

SCHOOL DISTRICT  
OF  
**City**  
of  
**Estell Manor**

City of Estell Manor School District  
Estell Manor, New Jersey

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018



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## **Introductory Section**

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## **ESTELL MANOR SCHOOL DISTRICT**

128 Cape May Avenue, Estell Manor, New Jersey 08319

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

**Dianna Abraham**  
**Superintendent of Schools**

**Joseph Rodio**  
**School Business Administrator**

January 25, 2019

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

The comprehensive annual financial report of the City of Estell Manor School District (District) for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections:

- Introductory
- Financial
- Statistical
- Single Audit

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

## **1) REPORTING ENTITY AND ITS SERVICES**

The District is an independent reporting entity within the criteria adopted by the Government Standards Board (GASB.) All major funds of the District are included in this report. The District provides a full range of educational services appropriate to grade levels K through 8. These included regular education, as well as special education for students with disabilities. The District completed the 2017-18 fiscal year with an enrollment of 184 students. The following charts the student enrollment of the District over the last ten years.

Fiscal Year	Student Enrollment	Percent Increase/Decrease
2017-2018	184	5.14%
2016-2017	175	3.55%
2015-2016	169	3.05%
2014-2015	164	-5.75%
2013-2014	174	-11.22%
2012-2013	196	1.02%
2011-2012	194	-.50%
2010-2011	195	-1.20%
2009-2010	197	-4.80%
2008-2009	207	-9.20%

## **2) ECONOMIC CONDITION AND OUTLOOK**

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

## **3) MAJOR INITIATIVES**

The Department of Education has raised the minimum requirements in test score results. In coordination with these requirements, starting with the 2011-2012 school year, an expanded homework help program began and continues to be successful. All curricula have been updated and approved by the Board. Materials continue to be purchased that relate directly to the NJ Student Learning Standards. Textbooks have been researched and adopted that best meet these standards. Summer academic programs were instituted in 2014 through 2018. A major initiative regarding literacy is the unique Guided Reading program that allows flexibility for the students regarding advancement. The DRA2 instrument is utilized to assess students in the beginning, mid, and end of year.

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

There continues to be a central supply system and due to purchasing from discount vendors, the District has maximized its buying power. Over the past ten years, the District has accumulated over 80 PC computers for students and staff. Annually obsolete equipment is replaced as funds allow. All computers are part of the District network and all instructional areas have Internet access. A computer lab of 15 desktops has been installed in classroom #2 for the use of students K - 4. Chromebooks were recently purchased in order to allow one-on-one instruction in grades 4 – 8; Promethean ActivBoards were purchased to replace outdated Smartboards; and iPads were purchased to provide supplemental instruction for K – 3. Our facility is WIFI enabled. Our message board is being used to its fullest extent. Every teacher has access to either a Promethean ActivBoard or a Smartboard for instructional purposes.

#### **4) INTERNAL ACCOUNTING CONTROLS**

Management of the District is responsible for establishing and maintaining internal control structure to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity accounting principles generally accepted in the United States of America (GAAP).

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

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the District management. As part of the District's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

#### **5) BUDGETARY CONTROLS**

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

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

#### **6) ACCOUNTING SYSTEM AND REPORTS**

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

## **7) CASH MANAGEMENT**

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

## **8) RISK MANAGEMENT**

The Board of Education is a member of the Atlantic and Cape May Counties School Business Officials Joint Insurance Fund (ACCASBOJIF). This fund was formed under the provisions of NJSA 18A: 18A 1-10. The fund commenced operations on July 1, 1991. The ACCASBOJIF provides members with a long-term alternative to the conventional insurance marketplace and is a means of stabilizing the otherwise cyclical nature of insurance expenditures.

The Fund provides the following coverage:

- Property, including buildings, contents, inland marine, crime, boiler and machinery and auto physical damage
- General Liability, including school board legal liability
- Automobile Liability
- Workers' Compensation

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

The District also purchases Student Accident Insurance for all students and coverage for all school volunteers.

## **9) INDEPENDENT AUDIT**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford-Scott & Associates, L.L.C., CPA's was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements under the guidelines of Single Audit. The auditor's report on the basic financial statements and detailed schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

## **10) ACKNOWLEDGMENTS**

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

Respectfully submitted,

*Dianna Abraham*

Dianna Abraham  
Superintendent

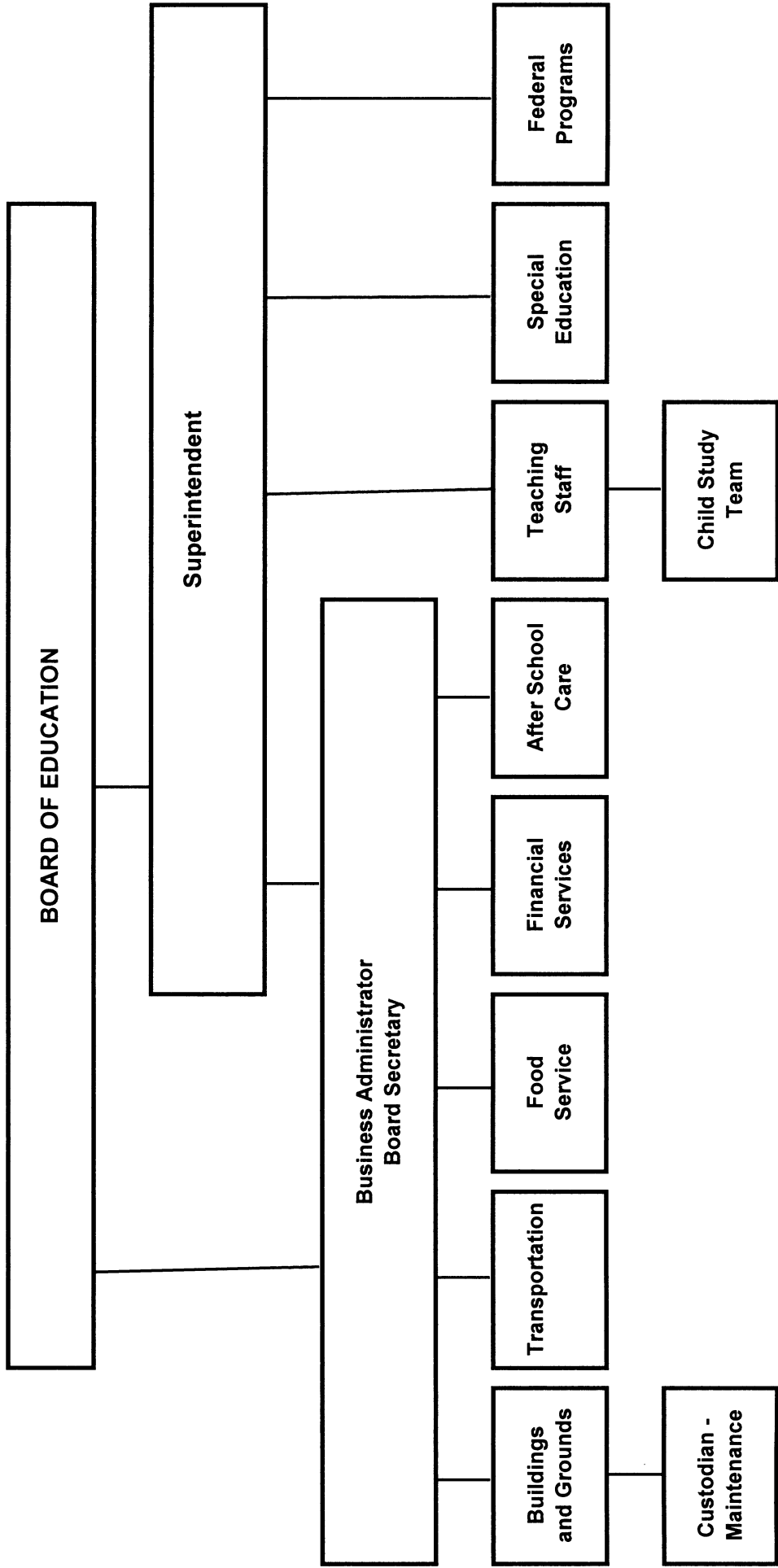
*Joseph A. Rodio*

Joseph A. Rodio  
Business Administrator/Board Secretary

**CITY OF ESTELL MANOR SCHOOL DISTRICT**

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

**ORGANIZATIONAL CHART**



**CITY OF ESTELL MANOR SCHOOL DISTRICT**

**Roster of Officials  
June 30, 2018**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Bonnie Barbetto, President	2019
Brianne Seelman, Vice President	2020
Kathy Mimler	2021
Sarah Ferrari	2021
Alicia Gray	2020

**Other Officials**

Dianna Abraham, Superintendent

Joseph Rodio, Business Administrator/ Board Secretary

Debra D'Amore, Treasurer of School Monies

**CITY OF ESTELL MANOR SCHOOL DISTRICT**

**Consultants and Advisors**

**Attorney**

Brett Gorman, Esquire  
Parker McCay, P.A.  
9000 Midlantic Drive, Suite 300  
P.O. Box 5054  
Mount Laurel, NJ 08054

**Audit Firm**

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

**Official Depository**

Newfield National Bank  
3535 East Landis Avenue  
Vineland, NJ 08361

**Risk Management Consultant**

Denis M. Brown  
Glenn Insurance  
500 East Absecon Blvd.  
P.O. Box 365  
Absecon, NJ 08201



## **Financial Section**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the City of Estell Manor School District in the County of Atlantic, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing and opinion on the effectiveness of the

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Estell Manor School District, in the County of Atlantic, State of New Jersey, as of June 30, 2018, 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 Required Supplementary Information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB 15-08 is the responsibility of management and was derived from and relates directly to the underlying

accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance, the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2019 on our consideration of the City of Estell Manor School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Estell Manor School District's internal control over financial reporting and compliance.

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

*Michael S. Garcia*  
Michael S. Garcia  
Certified Public Accountant  
Licensed Public School Accountant  
No. 2080

January 25, 2019

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**Required Supplemental Information**  
**Part I**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Estell Manor School District ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

### FINANCIAL HIGHLIGHTS

- The net position of the District increased \$180,881.02. The increase is due mainly to an decrease in tuition costs.
- The State of New Jersey reimbursed the District \$89,101.96 during the fiscal year ended June 30, 2018 for the employer's share of social security contributions and pension contributions for TPAF members as calculated on their base salaries. Also, the State of New Jersey paid \$319,025.00 on behalf of the District for TPAF Pension Contributions and \$300,453.00 for other post employment benefits. These amounts, which are not budgeted, are included as both a revenue and appropriation in the financial statements.
- As indicated by New Jersey State Statutes, the unreserved fund balance of the general fund is limited to 2% of the total general fund expenditures. Any excess is required to be designated as Reserved Fund Balance – Excess Surplus and included in the next year's budget as budgeted fund balance. As of June 30, 2018, the District had excess fund balance in the amount of \$581,305.17, of which \$381,697.44 has been included in the 2018-2019 budget and the remaining \$199,607.73 will be included in the 2019-2020 budget.
- During the fiscal year ended June 30, 2018, the District's revenues exceeded expenditures and special items by \$140,071.77. This was mainly a result of an decrease in tuition costs. During the prior fiscal year, revenues exceeded expenditures and special items by \$59,964.71.
- In the District's business-type activities, net assets decreased \$1,453.29 due to the costs of operation exceeding revenues.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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**Major Features of City of Estell Manor School District's  
Government-wide and Fund Financial Statements  
(Figure A-1)**

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

Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.
------------------------------------	-----------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------	-------------------------------------------------------------------------------------

### Government-wide Statements

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

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

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

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

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

## Fund Financial Statements

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

The District has three kinds of funds:

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

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net position:** The District's governmental activities net position increased \$180,881.02 between fiscal years 2017 and 2018. The business-type activities net assets decreased \$1,453.29 due to operating costs exceeding revenues.

	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	1,357,943	1,232,707	46,897	32,864	1,404,840	1,265,571
Capital Assets	5,883,050	6,044,470	2,239	2,687	5,885,289	6,047,157
Deferred Outflows	146,383	247,803	-	-	146,383	247,803
<b>Total Assets</b>	<b>7,387,376</b>	<b>7,524,980</b>	<b>49,136</b>	<b>35,551</b>	<b>7,436,512</b>	<b>7,560,531</b>
Long-term Liabilities	1,878,927	2,195,637	-	-	1,878,927	2,195,637
Other Liabilities	18,370	205,865	44,933	29,894	63,303	235,759
Deferred Inflows	255,611	69,891	-	-	255,611	69,891
<b>Total Liabilities</b>	<b>2,152,908</b>	<b>2,471,393</b>	<b>44,933</b>	<b>29,894</b>	<b>2,197,841</b>	<b>2,501,287</b>
Net Position						
Invested in Capital Assets	5,883,050	4,692,470	2,239	2,687	5,885,289	4,695,157
Restricted	1,339,388	1,159,792	-	-	1,339,388	1,159,792
Unrestricted	(1,987,970)	(798,675)	1,964	2,970	(1,986,006)	(795,705)
<b>Total Net Position</b>	<b>5,234,468</b>	<b>5,053,587</b>	<b>4,203</b>	<b>5,657</b>	<b>5,238,671</b>	<b>5,059,244</b>

**Changes in net position.** The total general fund revenue of the District decreased approximately \$42,658.00 due to a decrease in operating grants and contributions. The local tax levy is 41.58% of total general fund revenues. The municipality levies this tax on properties located in the Township and remits the collections on a monthly basis to the District.

Approximately 38.75% of the District's revenue comes from the State of New Jersey in the form of non-restricted state aid. This aid is based on the District's enrollment as well as other factors such as legislative funding of the SFRA formula. The District expenses are primarily related to instruction, administration, and plant operations.

	2018		2017	
	2018 Amount	Percentage	2017 Amount	Percentage
Property taxes	\$ 2,374,305	41.58%	\$ 2,369,139	41.18%
Unrestricted Federal and State aid	2,212,988	38.75%	2,135,858	37.12%
Charges for Services	35	0.00%	-	0.00%
Miscellaneous	20,495	0.36%	33,392	0.58%
Operating grants and contributions	1,102,866	19.31%	1,214,957	21.12%
<b>Totals</b>	<b>\$ 5,710,689</b>	<b>100.00%</b>	<b>\$ 5,753,346</b>	<b>100.00%</b>

## Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2018 and 2017 fiscal years.

	Governmental Activities		Business-type Activities		Totals	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>						
Program revenue						
Charges for services	\$ 35		72,209	77,377	72,244	77,377
Federal and state grants	1,102,866	1,214,957	45,437	38,297	1,148,303	1,253,254
General revenues						
Property taxes	2,374,305	2,369,139			2,374,305	2,369,139
State aid entitlements	2,212,988	2,135,858			2,212,988	2,135,858
Miscellaneous	20,495	33,393	24	174	20,519	33,567
<b>Total revenues</b>	<b>5,710,689</b>	<b>5,753,347</b>	<b>117,670</b>	<b>115,848</b>	<b>5,828,359</b>	<b>5,869,195</b>
<b>Expenses</b>						
Instruction:						
Regular	2,338,334	2,368,962			2,338,334	2,368,962
Special Education	232,834	238,235			232,834	238,235
School Sponsored Activities	127,727	79,638			127,727	79,638
Support services:						
Tuition	797,157	936,458			797,157	936,458
Student & instruction related	594,087	667,175			594,087	667,175
School admin services	162,607	195,737			162,607	195,737
General admin services	304,278	173,425			304,278	173,425
Central Services	-	105,165			-	105,165
Plant operations/maint	683,427	395,957			683,427	395,957
Pupil transportation	263,537	276,796			263,537	276,796
Employee Benefits					-	-
Unallocated Depreciation and	-	134,504			-	134,504
Amortization						
Capital Outlay	25,820	14,871			25,820	
Charter School	-	55,314			-	
Int & Charges on Long-Term	-	46,935			-	46,935
Debt						
Business-type activities			119,123	114,486	119,123	114,486
<b>Total expenses</b>	<b>5,529,808</b>	<b>5,689,172</b>	<b>119,123</b>	<b>114,486</b>	<b>5,648,931</b>	<b>5,733,473</b>
Excess (Deficiency) before						
Extraordinary and Special	180,881	64,175	(1,453)	1,362	179,428	65,537
Transfers					-	-
<b>Increase (decrease) in net position</b>	<b>180,881</b>	<b>64,175</b>	<b>(1,453)</b>	<b>1,362</b>	<b>179,428</b>	<b>65,537</b>

### **Business-type Activities**

Operating revenues of the District's business-type activities increased by \$1,822 from the previous year and expenditures increased by \$4,637.

