	297,487	377,115	420,421	430,907
Unallocated Depreciation and Amortization	260,496	276,135	276,135	269,020	-	235,739	230,147	230,147	50,988	50,988
Total Governmental Activities	11,403,301	11,909,101	11,636,381	10,501,816	10,185,990	10,206,348	9,709,353	10,411,792	9,725,231	9,856,658
Expenses										
Business-Type Activities:										
Food Service	175,438	178,250	171,870	168,819	161,178	140,093	142,509	152,041	150,265	145,731
Extended Day Care	94,496	48,584	115,573	48,477	41,627	35,488	34,211	41,599	-	-
Total Business-Type Activities	269,934	226,834	287,443	217,266	202,805	175,581	176,720	193,640	150,265	145,731
Expense										
Total District Expenses	\$ 11,673,235	\$ 12,135,935	\$ 11,923,824	\$ 10,719,082	\$ 10,388,796	\$ 10,381,929	\$ 9,886,073	\$ 10,605,432	\$ 9,875,496	\$ 10,002,389

**MOUNT EPHRAIM SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDING JUNE 30.

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ -	\$ -	\$ -	\$ 22,919	\$ 22,030	\$ 122,781	\$ 310,929	\$ 307,772	\$ 293,364	\$ 149,299
Operating Grants & Contributions	1,091,945	1,710,751	1,446,953	770,291	904,717	816,460	775,867	957,486	773,497	950,849
Total Governmental Activities	1,091,945	1,710,751	1,446,953	793,210	926,748	939,241	1,086,796	1,265,258	1,066,861	1,100,148
Business-Type Activities:										
Charges for Services:										
Food Service	77,332	75,549	79,678	71,813	78,845	63,575	85,371	87,020	100,560	96,232
Extended Day Care	108,407	95,663	62,688	69,471	87,296	58,092	46,418	66,580	1,335	-
Operating Grants & Contributions	96,928	87,686	87,214	87,276	79,918	66,930	60,213	60,327	59,054	43,703
Total Business Type Activities	282,667	258,898	229,580	228,560	246,058	188,597	192,002	213,927	160,949	139,935
Total District Program Revenues	\$ 1,374,612	\$ 1,969,649	\$ 1,676,533	\$ 1,021,770	\$ 1,172,806	\$ 1,127,838	\$ 1,278,798	\$ 1,479,185	\$ 1,227,810	\$ 1,240,083
Net/(Expense)/Revenue:										
Governmental Activities	\$ (10,311,356)	\$ (10,198,350)	\$ (10,189,428)	\$ (9,708,606)	\$ (9,259,242)	\$ (9,267,107)	\$ (8,622,557)	\$ (9,146,534)	\$ (8,658,370)	\$ (8,756,510)
Business-Type Activities	12,733	32,064	(57,863)	11,294	43,253	13,016	15,282	20,287	10,684	(5,796)
Total District-Wide Net Expense	\$ (10,298,623)	\$ (10,166,286)	\$ (10,247,291)	\$ (9,697,312)	\$ (9,215,989)	\$ (9,254,091)	\$ (8,607,275)	\$ (9,126,247)	\$ (8,647,686)	\$ (8,762,306)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General										
General Purposes, Net	\$ 5,753,650	\$ 5,502,651	\$ 5,335,933	\$ 5,231,307	\$ 5,131,496	\$ 5,131,486	\$ 5,131,486	\$ 5,010,991	\$ 4,486,749	\$ 4,569,774
Taxes Levied for Debt Service	565,360	485,930	550,353	620,019	478,198	478,839	484,534	523,075	540,281	529,800
Federal and State Aid- Unrestricted	4,009,224	3,937,417	3,991,248	4,005,796	3,875,213	3,734,822	3,426,880	3,811,013	3,651,091	3,439,865
Federal and State Aid- Restricted	5,751	-	163,271	65,474	68,110	-	-	181,778	3,098	14,259
Tuition	11,177	12,075	13,317	-	-	-	-	-	-	-
Interest and Investment Earnings - Unrestricted	-	-	-	7,115	16,236	-	2	143	6,430	38,833
Miscellaneous Income	45,023	38,509	39,003	5,973	48,532	65,581	100,164	52,865	28,927	72,587
Transfers	-	16,550	60,000	-	-	-	(5,345)	-	-	(15,000)
Gain/(Loss)	(866,672)	-	-	-	-	-	-	-	-	-
Total Governmental Activities	9,523,513	9,993,132	10,153,125	9,935,685	9,617,784	9,410,728	9,137,721	9,579,865	8,716,576	8,650,118

