

**SCHOOL DISTRICT  
OF  
CAPE MAY POINT**

**Cape May Point Board of Education  
Cape May Point, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2011**

# **Comprehensive Annual Financial Report**

**of the**

**Cape May Point Board of Education  
Cape May Point, New Jersey**

**For the Fiscal Year Ended June 30, 2011**

Prepared by

Cape May Point Board of Education  
Finance Department

# CAPE MAY POINT SCHOOL DISTRICT

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**Introductory Section**

# **CAPE MAY POINT BOARD OF EDUCATION**

~ PO Box 143 ~ Cape May Point, New Jersey 08212 ~ (609) 884-8485 ~

October 14, 2011

Honorable President and  
Members of the Board of Education  
Cape May Point School District  
County of Cape May, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Cape May Point School District for the fiscal year ended June 30, 2011 is hereby submitted. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. 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. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial Section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grant, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1. REPORTING ENTITY AND ITS SERVICES:**

Cape May Point School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Cape May Point Board of Education and its school constitute the District's reporting entity.

The District is a sending district and operates no schools and/or facilities. Students are sent on a tuition basis to Cape May City Elementary School for grades PreK-6 and to Lower Cape May Regional School District for grades 7-12. They are sent to the Special Services District when appropriate. The District completed the 2010-11 school year with an enrollment of 6 students. The following details the changes in the student enrollment of the District over the last nine years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-11	6.0	20.00%
2009-10	5.0	66.67%
2008-09	3.0	-25.00%
2007-08	4.0	-33.33%
2006-07	6.0	-25.00%
2005-06	8.0	-20.00%
2004-05	10.0	0.00%
2003-04	10.0	42.86%
2002-03	7.0	-22.22%
2001-02	9.0	12.50%

**2. ECONOMIC CONDITION AND OUTLOOK:**

The Borough of Cape May Point is a relatively affluent area. The majority of taxpayers are summer residents. There is minimal expansion and development occurring at present due to a weak economy and lack of property available for development.

**3. MAJOR INITIATIVES:**

The Cape May Point School District relies on its receiving districts for curriculum, school management and accomplishments of our students. Board members may attend Board meetings of the Cape May City and Lower Cape May Regional districts but have no voting rights at present.

#### **4. INTERNAL ACCOUNTING CONTROLS:**

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

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

#### **5. BUDGETARY CONTROLS:**

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

#### **6. ACCOUNTING SYSTEMS AND REPORTS:**

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

## **7. CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District has adopted a cash management plan 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.

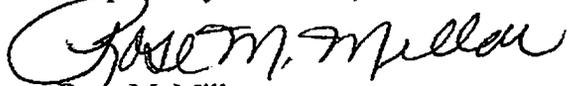
## **8. RISK MANAGEMENT:**

The Board carried various forms of insurance, including but not limited to general liability and fidelity bonds.

## **9. OTHER INFORMATION:**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso & Stewart, LLC, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and New Jersey OMB's Circular 04-04. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Respectfully submitted,

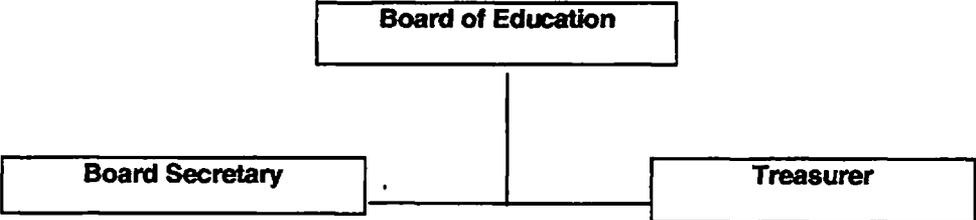


Rose M. Millar

Board Secretary/Business Administrator

**CAPE MAY POINT BOARD OF EDUCATION**

**Organizational Chart  
(UNIT CONTROL)**



**CAPE MAY POINT BOARD OF EDUCATION  
CAPE MAY POINT, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2011**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Alice Gibson - President	2013
Joan Brown - Vice-President	2014
Meredith Scott - Member	2012

**Other Officials**

Rose Millar, Board Secretary &  
School Business Administrator

Francine Springer, Treasurer of School Monies

**CAPE MAY POINT SCHOOL DISTRICT  
Consultants and Advisors**

**Audit Firm**

Inverso & Stewart, LLC  
12000 Lincoln Drive West, Suite 402  
Marlton, NJ 08053

**Official Depository**

Cape Savings Bank  
225 North Main Street  
Cape May Court House, NJ 08210

**Financial Section**

# ***INVERSO & STEWART, LLC***

**Certified Public Accountants  
Registered Municipal Accountants**

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Marlton, New Jersey 08053  
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E-Mail: [lscpas@concentric.net](mailto:lscpas@concentric.net)