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

As of the year end, the governmental funds reported a combined fund balance of \$1,356,446 which is \$140,087 higher than the beginning of the year. This is mainly a result of the district paying less for tuition costs.

### **General Fund Budgetary Highlights**

As further explained in the notes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office annually. Transfers of appropriations that do not exceed 10% on a cumulative basis may be made by Board resolution at any time during the fiscal year. Transfers of appropriations that exceed 10% on a cumulative basis must be approved by the Commissioner of Education. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 30<sup>th</sup> carry over to the next fiscal year and are added to the appropriation reflected in the certified budget.

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and on-behalf OPEB and TPAF Pension Contributions, which are not budgeted, the District's actual revenue was more than the budget by \$10,775. This is a result of additional miscellaneous income. Again, after adjusting for the Reimbursed TPAF Social Security Contribution, on-behalf TPAF Pension Contributions, actual expenditures were \$406,586 less than the budgeted appropriations. This is result of lower instruction, tuition and benefits costs.

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## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2018, the District had invested over \$5 million, net of depreciation, in a broad range of capital assets, including land, buildings and equipment. Refer to Note 4 for more detailed information.

	Governmental Activities		Business-type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	110,400	110,400			110,400	110,400
Buildings and Improvements	5,675,169	5,848,462		-	5,675,169	5,848,462
Equipment	97,481	85,608	2,239	2,687	99,720	88,295
<b>Total</b>	<b>\$ 5,883,050</b>	<b>6,044,470</b>	<b>2,239</b>	<b>2,687</b>	<b>5,885,289</b>	<b>6,047,157</b>

### Long-term Debt

At June 30, 2018, the School district has \$1,878,927 of outstanding debt.

	Balance June 30, 2017	Issued	Retired/ Adjusted	Balance June 30, 2018
General Obligations Bonds	\$ 1,352,000		168,000	1,184,000
Compensated Absences Payable	111,640	28,268	44,862	95,046
Net Pension Liability	899,997		300,116	599,881
<b>Total</b>	<b>\$ 2,363,637</b>	<b>28,268</b>	<b>512,978</b>	<b>1,878,927</b>

More detailed information about the District's long-term debt is presented in Note 5 to the financial statements.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to present users (residents, receiving districts, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, contact the District's business administrator at 128 Cape May Avenue, Estell Manor, New Jersey 08319.

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**BASIC FINANCIAL STATEMENTS**

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**DISTRICT - WIDE FINANCIAL STATEMENTS**

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**City of Estell Manor School District**  
**Statement of Net Position**  
**June 30, 2018**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,227,910.58	39,394.63	1,267,305.21
Other accounts receivable	-	-	-
Receivables from other governments	101,696.19	-	101,696.19
Interfund receivables	28,336.10	-	28,336.10
Other current assets	-	2,366.75	2,366.75
Inventory	-	5,135.50	5,135.50
Capital assets not being depreciated			
Land	110,400.00	-	110,400.00
Depreciable assets, net of accumulated depreciation	5,772,649.96	2,239.00	5,774,888.96
Total assets	<u>7,240,992.83</u>	<u>49,135.88</u>	<u>7,290,128.71</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	146,383.00	-	146,383.00
Total Deferred Outflows of Resources	<u>146,383.00</u>	<u>-</u>	<u>146,383.00</u>
<b>LIABILITIES</b>			
Accounts payable	-	15,842.11	15,842.11
Interfund payable		28,336.10	28,336.10
Accrued Interest Payable	16,872.97		16,872.97
Unearned revenue	1,497.00	754.28	2,251.28
Noncurrent liabilities:			
Due within one year	80,000.00	-	80,000.00
Due beyond one year	1,199,046.46	-	1,199,046.46
Net pension liability	599,881.00	-	599,881.00
Total liabilities	<u>1,897,297.43</u>	<u>44,932.49</u>	<u>1,942,229.92</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	255,611.00	-	255,611.00
Total Deferred Inflows of Resources	<u>255,611.00</u>	<u>-</u>	<u>255,611.00</u>
<b>NET POSITION</b>			
Net investment in capital assets	5,883,049.96	2,239.00	5,885,288.96
Restricted for:			
Capital projects	28,810.64	-	28,810.64
Other purposes	1,310,576.87	-	1,310,576.87
Unrestricted net position/(deficit)	(1,987,970.07)	1,964.39	(1,986,005.68)
Total net position	<u>\$ 5,234,467.40</u>	<u>4,203.39</u>	<u>5,238,670.79</u>

The accompanying notes are an integral part of these financial statements

**City of Estell Manor School District  
Statement of Activities  
For the Year Ended June 30, 2018**

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
Instruction:						
Regular	\$ 1,778,107.42	560,224.28	35.00	728,843.73	(1,609,452.97)	(1,609,452.97)
Special education	177,051.19	55,783.12		67,247.22	(165,587.09)	(165,587.09)
Other special instruction	89,570.88	28,220.90		34,020.63	(83,771.15)	(83,771.15)
Other instruction	7,554.97	2,380.33		2,869.52	(7,065.78)	(7,065.78)
Support services:						
Tuition	797,157.31				(797,157.31)	(797,157.31)
Student & instruction related services	451,754.22	142,333.18		181,124.45	(412,962.95)	(412,962.95)
School administrative services	117,461.96	45,144.91		12,114.37	(150,492.50)	(150,492.50)
General and business administrative services	219,800.95	84,477.51		22,669.05	(281,609.41)	(281,609.41)
Administrative Information Technology	-				-	-
Plant operations and maintenance	482,335.56	201,091.23		53,961.66	(629,465.13)	(629,465.13)
Pupil transportation	263,537.48				(263,537.48)	(263,537.48)
Unallocated benefits	1,119,655.46	(1,119,655.46)			-	-
Capital outlay	25,819.97		15.08		(25,804.89)	(25,804.89)
Total governmental activities	5,529,807.37	-	35.00	1,102,865.71	(4,426,906.66)	(4,426,906.66)
Business-type activities:						
Food Service	102,116.20				(445.63)	(445.63)
Community Service Programs	17,006.94		56,234.07	45,436.50	(1,031.94)	(1,031.94)
Total business-type activities	119,123.14	-	15,975.00	45,436.50	(1,477.57)	(1,477.57)
Total government	5,648,930.51	-	72,209.07	1,148,302.21	(4,428,384.23)	(4,428,384.23)
General revenues:						
Taxes:						
Property taxes, levied for general purposes, ne					2,354,957.00	2,354,957.00
Property taxes, levied for debt service					19,348.00	19,348.00
Federal and State aid not restricted					2,212,987.96	2,212,987.96
Investment Earnings					24.28	24.28
Miscellaneous Income					20,494.72	20,494.72
Special item:						
Transfers					-	-
Total general revenues and transfers					4,607,787.68	4,607,787.68
Change in Net Position					180,881.02	179,427.73
Net Position—beginning balance					5,053,586.38	5,059,243.06
Net Position—ending balance					5,234,467.40	5,238,670.79



**FUND FINANCIAL STATEMENTS**

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**City of Estell Manor School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,213,665.25		14,245.33		1,227,910.58
Other accounts receivable	-				-
Interfund accounts receivable	113,608.59				113,608.59
Receivables from other governments	361.46	64,529.62	36,805.11		101,696.19
Other current assets	-	-	-		-
<b>Total assets</b>	<u>1,327,635.30</u>	<u>64,529.62</u>	<u>51,050.44</u>	<u>-</u>	<u>1,443,215.36</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	-	-	-	-	-
Other Current Liabilities					
Interfund accounts payable		63,032.62	22,239.80	0.07	85,272.49
Unearned revenue	-	1,497.00			1,497.00
<b>Total liabilities</b>	<u>-</u>	<u>64,529.62</u>	<u>22,239.80</u>	<u>0.07</u>	<u>86,769.49</u>
Fund Balances:					
Restricted for:					
Excess surplus	199,607.73				199,607.73
Excess surplus -- designated for Subsequent year's expenditures	381,697.44				381,697.44
Capital projects			28,810.64		28,810.64
Debt Service				(0.07)	(0.07)
Capital Reserve	449,593.14				449,593.14
Maintenance Reserve	100,010.00				100,010.00
Assigned to:					
Designated for subsequent year's expenditures:					
Unreserved fund balance	48,018.00				48,018.00
Encumbrances	102,839.99				102,839.99
Unreserved, reported in:					
General fund	45,869.00				45,869.00
<b>Total Fund balances</b>	<u>1,327,635.30</u>	<u>-</u>	<u>28,810.64</u>	<u>(0.07)</u>	<u>1,356,445.87</u>
<b>Total liabilities and fund balances</b>	<u>1,327,635.30</u>	<u>64,529.62</u>	<u>51,050.44</u>	<u>(0.00)</u>	
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.					
					5,883,049.96
Pension Liabilities Net of Deferred Outflows & Inflows					
					(709,109.00)
Some liabilities, such as compensated absences and capital leases, are not due and payable in the current period and therefore are not reported in the funds.					
Bonds Payable					
					(1,184,000.00)
Accrued Interest					
					(16,872.97)
Compensated Absences					
					(95,046.46)
<b>Total net position of governmental activities</b>					<u>\$ 5,234,467.40</u>

**City of Estell Manor School District**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local tax levy	\$ 2,354,957.00			19,348.00	2,374,305.00
Tuition charges	35.00				35.00
Miscellaneous	20,494.72				20,494.72
State sources	2,532,012.96				2,532,012.96
Federal sources		63,026.64			63,026.64
Local sources		-	15.08		15.08
<b>Total revenues</b>	<b>4,907,499.68</b>	<b>63,026.64</b>	<b>15.08</b>	<b>19,348.00</b>	<b>4,989,889.40</b>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	1,170,213.27	53,486.57			1,223,699.84
Special education instruction	121,847.26				121,847.26
Other special instruction	61,643.00				61,643.00
Other instruction	5,199.36				5,199.36
Support services and undistributed costs:					
Tuition	749,682.31				749,682.31
Student & instruction related services	301,358.79	9,540.07			310,898.86
School administrative services	98,610.18				98,610.18
Other administrative services	184,524.52				184,524.52
Administration Information Technology	-				-
Plant operations and maintenance	439,244.28				439,244.28
Pupil transportation	263,537.48				263,537.48
Unallocated Benefits	1,119,655.46				1,119,655.46
Debt Service					
Principal				168,000.00	168,000.00
Interest				42,401.76	42,401.76
Capital outlay	13,383.00		-	-	13,383.00
Transfer to Charter Schools	47,475.00				47,475.00
<b>Total expenditures</b>	<b>4,576,373.91</b>	<b>63,026.64</b>	<b>-</b>	<b>210,401.76</b>	<b>4,849,802.31</b>
(Deficiency) of revenues over expenditures	331,125.77	-	15.08	(191,053.76)	140,087.09
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers	(191,054.00)			191,054.00	-
<b>Total other financing sources and uses</b>	<b>(191,054.00)</b>	<b>-</b>	<b>-</b>	<b>191,054.00</b>	<b>-</b>
Net change in fund balances	140,071.77	-	15.08	0.24	140,087.09
Fund balance—July 1	1,187,563.53	-	28,795.56	(0.31)	1,216,358.78
Fund balance—June 30	\$ 1,327,635.30	-	28,810.64	(0.07)	1,356,445.87

**City of Estell Manor School District  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2018**

<b>Total net change in fund balances - governmental funds (from B-2)</b>	\$	140,087.09
<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 depreciation exceeded capital outlays in the period</p>		
	Depreciation expense	(186,740.79)
	Capital outlays	25,321.00
		(161,419.79)
District pension contributions - PERS		23,873.00
Cost of benefits earned net of employee contributions		(10,897.00)
		12,976.00
In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The (decrease)/increase in accrued interest from the previous year is an increase/(decrease) in the reconciliation		4,643.79
Repayment of long term debt is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net position and is not reported in the statement of activities		168,000.00
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+)		16,593.93
<b>Change in net position of governmental activities:</b>		<b>180,881.02</b>

**City of Estell Manor School District  
Statement of Net Position  
Proprietary Funds  
June 30, 2018**

	<b>Business-type Activities - Enterprise Funds</b>		<b>Totals</b>
	<b>Food Service</b>	<b>Playgroup Childcare</b>	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	23,408.55	15,986.08	39,394.63
Accounts receivable	2,366.75	-	2,366.75
Inventories	5,135.50		5,135.50
Total current assets	<u>30,910.80</u>	<u>15,986.08</u>	<u>46,896.88</u>
Noncurrent assets:			
Furniture, machinery & equipment	11,061.74	-	11,061.74
Less accumulated depreciation	(8,822.74)	-	(8,822.74)
Total noncurrent assets	<u>2,239.00</u>	<u>-</u>	<u>2,239.00</u>
Total assets	<u><u>33,149.80</u></u>	<u><u>15,986.08</u></u>	<u><u>49,135.88</u></u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable	15,842.11		15,842.11
Interfund Payable	11,329.16	17,006.94	28,336.10
Unearned revenue	754.28	-	754.28
Total current liabilities	<u>27,925.55</u>	<u>17,006.94</u>	<u>44,932.49</u>
Non-current liabilities:			
Compensated absences payable	-		-
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>27,925.55</u>	<u>17,006.94</u>	<u>44,932.49</u>
<b>NET POSITION</b>			
Investment in capital assets	2,239.00	-	2,239.00
Unrestricted	2,985.25	(1,020.86)	1,964.39
Total net position	<u>5,224.25</u>	<u>(1,020.86)</u>	<u>4,203.39</u>

The accompanying notes are an integral part of these financial statements

**City of Estell Manor School District  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2018**

	<b>Business-type Activities - Enterprise Fund</b>		<b>Total</b>
	<b>Food Service</b>	<b>Playgroup Childcare</b>	
Operating revenues			
Charges for services			
Daily sales - reimbursable program	\$ 33,006.70		33,006.70
Daily sales - non-reimbursable program	23,227.37		23,227.37
Community service activities:		15,975.00	15,975.00
Total operating revenue:	<u>56,234.07</u>	<u>15,975.00</u>	<u>72,209.07</u>
Operating expenses			
Cost of sales - Reimbursable	34,256.66		34,256.66
Cost of sales - Non Reimbursable	10,143.55		10,143.55
Salaries	32,818.37	17,006.94	49,825.31
Employee benefits	7,438.16	-	7,438.16
Supplies and Materials	5,214.04	-	5,214.04
General Expense	2,572.74		2,572.74
Management Fee	9,224.88		9,224.88
Depreciation	447.80	-	447.80
Total Operating Expense:	<u>102,116.20</u>	<u>17,006.94</u>	<u>119,123.14</u>
Operating (loss):	<u>(45,882.13)</u>	<u>(1,031.94)</u>	<u>(46,914.07)</u>
Nonoperating revenues (expenses)			
State sources:			
State school lunch program	925.97		925.97
Federal sources			
National school lunch program	35,020.62		35,020.62
Food distribution program	9,489.91		9,489.91
Interest and investment revenue	13.51	10.77	24.28
Total nonoperating revenue:	<u>45,450.01</u>	<u>10.77</u>	<u>45,460.78</u>
(Loss) before contributions & transfer:	<u>(432.12)</u>	<u>(1,021.17)</u>	<u>(1,453.29)</u>
Other Financing Sources/(Uses):			
Transfer in from General Fund	-		-
Change in net position:	<u>(432.12)</u>	<u>(1,021.17)</u>	<u>(1,453.29)</u>
Total net position—beginning	5,656.37	0.31	5,656.68
Total net position—ending	<u>\$ 5,224.25</u>	<u>(1,020.86)</u>	<u>4,203.39</u>