**MOUNT EPHRAIM SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30.									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Business-Type Activities:										
Investment Earnings	-	-	-	-	-	-	-	206	563	578
Transfers	-	-	-	-	-	5,345	-	-	15,000	-
Gain/(Loss)	5,780	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	5,780	-	-	-	-	5,345	-	206	15,563	578
Total District-Wide	\$ 9,529,293	\$ 9,993,132	\$ 10,153,125	\$ 9,935,685	\$ 9,617,784	\$ 9,416,073	\$ 9,137,721	\$ 9,580,071	\$ 8,732,139	\$ 8,650,696
Change in Net Position:										
Governmental Activities	\$ (787,843)	\$ (205,218)	\$ (36,303)	\$ 227,079	\$ 358,542	\$ 143,621	\$ 515,164	\$ 433,331	\$ 58,206	\$ (106,392)
Business-Type Activities	18,513	32,064	(57,863)	11,294	43,253	18,361	15,282	20,493	26,247	(5,218)
Total District	\$ (769,330)	\$ (173,154)	\$ (94,166)	\$ 238,373	\$ 401,795	\$ 161,982	\$ 530,446	\$ 453,824	\$ 84,453	\$ (111,610)

**MOUNT EPHRAIM SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Restricted	\$ 893,838	\$ 537,830	\$ 438,991	\$ 1,252,400	\$ 1,385,778	\$ 752,621	\$ 543,724	\$ 328,520	\$ 220,478	\$ 1,215
Committed	-	-	-	237,335	137,000	339,915	283,233	119,233	-	400,000
Assigned	9,748	212,449	513,170	-	-	-	-	-	-	-
Unassigned	(83,344)	(117,208)	(74,753)	(54,194)	(52,950)	(67,968)	(35,548)	(110,074)	(110,377)	(97,328)
Total General Fund	\$ 820,242	\$ 633,071	\$ 877,408	\$ 1,435,541	\$ 1,469,828	\$ 1,024,568	\$ 791,409	\$ 337,679	\$ 110,101	\$ 303,887
All Other Governmental Funds:										
Restricted	\$ 62,663	\$ 69,081	\$ 159,611	\$ 107,137	\$ 131,085	\$ 460,179	\$ 480,019	\$ 605,005	\$ 452,612	\$ 471,227
Unassigned	-	-	-	-	-	-	-	-	-	(1,872)
Total All Other Governmental Funds	\$ 62,663	\$ 69,081	\$ 159,611	\$ 107,137	\$ 131,085	\$ 460,179	\$ 480,019	\$ 605,005	\$ 452,612	\$ 469,355

MOUNT EPHRAIM SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Local Tax Levy	\$ 6,319,010	\$ 5,988,581	\$ 5,886,286	\$ 5,851,326	\$ 5,609,694	\$ 5,610,325	\$ 5,616,020	\$ 5,534,066	\$ 5,027,030	\$ 5,099,574
Tuition	11,177	12,075	13,317	22,919	22,030	122,781	310,929	307,772	293,364	149,299
Interest	-	-	-	-	-	-	2	143	6,430	20,587
Miscellaneous	45,023	38,509	39,003	13,089	64,767	65,581	100,164	77,854	33,140	72,587
Federal Sources	271,590	274,135	280,688	273,609	307,473	409,139	277,326	1,016,687	223,225	219,738
State Sources	4,833,330	4,609,253	4,733,604	4,567,952	4,525,376	4,142,143	3,925,421	3,908,601	4,180,726	4,185,235
Total Revenue	11,482,130	10,922,553	10,952,898	10,728,895	10,529,341	10,349,969	10,229,862	10,845,123	9,763,915	9,747,020
Expenditures:										
Instruction	2,917,153	3,165,187	3,338,643	3,009,408	2,623,161	2,638,409	2,562,909	3,155,166	2,893,247	2,937,512
Undistributed Instruction	7,759,288	7,495,060	7,168,061	6,988,274	6,945,547	6,877,907	6,595,892	6,631,372	6,385,884	6,405,528
Capital Outlay	26,485	37,263	417,631	31,238	411,605	44,543	155,896	23,386	21,388	57,014
Transfer of Funds to Charter Schools	-	-	27,261	19,353	-	-	-	-	-	-
Debt Service:	598,451	576,460	566,960	738,857	559,024	575,791	581,076	655,228	693,447	698,925
Total Expenditures	11,301,377	11,273,970	11,518,556	10,787,130	10,539,337	10,136,650	9,895,773	10,465,152	9,993,966	10,098,979
Excess (Deficiency) of Revenues Over/(Under) Expenditures	180,753	(351,417)	(565,658)	(58,235)	(9,996)	213,319	334,089	379,971	(230,051)	(351,959)
Other Financing Sources/(Uses):										
Cancellation of Accounts Payable	-	-	-	-	-	-	-	-	19,522	-
Contribution from Latchkey	-	16,550	60,000	-	-	-	-	-	-	-
Proceeds of Refunding Bonds	-	-	-	-	6,295,000	-	-	-	-	18,246
Premium on Issuance of Bonds	-	-	-	-	409,594	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	(6,593,623)	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	2,124	6,400	38,788
Transfers Out	-	-	-	-	-	-	(5,345)	(2,124)	(6,400)	(53,788)
Total Other Financing Sources/(Uses)	-	16,550	60,000	-	110,971	-	(5,345)	-	19,522	3,246
Net Change in Fund Balances	\$ 180,753	\$ (334,867)	\$ (505,658)	\$ (58,235)	\$ 100,975	\$ 213,319	\$ 328,744	\$ 379,971	\$ (210,529)	\$ (348,713)
Debt Service as a Percentage of Noncapital Expenditures	5.3%	5.1%	4.9%	6.8%	5.3%	5.7%	5.9%	6.3%	6.9%	6.9%

Source: District records
 Note: Noncapital expenditures are total expenditures less capital outlay.