**-Member of-  
American Institute of CPAs  
New Jersey Society of CPAs**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and Members  
of the Board of Education  
Cape May Point School District  
County of Cape May  
Cape May Point, New Jersey

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 Cape May Point School District, in the County of Cape May, State of New Jersey (School District), as of and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Cape May Point School District, in the County of Cape May, State of New Jersey, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

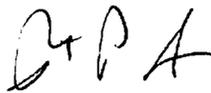
In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2011 on our consideration of the Cape May Point School District, in the County of Cape May, State of New Jersey's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cape May Point School District's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Respectfully submitted,

***INVERSO & STEWART, LLC***  
Certified Public Accountants



Robert P. Inverso  
Certified Public Accountant  
Registered Municipal Accountant

Marlton, New Jersey  
September 2, 2011

# ***INVERSO & STEWART, LLC***

**Certified Public Accountants  
Registered Municipal Accountants**

12000 Lincoln Drive West, Suite 402  
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-Member of-  
American Institute of CPAs  
New Jersey Society of CPAs

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

The Honorable President and Members  
of the Board of Education  
Cape May Point School District  
County of Cape May  
Cape May Point, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Cape May Point School District, in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Cape May Point School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

However, we noted certain matters that we reported to the Board of Education of the Cape May Point School District in a separate report entitled, *Auditors Management Report on Administrative Findings - Financial, Compliance and Performance* dated September 2, 2011.

This report is intended solely for the information and use of the management, the Board of Education, others within the School District, the Division of Finance, Department of Education, State of New Jersey, and other federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

***INVERSO & STEWART, LLC***  
Certified Public Accountants



Robert P. Inverso  
Certified Public Accountant  
Registered Municipal Accountant

Marlton, New Jersey  
September 2, 2011

**Required Supplementary Information - Part I**

**Management's Discussion and Analysis**

**Cape May Point School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

As management of the Board of Education of the Cape May Point School District in Cape May New Jersey, we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Financial Highlights**

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$134,960 (*net assets*).
- Governmental activities have unrestricted net assets of \$122,772.
- The total net assets of the School District decreased by \$11,725, or a 7.99% decrease from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds decreased by \$11,725 resulting in an ending fund balance of \$134,960. This decrease is due to the results of operations of the general fund.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**District-wide Financial Statements**

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

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

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

The district-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. The District maintains no Business-type activities.

## **Fund Financial Statements**

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

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

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

The School District maintains one individual governmental fund. The major fund is the General Fund.

The School District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided to demonstrate compliance with budgetary requirements.

*Proprietary funds* are used to present the same functions as the business-type activities presented in the district-wide financial statements. The School District maintains no proprietary funds.

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

## **Notes to the Basic Financial Statements**

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

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains other supplementary information and schedules required by the New Jersey Audit Program, issued by the New Jersey Department of Education.

## **District-wide Financial Analysis**

The assets of the School District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School District. The majority of the current assets are the results of the tax levy and state aid collection process.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2011.

**Cape May Point School District  
Comparative Summary of Net Assets  
As of June 30, 2011 and 2010**

	Governmental Activities	
	2011	2010
<b>Assets:</b>		
Current assets	\$ 135,052	\$ 146,962
Capital assets		
<b>Total assets</b>	<b>135,052</b>	<b>146,962</b>
<b>Liabilities:</b>		
Current Liabilities	92	277
Noncurrent Liabilities		
<b>Total liabilities</b>	<b>92</b>	<b>277</b>
<b>Net assets</b>	<b>\$ 134,960</b>	<b>\$ 146,685</b>
<b>Net assets consist of:</b>		
Restricted net assets	\$ 12,188	\$ 34,224
Unrestricted net assets	122,772	112,461
<b>Net assets</b>	<b>\$ 134,960</b>	<b>\$ 146,685</b>

**Governmental Activities**

Governmental activities decreased the net assets of the School District by \$11,725 during the current fiscal year. Key elements of the decrease in net assets for governmental activities are as follows:

- The decrease is due to the results of operations in the General Fund.