**City of Estell Manor School District**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	<u>Food Service</u>	<u>Playgroup Childcare</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	56,079.97	15,975.00	72,054.97
Payments to employees	(40,256.53)	(17,006.94)	(57,263.47)
Payments to suppliers	(36,030.11)	-	(36,030.11)
Net cash (used for) operating activities	<u>(20,206.67)</u>	<u>(1,031.94)</u>	<u>(21,238.61)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	913.78		913.78
Federal Sources	34,560.71		34,560.71
Operating subsidies and transfers from other funds	-	-	-
Net cash provided by non-capital financing activities	<u>35,474.49</u>	<u>-</u>	<u>35,474.49</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>			
Purchase of capital assets	-	-	-
Net cash (used for) capital & related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interfund loans received	-	(1,558.20)	(1,558.20)
Interest and dividends	13.51	10.77	24.28
Net cash provided by investing activities	<u>13.51</u>	<u>(1,547.43)</u>	<u>(1,533.92)</u>
Net increase in cash and cash equivalents	15,281.33	(2,579.37)	12,701.96
Balances—beginning of year	8,127.22	18,565.45	26,692.67
Balances—end of year	<u>23,408.55</u>	<u>15,986.08</u>	<u>39,394.63</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating (loss)	<u>(45,882.13)</u>	<u>(1,031.94)</u>	<u>(46,914.07)</u>
Adjustments to reconcile operating (loss) to net cash provided by/ (used for) operating activities			
Depreciation expense	447.80	-	447.80
Federal commodities	9,489.91	-	9,489.91
Decrease in accounts receivable	(154.10)	-	(154.10)
Decrease in inventories	(704.54)	-	(704.54)
Increase in deferred revenue	754.28	-	754.28
(Decrease) in deposits payable	-	-	-
Increase in accounts payable	15,842.11	-	15,842.11
Increase in compensated absences payable	-	-	-
Total adjustments	<u>25,675.46</u>	<u>-</u>	<u>25,675.46</u>
Net cash (used for) operating activities	<u>(20,206.67)</u>	<u>(1,031.94)</u>	<u>(21,238.61)</u>

The accompanying notes are an integral part of these financial statements



**City of Estell Manor School District  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2018**

	<b>Expendable Trusts</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 16,294.94	18,031.80
Total assets	16,294.94	18,031.80
<b>LIABILITIES</b>		
Payable to student groups		14,441.10
Payroll deductions and withholdings	-	3,590.70
Interfund payable		-
Total liabilities	-	18,031.80
<b>NET POSITION</b>		
Held in trust for unemployment claims and other purposes	\$ 16,294.94	

The accompanying notes are an integral part of these financial statements

**City of Estell Manor School District  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2018**

	<u>Expendable Trusts</u>
<b>ADDITIONS</b>	
Contributions:	
Deductions from Employee's Salaries	\$ 1,400.00
Total Contributions	<u>1,400.00</u>
Investment earnings:	
Interest	16.50
Net investment earnings	<u>16.50</u>
Total additions	<u>1,416.50</u>
<b>DEDUCTIONS</b>	
Unemployment claims	4.47
Scholarships awarded	1,700.00
Total deductions	<u>1,704.47</u>
Change in net position	(287.97)
Net position—beginning of the year	<u>16,582.91</u>
Net position—end of the year	<u><u>16,294.94</u></u>

The accompanying notes are an integral part of these financial statements

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. REPORTING ENTITY:**

The City of Estell Manor School District is a Type II district located in the County of Atlantic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. A Superintendent is appointed by the Board and is responsible for the administrative control of the District. The purpose of the district is to educate students in grades K-8. The City of Estell Manor School District had an approximate enrollment at June 30, 2018 of 184 students.

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

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

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

**B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:**

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

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

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

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

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

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

**C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

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

**City of Estell Manor School District**  
**Notes to Financial Statements**  
**June 30, 2018**

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

The following fund types are used by the District:

**1. Governmental Funds:**

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

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.
- c. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds.
- d. **Debt Service** funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

**Fund Balances – Governmental Funds**

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

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

**City of Estell Manor School District**  
**Notes to Financial Statements**  
**June 30, 2018**

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District’s policy, amounts may be assigned by the Business Administrator.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

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

## **2. Proprietary Funds:**

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

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

## **3. Fiduciary Funds:**

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

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

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

## **D. BASIS OF ACCOUNTING**

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

### **1. Accrual:**

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

### **2. Modified Accrual:**

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

## **E. FINANCIAL STATEMENT AMOUNTS**

### **1. Cash and Cash Equivalents:**

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

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

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

**City of Estell Manor School District**  
**Notes to Financial Statements**  
**June 30, 2018**

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

**2. Investments:**

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

**3. Inventories:**

Inventories in the general fund consist of expendable supplies held for the District’s use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2018, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$ 4,051.23
Supplies	1,084.27
Total	<u>\$ 5,135.50</u>

The value of Federal donated commodities is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements. The value of commodities included in the food inventory on June 30, 2018 is \$2,588.23.

**4. Capital:**

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

Buildings	30-50 years
Equipment & Vehicles	3-20 years
Improvements	10-50 years
Software	5-7 years



**City of Estell Manor School District**  
**Notes to Financial Statements**  
**June 30, 2018**

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

**5. Revenues:**

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

**6. Expenditures:**

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

**7. Compensated absences:**

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

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

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

**8. Interfund Activity:**

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

**9. Budgets/Budgetary Control:**

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

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**City of Estell Manor School District**  
**Notes to Financial Statements**  
**June 30, 2018**

	<u>To</u>	<u>From</u>
Regular Programs - Salaries of Teachers - Grades 1-5	29,810.10	
Regular Programs - Undistributed Instruction- General Supplies		29,904.71
Resource Room/Resource Center - Other Salaries	29,747.06	
Undistributed Expenditures - Instruction Tuition to CSSD & Regional Day Schools		163,288.18
Undistributed Expenditures - Custodial Services General Supplies	30,347.66	
Undistributed Expenditures - Student Trans. Services Contracted Services (Btwn Home & School) - Joint		41,269.01
Unallocated Benefits - Social Security Contribution	29,425.20	
Unallocated Benefits - Health Benefits	91,271.46	

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

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

**10. Encumbrances**

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

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

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

### **11. Tuition Payable**

Tuition charges for the fiscal years 2017/18 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

### **12. Use of Estimates**

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

### **13. Allocation of Costs**

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

### **14. Pensions**

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

## **F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE**

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

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

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

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

**City of Estell Manor School District**  
**Notes to Financial Statements**  
**June 30, 2018**

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

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

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

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

**NOTE 2. INVESTMENTS**

As of June 30, 2018, the District had no investments.

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

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

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

**NOTE 3. CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2018, \$0 of the District's bank balance of \$1,739,409.95 was exposed to custodial credit risk.

**City of Estell Manor School District**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 4. FIXED ASSETS**

Capital asset activity for the year ended June 30, 2018 was as follows:

	<b>Balance</b> <b>June 30, 2017</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance</b> <b>June 30, 2018</b>
<b>Governmental Activities:</b>				
Capital assets that are not being depreciated:				
Land	\$ 110,400			110,400
Construction in Progress				-
Total capital assets not being depreciated	<u>110,400</u>	<u>-</u>	<u>-</u>	<u>110,400</u>
Land Improvements				-
Bldg and bldg improve	8,185,471			8,185,471
Machinery & equipment	378,740	25,321		404,061
Total at historical cost	<u>8,564,211</u>	<u>25,321</u>	<u>-</u>	<u>8,589,532</u>
Less accum depr for:				
Land Improvements				-
Bldg and improve	(2,337,009)	(173,292)		(2,510,301)
Machinery & equipment	(293,133)	(13,449)		(306,582)
Total accum deprec	<u>(2,630,142)</u>	<u>(186,741)</u>	<u>-</u>	<u>(2,816,883)</u>
Total capital assets being depr, net of accum depr	<u>5,934,069</u>	<u>(161,420)</u>	<u>-</u>	<u>5,772,649</u>
<b>Governmental activities capital assets, net</b>	<u>6,044,469</u>	<u>(161,420)</u>	<u>-</u>	<u>5,883,049</u>
<b>Business-type activities:</b>				
Equipment	11,062			11,062
Less accum depr for:				
Equipment	(8,375)	(448)		(8,823)
<b>Business-type activities capital assets, net</b>	<u>\$ 2,687</u>	<u>(448)</u>	<u>-</u>	<u>2,239</u>

**City of Estell Manor School District**  
**Notes to Financial Statements**  
**June 30, 2018**

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 113,891.00
Special education	11,341.00
Other special instruction	5,737.00
Other Instruction	484.00
Student & instruction related services	28,936.00
School administrative expenses	9,178.00
General and business administration	17,174.00
	\$ 186,741.00

**NOTE 5. GENERAL LONG-TERM DEBT**

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Issued	Retired	Balance June 30, 2018	Amounts Due Within One Year
General Obligation Bonds	\$ 1,352,000		168,000	1,184,000	80,000
Compensated Absences	111,641	28,268	44,862	95,047	-
Net Pension Liability	899,997		300,116	599,881	-
	\$ 2,363,638	28,268	512,978	1,878,928	80,000

**A. Bonds Payable** – Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

On April 1, 2003 the District issued \$1,118,000 of School Bonds, due in annual installment through 2030, with an interest rate of 4.10%. The balance remaining as of June 30, 2018 is \$0.

On July 15, 2015 the District issued \$1,234,000 of School Bonds, due in annual installment through 2030, with variable interest rates between 3.00% and 3.250%. The balance remaining as of June 30, 2018 is \$1,184,000.

**City of Estell Manor School District**  
**Notes to Financial Statements**  
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Debt Service requirements on serial bonds payable at June 30, 2018 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 80,000	35,613	115,613
2020	84,000	33,154	117,154
2021	85,000	30,619	115,619
2022	90,000	27,994	117,994
2023	90,000	25,294	115,294
2024-2028	475,000	82,609	557,609
2029-2031	280,000	13,488	293,488
	<u>\$ 1,184,000</u>	<u>248,771</u>	<u>1,432,771</u>

**NOTE 6. PENSION PLANS**

*Description of Plans*

All required employees of the District are covered by either the Public Employees' Retirement System or the Teacher's Pension and Annuity Fund cost-sharing multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate.

The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at [http://www.state.nj.us/treasury/pensions/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm).

*Teachers' Pension and Annuity Fund*

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



**City of Estell Manor School District**  
**Notes to Financial Statements**  
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*Public Employees' Retirement System*

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.20% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 7.2% and the PERS rate is 7.2% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2018, 2017 and 2016 were \$319,025, \$244,749, and \$222,539, respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for 2008. However, the contributions for 2011 and 2010 were not made by the State. The School District's contributions to PERS for the years ending June 30, 2018, 2017 and 2016 were \$24,243, \$26,996, and \$50,005, respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2018, 2017 and 2016, the State of New Jersey contributed \$125,392, \$111,483, and \$120,957, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$89,102, \$94,222, and \$93,229 during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.

**City of Estell Manor School District**  
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- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60<sup>th</sup> from 1/55<sup>th</sup>, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7<sup>th</sup> of the required amount, beginning in fiscal years 2012.

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

**City of Estell Manor School District**  
**Notes to Financial Statements**  
**June 30, 2018**

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

**NOTE 7: PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

At June 30, 2018, the District reported a liability of \$599,881 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was .00254578730%, which was an decrease of 1.21% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$10,897. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,125	
Changes of assumptions	120,855	120,412
Net difference between projected and actual earnings on pension plan investments	4,085	
Changes in proportion and differences between District contributions and proportionate share of contributions	7,318	135,199
District contributions subsequent to the measurement date	23,873	
	<hr/>	<hr/>
Total	<u>\$ 170,256</u>	<u>255,611</u>

\$23,873 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**City of Estell Manor School District**  
**Notes to Financial Statements**  
**June 30, 2018**

	Year ended June 30,	
	<u>2019</u>	\$ (86,899.00)
	2020	(126,251.00)
	2021	(74,993.00)
	2022	100,261.00
	2023	78,654.00
	Total	<u>\$ (109,228.00)</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

**City of Estell Manor School District**  
**Notes to Financial Statements**  
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In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.50%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

*Discount Rate*

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**City of Estell Manor School District**  
**Notes to Financial Statements**  
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*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the collective net pension liability of the participated employers as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ 719,712	599,881	500,176

*Pension plan fiduciary net position.*

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

**NOTE 8. TEACHERS' PENSION AND ANNUITY FUND (TPAF)**

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net position liability associated with the District	<u>7,988,274</u>
Total	<u>\$ 7,988,274</u>

The net pension liability was measured as of June 30, 2017 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$553,387 and revenue of \$553,387 for support provided by the State. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

**City of Estell Manor School District**  
**Notes to Financial Statements**  
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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,263	13,670
Changes of assumptions	1,585,041	1,384,409
Net difference between projected and actual earnings on pension plan investments	40,461	
Changes in proportion and differences between District contributions and proportionate share of contributions		
District contributions subsequent to the measurement date	133,041	
Total	<u>\$ 1,810,806</u>	<u>\$ 1,398,079</u>

\$133,041 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2019	\$ 87,714.00
2020	139,290.00
2021	116,466.00
2022	65,300.00
2023	74,032.00
Thereafter	(203,116.00)
Total	<u>\$ 279,686.00</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2017 actuarial valuation was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all period included in the measurement:

Inflation Rate	2.25%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

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

**City of Estell Manor School District**  
**Notes to Financial Statements**  
**June 30, 2018**

The actuarial assumptions used in the July 1, 2016 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 (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging market equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%

*Discount rate.* The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.



**City of Estell Manor School District**  
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*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.25% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.25%) or 1-percentage point higher (5.25%) than the current rate:

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
District's proportionate share of the net pension liability	\$ -	-	-

*Pension plan fiduciary net position.*

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

**NOTE 9. OTHER POST-RETIREMENT BENEFITS**

P.L. 1987, Chapter 384 and P.L. 1990 Chapter 6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007 c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for funding and payment of post-retirement medical benefits for retired State employees and educational employees. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 53, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

**City of Estell Manor School District**  
**Notes to Financial Statements**  
**June 30, 2018**

*Employees covered by benefit terms:*

At June 30, 2018, the following employees were covered by the benefit terms:

TPAF participant retirees:

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf.

PERS participant retirees:

The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

*Total OPEB Liability*

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportional share percentage determined under paragraphs 193 and 203 through 205 of GASBS no. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education.

*Actuarial assumptions and other imputes:*

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**Discount Rate:** The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate. The discount rate used for the fiscal year ending June 30, 2017 is 3.58%.

**Health Care Trend:** For pre-Medicare PPO medical benefits, the initial amount is 5.9% and decreases to 5.0% long term trend rate after 9 years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For HMO medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after 9 years. For prescription drug benefits, the initial trend rate is 10/5% decreasing to a 5.0% long-term trend rate after 8 years. For Medicare Part-B reimbursement, the trend rate is 5.0%.

**Salary Scale:** The salary scale assumptions will be consistent with the salary scale assumptions used in the pension plans and the calculation of the retiree health contributions for current and future retirees who are subject to Chapter 78. The PERS and TPAF pension actuarial reports are used for the fiscal year ending June 30, 2018.

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.



**City of Estell Manor School District**  
**Notes to Financial Statements**  
**June 30, 2018**

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.*

The following presents the total OPEB liability of the State, as well as what the State's total OPB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	\$ 44,113,584,560	53,639,841,858	66,290,599,457

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2018, the board of education recognized OPEB expense of \$425,516 determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the board of education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	
Changes of assumptions		6,343,769,032
Net difference between projected and actual earnings on pension plan investments		
Changes in proportion and differences between District contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	<u>1,190,373,242</u>	
Total	<u>\$ 1,190,373,242</u>	<u>6,343,769,032</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB will be recognized in OPEB expense as follows:

**City of Estell Manor School District**  
**Notes to Financial Statements**  
**June 30, 2018**

Year ended June 30,		
2019	\$	(742,830,097)
2020		(742,830,097)
2021		(742,830,097)
2022		(742,830,097)
2023		(742,830,097)
Thereafter		<u>(2,629,618,547)</u>
Total	\$	<u><u>(6,343,769,032)</u></u>

(Contributions made after June 30, 2017 are reported as deferred outflow of resources but are not amortized in the expense.)

□

Detailed information about the plan’s fiduciary net position is available in the separately issued OPEB financial report.

**NOTE 10. COMPENSATED ABSENCES**

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District’s personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee and are capped based on the terms stated in the various contracts.

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

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

**NOTE 11. DEFERRED COMPENSATION**

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

**NOTE 12. RISK MANAGEMENT**

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

**Property and Liability Insurance** - The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2018 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**New Jersey Unemployment Compensation Insurance** – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Contributory Method”.