MOUNT EPHRAIM SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

FISCAL YEAR ENDED JUNE 30,	CANCELLATION OF PRIOR YEAR'S EXPENDITURES	DONATIONS	E-RATE REIMBURSEMENTS	INTEREST ON INVESTMENTS	MISCELLANEOUS- OTHER	RENTALS	REFUND OF PRIOR YEAR'S EXPENDITURES	TUITION	TOTAL
2017	\$ -	-	\$ -	3,778	\$ 41,245	-	\$ -	11,177	\$ 56,200
2016	-	-	-	-	35,521	-	-	12,075	47,596
2015	-	-	-	-	39,003	-	-	13,317	52,320
2014	-	-	-	7,115	5,973	-	-	-	13,089
2013	45,079	-	-	16,236	3,453	-	-	-	64,767
2012	-	-	9,031	12,832	7,385	1,764	34,569	122,781	188,362
2011	-	-	-	15,818	8,454	5,506	70,388	310,929	411,095
2010	-	9,000	-	9,571	897	-	33,540	307,772	360,780
2009	-	-	-	11,690	1,242	-	2,903	293,364	309,199
2008	-	-	-	47,268	4,351	-	41,555	149,299	242,473
2007	-	-	-	92,737	-	-	5,568	103,128	201,433

Source: District Records

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Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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**MOUNT EPHRAIM SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED DECEMBER 31,	VACANT LAND	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TAX-EXEMPT PROPERTY	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE	TOTAL DIRECT SCHOOL TAX RATE
2016	1,435,700	234,550,000	33,744,300	673,700	5,977,300	276,381,000	430,603	276,811,603	20,580,600	N/A	2.223
2015	1,519,800	234,479,700	34,758,000	673,700	6,195,600	277,626,800	431,616	278,057,816	20,504,900	297,583,952	2.135
2014	1,403,700	148,870,400	20,466,200	406,300	3,343,300	174,489,900	311,748	174,801,648	15,870,600	285,526,987	3.361
2013	1,403,700	148,745,600	21,539,200	406,300	3,343,300	175,438,100	233,361	175,671,461	15,870,600	305,038,770	3.221
2016	1,452,700	149,039,200	22,323,000	406,300	3,343,300	176,564,500	229,095	176,793,595	15,625,300	327,001,503	3.193
2011	1,611,700	148,301,000	22,380,100	406,300	3,343,300	176,042,400	243,415	176,285,815	15,618,300	324,226,991	3.187
2010	1,878,400	147,210,000	22,740,700	406,300	3,343,300	175,578,700	286,657	175,865,357	15,326,900	321,999,683	3.128
2009	2,146,300	145,981,500	22,842,800	406,300	3,343,300	174,720,200	291,002	175,011,202	15,230,100	325,221,529	3.031
2008	3,482,600	145,833,300	20,295,700	741,200	3,343,300	173,696,100	288,984	173,985,084	15,114,200	308,754,178	2.934
2007	3,206,200	145,477,400	20,247,000	741,200	3,343,300	173,015,100	297,820	173,312,920	14,965,100	285,666,893	2.934

0

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

**MOUNT EPHRAIM SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED DECEMBER 31,	SCHOOL DISTRICT DIRECT RATE			TOTAL DIRECT SCHOOL TAX RATE		OVERLAPPING RATES			TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE				BOROUGH OF MOUNT EPHRAIM	CAMDEN COUNTY		
2016	1.951	0.272		2.223		1.286	0.898		4.407
2015	1.863	0.272		2.135		1.251	0.869		4.255
2014	3.023	0.338		3.361		1.990	1.392		6.743
2013	2.949	0.272		3.221		1.938	1.436		6.595
2012	2.903	0.290		3.193		1.893	1.426		6.512
2011	2.914	0.273		3.187		1.731	1.309		6.227
2014	2.842	0.286		3.128		1.732	1.195		6.055
2009	2.727	0.304		3.031		1.654	1.152		5.837
2008	2.626	0.308		2.934		1.548	1.129		5.611
2007	2.626	0.308		2.934		1.548	1.129		5.611

Source: Municipal Tax Collector

**MOUNT EPHRAIM SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO**

2017

TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	NAME OF TAXPAYER	% OF TOTAL DISTRICT NET ASSESSED VALUE
\$ 2,360,100.00		1 SCP LLC	0.85%
2,275,000		2 Bulkwark Mt. Ephraim LLC	0.82%
2,000,000		3 Willow Glen Apartments LLC	0.72%
1,750,000		4 Wawa Inc.	0.63%
1,736,400		5 Foulke McErlean Partnership	0.63%
1,648,000		6 Forest Park Apartments	0.60%
1,620,800		7 DMH Hospitality LLC	0.59%
1,202,300		8 Mt. Ephraim Association	0.44%
990,000		9 Mc Donald's Corp.	0.36%
877,800		10 KWK2 LLC	0.32%