**Cape May Point School District  
Comparative Schedule of Changes in Net Assets  
As of and for the Fiscal Year Ended June 30, 2011 and 2010**

	Governmental Activities	
	2011	2010
Revenues:		
General Revenues:		
Property Taxes	\$ 27,620	\$ 27,620
Unrestricted State Aid	28,940	19,726
Other Revenues	<u>895</u>	<u>2,549</u>
Total Revenues	<u>57,455</u>	<u>49,895</u>
Expenses:		
Governmental Activities:		
Tuition	44,610	27,032
Related Services		
Administrative		
Services	6,876	8,615
Central Services	8,842	8,773
Transportation	7,452	4,728
Employee benefits	<u>1,400</u>	<u>802</u>
Total Expenses	<u>69,180</u>	<u>49,950</u>
Increase in net assets		
Before transfers	(11,725)	(55)
Transfers		
Changes in net assets	<u>(11,725)</u>	<u>(55)</u>
Net assets, July 1,	<u>146,685</u>	<u>146,740</u>
Net assets, June 30,	<u>\$ 134,960</u>	<u>\$ 146,685</u>

**Financial Analysis of the Governmental Funds**

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds* - The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$134,960, a decrease of \$11,725 in comparison with the prior year.

The unreserved fund balance for the School District at the end of the fiscal year includes an unassigned fund balance for the General Fund of \$89,718, assigned to subsequent year's expenditures of \$33,054 and a reserve for emergencies of \$12,188.

### **General Fund Budgetary Highlights**

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$92,367 and total fund balance (budgetary basis) was \$137,609. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$69,180. Unreserved fund balance (budgetary basis) represents 133.52% of expenditures and total fund balance (budgetary basis) represents 198.91% of that same amount.

### **Capital Assets**

The School District does not have any capital assets.

### **Debt Administration**

At June 30, 2011, the District did not have outstanding debt issues.

### **For the Future**

The Cape May Point School District is in good financial condition presently. Cape May Point is a residential community, with few large ratables; thus the burden is focused on homeowners to share the tax burden. The 2011-2012 Budget reflects an increase in the local tax levy of \$9,380 which represents a slight increase in the tax rate.

In conclusion, the Cape May Point School District has committed itself to financial excellence. The School District plans to continue its sound fiscal management to meet the challenges of the future.

### **Requests for Information**

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Cape May Point School District Business Administrator, P.O. Box 143, Cape May Point, NJ 08212.

**Basic Financial Statements**

## District-Wide Financial Statements

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

**CAPE MAY POINT SCHOOL DISTRICT**  
**Statement of Net Assets**  
**June 30, 2011**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$134,904		\$134,904
Accounts Receivable	148		148
<b>Total Assets</b>	<b>135,052</b>	---	<b>135,052</b>
 <b>LIABILITIES:</b>			
Accounts Payable	85		85
Interfund Payable	7		7
<b>Total Liabilities</b>	<b>92</b>	--	<b>85</b>
 <b>NET ASSETS:</b>			
Restricted for:			
General Fund	12,188		12,188
Unrestricted	122,772		122,772
<b>Total Net Assets</b>	<b>\$134,960</b>	---	<b>\$134,960</b>

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

**CAPE MAY POINT SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Support Services:							
Tuition	44,610				(\$44,610)		(44,610)
General administrative services	6,876				(6,876)		(6,876)
Central services	8,842				(8,842)		(8,842)
Pupil transportation	7,452				(7,452)		(7,452)
Employee benefits	1,400				(1,400)		(1,400)
<b>Total Governmental Activities</b>	<b>69,180</b>	---	---	---	<b>(69,180)</b>	---	<b>(69,180)</b>
<b>Business-Type Activities:</b>							
<b>Total Business-Type Activities</b>	---	---	---	---	---	---	---
<b>Total Primary Government</b>	<b>\$69,180</b>	---	---	---	<b>(69,180)</b>	---	<b>(69,180)</b>
<b>General Revenues:</b>							
Taxes:							
Property taxes, levied for general purposes, net					27,620		27,620
Federal and State aid not restricted					28,940		28,940
Miscellaneous income					895		895
<b>Total general revenues, special items, and transfers</b>					<b>57,455</b>	---	<b>57,455</b>
<b>Change in Net Assets</b>					<b>(11,725)</b>	---	<b>(11,725)</b>
<b>Net Assets - July 1</b>					<b>146,685</b>	---	<b>146,685</b>
<b>Net Assets - June 30</b>					<b>\$134,960</b>	---	<b>\$134,960</b>