**NOTE 13. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 113,608.59	
Special Revenue Fund		63,032.62
Capital Projects Fund		22,239.80
Debt Service Fund		0.07
Food Service Fund		11,329.16
Playgroup Childcare Fund		17,006.94
Total	<u>\$ 113,608.59</u>	<u>113,608.59</u>

Interfunds were created throughout the year due to short term borrowings to cover cash flow needs in the various funds. It is anticipated that all interfunds will be liquidated during the fiscal year. All governmental fund interfunds are eliminated in the governmental-wide statements, except for Due From Agency, which is a Fiduciary Fund.

**NOTE 14. ECONOMIC DEPENDENCY**

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

**NOTE 15 – MAINTENANCE RESERVE ACCOUNT**

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

The activity of the Maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 85,000
Budgeted Increase - FY 2018	15,010
Excess Surplus Transfer by Board Resolution	
Withdrawals: Per Approved Budget Board Resolution	-
	<hr/>
Ending Balance, June 30, 2018	<u><u>\$ 100,010</u></u>

**NOTE 16. FUND BALANCE APPROPRIATED**

General Fund – Of the \$1,327,635.30 General Fund fund balance at June 30, 2018, \$102,839.99 is reserved for encumbrances; \$581,305.17 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$381,697.44 of the total reserve for excess surplus has been appropriated and also included as anticipated revenue for the year ending June 30, 2019); \$48,018.00 has been legally restricted and included as anticipated revenue for the year ending June 30, 2019; \$100,010.00 has been reserved in the Maintenance Reserve Account; \$449,593.14 has been reserved in the Capital Reserve Account, and \$45,869.00 is unreserved and undesignated.

**NOTE 17. CALCULATION OF EXCESS SURPLUS**

In accordance with NJSA 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Reserved Fund Balance – Excess Surplus is a required calculation. 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, 2018 is \$581,305.17, of which \$381,697.44 has been appropriated and included as anticipated revenue for the year ended June 30, 2019.

**NOTE 18. LITIGATION**

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

**NOTE 19. SUBSEQUENT EVENTS**

The District has evaluated events through January 25, 2019, the date on which the financial statements were available to be issued and no additional items were noted for disclosure.



**Required Supplemental Information**  
**Part II**

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**City of Estell Manor Board of Education  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	2,354,957.00	-	2,354,957.00	2,354,957.00	-
Interest Earned on Capital Reserve Funds	35.00		35.00	35.00	-
Miscellaneous	10,010.00		10,010.00	20,494.72	10,484.72
<b>Total - Local Sources</b>	<b>2,365,002.00</b>	<b>-</b>	<b>2,365,002.00</b>	<b>2,375,486.72</b>	<b>10,484.72</b>
State Sources:					
Categorical Special Education Aid	167,247.00		167,247.00	167,247.00	-
Categorical Security Aid	36,675.00		36,675.00	36,675.00	-
Categorical Transportation Aid	45,514.00		45,514.00	45,514.00	-
Equalization Aid	1,604,758.00		1,604,758.00	1,604,758.00	-
School Choice Aid	273,730.00		273,730.00	273,730.00	-
Other State Aid	6,660.00		6,660.00	6,660.00	-
Non-Public Transportation Aid				290.00	290.00
On-Behalf TPAF Pension Contributions (non-budgeted)				319,025.00	319,025.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				89,101.96	89,101.96
<b>Total - State Sources</b>	<b>2,134,584.00</b>	<b>-</b>	<b>2,134,584.00</b>	<b>2,543,000.96</b>	<b>408,416.96</b>
<b>Total Revenues</b>	<b>4,499,586.00</b>	<b>-</b>	<b>4,499,586.00</b>	<b>4,918,487.68</b>	<b>418,901.68</b>

**City of Estell Manor Board of Education  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	103,785.00	2,786.46	106,571.46	106,571.46	-
Grades 1-5	569,289.00	29,810.10	599,099.10	599,099.10	-
Grades 6-8	355,876.00	4,059.28	359,935.28	359,935.28	-
Regular Programs - Home Instruction:	7,750.00	-	7,750.00	845.25	6,904.75
Salaries of Teachers					
Regular Programs - Undistributed Instruction:	14,210.00	(8,891.88)	5,318.12	5,318.12	-
Other Salaries for Instruction	15,500.00	(2,786.46)	12,713.54	10,047.68	2,665.86
Other Purchased Services	99,908.63	(29,904.71)	70,003.92	61,167.41	8,836.51
General Supplies	49,320.00	(20,688.48)	28,631.52	27,228.97	1,402.55
Textbooks					
Total Regular Programs	1,215,638.63	(25,615.69)	1,190,022.94	1,170,213.27	19,809.67
Resource Room/Resource Center:					
Salaries of Teachers	69,174.00	963.50	70,137.50	70,137.50	-
Other Salaries for Instruction	17,579.00	29,747.06	47,326.06	47,326.06	-
General Supplies	3,200.00	-	3,200.00	2,736.78	463.22
Textbooks	3,100.00	-	3,100.00	1,646.92	1,453.08
Total Resource Room/Resource Center	93,053.00	30,710.56	123,763.56	121,847.26	1,916.30
Total Special Education - Instruction	93,053.00	30,710.56	123,763.56	121,847.26	1,916.30

**City of Estell Manor Board of Education  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Basic Skills/Remedial- Instruction					
Salaries of Teachers	61,666.00	-	61,666.00	61,643.00	23.00
Other Salaries for Instruction	12,556.00	(5,094.87)	7,461.13	-	7,461.13
General Supplies	2,000.00	-	2,000.00	-	2,000.00
<b>Total Basic Skills/Remedial - Instruction</b>	<b>76,222.00</b>	<b>(5,094.87)</b>	<b>71,127.13</b>	<b>61,643.00</b>	<b>9,484.13</b>
School Sponsored Cocurricular Activities - Instruction:					
Salaries	9,000.00	-	9,000.00	-	9,000.00
<b>Total School Sponsored Cocurricular Activities - Instruction</b>	<b>9,000.00</b>	<b>-</b>	<b>9,000.00</b>	<b>-</b>	<b>9,000.00</b>
School Sponsored Athletics - Instruction					
Salaries	6,000.00	-	6,000.00	-	6,000.00
Purchased Services	4,600.00	-	4,600.00	4,522.71	77.29
Supplies and Materials	3,000.00	(2,000.00)	1,000.00	676.65	323.35
<b>Total School Sponsored Athletics - Instruction</b>	<b>13,600.00</b>	<b>(2,000.00)</b>	<b>11,600.00</b>	<b>5,199.36</b>	<b>6,400.64</b>

**City of Estell Manor Board of Education  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Total Instruction	1,407,513.63	(2,000.00)	1,405,513.63	1,358,902.89	46,610.74
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs within the State - Regular	261,193.00	-	261,193.00	261,192.70	0.30
Tuition to Other LEAs within the State - Special	68,647.00	(1,295.72)	67,351.28	46,016.70	21,334.58
Tuition to County Voc. School District - Regular	340,695.00	11,115.50	351,810.50	298,525.50	53,285.00
Tuition to CSSD & Regional Day Schools	328,916.00	(163,288.18)	165,627.82	108,347.00	57,280.82
Tuition to Priv. Sch. For the Disabilities within the State	65,906.00	7,559.44	73,465.44	35,600.41	37,865.03
Total Undistributed Expenditures - Instruction	1,065,357.00	(145,908.96)	919,448.04	749,682.31	169,765.73
Undistributed Expenditures - Attendance and Social Work:					
Salaries	17,539.00	-	17,539.00	2,050.98	15,488.02
Purchased Professional and Technical Services	1,000.00	2,000.00	3,000.00	3,000.00	-
Other Purchased Services (400-500 series)	2,500.00	-	2,500.00	954.25	1,545.75
Total Undistributed Expenditures - Attendance and Social Work	21,039.00	2,000.00	23,039.00	6,005.23	17,033.77
Undistributed Expenditures - Health Services:					
Salaries	54,907.00	6,910.00	61,817.00	61,817.00	-
Purchased Professional and Technical Services	2,400.00	(1,200.00)	1,200.00	1,128.88	71.12
Other Purchased Services (400-500 series)	2,300.00	-	2,300.00	1,429.50	870.50
Supplies and Materials	3,350.00	1,200.00	4,550.00	4,117.63	432.37
Total Undistributed Expenditures - Health Services	62,957.00	6,910.00	69,867.00	68,493.01	1,373.99

**City of Estell Manor Board of Education  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	69,752.00	-	69,752.00	60,000.00	9,752.00
Purchased Professional Education Services	4,500.00	-	4,500.00	-	4,500.00
	<u>74,252.00</u>	<u>-</u>	<u>74,252.00</u>	<u>60,000.00</u>	<u>14,252.00</u>
Total Undistributed Expenditures - Other Support Services - Students - Regular					
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	42,877.00	93.80	42,970.80	42,970.80	-
Supplies and Materials	1,000.00	(93.80)	906.20	-	906.20
	<u>43,877.00</u>	<u>0.00</u>	<u>43,877.00</u>	<u>42,970.80</u>	<u>906.20</u>
Total Undistributed Services - Guidance					
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	80,496.00	450.97	80,946.97	80,946.97	-
Salaries of Secretarial and Clerical Assistants	16,178.00	-	16,178.00	7,870.39	8,307.61
Purchased Professional - Educational Services	3,000.00	(2,750.00)	250.00	-	250.00
Other Purchased Professional and Technical Services	20,000.00	(3,223.70)	16,776.30	14,444.35	2,331.95
Supplies and Materials	1,400.00	(450.97)	949.03	39.45	909.58
	<u>121,074.00</u>	<u>(5,973.70)</u>	<u>115,100.30</u>	<u>103,301.16</u>	<u>11,799.14</u>
Total Undistributed Expenditures - Child Study Teams					

**City of Estell Manor Board of Education  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Educational Media Services - School Library					
Purchased Professional and Technical Services	1,500.00	9,552.68	11,052.68	9,296.43	1,756.25
Other Purchased Services (400-500 series)	1,500.00	10,385.94	11,885.94	2,600.94	9,285.00
Supplies and Materials	6,000.00	(2,987.92)	3,012.08	2,678.54	333.54
<b>Total Undistributed Expenditures - Educational Media Services - School Library</b>	<b>9,000.00</b>	<b>16,950.70</b>	<b>25,950.70</b>	<b>14,575.91</b>	<b>11,374.79</b>
Undistributed Expenditures - Instructional Staff Training Services					
Purchased Professional - Educational Services	2,000.00	1,700.00	3,700.00	1,824.00	1,876.00
Other Purchased Services (400-500 series)	6,950.00	(2,582.32)	4,367.68	4,188.68	179.00
<b>Total Undistributed Expenditures - Instructional Staff Training Services</b>	<b>8,950.00</b>	<b>(882.32)</b>	<b>8,067.68</b>	<b>6,012.68</b>	<b>2,055.00</b>
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	29,780.00	2,197.12	31,977.12	31,977.12	-
Legal Services	9,300.00	6,817.90	16,117.90	16,117.90	-
Audit Fees	8,500.00	600.00	9,100.00	9,100.00	-
Other Purchased Professional Services	630.00	2,914.58	3,544.58	50.00	3,494.58
Communications/Telephone	22,935.00	(4,154.24)	18,780.76	18,352.83	427.93
BOE Other Purchased Services	5,000.00	125.78	5,125.78	5,125.78	-
Misc Purchased Services (400-500)	1,000.00	283.75	1,283.75	1,283.75	-
General Supplies	200.00	-	200.00	-	200.00
Miscellaneous Expenditures	4,750.00	-	4,750.00	4,650.60	99.40
BOE Membership Dues and Fees	3,750.00	(566.35)	3,183.65	3,150.65	33.00
<b>Total Undistributed Expenditures - Support Services - Gen. Admin.</b>	<b>85,845.00</b>	<b>8,218.54</b>	<b>94,063.54</b>	<b>89,808.63</b>	<b>4,254.91</b>
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	78,750.00	8,762.50	87,512.50	87,512.50	-
Salaries of Secretarial and Clerical Assistants	15,002.00	-	15,002.00	10,868.56	4,133.44
Supplies and Materials	400.00	-	400.00	229.12	170.88
Other Objects	3,500.00	-	3,500.00	-	3,500.00
<b>Total Undistributed Expenditures - Support Serv. - School Admin.</b>	<b>97,652.00</b>	<b>8,762.50</b>	<b>106,414.50</b>	<b>98,610.18</b>	<b>7,804.32</b>



**City of Estell Manor Board of Education  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>Undistributed Expenditures - Central Services</b>					
Salaries	79,960.00	7,895.04	87,855.04	87,855.04	-
Purchased Technical Services	5,000.00	244.00	5,244.00	4,721.20	522.80
Misc. Purchased Services (400-500 series)	1,775.00	(500.00)	1,275.00	1,275.00	-
Supplies and Materials	-	1,000.00	1,000.00	864.65	135.35
<b>Total Undistributed Expenditures - Central Services</b>	<b>86,735.00</b>	<b>8,639.04</b>	<b>95,374.04</b>	<b>94,715.89</b>	<b>658.15</b>
<b>Undistributed Expenditures - Required Maintenance for School Facilities</b>					
Salaries	72,491.00	-	72,491.00	69,067.57	3,423.43
Cleaning Repairs and Maintenance Services	48,783.20	(14,455.20)	34,328.00	31,567.81	2,760.19
General Supplies	12,000.00	(5,457.92)	6,542.08	5,593.74	948.34
Other Objects	2,000.00	-	2,000.00	400.00	1,600.00
<b>Total Undistributed Expenditures - Required Maintenance for School Facilities</b>	<b>135,274.20</b>	<b>(19,913.12)</b>	<b>115,361.08</b>	<b>106,629.12</b>	<b>8,731.96</b>
<b>Undistributed Expenditures - Custodial Services</b>					
Salaries	103,206.00	(1,700.00)	101,506.00	96,635.40	4,870.60
Purchased Professional and Technical Services	4,000.00	7,500.00	11,500.00	11,448.25	51.75
Cleaning, Repair and Maintenance Services	41,500.00	(12,855.82)	28,644.18	28,644.18	-
Insurance	24,900.00	11,579.65	36,479.65	36,479.65	-
General Supplies	36,708.68	30,347.66	67,056.34	66,624.79	431.55
Energy (Natural Gas)	1,000.00	(1,000.00)	-	-	-
Energy (Electricity)	88,023.00	(3,000.00)	85,023.00	81,911.89	3,111.11
Energy (Oil)	11,000.00	(10,400.31)	599.69	-	599.69
<b>Total Undistributed Expenditures - Custodial Services</b>	<b>310,337.68</b>	<b>20,471.18</b>	<b>330,808.86</b>	<b>321,744.16</b>	<b>9,064.70</b>

City of Estell Manor Board of Education  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Care and Upkeep of Grounds	8,600.00	4,396.02	12,996.02	10,871.00	2,125.02
Purchased Professional and Technical Services					
Total Undistributed Expenditures - Care and Upkeep of Grounds	8,600.00	4,396.02	12,996.02	10,871.00	2,125.02
Total Undistributed Expen - Oper & Main of Plant Serv	454,211.88	4,954.08	459,165.96	439,244.28	19,921.68
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transp. (Between Home and School)-Regular	31,678.00	6,645.44	38,323.44	38,323.44	-
Salaries for Pupil Transp. (Other than Between Home and School)		-		-	-
Cleaning, Repair and Maintenance Service		-		-	-
Rental Payments - School Buses		-		-	-
Contracted Services - Aid in Lieu of Payments Non Public	7,072.00	(1,812.00)	5,260.00	1,000.00	4,260.00
Contracted Services - Aid in Lieu of Payments Charter School	2,652.00	-	2,652.00	1,000.00	1,652.00
Contracted Services - Aid in Lieu of Payments School Choice	6,188.00	1,812.00	8,000.00	8,000.00	-
Contracted Services - (Oth than Between Home and School) - Vendors	20,000.00	(5,413.47)	14,586.53	14,302.37	284.16
Contracted Services (Between Home and School) - Joint Agreements	176,375.00	(41,269.01)	135,105.99	126,228.20	8,877.79
Contracted Services (Special Ed Students) - Vendors	85,635.44	(4,936.00)	80,699.44	55,383.47	25,315.97
Contracted Services (Special Ed Students) - Joint Agreements	36,000.00	(7,924.15)	28,075.85	19,300.00	8,775.85
Total Undistributed Expenditures - Student Transportation Serv.	365,600.44	(52,897.19)	312,703.25	263,537.48	49,165.77
Unallocated Benefits:					
Social Security Contributions	43,850.00	29,425.20	73,275.20	73,275.20	-
Other Retirement Contributions - PERS	32,370.00	23,646.65	56,016.65	26,198.36	29,818.29
Unemployment Compensation	12,000.00	-	12,000.00	7,848.84	4,151.16
Health Benefits	515,075.00	91,271.46	606,346.46	604,206.10	2,140.36