2008

TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	NAME OF TAXPAYER	% OF TOTAL DISTRICT NET ASSESSED VALUE
\$2,000,000	1	Fisk, Mt. Ephraim LLC	0.12%
1,500,000	2	CVS	0.06%
1,221,200	3	Wawa Inc.	0.07%
1,138,900	4	Foulke McErlean Partnership	0.07%
1,003,900	5	Forest Park Apartments	0.06%
975,000	6	DMH Hospitality LLC	0.06%
940,000	7	DWB Hospitality LLC	0.05%
750,000	8	Mc Donald's Corp	0.05%
675,000	9	Steliga Investments	0.04%
520,000	10	Gulli Family LLC	0.03%
<u>\$10,724,000</u>			<u>0.60%</u>

**MOUNT EPHRAIM SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY	
		AMOUNT	PERCENTAGE OF LEVY
2017	\$ 6,319,010	\$ 6,319,010	100.00%
2016	5,988,581	5,988,581	100.00%
2015	5,886,286	5,886,286	100.00%
2014	5,851,326	5,851,326	100.00%
2013	5,609,694	5,609,694	100.00%
2016	5,610,325	5,610,325	100.00%
2011	5,616,020	5,616,020	100.00%
2010	5,534,066	5,534,066	100.00%
2009	5,027,030	5,027,030	100.00%
2008	5,099,574	5,099,574	100.00%
2007	4,509,297	4,509,297	100.00%

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

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for historical view of the School District's outstanding debt and its debt capacity.

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**MOUNT EPHRAIM SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED <u>JUNE 30,</u>	<u>GOVERNMENTAL ACTIVITIES</u>			TOTAL <u>DISTRICT</u>	PERCENTAGE OF PERSONAL <u>INCOME</u>	<u>PER CAPITA</u>
	GENERAL OBLIGATION <u>BONDS</u>	CAPITAL <u>LEASES</u>				
2017	\$ 5,090,000	\$ -	\$ 5,090,000	unavailable	unavailable	
2016	5,460,000	-	5,460,000	unavailable	unavailable	
2015	5,830,000	-	5,830,000	2.61%	121	
2014	6,180,000	-	6,180,000	2.84%	132	
2013	6,686,646	-	6,686,646	3.19%	148	
2012	6,895,948	-	6,895,948	3.30%	154	
2011	7,180,210	-	7,180,210	3.48%	163	
2010	7,458,858	-	7,458,858	3.80%	178	
2009	7,732,171	-	7,732,171	4.20%	186	
2008	8,000,528	-	8,000,528	4.40%	193	
2007	8,264,005	-	8,264,005	4.70%	207	

**MOUNT EPHRAIM SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED <u>JUNE 30,</u>	<u>GENERAL BONDED DEBT OUTSTANDING</u>			PERCENTAGE OF ACTUAL TAXABLE VALUE OF <u>PROPERTY</u>	<u>PER CAPITA</u>
	<u>GENERAL OBLIGATION BONDS</u>	<u>DEDUCTIONS</u>	<u>NET GENERAL BONDED DEBT OUTSTANDING</u>		
2017	\$ 5,090,000	\$ -	\$ 5,090,000	1.84%	Unavailable
2016	5,460,000	-	5,460,000	1.96%	Unavailable
2015	5,830,000	-	5,830,000	3.34%	121.25
2014	6,180,000	-	6,180,000	3.52%	131.81
2013	6,686,646	-	6,686,646	3.78%	148.34
2016	6,895,948	-	6,895,948	3.91%	154.13
2011	7,180,210	-	7,180,210	4.08%	162.76
2010	7,458,858	-	7,458,858	4.26%	177.62
2009	7,732,171	-	7,732,171	4.44%	185.69
2008	8,000,528	-	8,000,528	4.62%	193.38

**MOUNT EPHRAIM SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016**

<u>GOVERNMENTAL UNIT</u>	<u>NET DEBT (1)</u>	<u>BOROUGH'S PROPORTIONATE SHARE</u>	<u>NET DEBT ALLOCAED TO BOROUGH</u>
Mount Ephraim Borough	\$ 5,090,984	100.00%	\$ 5,090,984
Camden County	437,189,420	0.761%	3,327,288
Mount Ephraim School District	5,090,000	100.00%	<u>5,090,000</u>
Total Direct & Overlapping Debt			<u>\$ 13,508,272</u>

(1) 2016 Annual Debt Statement

(2) County net debt is allocated as a proportion of the Township's share of the total 2016 Equalized Value, which

**MOUNT EPHRAIM SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollars in Thousands)**

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$8,307,002	8,466,789	8,721,428	11,517,235	9,166,228	9,528,698	9,661,478	9,633,036	9,474,165	9,115,817
Total Net Debt Applicable to Limit	5,090,000	5,460,000	5,830,000	6,455,000	6,686,646	6,895,949	7,180,210	7,458,858	7,732,171	8,000,528
Legal Debt Margin	\$3,217,002	3,006,789	2,891,428	5,062,235	2,479,582	2,632,749	2,481,268	2,174,178	1,741,994	1,115,289
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	61.27%	66.85%	56.05%	72.95%	72.37%	74.32%	77.43%	81.61%	87.77%	#REF!

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized Valuation Basis	
2016	\$ 284,108,758
2015	279,950,388
2014	266,641,045
	<u>\$830,700,191</u>
Average Equalized Valuation of Taxable Property	<u>\$276,900,064</u>
Debt Limit (3 % of Average Equalization Value), Net Bonded School Debt	<u>\$8,307,002</u> <u>5,090,000</u>
Legal Debt Margin	<u>\$3,217,002</u>

SOURCE: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey Department of Treasury, Division of Taxation

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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**MOUNT EPHRAIM SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	<u>POPULATION</u> ^a	<u>PERSONAL INCOME</u> (THOUSANDS OF <u>DOLLARS</u>) ^b	<u>CAMDEN COUNTY</u> PER CAPITA <u>INCOME</u> ^c	<u>UNEMPLOYMENT</u> <u>RATE</u> ^d
2016	4,631	Unavailable	Unavailable	Unavailable
2015	4,639	223,061,676	48,084	5.10%
2014	4,637	217,410,382	46,886	6.30%
2013	4,648	209,517,896	45,077	7.20%
2012	4,670	208,945,140	44,742	10.60%
2011	4,673	206,149,395	44,115	11.10%
2010	4,672	196,191,296	41,993	11.00%
2009	4,422	184,136,502	41,641	11.20%
2008	4,396	181,875,708	41,373	10.60%
2007	4,396	175,866,376	40,006	6.80%

Source: NJ Dept of Labor and Workforce Development

^a NJ Dept of Labor & Workforce Development

^b Based upon the Municipal population & per capita personal income presented.

^c Provided by the NJ Department of Labor & Workforce Development

^d Provided by the NJ Department of Labor & Workforce Development

**MOUNT EPHRAIM SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

	2017	2008
	EMPLOYEES	EMPLOYEES
	unavailable	unavailable
	unavailable	unavailable
	unavailable	unavailable
Total	unavailable	unavailable

2006 Information was not available

Source: Camden County Economic Development

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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**MOUNT EPHRAIM SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**

Function/Program	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:										
Regular Instruction	28.2	25.1	26.0	24.0	21.0	19.8	19.2	24.2	26.6	28.6
Special Education Instruction	29.5	32.0	17.0	27.0	17.5	19.7	20.7	26.9	23.9	16.0
Support Services:										
Student and Instruction Related Services	5.5	5.5	5.5	6.5	10.0	11.0	12.5	12.2	13.6	16.4
School Administrative Services	4.5	4.5	4.5	3.0	2.0	2.0	2.0	2.0	2.0	2.0
General and Business Administrative Services	2.0	2.0	2.0	4.2	4.2	4.2	5.2	5.2	3.2	3.2
Plant Operations and Maintenance	8.0	9.0	7.5	7.5	7.5	8.5	8.1	9.3	8.4	8.8
Latchkey	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	-	-
Total	82.7	82.1	66.5	76.2	66.2	69.2	71.7	83.8	77.7	75.0

MOUNT EPHRAIM SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

FISCAL YEAR	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	MARY BRAY ELEMENTARY SCHOOL	RAYMOND W. KERSHAW SCHOOL	AVERAGE DAILY ENROLLMENT (ADE)	AVERAGE DAILY ATTENDANCE (ADA)(c)	% CHANGE IN DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2017	\$ 10,676,441	\$ 24,657	3.91%	37	1:12	1:11	431	407	-2.16%	94.00%
2016	10,488,156	24,074	1.45%	38	1:12	1:10	435	416	0.00%	95.85%
2015	10,322,555	23,730	3.01%	43	1:12	1:10	435	416	0.00%	95.85%
2014	9,997,682	23,036	7.13%	36	1:14	1:11	426	416	-3.27%	96.55%
2013	9,568,108	21,503	2.58%	32	1:16	1:12	441	412	-0.59%	97.10%
2012	9,516,316	20,961	6.19%	62	1:15	1:12	443	428	-4.52%	97.13%
2011	9,158,801	19,739	-0.57%	62	1:15	1:15	464	431	-3.19%	96.92%
2010	9,786,538	19,851	-0.52%	51	1:13	1:12	80	450	3.01%	94.97%
2009	9,279,131	19,955	-1.54%	50	1:12	1:10	466	455	4.44%	95.81%
2008	9,343,040	20,267	8.34%	45	1:12	1:10	446	446	0.63%	95.27%

Sources: District records

Note: Enrollment based on annual October district count.

a. Operating expenditures equal total expenditures less debt service and capital outlay

b. Teaching staff includes only full-time equivalents of certificated staff

c. Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

**MOUNT EPHRAIM SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Mary Bray School:										
Square Feet	53,213	53,213	53,213	53,213	53,213	53,213	53,213	53,213	53,213	53,213
Capacity (Students)	305	305	305	305	305	305	305	305	305	305
Enrollment	256	264	249	257	257	258	211	210	189	188
Raymond W. Kershaw School										
Square Feet	40,900	40,900	40,900	40,900	40,900	40,900	40,900	40,900	40,900	40,900
Capacity (Students)	277	277	277	277	277	277	277	277	277	277
Enrollment	177	170	186	177	187	197	211	210	189	188