**City of Estell Manor Board of Education  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Tuition Reimbursements	12,000.00	-	12,000.00	-	12,000.00
Other Employee Benefits	1,500.00	-	1,500.00	-	1,500.00
<b>Total Unallocated Benefits</b>	<b>616,795.00</b>	<b>144,343.31</b>	<b>761,138.31</b>	<b>711,528.50</b>	<b>49,609.81</b>
On-behalf TPAF Pension Contributions (non-budgeted)				319,025.00	(319,025.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				89,101.96	(89,101.96)
<b>Total On-behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>408,126.96</b>	<b>(408,126.96)</b>
Total Undistributed Expenditures	3,113,345.32	(4,884.00)	3,108,461.32	3,156,613.02	(48,151.70)
<b>Total Current Expense</b>	<b>4,520,858.95</b>	<b>(6,884.00)</b>	<b>4,513,974.95</b>	<b>4,515,515.91</b>	<b>(1,540.96)</b>
<b>Capital Outlay:</b>					
Facilities Acquisition and Construction Services	14,871.00	-	14,871.00	13,383.00	1,488.00
Assessment for Debt Service on SDA Funding					
Total Facilities Acquisition and Construction Services	14,871.00	-	14,871.00	13,383.00	1,488.00
<b>Total Capital Outlay</b>	<b>14,871.00</b>	<b>-</b>	<b>14,871.00</b>	<b>13,383.00</b>	<b>1,488.00</b>
Transfers to Charter Schools	40,591.00	6,884.00	47,475.00	47,475.00	-
<b>Total Expenditures</b>	<b>4,576,320.95</b>	<b>(0.00)</b>	<b>4,576,320.95</b>	<b>4,576,373.91</b>	<b>(52.96)</b>

**City of Estell Manor Board of Education  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	(76,734.95)	0.00	(76,734.95)	342,113.77	418,848.72
Other Financing Sources (Uses):					
Operating Transfers Out:					
Capital Reserve - Repayment of Debt	<u>(191,054.00)</u>	-	<u>(191,054.00)</u>	<u>(191,054.00)</u>	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(267,788.95)	0.00	(267,788.95)	151,059.77	418,848.72
Fund Balances, July 1	1,380,996.53	-	1,380,996.53	1,380,996.53	-
Fund Balances, June 30	<u>1,113,207.58</u>	<u>0.00</u>	<u>1,113,207.58</u>	<u>1,532,056.30</u>	<u>418,848.72</u>

**Recapitulation of Fund Balance:**

**Restricted Fund Balance:**

Reserve for Excess Surplus	199,607.73
Excess Surplus-Designated for Subsequent Year's Expenditures	381,697.44
Capital Reserve	449,593.14
Maintenance Reserve	100,010.00

**Assigned Fund Balance:**

Designated for Subsequent Year's Expenditures	48,018.00
Reserve for Encumbrances	102,839.99

**Unassigned Fund Balance**

	<u>250,290.00</u>
--	-------------------

1,532,056.30

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

	<u>(204,421.00)</u>
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Fund Balance per Governmental Funds (GAAP)

	<u>1,327,635.30</u>
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**City of Estell Manor School District  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Under/(Over), Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Revenue from Local Source:	-	-	-	-	-
<b>Total - Local Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Federal Sources					
Title I	42,400.00	10,348.27	52,748.27	39,557.09	(13,191.18)
Title II	8,300.00	6,000.00	14,300.00	6,300.82	(7,999.18)
I.D.E.A., Part B	48,480.00	11,674.00	60,154.00	-	(60,154.00)
Other	-	10,000.00	10,000.00	2,317.46	(7,682.54)
<b>Total - Federal Sources</b>	<b>99,180.00</b>	<b>38,022.27</b>	<b>137,202.27</b>	<b>48,175.37</b>	<b>(89,026.90)</b>
<b>Total Revenues</b>	<b>99,180.00</b>	<b>38,022.27</b>	<b>137,202.27</b>	<b>48,175.37</b>	<b>(89,026.90)</b>
<b>EXPENDITURES:</b>					
Instruction					
Salaries of Teachers	-	-	-	-	-
Other Salaries for Instructor	-	-	-	-	-
Purchased Professional and Technical Service	8,300.00	-	8,300.00	2,760.75	5,539.25
Other Purchased Services (400-500 series	48,480.00	11,674.00	60,154.00	-	60,154.00
General Supplies	42,400.00	13,993.95	56,393.95	41,874.55	14,519.40
<b>Total instruction</b>	<b>99,180.00</b>	<b>25,667.95</b>	<b>124,847.95</b>	<b>44,635.30</b>	<b>80,212.65</b>
Support Services					
Salaries of teachers	-	-	-	-	-
Personal Services - Employee Benefit	-	-	-	-	-
Purchased Professional and Technical Services	-	12,354.32	12,354.32	3,540.07	8,814.25
Supplies and Materials	-	-	-	-	-
<b>Total support services</b>	<b>-</b>	<b>12,354.32</b>	<b>12,354.32</b>	<b>3,540.07</b>	<b>8,814.25</b>
<b>Total expenditures</b>	<b>99,180.00</b>	<b>38,022.27</b>	<b>137,202.27</b>	<b>48,175.37</b>	<b>89,026.90</b>
Excess (Deficiency) of Revenues Over (Under) Expenditure	-	-	-	-	-

City of Estell Manor School District  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to Required Supplementary Information  
 For the Fiscal Year Ended June 30, 2018

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

		<u>General Fund</u>	<u>Special Revenue</u>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1; C-2	\$ 5,218,940.68	48,175.37
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized			
Prior Year			16,348.27
Current Year			(1,497.00)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.			
		193,433.00	
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.			
		<u>(204,421.00)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	<u>5,207,952.68</u>	<u>63,026.64</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1; C-2	4,876,826.91	48,175.37
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes			
Prior Year			16,348.27
Current Year			(1,497.00)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	B-2	\$ <u>4,876,826.91</u>	<u>63,026.64</u>

**Required Supplemental Information**  
**Part III**

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.0025457873%	0.0025769835%	0.0035307508%	0.0035307508%	0.0034296882%
District's proportionate of the net pension liability (asset)		899,997	731,459	661,053	655,482
District's covered payroll	\$ 268,434	not available	not available	not available	not available
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%				
Plan fiduciary net position as a percentage of the total pension liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 23,873.00	26,996.00	50,005.00	29,107.00	25,842.00
Contributions in relation to the contractually required contribution	<u>\$ 23,873.00</u>	<u>26,996.00</u>	<u>50,005.00</u>	<u>29,107.00</u>	<u>25,842.00</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 268,434.00	not available	not available	not available	not available
Contributions as a percentage of covered-employee payroll	8.89%	0.00%	0.00%	0.00%	0.00%

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

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	-	-	-	-
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 7,988,274.00</u>	<u>9,980,935.00</u>	<u>8,194,839.00</u>	<u>6,450,153.00</u>	<u>6,166,012.00</u>
<b>Total</b>	<u><u>\$ 7,988,274.00</u></u>	<u><u>9,980,935.00</u></u>	<u><u>8,194,839.00</u></u>	<u><u>6,450,153.00</u></u>	<u><u>6,166,012.00</u></u>
District's covered payroll	\$ 1,279,250.00	1,275,418.82	1,265,356.11	1,202,581.55	1,296,712.86
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.64%

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

Note: This schedule is required by GASB 68 to be show information for a 10 year period.

However, information is only currently available for five years.  
Additional years will be presented as they become available.

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net OPEB Liability**  
**Public Employee Retirement System and Teachers' Pension and Annuity Fund**  
**Last Two Fiscal Years**

	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability (asset)	0.00%	0.00%
District's proportionate of the net OPEB liability (asset)	\$ -	-
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 9,304,266.00</u>	<u>10,158,543.00</u>
Total	<u>\$ 9,304,266.00</u>	<u>10,158,543.00</u>
District's covered payroll	1,547,684.00	not available
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%

Source: GASB 75 report on State of New Jersey State Health Benefits Program; District records

Note: This schedule is required by GASB 75 to be show information for a 10 year period.  
However, information is only currently available for two years.  
Additional years will be presented as they become available.

## **Other Supplementary Information**

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**SPECIAL REVENUE FUND**

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**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenue and Expenditures**  
**Budgetary Basis**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	No Child Left Behind				
	Title I Part A	Teacher & Principals Training Title II - Part A	Title IV	Total Federal Projects	Total
<b>REVENUES:</b>					
Federal Sources	\$ 39,557.09	6,300.82	2,317.46	48,175.37	48,175.37
State Sources				-	-
Local Sources				-	-
<b>Total revenues</b>	<u>39,557.09</u>	<u>6,300.82</u>	<u>2,317.46</u>	<u>48,175.37</u>	<u>48,175.37</u>
<b>EXPENDITURES</b>					
Instruction:					
Purchased prof. and technical services	39,557.09	2,760.75	2,317.46	2,760.75	2,760.75
General supplies				41,874.55	41,874.55
<b>Total instruction</b>	<u>39,557.09</u>	<u>2,760.75</u>	<u>2,317.46</u>	<u>44,635.30</u>	<u>44,635.30</u>
Support services:					
Salaries of teachers				-	-
Personal services- employee benefits				-	-
Purchased professional & technical services		3,540.07		3,540.07	3,540.07
Supplies and materials				-	-
<b>Total support services</b>		<u>3,540.07</u>	<u>-</u>	<u>3,540.07</u>	<u>3,540.07</u>
<b>Total expenditures</b>	<u>39,557.09</u>	<u>6,300.82</u>	<u>2,317.46</u>	<u>48,175.37</u>	<u>48,175.37</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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**CAPITAL PROJECTS FUND**

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City of Estell Manor School District  
 Capital Projects Fund  
 Summary Statement of Project Expenditures  
 For the Fiscal Year Ended June 30, 2018

Project Title/Issue	Original Date	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2018
			Prior Years	Current Year	
HVAC Replacement	11/4/14	1,420,934.01	1,377,008.90		43,925.11
Roof Replacement	11/4/14	534,181.05	562,164.82		(27,983.77)
Emergency Generator	11/4/14	172,252.44	159,398.22		12,854.22
		\$ 2,127,367.50	2,098,571.94	-	28,795.56

**City of Estell Manor School District  
Capital Projects Fund  
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budgetary Basis  
For the Year Ended June 30, 2018**

Revenues and Other Financing Sources	
State Sources	
SCC Grant	\$ -
Bond proceeds and transfers	-
Other	<u>15.08</u>
 Total revenue	 <u>15.08</u>
Expenditures and Other Financing Uses	
Purchased professional and technical services	-
Land and improvements	-
Construction Services	-
Equipment Purchases	<u>-</u>
 Total expenditures	 <u>-</u>
 Excess (deficiency) of revenues over (under) expenditures	 15.08
 Fund balance - beginning	 <u>28,795.56</u>
 Fund balance - ending	 \$ <u><u>28,810.64</u></u>

**City of Estell Manor School District**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance,**  
**and Project Status - Budgetary Basis**  
**HVAC Replacement, Roof Replacement and Emergency Generator**  
**From Inception and for the Year Ended June 30, 2018**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
State sources				
Schools Construction Corp (SCC) Grant	\$ 740,367.10		740,367.10	740,367.10
Bond proceeds and transfers				
City of Estell Manor	1,234,000.00		1,234,000.00	1,234,000.00
Transfer from Capital Reserve	153,000.00		153,000.00	153,000.00
<b>Total revenue</b>	<b>2,127,367.10</b>	<b>-</b>	<b>2,127,367.10</b>	<b>2,127,367.10</b>
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional and technical services	176,811.68		176,811.68	132,925.00
Land and improvements	-		-	
Construction services	1,889,523.89		1,889,523.89	1,649,681.20
Miscellaneous	32,235.97		32,235.97	344,760.90
<b>Total expenditures</b>	<b>2,098,571.54</b>	<b>-</b>	<b>2,098,571.54</b>	<b>2,127,367.10</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 28,795.56</b>	<b>-</b>	<b>28,795.56</b>	<b>-</b>

**Additional project information:**

Project number	
HVAC Replacement	1410-050-14-1001-G04
Roof Replacement	1410-050-14-1002-G04
Emergency Generator	1410-050-14-1003-G04
Grant date	
Bond authorization date	11/4/2014
Bond authorized	1,234,000.00
Bonds issued	1,234,000.00
Original authorized cos	2,170,994.00
Additional authorized cos	(43,626.90)
Revised authorized cos	2,127,367.10
Percentage increase over original cos	-2.01%
Percentage completion	100%
Original target completion date	
Revised target completion date	

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**PROPRIETARY FUNDS**

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**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Schedule of Net Position**  
**June 30, 2018**

G-1

	Food Service	Playgroup Childcare	2018
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 23,408.55	15,986.08	39,394.63
Interfund Accounts Receivable			-
Accounts Receivable			
State	57.93	-	57.93
Federal	2,154.72	-	2,154.72
Other	154.10		154.10
Inventories	5,135.50	-	5,135.50
<b>Total Current Assets</b>	<u>30,910.80</u>	<u>15,986.08</u>	<u>46,896.88</u>
Fixed Assets:			
Equipment	11,061.74		11,061.74
Accumulated depreciator	(8,822.74)		(8,822.74)
<b>Total Fixed Assets</b>	<u>2,239.00</u>	<u>-</u>	<u>2,239.00</u>
<b>Total assets</b>	<u>33,149.80</u>	<u>15,986.08</u>	<u>49,135.88</u>
<b>LIABILITIES AND NET POSITION</b>			
Current liabilities			
Accounts payable	15,842.11	-	15,842.11
Interfund payable	11,329.16	17,006.94	28,336.10
Deferred revenue	754.28		754.28
<b>Total current liabilities:</b>	<u>27,925.55</u>	<u>17,006.94</u>	<u>44,932.49</u>
<b>Total liabilities:</b>	<u>27,925.55</u>	<u>17,006.94</u>	<u>44,932.49</u>
Net Position			
Invested in capital assets, net of related debt	2,239.00	-	2,239.00
Unrestricted net position	2,985.25	(1,020.86)	1,964.39
<b>Total net position</b>	<u>5,224.25</u>	<u>(1,020.86)</u>	<u>4,203.39</u>
<b>Total liabilities and net position</b>	<u>\$ 33,149.80</u>	<u>15,986.08</u>	<u>49,135.88</u>

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Schedule of Revenues, Expenses**  
**and Changes in Fund Net Position**  
**For the Fiscal Year ended June 30, 2018**

G-2

	Food Service	Playgroup Childcare	2018
<b>OPERATING REVENUES:</b>			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 33,006.70		33,006.70
Daily Sales - Non-Reimbursable Programs	23,227.37		23,227.37
Community Service Activities	-	15,975.00	15,975.00
Total Operating Revenues	56,234.07	15,975.00	72,209.07
<b>OPERATING EXPENSES:</b>			
Salaries	32,818.37	17,006.94	49,825.31
Employee benefits	7,438.16		7,438.16
Supplies and materials	5,214.04		5,214.04
Cost of sales - Reimbursable	34,256.66		34,256.66
Cost of sales - Non Reimbursable	10,143.55		10,143.55
General expense	2,572.74		2,572.74
Management Fee	9,224.88		9,224.88
Depreciation	447.80		447.80
Total operating expenses	102,116.20	17,006.94	119,123.14
Operating income (loss)	(45,882.13)	(1,031.94)	(46,914.07)
<b>Nonoperating revenues:</b>			
State sources			
State school lunch program	925.97		925.97
Federal sources			
Nutrition reimbursements	35,020.62		35,020.62
USDA commodities	9,489.91		9,489.91
Interest Revenues	13.51	10.77	24.28
Total nonoperating revenues	45,450.01	10.77	45,460.78
Net income (loss) before operating transfers	(432.12)	(1,021.17)	(1,453.29)
<b>Other Financing Sources/(Uses)</b>			
Cancellation of Interfund			-
Adjustment to Fixed Assets			-
Transfer in from General Fund			-
Net Income (Loss)	(432.12)	(1,021.17)	(1,453.29)
Unrestricted net position, July 1	5,656.37	0.31	5,656.68
Unrestricted net position/(deficit) June 30	\$ 5,224.25	(1,020.86)	4,203.39

**City of Estell Manor School District**  
**Combining Schedule of Cash Flows**  
**Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Food Service</u>	<u>Playgroup Childcare</u>	<u>Total Enterprise</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 56,079.97	15,975.00	72,054.97
Payments to employees	(40,256.53)	(17,006.94)	(57,263.47)
Payments to suppliers	(36,030.11)	-	(36,030.11)
Net cash provided by/(used for) operating activities	<u>(20,206.67)</u>	<u>(1,031.94)</u>	<u>(21,238.61)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	913.78		913.78
Federal Sources	34,560.71		34,560.71
Operating subsidies and transfers from other fund:	-		-
Net cash provided by non-capital financing activities	<u>35,474.49</u>	<u>-</u>	<u>35,474.49</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	-	-	-
Net cash (used) by capital & related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interfund loans received	-	(1,558.20)	(1,558.20)
Interest and dividends	13.51	10.77	24.28
Net cash provided by investing activities:	<u>13.51</u>	<u>(1,547.43)</u>	<u>(1,533.92)</u>
Net increase in cash and cash equivalents:	15,281.33	(2,579.37)	12,701.96
Balances—beginning of year	8,127.22	18,565.45	26,692.67
Balances—end of year	<u>23,408.55</u>	<u>15,986.08</u>	<u>39,394.63</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income/(loss)	(45,882.13)	(1,031.94)	(46,914.07)
Adjustments to reconcile operating (loss) to net cash provided by/(used for) operating activities:			
Depreciation expense	447.80	-	447.80
Federal commodities	9,489.91		9,489.91
Decrease in accounts receivable	(154.10)	-	(154.10)
Decrease in inventories	(704.54)		(704.54)
Increase in deferred revenue	754.28	-	754.28
(Decrease) in deposits payable		-	-
Increase in accounts payable	15,842.11	-	15,842.11
Increase in compensated absences payable	-		-
Total adjustments	<u>25,675.46</u>	<u>-</u>	<u>25,675.46</u>
Net cash provided by/(used for) operating activities	<u>\$ (20,206.67)</u>	<u>(1,031.94)</u>	<u>(21,238.61)</u>

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**FIDUCIARY FUNDS**

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**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2018**

H-1

		Student Activity	Payroll Agency	Unemployment Compensation	Expendable Trusts: Scholarship	2018	2017
ASSETS:							
Cash and cash equivalents:	\$	14,441.10	3,590.70	12,072.76	4,222.18	34,326.74	46,394.95
Total Assets		<u>14,441.10</u>	<u>3,590.70</u>	<u>12,072.76</u>	<u>4,222.18</u>	<u>34,326.74</u>	<u>46,394.95</u>
LIABILITIES AND FUND BALANCES:							
Liabilities							
Payroll deductions and withholding			3,590.70			3,590.70	6,970.28
Interfund payable			-			-	
Due to student group:		14,441.10				14,441.10	22,841.76
Total Liabilities:		<u>14,441.10</u>	<u>3,590.70</u>	<u>-</u>	<u>-</u>	<u>18,031.80</u>	<u>29,812.04</u>
Fund Balances:							
Unreserved				12,072.76	4,222.18	16,294.94	16,582.91
Total liabilities and fund balance	\$	<u>14,441.10</u>	<u>3,590.70</u>	<u>12,072.76</u>	<u>4,222.18</u>	<u>34,326.74</u>	<u>46,394.95</u>

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2018**

	Unemployment Trust	Scholarship Trust	Total 2018	Total 2017
<b>OPERATING REVENUES:</b>				
Local Sources:				
Contributions		1,400.00	1,400.00	850.00
Interest on Investments	12.03	4.47	16.50	16.62
Total Operating Revenues	12.03	1,404.47	1,416.50	866.62
<b>OPERATING EXPENDITURES:</b>				
Admin Expenses		4.47	4.47	16.62
Scholarships awarded	-	1,700.00	1,700.00	1,050.00
Total Operating Expenditures	-	1,704.47	1,704.47	1,066.62
Excess of Revenues over Expenditures	12.03	(300.00)	(287.97)	(200.00)
Fund Balance, July 1	12,060.73	4,522.18	16,582.91	16,782.91
Fund Balance, June 30	12,072.76	4,222.18	16,294.94	16,582.91

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**

H-3

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS:				
Cash and cash equivalents:	\$ 22,841.76	30,111.73	38,512.39	14,441.10
Total assets	<u>22,841.76</u>	<u>30,111.73</u>	<u>38,512.39</u>	<u>14,441.10</u>
LIABILITIES:				
Due to Student group:	22,841.76	30,111.73	38,512.39	14,441.10
Total liabilities:	<u>\$ 22,841.76</u>	<u>30,111.73</u>	<u>38,512.39</u>	<u>14,441.10</u>

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year ended June 30, 2018**

H-4

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>ASSETS:</b>				
Cash and cash equivalent:	\$ 6,970.28	2,135,159.82	2,138,539.40	3,590.70
Total assets	<u>6,970.28</u>	<u>2,135,159.82</u>	<u>2,138,539.40</u>	<u>3,590.70</u>
<b>LIABILITIES:</b>				
Payroll deductions: and withholding: Interfund payable	6,970.28	2,135,159.82	2,138,539.40	3,590.70
Total liabilities:	<u>\$ 6,970.28</u>	<u>2,135,159.82</u>	<u>2,138,539.40</u>	<u>3,590.70</u>

**LONG-TERM DEBT**

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City of Estell Manor School District  
 Long-Term Debt  
 Schedule of General Serial Bonds  
 For the Fiscal Year Ended June 30, 2018

I-1

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding June 30, 2017	Interest Rate	Balance June 30, 2017	Increased	Decreased	Balance June 30, 2018
School Additions	4/1/2003	\$ 1,118,000			\$ 118,000.00		118,000.00	-
					<u>118,000.00</u>		<u>118,000.00</u>	<u>-</u>
School Additions	7/15/2015	1,234,000	80,000 84,000 85,000 90,000 90,000 95,000 95,000 95,000 95,000 95,000 95,000 95,000 95,000 90,000	3.000% 3.000% 3.000% 3.000% 3.000% 3.125% 3.125% 3.125% 3.125% 3.125% 3.125% 3.250% 3.250%	1,234,000.00		50,000.00	1,184,000.00
					<u>1,234,000.00</u>		<u>50,000.00</u>	<u>1,184,000.00</u>
Total Bond Issue					<u>1,352,000.00</u>		<u>168,000.00</u>	<u>1,184,000.00</u>

**City of Estell Manor School District  
Long-Term Debt  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 19,348.00		19,348.00	19,348.00	-
Total Revenues	19,348.00	-	19,348.00	19,348.00	-
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest on Bonds	42,402.00		42,402.00	42,401.76	0.24
Redemption of Principal	168,000.00		168,000.00	168,000.00	-
Total Regular Debt Service	210,402.00	-	210,402.00	210,401.76	0.24
Total Expenditures	210,402.00	-	210,402.00	210,401.76	0.24
Excess (Deficiency) of Revenues Over (Under) Expenditures	(191,054.00)	-	(191,054.00)	(191,053.76)	0.24
Other Financing Sources (Uses):					
Operating Transfers In:					
Transfer from Capital Reserve	191,054.00		191,054.00	191,054.00	-
	191,054.00	-	191,054.00	191,054.00	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	0.24	0.24
Fund Balance, July 1	(0.31)		(0.31)	(0.31)	-
Fund Balance, June 30	(0.31)	-	(0.31)	(0.07)	0.24



## **Statistical Section**

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**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
*Unaudited*

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
Invested in capital assets	\$ 3,794,630.51	3,889,950.26	3,859,969.04	3,865,591.95	3,838,599.81	3,804,962.59	3,896,642.11	4,551,478.89	4,692,469.75	5,883,049.96
Restricted	85,884.25	16,324.66	85,429.98	103,010.22	218,012.66	335,383.64	458,793.79	1,205,297.00	1,159,791.78	1,339,387.51
Unrestricted	(103,443.65)	(305,516.92)	(240,344.26)	(77,473.02)	(98,857.70)	(48,753.95)	(662,275.81)	(767,363.40)	(798,675.15)	(1,987,970.07)
<b>Total governmental activities net position</b>	<b>3,777,071.11</b>	<b>3,600,758.00</b>	<b>3,705,054.76</b>	<b>3,891,129.15</b>	<b>3,957,754.77</b>	<b>4,091,592.28</b>	<b>3,693,160.09</b>	<b>4,989,412.49</b>	<b>5,053,586.38</b>	<b>5,234,467.40</b>
<b>Business-type activities</b>										
Invested in capital assets	1,990.15	430.26	245.34	60.42	4,478.00	4,030.20	3,582.40	3,134.60	2,686.80	2,239.00
Unrestricted	1,615.97	2,089.42	7,591.92	15,335.03	(3,961.15)	(732.86)	(5,396.43)	1,159.61	2,969.88	1,964.39
<b>Total business-type activities net position</b>	<b>3,606.12</b>	<b>2,519.68</b>	<b>7,837.26</b>	<b>15,395.45</b>	<b>516.85</b>	<b>3,297.34</b>	<b>(1,814.03)</b>	<b>4,294.21</b>	<b>5,656.68</b>	<b>4,203.39</b>
<b>District-wide</b>										
Invested in capital assets	3,796,620.66	3,890,380.52	3,860,214.38	3,865,652.37	3,843,077.81	3,808,992.79	3,900,224.51	4,554,613.49	4,695,156.55	5,885,288.96
Restricted	85,884.25	16,324.66	85,429.98	103,010.22	218,012.66	335,383.64	458,793.79	1,205,297.00	1,159,791.78	1,339,387.51
Unrestricted	(101,827.68)	(303,427.50)	(232,752.34)	(62,137.99)	(102,818.85)	(49,486.81)	(667,672.24)	(766,203.79)	(795,705.27)	(1,986,005.68)
<b>Total district net position</b>	<b>\$ 3,780,677.23</b>	<b>3,603,277.68</b>	<b>3,712,892.02</b>	<b>3,906,524.60</b>	<b>3,958,271.62</b>	<b>4,094,889.62</b>	<b>3,691,346.06</b>	<b>4,993,706.70</b>	<b>5,059,243.06</b>	<b>5,238,670.79</b>

\* Net position was restated as of June 30, 2014 as required by implementation of GASB 68.

Source: CAFR Schedule A-1

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Changes in Net Position, Last Ten Fiscal Years**  
*Unaudited*

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	1,585,339.53	1,488,179.84	1,021,870.00	1,306,253.29	1,488,612.63	1,408,027.19	1,540,622.84	2,355,644.42	2,368,961.49	2,338,331.70
Special education	259,474.20	252,001.62	388,007.28	254,445.38	312,958.79	319,473.64	322,622.20	224,132.84	238,235.28	232,834.31
School Activities	8,183.18	6,888.94	5,000.00	7,832.50	7,880.00	10,223.98	14,360.29	75,486.07	79,638.32	117,791.78
Other Instruction										9,935.30
Support Services:										
Tuition	1,226,701.03	1,496,011.21	1,689,982.83	1,414,965.83	1,262,352.68	1,246,322.16	1,122,655.39	627,909.59	936,468.12	797,157.31
Student & instruction related services	445,192.44	472,506.41	420,594.97	451,728.67	441,465.78	452,117.02	426,688.67	555,987.61	667,175.22	594,087.40
General administrative services	97,208.39	94,875.02	103,602.70	109,534.24	116,421.10	110,389.14	149,014.56	194,727.03	173,425.05	162,606.87
School administrative services	145,716.90	150,979.57	147,186.44	145,981.89	144,505.43	122,362.71	135,615.21	200,323.95	195,736.51	304,278.46
Central Services	125,468.53	112,781.37	89,995.58	105,489.24	111,659.62	106,801.12	114,117.36	121,602.57	105,164.83	105,164.83
Plant operations and maintenance	379,252.53	323,007.18	302,302.72	340,122.21	469,028.04	480,158.62	384,794.25	377,311.42	395,957.36	683,426.79
Pupil transportation	312,891.19	303,017.13	11,622.00	226,035.78	201,293.67	243,779.47	249,402.21	267,684.80	276,796.19	263,537.48
Capital outlay				7,027.00	9,644.00	14,871.00	14,871.00	14,871.00	14,871.00	25,819.97
Charter School								16,738.00	55,314.00	
Interest on Debt	40,513.62	36,413.62	32,313.62	28,213.62	24,113.61	24,113.62	15,913.62	48,348.38	46,935.01	
Depreciation	136,716.13	138,100.20	143,138.05	135,648.09	133,033.14	133,637.22	130,499.62	134,504.03	134,504.01	
Total governmental activities expenses	4,762,657.67	4,874,742.11	4,606,043.90	4,533,277.74	4,722,988.48	4,672,246.89	4,621,157.22	5,215,251.71	5,689,172.39	5,529,807.37
Business-type activities:										
Food Service	93,473.32	87,275.21	95,555.27	96,161.87	99,458.12	87,691.10	104,593.00	108,925.75	114,485.67	102,116.20
Community Service Programs	93,473.32	87,275.21	95,555.27	96,161.87	99,458.12	87,691.10	104,593.00	108,925.75	114,485.67	17,006.94
Total business-type activities expense	186,946.64	174,550.42	191,110.54	192,323.74	198,916.24	175,382.20	209,186.00	217,851.50	228,971.34	119,123.14
Total district expenses	4,856,130.99	4,962,017.32	4,701,599.17	4,629,439.61	4,822,426.61	4,759,937.99	4,725,750.22	5,324,177.46	5,803,658.06	5,648,930.51
<b>Program Revenues</b>										
Governmental activities:										
Charges for service										35.00
Operating grants and contributions	402,769.89	987,832.30	498,788.03	525,106.65	428,562.76	382,807.78	837,903.93	1,144,823.11	1,214,957.48	1,102,865.71
Total governmental activities program revenues	402,769.89	987,832.30	498,788.03	525,106.65	428,562.76	382,807.78	837,903.93	1,144,823.11	1,214,957.48	1,102,900.71
Business-type activities:										
Charges for services										
Food Service	58,503.39	44,281.34	62,365.66	68,119.82	67,105.38	54,804.60	64,706.35	67,604.30	77,376.76	56,234.07
Community Service Programs	267,866.37	36,894.48	29,059.87	24,936.00	33,070.79	31,295.49	32,264.11	41,413.84	38,296.93	15,975.00
Operating grants and contributions	85,289.76	81,175.82	91,425.53	93,055.82	100,176.17	86,100.09	96,970.46	109,018.14	115,673.69	45,436.50
Total business type activities program revenues	488,059.65	1,069,008.12	590,193.56	618,162.47	528,738.93	488,907.87	934,874.39	1,253,841.25	1,330,631.17	117,645.57
Total district program revenues										1,220,546.28