Number of Schools at June 30, 2017: 2

Source: District Facilities Office

**MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

SCHOOL FACILITIES	PROJECT #	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Mary Bray Elementary School	Required Maintenance	\$ 62,950	\$ 70,150	\$ 74,443	\$ 55,410	\$ 58,561	\$ 44,749	\$ 45,531	\$ 37,522	\$ 14,752	\$ 41,594
Raymond W. Kershaw School	Required Maintenance	68,842	48,575	59,823	48,489	61,451	48,283	48,048	53,590	10,387	130,342
Total		\$131,792	\$118,725	\$134,266	\$103,899	\$120,012	\$ 93,032	\$ 93,579	\$ 91,112	\$ 25,139	\$ 171,936

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

**MOUNT EPHRAIM SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016**

	COVERAGE	DEDUCTIBLE
Burlington County Insurance Pool, Joint Insurance Fund (BCIPJIF):		
Property / Auto Physical Damage/Crime	\$ 250,000	\$ 500
General Liability / Auto Liability	250,000	
Employee Benefits Liability	250,000	
Workers Compensation/EL/OD	250,000	
Educators' Legal Liability	175,000	
Maintenance Deductible		500
Owner Group Loss Funding	18,200,000	
School Pool For Excess Liability Limits		
Property / Inland Marine / Automobile Physical Damages (per occurrence)	174,749,500	
Crime	500,000	
Workers Compensation	Statutory	
General Liability / Auto Liability	20,000,000	
Educators' Legal Liability	20,000,000	
Boiler and Machinery	125,000,000	1,000
Pollution Liability	3,000,000	
Cyber Liability	5,000,000	
Western Surety:		
Surety - Board Secretary	300,000	

Source: District Records

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SINGLE AUDIT SECTION

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HOLMAN | FRENIA
ALLISON, P.C.
Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Suite 201, Toms River, NJ 08753 • Tel: 732.797.1333
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800
6 E. Park Street, P.O. Box 614, Bordentown, NJ 08505 • Tel: 609.298.8639
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010
795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090
926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090
www.hfacpas.com

EXHIBIT K-1

**INDEPENDENT AUDITOR'S 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**

Honorable President and Members
of the Board of Education
Mount Ephraim School District
County of Camden
Mount Ephraim, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Mount Ephraim School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Mount Ephraim School District's basic financial statements, and have issued our report thereon dated October 6, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Mount Ephraim 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mount Ephraim School District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School 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 Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
October 6, 2017



HOLMAN | FRENIA
ALLISON, P.C.
Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Suite 201, Toms River, NJ 08753 • Tel: 732.797.1333
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www.hfacpas.com

EXHIBIT K-2

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08

Honorable President and Members
of the Board of Education
Mount Ephraim School District
County of Camden
Mount Ephraim, New Jersey

Report on Compliance for Each Major State Program

We have audited the Mount Ephraim School District's compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2017. The Mount Ephraim School 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Mount Ephraim School District's major 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; New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards and 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 state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Mount Ephraim 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.

Report on Internal Control Over Compliance

Management of the Mount Ephraim School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with 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 School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
October 6, 2017

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MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE, JUNE 30, 2017 (ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
U.S. Department of Health and Human Services											
Passed Through New Jersey Department of Human Services:											
Medical Assistance Program (SEMI)	93.778	1605N15MAP	100-054-7540-211	\$ 24,044	7/1/16-6/30/17	\$ -	\$ 22,790	\$ (24,044)	\$ -	\$ (1,254)	\$ -
Medical Assistance Program (SEMI) - ARRA	93.778	1705N15MAP	100-054-7540-211	1,092	7/1/15-6/30/16	-	1,092	(1,092)	-	-	-
							23,882	(25,136)	-	(1,254)	-
Total U.S. Department of Health and Human Services							23,882	(25,136)	-	(1,254)	-
U.S. Department of Agriculture											
Passed Through New Jersey Department of Agriculture:											
Child Nutrition Cluster:											
School Breakfast Program	10.553	171N1304N1099	100-010-3350-028	18,575	7/1/16-6/30/17	-	17,503	(18,575)	-	(1,072)	-
School Breakfast Program	10.553	1616N1304N1099	100-010-3350-028	15,133	7/1/15-6/30/16	(511)	511	-	-	-	-
							18,014	(18,575)	-	(1,072)	-
National School Lunch Program	10.555	171N1304N1099	100-010-3350-026	62,551	7/1/16-6/30/17	-	58,999	(62,551)	-	(3,552)	-
National School Lunch Program	10.555	1616N1304N1099	100-010-3350-026	59,450	7/1/15-6/30/16	(2,104)	2,104	-	-	-	-
Healthy Hunger-Free Kids Act	10.555	171N1304N1099	100-010-3350-026	2,069	7/1/16-6/30/17	-	1,948	(2,069)	-	(121)	-
Healthy Hunger-Free Kids Act	10.555	1616N1304N1099	100-010-3350-026	1,993	7/1/15-6/30/16	(71)	71	-	-	-	-
After School Snack Program	10.555	100-010-3350-026	100-010-3350-026	1,865	7/1/16-6/30/17	-	1,718	(1,865)	-	(147)	-
After School Snack Program	10.555	100-010-3350-026	100-010-3350-026	1,688	7/1/15-6/30/16	(76)	76	-	-	-	-
Food Distribution Program (Noncash Assistance)	10.555	171N1304N1099	Unavailable	10,205	7/1/16-6/30/17	-	10,205	(8,688)	-	-	1,517
Food Distribution Program (Noncash Assistance)	10.555	1616N1304N1099	Unavailable	(2,251)	7/1/15-6/30/16	(2,251)	75,121	(75,173)	-	(3,820)	1,517
							93,135	(93,748)	-	(4,892)	1,517
Total Child Nutrition Cluster							93,135	(93,748)	-	(4,892)	1,517
Total U.S. Department of Agriculture							93,135	(93,748)	-	(4,892)	1,517
U.S. Department of Education											
Passed Through New Jersey Department of Education:											
I.D.E.A. Part B (Special Education Cluster)											
Basic	84.027	H027A160100	100-034-5065-016	142,581	7/1/16-6/30/17	-	87,025	(142,581)	-	(55,556)	-
Basic	84.027	H027A150100	100-034-5065-016	144,053	7/1/15-6/30/16	(51,848)	51,848	-	-	-	-
							138,873	(142,581)	-	(55,556)	-
Preschool	84.173	H173A160114	100-034-5065-020	3,814	7/1/16-6/30/17	-	2,612	(3,814)	-	(1,202)	-
Preschool	84.173	H173A150114	100-034-5065-020	3,738	7/1/15-6/30/16	(3,317)	3,317	-	-	-	-
							5,929	(3,814)	-	(1,202)	-
Total Special Education Cluster							144,802	(146,395)	-	(56,758)	-
No Child Left Behind (N.C.L.B.):											
Title I - Part A	84.010	S010A160030	100-034-5064-194	78,709	7/1/16-6/30/17	-	56,279	(78,709)	-	(22,430)	-
Title I - Part A	84.010	S010A150030	100-034-5064-194	78,763	7/1/15-6/30/16	(21,949)	21,949	-	-	-	-
							78,228	(78,709)	-	(22,430)	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A160029	100-034-5063-290	21,350	7/1/16-6/30/17	-	15,044	(21,350)	-	(6,306)	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A150029	100-034-5063-290	22,495	7/1/15-6/30/16	(8,385)	8,385	-	-	(6,306)	-
							23,429	(21,350)	-	(6,306)	-
Total U.S. Department of Education							246,459	(246,454)	-	(85,494)	-
Total Expenditures of Federal Awards							363,476	(366,338)	-	(91,640)	1,517

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATE GRANTOR/PROGRAM TITLE OR CLUSTER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE, JUNE 30, 2017		MEMO	
									ACCOUNTS RECEIVABLE	UNEARNED REVENUE	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
New Jersey Department of Education:												
General Fund:												
School Choice Aid	495-034-5120-068	\$ 175,628	7/1/16-6/30/17	\$ -	\$ -	175,628	(175,628)	\$ -	\$ -	\$ -	16,193	\$ 175,628
Equalization Aid	495-034-5120-078	3,318,797	7/1/16-6/30/17	-	-	3,318,797	(3,318,797)	-	-	-	305,994	3,318,797
Security Aid	495-034-5120-084	20,463	7/1/16-6/30/17	-	-	20,463	(20,463)	-	-	-	1,887	20,463
Adjustment Aid	495-034-5120-085	38,180	7/1/16-6/30/17	-	-	38,180	(38,180)	-	-	-	3,520	38,180
Special Education Categorical Aid	495-034-5120-089	365,699	7/1/16-6/30/17	-	-	365,699	(365,699)	-	-	-	33,718	365,699
Per Pupil Growth Aid	495-034-5120-097	6,120	7/1/16-6/30/17	-	-	6,120	(6,120)	-	-	-	564	6,120
PARCC Readiness	495-034-5120-098	6,120	7/1/16-6/30/17	-	-	6,120	(6,120)	-	-	-	564	6,120
Professional Learning Community Aid	495-034-5120-101	6,000	7/1/16-6/30/17	-	-	6,000	(6,000)	-	-	-	553	6,000
Total State Aid Public				-	-	3,937,007	(3,937,007)	-	-	-	362,993	3,937,007
Transportation Aid	495-034-5120-014	12,869	7/1/16-6/30/17	-	-	12,869	(12,869)	-	-	-	1,187	12,869
Extraordinary Aid	495-034-5120-044	30,836	7/1/16-6/30/17	-	-	-	(30,836)	-	(30,836)	-	-	30,836
Reimbursed TPAF Social Security Contributions	100-034-5094-003	210,227	7/1/16-6/30/17	-	-	208,973	(210,227)	-	(1,254)	-	-	210,227
TPAF - Post Retirement				-	-							
Medical (Noncash Assistance)	495-034-5094-001	288,381	7/1/16-6/30/17	-	-	288,381	(288,381)	-	-	-	-	288,381
TPAF - Pension				-	-							
Contributions (Noncash Assistance)	495-034-5094-002	346,102	7/1/16-6/30/17	-	-	346,102	(346,102)	-	-	-	-	346,102
TPAF - Long-Term Disability				-	-							
Insurance (Noncash Assistance)	495-034-5094-004	781	7/1/16-6/30/17	-	-	781	(781)	-	-	-	-	781
Total General Fund				-	-	4,794,113	(4,826,203)	-	(32,090)	-	364,180	4,826,203
Capital Projects Fund:												
New Jersey School Development Authority:												
School Facility Project - #3420-020-14-1001	G5-5080	203,795	7/1/XX-Completion	(127,274)	-	-	-	-	(127,274)	-	-	127,274
School Facility Project - #3420-020-14-1003	G5-6223	16,231	7/1/XX-Completion	(13,948)	-	-	(2,283)	-	(16,231)	-	-	16,231
School Facility Project - #3420-030-14-1004	G5-6224	26,025	7/1/XX-Completion	(22,049)	-	-	(3,467)	-	(25,516)	-	-	25,516
Total Capital Projects Fund				(163,271)	-	-	(5,751)	-	(169,022)	-	-	169,021
New Jersey Department of Agriculture:												
Enterprise Fund:												
National School Lunch Program	100-010-3350-023	1,663	7/1/16-6/30/17	-	-	1,566	(1,663)	-	(97)	-	-	1,663
National School Lunch Program	100-010-3350-023	1,605	7/1/15-6/30/16	(57)	-	57	-	-	-	-	-	1,605
Total Enterprise Fund				(57)	-	1,623	(1,663)	-	(97)	-	-	3,268
Total State Financial Assistance				\$ (163,328)	\$ -	\$ 4,795,736	\$ (4,833,617)	\$ -	\$ (201,209)	\$ -	\$ 364,180	\$ 4,998,492
State Financial Assistance Programs not subject to Calculation for Major Program Determination:												
TPAF - Post Retirement												
Medical (Noncash Assistance)	495-034-5094-001	288,381	7/1/16-6/30/17	-	-	-	288,381	-	-	-	-	288,381
TPAF - Pension												
Contributions (Noncash Assistance)	495-034-5094-002	346,102	7/1/16-6/30/17	-	-	-	346,102	-	-	-	-	346,102
TPAF - Long-Term Disability												
Insurance (Noncash Assistance)	495-034-5094-004	781	7/1/16-6/30/17	-	-	-	781	-	-	-	-	781
Total State Financial Assistance subject to Calculation for Major Program Determination												
												\$ (4,198,353)