**CITY OF ESTELLE MANOR SCHOOL DISTRICT**  
**Changes in Net Position, Last Ten Fiscal Years**  
*Unaudited*

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Net (Expense)/Revenue</b>										
Governmental activities	(4,359,887.78)	(3,886,909.81)	(4,107,275.87)	(4,008,171.09)	(4,294,405.73)	(4,289,439.11)	(3,783,253.29)	(4,070,428.60)	(4,474,214.91)	(4,474,214.91)
Business-type activities	(8,183.56)	(6,099.39)	(4,129.74)	(3,106.05)	718.05	(159,101)	(7,622.54)	92.39	1,188.02	(1,477.57)
Total district-wide net expense	<u>(4,368,071.34)</u>	<u>(3,893,009.20)</u>	<u>(4,111,405.61)</u>	<u>(4,011,277.14)</u>	<u>(4,293,687.68)</u>	<u>(4,291,030.12)</u>	<u>(3,790,875.83)</u>	<u>(4,070,336.21)</u>	<u>(4,473,026.89)</u>	<u>(4,475,692.48)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	2,087,896.00	2,161,608.00	2,430,006.00	2,356,613.00	2,375,949.00	2,375,949.00	2,367,749.00	2,373,649.00	2,369,139.04	2,354,957.00
Unrestricted grants and contributions	1,922,494.41	1,531,385.00	1,774,301.00	1,820,009.00	1,965,957.00	2,021,503.00	1,617,439.80	2,966,086.87	2,135,858.00	2,212,987.96
Transportation Fees										
Investment earnings	3,648.20	1,963.61	2,039.63	975.00	1,150.33	73.96	321.70	50.00	1,270.06	-
Miscellaneous income	43,404.06	20,652.62	14,671.88	27,302.80	2,361.74	30,124.06	27,813.78	32,895.13	32,121.70	20,494.72
Debt service assessment										
Special items										
Transfers	(5,132.19)	(5,012.85)	(9,445.58)	(10,654.32)	15,613.27	(4,373.40)	(2,500.00)	(6,000.00)	4,538,388.80	-
Total governmental activities	<u>4,052,310.48</u>	<u>3,710,596.38</u>	<u>4,211,572.93</u>	<u>4,194,245.48</u>	<u>4,381,031.34</u>	<u>4,423,276.62</u>	<u>4,010,824.28</u>	<u>5,366,681.00</u>	<u>4,538,388.80</u>	<u>4,588,439.68</u>
Business-type activities:										
Investment earnings	91.25	0.10	1.74	9.89	16.62	1.10	11.17	15.85	174.45	24.28
Other adjustments										
Transfers	5,132.19	5,012.85	9,445.58	10,654.32	(15,613.27)	4,373.40	2,500.00	6,000.00	-	-
Total business-type activities	<u>5,223.44</u>	<u>5,012.95</u>	<u>9,447.32</u>	<u>10,664.21</u>	<u>(15,596.65)</u>	<u>4,374.50</u>	<u>2,511.17</u>	<u>6,015.85</u>	<u>174.45</u>	<u>24.28</u>
Total district-wide	<u>4,057,533.92</u>	<u>3,715,609.33</u>	<u>4,221,020.25</u>	<u>4,204,909.69</u>	<u>4,345,434.69</u>	<u>4,427,651.12</u>	<u>4,013,335.45</u>	<u>5,372,696.85</u>	<u>4,538,563.25</u>	<u>4,588,463.96</u>
<b>Change in Net Position</b>										
Governmental activities	(307,577.30)	(176,313.43)	104,297.06	186,074.39	66,625.61	133,837.51	227,570.99	1,296,252.40	64,173.89	64,173.89
Business-type activities	(2,960.12)	(1,086.44)	5,317.58	7,558.16	(14,878.60)	2,783.49	(5,111.37)	6,108.24	1,362.47	(1,453.29)
Total district	<u>(310,537.42)</u>	<u>(177,399.87)</u>	<u>109,614.64</u>	<u>193,632.55</u>	<u>51,747.01</u>	<u>136,621.00</u>	<u>222,459.62</u>	<u>1,302,360.64</u>	<u>65,536.36</u>	<u>62,720.60</u>

Source: CAFR Schedule A-2

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
**Unaudited**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Restricted			16,015.14	58,459.19	184,762.62	315,868.57	365,464.65	779,097.97	1,086,895.90	1,130,908.31
Assigned			69,415.15	44,551.34	33,250.35	19,515.38	18,934.95	290,777.85	44,100.63	150,857.99
Unassigned			(14,273.70)	69,764.00	72,115.00	45,769.94	62,040.00	57,723.00	56,567.00	45,869.00
Reserved	76,931.48	16,324.66								
Unreserved	99,310.44	(51,985.10)								
Total general fund	176,241.92	(35,660.44)	71,156.59	172,774.53	290,127.97	381,153.89	446,439.60	1,127,598.82	1,187,563.53	1,327,635.30
All Other Governmental Funds										
Restricted			(0.31)	(0.31)	(0.31)	(0.31)	74,394.19	135,421.18	28,795.25	28,810.57
Reserved	1.69									
Unreserved, reported in:										
Special revenue fund										
Capital Projects	11,876.42									
Debt Service										
Total all other governmental funds	11,878.11	(0.31)	(0.31)	(0.31)	(0.31)	(0.31)	74,394.19	135,421.18	28,795.25	28,810.57

Source: CAFR Schedule B-1

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*Unaudited*

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax levy	2,087,896.00	2,161,608.00	2,430,006.00	2,356,613.00	2,375,949.00	2,375,949.00	2,367,749.00	2,373,649.00	2,369,139.04	2,374,305.00
Tuition charges										35.00
Interest earnings	3,648.20	1,963.61	2,039.63	975.00	1,150.33	73.96	321.70	50.00	1,270.06	
Miscellaneous	43,404.06	20,652.62	14,671.88	27,302.80	2,361.74	30,124.06	27,813.78	32,894.43	37,529.70	20,494.72
Local sources										15.08
Slate sources	2,195,267.49	2,045,003.29	2,085,923.28	2,204,202.64	2,268,860.52	2,295,061.21	2,352,465.30	3,178,847.87	2,474,829.17	2,532,012.96
Federal sources	129,996.81	474,214.00	187,145.75	140,913.01	125,659.24	109,249.57	102,878.43	102,209.34	120,650.31	63,026.64
Total revenue	4,460,212.96	4,703,441.52	4,719,786.54	4,730,006.45	4,773,980.83	4,810,457.80	4,851,228.21	5,687,690.64	5,003,418.28	4,989,889.40
<b>Expenditures</b>										
Instruction										
Regular instruction	1,166,415.06	1,075,375.28	746,505.31	936,522.31	1,041,760.57	1,107,898.40	1,090,031.43	1,176,923.99	1,247,826.28	1,223,699.84
Special education instruction	192,716.15	185,937.47	276,571.30	174,656.59	223,853.91	238,759.30	227,961.24	113,102.85	125,759.08	121,847.26
Other special instruction										61,643.00
Other instruction	8,183.18	6,868.94	5,000.00	7,832.50	7,880.00	10,223.98	14,360.29	75,486.07	79,638.32	5,199.36
Nonpublic school programs										
Support Services:										
Tuition	1,226,701.03	1,496,011.21	1,669,982.83	1,414,965.83	1,262,352.68	1,246,322.16	1,122,655.39	627,909.59	936,458.12	749,682.31
Student & Instruction related services	330,652.42	348,635.25	299,799.78	310,075.94	315,772.70	337,890.61	301,479.32	280,554.70	352,186.89	310,898.86
General administrative services	72,198.42	70,002.81	73,847.93	75,186.58	83,273.96	82,477.14	105,292.02	98,263.97	91,547.21	98,610.18
School Administrative services	108,226.56	111,399.12	104,893.00	100,205.00	103,362.19	91,448.03	95,824.19	101,088.31	103,324.93	184,524.52
Central Services	125,468.53	112,781.37	89,995.58	105,489.24	111,659.62	106,801.12	114,117.36	121,602.57	105,164.83	-
Plant operations and maintenance	379,252.53	323,007.18	302,302.72	340,122.21	469,028.04	467,443.62	384,794.25	377,311.42	395,957.36	439,244.28
Pupil transportation	312,891.19	303,017.13	270,457.71	226,035.78	201,293.67	243,779.47	249,402.21	267,684.80	276,796.19	263,537.48
Unallocated employee benefits	647,851.69	636,472.06	605,030.94	729,399.79	703,760.32	628,270.65	748,121.66	864,729.05	922,921.77	1,119,655.46
Capital outlay	19,745.83	112,868.66	24,778.83	66,984.42	22,085.00	27,586.00	137,050.64	1,928,211.11	180,365.87	13,383.00
Debt Service	142,558.00	138,458.00	134,358.00	130,258.00	126,158.00	126,158.00	117,958.00	123,858.00	176,818.65	210,401.76
Charter Schools								16,738.00	55,314.00	47,475.00
Total expenditures	4,732,860.59	4,920,834.48	4,603,523.93	4,617,734.19	4,672,240.66	4,715,058.48	4,709,048.00	6,173,464.43	5,050,079.50	4,849,802.31
Excess (Deficiency) of revenues over (under) expenditures	(272,648.03)	(217,392.96)	116,262.61	112,272.26	101,740.17	95,399.32	142,180.21	(485,813.79)	(46,661.22)	140,087.09
<b>Other Financing sources (uses)</b>										
City of Estel Manor Bond Proceeds								1,234,000.00		
Transfers out	(5,132.19)	(6,387.82)	(9,445.58)	(10,654.32)	(10,654.32)	(4,373.40)	(2,500.00)	(6,000.00)		
Total other financing sources (uses)	(5,132.19)	(6,387.82)	(9,445.58)	(10,654.32)	(10,654.32)	(4,373.40)	(2,500.00)	1,228,000.00		
Net change in fund balances	(277,780.22)	(223,780.78)	106,817.03	101,617.94	91,085.85	91,025.92	139,680.21	742,186.21	(46,661.22)	140,087.09
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: CAFR Schedule B-2

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**General Fund Other Local Revenue by Source**  
**Last Ten Fiscal Years**  
*Unaudited*

Fiscal Year Ended June 30,	Interest on Investments	Prior Year Refunds	Misc.	Total
2009	3,648.20		43,404.06	47,052.26
2010	1,963.61		20,652.62	22,616.23
2011	2,039.63		14,671.88	16,711.51
2012	975.00		27,302.80	28,277.80
2013	1,150.33		2,361.74	3,512.07
2014	73.96		30,124.06	30,198.02
2015	321.70		27,813.78	28,135.48
2016	50.00		32,894.43	32,944.43
2017	1,270.06		37,529.70	38,799.76
2018	388.02		20,106.70	20,494.72

Source: District Records



**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
*Unaudited*

Fiscal Year Ended June 30,	Vacant Land		Residential		Total Assessed Value	Taxable value of Locally Assessed Personal Property		Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2009	39,713,500		78,759,400		118,472,900	414,123			118,887,023	1.818	226,106,928
2010	39,708,500		79,288,600		118,997,100	427,499			119,424,599	2.035	214,560,903
2011	39,633,100		79,452,500		119,085,600	382,112			119,467,712	1.972	191,426,642
2012	39,361,300		79,340,200		118,701,500	370,539			119,072,039	1.995	184,865,888
2013	38,431,500		79,384,000		117,815,500	339,362			118,154,862	2.007	175,530,386
2014	49,899,900		104,098,900		153,998,800	383,296			154,382,096	1.534	163,726,382
2015	50,024,100		104,105,500		154,129,600	385,512			154,515,112	1.536	164,116,482
2016	50,076,800		104,533,800		154,610,600				154,610,600	1.528	167,876,529
2017	49,873,300		104,047,800		153,921,100			398,273	153,921,100	1.539	160,066,269
2018	49,557,600		104,159,200		153,716,800				154,115,073	1.541	161,216,741

Source: District records Tax list summary & Municipal Tax Assess

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

**Note:**

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

**b** Tax rates are per \$100

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Direct and Overlapping Property Tax Rates**  
**Rate per \$100 of Assessed Value**  
**Last Ten Fiscal Years**  
*Unaudited*

Fiscal Year Ended June 30,	City of Estell Manor Board of Education			City of Estell Manor			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	City of Estell Manor	Local Municipal Library c	Atlantic County	
2009	1.818		1.818	0.135		0.571	2.524
2010	2.035		2.035	0.282		0.575	2.892
2011	1.972		1.972	0.282		0.581	2.835
2012	1.995		1.995	0.282		0.582	2.859
2013	2.007		2.007	0.281		0.699	2.987
2014	1.534		1.534	0.253		0.507	2.294
2015	1.536		1.536	0.299		0.530	2.365
2016	1.528		1.528	0.308		0.559	2.395
2017	1.539		1.539	0.297		0.580	2.416
2018	1.541		1.541	0.299		0.581	2.421

Source: District Records and Municipal Tax Collector

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

- Note:**
- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable
  - b** Rates for debt service are based on each year's requirements
  - c** Effective with the 2011 tax year the amount to be raised by taxation to fund municipal free libraries is displayed separately on the tax bill and the municipal tax levy and rate is reduced by this amount. Previously, the library tax was combined with the local tax levy on the tax bill

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Principal Property Tax Payers,**  
**Current Year and Nine Years Ago**  
*Unaudited*

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
MHC Mays Landing LLC	1,122,000	1	0.73%	Information not available		
176 Route 50 LLC	933,100	2	0.61%			
Campground of Pleasant Valley	750,000	3	0.49%			
Taxpayer #1	726,600	4	0.47%			
170 Route 50, LLC	716,800	5	0.47%			
Taxpayer #2	519,100	6	0.34%			
MHS LLC	426,100	7	0.28%			
Taxpayer #3	391,800	8	0.25%			
Taxpayer #4	385,000	9	0.25%			
Taxpayer #5	375,800	10	0.24%			
<b>Total</b>	<b>6,346,300</b>		<b>4.12%</b>	<b>-</b>		<b>0.00%</b>

Total Assessed Value 154,115,073

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

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Property Tax Levies and Collections,**  
**Last Ten Fiscal Years**  
*Unaudited*

Fiscal Year Ended June 30,	Taxes Levied for	Collected within the Fiscal Year of		Collections in Subsequent Years
	the Fiscal Year	Amount	Percentage of Levy	
2009	2,087,896.00	2,087,896.00	100%	-
2010	2,161,608.00	2,161,608.00	100%	-
2011	2,430,006.00	2,430,006.00	100%	-
2012	2,356,613.00	2,356,613.00	100%	-
2013	2,375,949.00	2,375,949.00	100%	-
2014	2,375,949.00	2,375,949.00	100%	-
2015	2,367,749.00	2,367,749.00	100%	-
2016	2,373,649.00	2,373,649.00	100%	-
2017	2,369,139.04	2,369,139.04	100%	-
2018	2,354,957.00	2,354,957.00	100%	-

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

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

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**Unaudited**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities			Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2009	938,000.00	-	-	-	-	-	938,000.00	0.06%	547
2010	838,000.00	-	-	-	-	-	838,000.00	0.06%	486
2011	738,000.00	-	-	-	-	-	738,000.00	0.06%	426
2012	638,000.00	-	-	-	-	-	638,000.00	0.06%	369
2013	538,000.00	-	-	-	-	-	538,000.00	0.06%	309
2014	438,000.00	-	-	-	-	-	438,000.00	0.06%	251
2015	338,000.00	-	-	-	-	-	338,000.00	0.06%	195
2016	1,462,000.00	-	-	-	-	-	1,462,000.00	0.06%	848
2017	1,352,000.00	-	-	-	-	-	1,352,000.00	0.06%	787
2018	1,184,000.00	-	-	-	-	-	1,184,000.00	0.06%	688

Source: District CAFR Schedules I-1 and City's Annual Debt Statement

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

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
*Unaudited*

General Bonded Debt Outstanding					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2009	938,000.00	-	938,000.00	0.007889843	547
2010	838,000.00	-	838,000.00	0.70%	486
2011	738,000.00	-	738,000.00	0.62%	426
2012	638,000.00	-	638,000.00	0.54%	369
2013	538,000.00	-	538,000.00	0.46%	309
2014	438,000.00	-	438,000.00	0.28%	251
2015	338,000.00	-	338,000.00	0.22%	195
2016	1,462,000.00	-	1,462,000.00	0.95%	848
2017	1,352,000.00	-	1,352,000.00	0.88%	787
2018	1,184,000.00	-	1,184,000.00	0.77%	688

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

- a** See Exhibit NJ J-6 for property tax data.
- b** Population data can be found in Exhibit NJ J-14.

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Ratios of Overlapping Governmental Activities Deb**  
**As of June 30, 2018**  
**Unaudited**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
City of Estell Manor	\$ -	100.00%	-
Atlantic County	155,902,988.00	0.05%	81,091.27
<b>Other debt</b>			
None			
Subtotal, overlapping deb			<u>81,091.27</u>
<b>City of Estell Manor School District deb</b>	1,184,000.00	100.00%	<u>1,184,000.00</u>
<b>Total direct and overlapping debt</b>			<u>\$ 1,265,091.27</u>

**Sources:** City of Estell Manor Finance Officer and Atlantic County Finance Office

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

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

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
 Legal Debt Margin Information,  
 Last Ten Fiscal Years  
*Unaudited*

**Legal Debt Margin Calculation for Fiscal Year 2018**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	6,351,122.00	6,487,334.00	6,269,545.00	5,879,344.00	5,879,344.00	5,318,157.00	5,103,963.00	5,009,341.00	4,899,004.84	4,873,651.65
Total net debt applicable to lim	938,000.00	838,000.00	738,000.00	638,000.00	538,000.00	438,000.00	338,000.00	1,462,000.00	1,352,000.00	1,184,000.00
Legal debt margin	5,413,122.00	5,649,334.00	5,531,545.00	5,241,344.00	5,341,344.00	4,880,157.00	4,765,963.00	3,547,341.00	3,547,004.84	3,689,651.65
Total net debt applicable to the lim as a percentage of debt limit	14.77%	12.92%	11.77%	10.85%	9.15%	8.24%	6.62%	29.19%	27.60%	24.29%

	2017	2016	2015
Equalized valuation basis	160,702,756.00	160,035,814.00	166,626,595.00
	160,035,814.00	166,626,595.00	487,365,165.00
	162,455,055.00	4,873,651.65	0.77%
	4,873,651.65	0.77%	4,873,651.64

Source: Abstract of Ratables and District Records CAFR Schedule J-1C



**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**  
*Unaudited*

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2009	1,714	63,625	37,121	9.00%
2010	1,724	66,831	38,765	13.80%
2011	1,732	66,419	38,348	14.10%
2012	1,729	66,229	38,305	14.80%
2013	1,740	69,109	39,718	12.00%
2014	1,742	70,469	40,453	10.10%
2015	1,737	70,953	40,848	8.60%
2016	1,724	72,313	41,945	7.70%
2017	1,717	73,786	42,974	7.70%
2018	1,720	76,117	44,254	8.00%

**Source:**

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

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

c Per Capita Income US Department of Commerce, Bureau of Economic Analysis,  
November 2014

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



**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Full-time Equivalent District Employees by Function/Program**  
**Last Ten Fiscal Years**  
*Unaudited*

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	16.00	16.00
Special educator	2.40	1.60	1.60	1.80	1.80	2.00	2.00	2.00	2.00	2.00
Other special educator										
Other instruction										
Support Services										
Student & instruction related service:										
General administrative service	3.80	3.80	2.10	2.20	2.20	2.20	2.20	2.20	2.50	2.50
School administrative service:	2.60	2.60	0.30	1.30	1.30	1.30	1.30	1.30	1.00	1.00
Business administrative	1.00	1.00	0.80	1.80	1.80	1.80	1.80	1.80	2.00	2.00
Plant operations and maintenanc	1.00	1.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Other	3.50	3.50	2.50	3.10	3.10	3.10	3.10	3.10	3.50	3.50
Food Service										
Child Care	0.90		0.60	0.40	0.40					
<b>Total</b>	<u>32.20</u>	<u>30.50</u>	<u>26.00</u>	<u>28.60</u>	<u>28.60</u>	<u>28.40</u>	<u>28.40</u>	<u>28.40</u>	<u>28.00</u>	<u>28.00</u>

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

**Source: District Personnel Records**

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
 Operating Statistics  
 Last Ten Fiscal Years  
*Unaudited*

Fiscal Year	Pupil/Teacher Ratio							Student Attendance Percentage				
	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Elementary School	Intermediate School		Middle School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment
2009	207	4,570,557.00	22,079.99	14.67%	19.4				218	199	-7.87%	91.28%
2010	197	4,669,508.00	23,703.09	7.35%	18.6				205	197	-5.96%	96.10%
2011	195	4,444,387.00	22,791.73	-3.84%	18.6				193	190	-5.85%	98.45%
2012	194	4,420,492.00	22,786.04	-0.02%	18.8				194	174	0.52%	89.69%
2013	196	4,523,997.00	23,081.62	1.30%	18.8				189	185	-2.58%	97.88%
2014	174	4,561,314.00	26,214.45	13.57%	19.0				177	168	-6.35%	94.92%
2015	164	4,454,039.00	27,158.77	3.60%	19.0				164	155	-7.34%	94.51%
2016	169	4,127,395.00	24,422.46	-10.08%	19.0				171	162	4.27%	94.74%
2017	175	4,692,895.00	26,816.54	9.80%	18.0				174	162	1.75%	93.10%
2018	184	4,878,995.55	26,516.28	-1.12%	18.0				174	162	0.00%	93.10%

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

Note: Enrollment based on annual October district count.

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

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**School Building Information**  
**Last Ten Fiscal Years**  
*Unaudited*

<u>District Building</u>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Estell Manor Elementary School</b>										
Square Feet	43,366	43,366	43,366	43,366	43,366	43,366	43,366	43,366	43,366	43,366
Capacity (students)	877	877	877	877	877	877	877	877	877	877
Enrollment	207	197	193	194	196	177	164	171	174	184

Number of Schools at June 30, 2018  
 Elementary Schools - 1

Source: District records, ASSA

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Required Maintenance for School Facilities**  
**Last Ten Years**  
*Unaudited*

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

School Facilities	Project #	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>School Facilities</b>											
Estell Manor School	N/A	142,609.00	90,449.00	93,490.00	94,694.00	206,347.00	116,305.00	116,671.00	119,423.00	98,421.00	106,629.12
Grand Total		<u>142,609.00</u>	<u>90,449.00</u>	<u>93,490.00</u>	<u>94,694.00</u>	<u>206,347.00</u>	<u>116,305.00</u>	<u>116,671.00</u>	<u>119,423.00</u>	<u>98,421.00</u>	<u>106,629.12</u>

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2018**  
**Unaudited**

	Coverage	Deductible
Atlantic and Cape May Counties School		
Business Officials Joint Insurance Function		
Property, Inland Marine and Automobile Physical Damage:		
Limit of Liability - Per Occurrence	\$ 150,000,000	
ACCASBOJIF Self Insured Retention - Per Occurrence	250,000	
Member District Deductible		\$ 500.00
Property Valuation		
Buildings and Contents	Replacement Cost	
Contractors Equipment	Actual Cash Value	
Automobiles	Replacement Cost	
Boiler and Machinery		
Limit of Liability	125,000,000	
ACCASBOJIF Self Insured Retention	None	
Member District Deductible		1,000.00
Crime		
Limit of Liability	500,000	
ACCASBOJIF Self Insured Retention	250,000	
Member District Deductible		500.00
General and Automobile Liability		
Limit of Liability	15,000,000	
ACCASBOJIF Self Insured Retention	250,000	
Member District Deductible		-
Workers Compensation		
Limit of Liability	Statutory	
ACCASBOJIF Self Insured Retention	250,000	
Member District Deductible		-
Educator's Legal Liability		
Limit of Liability	15,000,000	
ACCASBOJIF Self Insured Retention	175,000	
Member District Deductible		-
Pollution Legal Liability		
Limit of Liability	3,000,000	
ACCASBOJIF Self Insured Retention	None	
Member District Deductible		25,000.00
Cyber Liability		
Limit of Liability	1,000,000	
ACCASBOJIF Self Insured Retention	None	
Member District Deductible		25,000.00
Western Surety Company		
Surety Bonds		
Treasurer	200,000	
Board Secretary/Business Administrator	148,000	

Source: District Records.

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## **Single Audit Section**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and  
Members of the Board of Education  
City of Estell Manor School District  
County of Atlantic, 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, the financial statements of the governmental activities, and each major of the City of Estell Manor School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon date January 25, 2019.

### **Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

*Michael S. Garcia*  
Michael S. Garcia  
Certified Public Accountant  
Licensed Public School Accountant  
No. 2080

January 25, 2019



### Independent Auditor's Report

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

#### **Report on Compliance for Each Major Federal and State Program**

We have audited the City of Estell Manor School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the New Jersey *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the City of Estell Manor School District's major federal and state programs for the year ended June 30, 2018. The City of Estell Manor School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal and State Program***

In our opinion, the City of Estell Manor School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2018.

### **Report on Internal Control Over Compliance**

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

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

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

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

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

*Michael S. Garcia*  
Michael S. Garcia  
Certified Public Accountant  
Licensed Public School Accountant  
No. 2080

January 25, 2019

**CITY OF ESTELL MANOR SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2018**

Federal Center/Pass-Through Center/ Program Title	Federal Number	Federal Number	Grant or State Project Number	Grant Period	Program Amount	Balance June 30, 2017	Contract Amount	Cash Received	Budgetary Expenditures		(MEMO) Payroll Through to Sub-Expenses	Adjustments	Repayment of Prior Years Balances	Accounts Receivable	Balance at June 30, 2018	Due to Grantor
									Pass Through	Direct						
<b>U. S. Department of Agriculture</b>																
<b>Passed-through State Department of Education:</b>																
Emergency Food Program	10.555				9,489.91 \$			9,489.91	(9,489.91)							
Emergency Food Program	10.553		N/A	7/1/17 - 6/30/18	7,930.46	(440.47)	440.47	440.47								
School Breakfast Program	10.553		N/A	7/1/16 - 6/30/18	8,847.95	(1,254.34)	1,254.34	8,304.35	(8,847.95)					(543.60)		
National School Lunch Program	10.555		N/A	7/1/16 - 6/30/17	21,895.82			24,561.55	(26,172.67)					(1,611.12)		
National School Lunch Program	10.555		N/A	7/1/17 - 6/30/18	26,172.67											
Total U.S. Department of Agriculture						(1,684.81)		44,050.62	(44,510.53)					(2,154.72)		
<b>U.S. Department of Education</b>																
<b>Passed-through State Department of Education:</b>																
Special Revenue Fund:																
ESSA																
Title I, Part A	84.010	S010A150030	NCLB302017	7/1/16 - 6/30/17	64,566.00	(16,368.86)	7,533.00					482.54		(10,354.32)		
Title I, Part A	84.010	S010A150030	NCLB302018	7/1/17 - 6/30/18	43,765.00									(38,557.09)		
Title II, Part A, Teachers & Principals Training	84.367A	S367A150029	NCLB302017	7/1/16 - 6/30/17	15,630.00	(5,998.93)								(5,096.93)		
Title II, Part A, Teachers & Principals Training	84.367A	S367A150029	NCLB302018	7/1/17 - 6/30/18	6,502.00									(6,300.82)		
Subtotal ESSA					10,000.00	(24,366.79)	7,533.00					482.54		(64,259.62)		
I.D.E.A. Part B - Basic	84.027	H027A150100	FT05	7/1/17 - 6/30/18	60,154.00											
I.D.E.A. Part B - Preschool	84.173	H173A150114	FT05	7/1/17 - 6/30/18												
Total Special Revenue Fund						(24,366.79)	7,533.00					482.54		(64,259.62)		
Total Federal Financial Awards					\$	(26,051.60)	51,535.62					482.54		(66,694.34)		

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



**CITY OF ESTELL MANOR SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017			Balance at June 30, 2018			MEMO		
				Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable
<b>State Department of Education</b>												
General Fund:												
Categorical Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	167,247.00	\$			167,247.00	(167,247.00)			16,017.00	167,247.00
Equalization Aid		7/1/17-6/30/18	1,604,756.00				1,604,756.00	(1,604,756.00)			153,662.00	1,604,756.00
Categorical Security Aid	18-495-034-5120-084	7/1/17-6/30/18	36,675.00				36,675.00	(36,675.00)			3,512.00	36,675.00
Categorical Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	45,514.00				45,514.00	(45,514.00)			4,369.00	45,514.00
Paroc Readiness Aid	18-495-034-5120-088	7/1/17-6/30/18	2,340.00				2,340.00	(2,340.00)			224.00	2,340.00
Per Pupil Growth aid	18-495-034-5120-087	7/1/17-6/30/18	2,340.00				2,340.00	(2,340.00)			224.00	2,340.00
Prof Learning Comm Aid	18-495-034-5120-101	7/1/17-6/30/18	1,980.00				1,980.00	(1,980.00)			190.00	1,980.00
School Choice	18-495-034-5120-044	7/1/17-6/30/18	273,730.00				273,730.00	(273,730.00)			26,214.00	273,730.00
On-Behalf TPAF Pension	18-495-034-5094-003	7/1/17-6/30/18	319,025.00				319,025.00	(319,025.00)				319,025.00
Reimbursed Non Public Transportation Aid	N/A	7/1/16-6/30/17	348.00		(348.00)							348.00
Reimbursed Non Public Transportation Aid	N/A	7/1/17-6/30/18	290.00				290.00	(290.00)				290.00
Reimbursed TPAF Social Security Contributions	18-495-034-5095-006	7/1/17-6/30/18	89,101.96		(70.06)		89,031.50	(89,101.96)			(71.46)	89,101.96
Reimbursed TPAF Social Security Contributions	17-495-034-5095-006	7/1/16-6/30/17	94,222.00				70.06					94,222.00
<b>Total General Fund</b>				(418.06)	-	-	2,543,057.56	(2,543,000.96)	(361.46)	-	204,422.00	2,637,670.96
<b>Capital Projects Fund:</b>												
SDA Grant - HVAC	G5-4792	7/1/15-6/30/17	501,481.00	(25,073.86)								25,073.86
SDA Grant - Roof	G5-4793	7/1/15-6/30/17	196,235.10	(9,811.75)								9,811.75
SDA Grant - Emergency Generator	G5-6155	7/1/15-6/30/17	42,651.00	(1,919.10)								1,919.10
<b>Total Capital Fund</b>				(36,804.71)	-	-	-	-	(36,804.71)	-	-	36,804.71
<b>Enterprise Fund:</b>												
National School Lunch Program (State Share)	18-100-010-3350-023	7/1/17-6/30/18	925.97	(45.74)			868.04	(925.97)		(57.93)		925.94
National School Lunch Program (State Share)	17-100-010-3350-023	7/1/16-6/30/17	776.46				45.74					776.46
<b>Total Enterprise Fund</b>				(45.74)	-	-	913.78	(925.97)	(57.93)	-	-	1,702.40
<b>Total State Financial Assistance</b>				(37,268.51)	-	-	2,543,971.34	(2,543,926.93)	(37,224.10)	-	204,422.00	2,676,078.07

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

**City of Estell Manor School District**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 2018**

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97 (A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

See the following schedules and Note 1(D) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. There are no differences in the reporting of the food service funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

**City of Estell Manor School District**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 2018**

	<u>General fund</u>	<u>Food Service Fund</u>	<u>Total</u>
<b>State Assistance:</b>			
Actual amounts (budgetary) “revenues” from the Schedule of Expenditures of State Financial Assistance	2,223,975.96	925.97	2,224,901.93
Difference – budget to “GAAP”			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	193,433.00		193,433.00
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(204,421.00)		(204,421.00)
On behalf payments recognized for GAAP purposes but not included in the Schedule of Expenditures of State Financial Assistance	319,025.00		319,025.00
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>2,532,012.96</u>	<u>925.97</u>	<u>2,532,938.93</u>

**City of Estell Manor School District**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 2018**

	Special Revenue Fund	Food Service Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Federal Assistance:</b>			
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$ 48,175.37	44,510.53	92,685.90
Difference - budget to "GAAP" Grant accounting budgetary basis differs from "GAAP" in that encumbrances are recognized as expenditures, and the related revenue is recognized.	14,851.27		14,851.27
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balance	<u>\$ 63,026.64</u>	<u>44,510.53</u>	<u>107,537.17</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. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amounts reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the district for the year ended June 30, 2018. 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, 2018.

**CITY OF ESTELL MANOR SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**Financial Statement Section**

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
1) Material weakness(es) identified?	_____ yes	_____ <u>X</u> _____ no	
2) Significant deficiency(ies) identified	_____ yes	_____ <u>X</u> _____ no	
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> _____ no	

**Federal Awards Section**

Not Applicable

Internal Control over major programs:			
1) Material weakness(es) identified?	_____ yes	_____ _____ no	
2) Significant deficiency(ies) identified	_____ yes	_____ _____ no	
Type of auditor's report on compliance for major programs	_____		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Uniform Guidance	_____ yes	_____ _____ no	

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:

\_\_\_\_\_

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

**CITY OF ESTELL MANOR SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**State Awards Section**

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 NJ OMB Circular 15-08?

\_\_\_\_\_ yes       X       no

Identification of major programs:

<u>GMS Number(s)</u>	<u>Name of State Program</u>
18-495-034-5120-078	Equalization Aid
18-495-034-5120-089	Special Education Categorical Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-098	PARCC Readiness Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-101	Prof Learning Comm Aid

Dollar threshold used to distinguish between Type A and Type B programs:

\_\_\_\_\_ \$750,000 \_\_\_\_\_

Auditee qualified as low-risk auditee?

      X       yes \_\_\_\_\_ no \_\_\_\_\_

**CITY OF ESTELL MANOR SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDING JUNE 30, 2018**

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

None

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

None

**CITY OF ESTELL MANOR SCHOOL DISTRICT  
SUMMARY OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDING JUNE 30, 2018**

**Status of Prior Year Findings**

None