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Mount Ephraim School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School 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 3. Relationship to Basic Financial Statements

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

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 3. Relationship to Basic Financial Statements (continued)

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *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 one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$3,376 for the general fund and \$0 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 25,136	\$ 4,829,579	\$ 4,854,715
Special Revenue Fund	246,454		246,454
Capital Projects Fund	-	5,751	5,751
Food Service Fund	93,748	1,663	95,411
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ 365,338</u>	<u>\$ 4,836,993</u>	<u>\$ 5,202,331</u>

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. Federal and State Loans Outstanding

The Mount Ephraim School District had no loan balances outstanding at June 30, 2017.

**MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? yes X no

2) Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

SECTION IS N/A - NOT REQUIRED

Internal control over major programs:

1) Material weakness(es) identified? yes no

2) Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major programs _____

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>

Dollar threshold used to determine Type A programs _____

Auditee qualified as low-risk auditee? yes no

**MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results (continued)

State Financial Assistance

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

Auditee qualified as low-risk auditee? yes X no

Internal control over major programs:

 1) Material weakness(es) identified? yes X no

 2) Significant deficiency(ies) identified? yes X no

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

Any audit findings disclosed that are required to be reported
in accordance with New Jersey OMB's Circular 15-08? yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>495-034-5120-078</u>	<u>State Aid Public Cluster:</u>
<u>495-034-5120-084</u>	<u>Equalization Aid</u>
<u>495-034-5120-085</u>	<u>Security Aid</u>
<u>495-034-5120-089</u>	<u>Adjustment Aid</u>
<u>495-034-5120-097</u>	<u>Special Education Categorical Aid</u>
<u>495-034-5120-098</u>	<u>Per Pupil Growth Aid</u>
<u>495-034-5120-101</u>	<u>PARCC Readiness Aid</u>
<u>495-034-5120-068</u>	<u>Professional Learning Community Aid</u>
	<u>School Choice Aid</u>

**MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

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

None.

**MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

N/A – Federal single audit not required

STATE FINANCIAL ASSISTANCE

None.

**MOUNT EPHRAIM SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT 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, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

Finding No. 2016-001

Condition:

During our audit of Capital Assets it was noted that the School District is not properly recording additions and deletions during the year. In addition the School District is not properly recording annual depreciation.

Current Status:

This finding has been corrected.

Finding No. 2016-002

Condition:

During our audit of it was noted that two employees who were eligible to be enrolled in pension were not.

Current Status:

This finding has been corrected.

Finding No. 2016-003

Condition:

During our audit of the Scholarship and Flexible Spending accounts it was noted that bank reconciliations are not being performed on these accounts.

Current Status:

This finding has been corrected.

**MOUNT EPHRAIM SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Federal Awards

N/A – No Federal Single Audit in prior year.

State Financial Assistance

No Prior Year Findings.