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

## Fund Financial Statements

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

**CAPE MAY POINT SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

<b>ASSETS</b>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Cash and cash equivalents	\$134,904		\$134,904
Accounts receivable	<u>148</u>		<u>148</u>
<b>Total Assets</b>	<u><b>\$135,052</b></u>	<u>---</u>	<u><b>135,052</b></u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$85		85
Interfund Payable	<u>7</u>		<u>7</u>
<b>Total Liabilities</b>	<u><b>92</b></u>		<u><b>92</b></u>
 <b>Fund Balances:</b>			
<b>Restricted for:</b>			
Emergency reserve	12,188		12,188
<b>Assigned to:</b>			
Subsequent year's expenditures	33,054		33,054
Unassigned	<u>89,718</u>		<u>89,718</u>
<b>Total Fund Balances</b>	<u><b>134,960</b></u>		<u><b>134,960</b></u>
<b>Total Liabilities and Fund Balances</b>	<u><b>\$135,052</b></u>	<u>---</u>	
			<u><b>\$134,960</b></u>
<b>Net assets of governmental activities</b>			

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

**CAPE MAY POINT SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2011**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES:</b>			
Local sources:			
Local tax levy	\$27,620		\$27,620
Miscellaneous	895		895
Total local sources	28,515		28,515
State sources	27,966		27,966
Federal sources	974		974
Total Revenues	57,455	---	57,455
<b>EXPENDITURES:</b>			
Current expense:			
Support services and undistributed costs:			
Tuition	44,610		44,610
Student and instruction related services			
General administrative services	6,876		6,876
Central services	8,842		8,842
Pupil transportation	7,452		7,452
Unallocated benefits	1,400		1,400
Total Expenditures	69,180	---	69,180
Net Change in Fund Balances	(11,725)		(11,725)
Fund Balances - July 1	146,685		146,685
Fund Balances - June 30	\$134,960	---	\$134,960

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

**CAPE MAY POINT SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2011**

Total Net Change in Fund Balances - Governmental Funds (from B-2) (\$11,725)

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

**None**

Change in Net Assets of Governmental Activities (\$11,725)

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

**CAPE MAY POINT SCHOOL DISTRICT**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

	Unemployment Compensation Insurance Trust	Agency Fund
	<u>                    </u>	<u>                    </u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$1,609	
Interfund Receivable	<u>          7</u>	<u>                    </u>
<b>Total assets</b>	<u>          \$1,616</u>	<u>                    -</u>
<b>LIABILITIES:</b>		
Interfund payable		
Due to student groups	<u>                    </u>	<u>                    </u>
<b>Total liabilities</b>	<u>                    </u>	<u>                    -</u>
<b>NET ASSETS:</b>		
Held in trust for unemployment claims and other purposes	<u>          \$1,616</u>	

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

**CAPE MAY POINT SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2011**

	<u>Unemployment Compensation Insurance Trust</u>
<b>ADDITIONS:</b>	
Contributions:	
Employee contributions	<u>\$32</u>
Total Contributions	<u>32</u>
Investment earnings:	
Interest	<u>4</u>
Net investment earnings	<u>4</u>
Total additions	<u>36</u>
<b>DEDUCTIONS:</b>	
Unemployment claims	<u>          </u>
Total deductions	<u>          </u>
Change in net assets	36
Net assets - July 1	<u>1,580</u>
Net assets - June 30	<u><u>\$1,616</u></u>

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

**Cape May Point School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**1. DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY**

The Cape May Point School District (District) is located in Cape May County, New Jersey. It is organized under the Constitution of the State of New Jersey, and is considered a non-operating school district as all students are transported to various other school districts located within the region. Students in grades K through 6 are transported to the Cape May City School District and students in grades 7 through 12 are transported to the Lower Cape May Regional School District. The District is managed under a locally elected Board form of government consisting of three members elected to three-year terms. The terms are staggered so that a least one member's term expires each year. The District sends approximately 4 students.

Criteria for determining if other entities are potential component units which should be reported within the School District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600. The application of these criteria provides for identification of any entities for which the School District is financially accountable and other organizations that the nature and significance of their relationship with the School District are such that exclusion would cause the School District's basic financial statements to be misleading or incomplete.

Based on the application of these criteria, there were no organizations that are considered to be component units.

**Basis of Presentation**

The basic financial statements of the Cape May Point School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989 to its governmental and business-type activities and to its proprietary funds, provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

The School District's basic financial statements consists of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-wide Statements** - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

**Cape May Point School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Financial Statements** - During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

**Governmental Funds** - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

**General Fund** - The general fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

**Fiduciary Funds** - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds (i.e. payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has one fiduciary funds an unemployment compensation trust fund.

**Measurement Focus**

**Government-wide Financial Statements** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets.

**Fund Financial Statements** - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e. revenues) and decreases (i.e. expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

**Cape May Point School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Non-exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within thirty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end; tuition, grants, fees, and rentals.

**Expenses/Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year, if any, is reported in the operating statement as an expense. Unused donated commodities are reported as deferred revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**Budgets/Budgetary Control** - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23A-16.2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

**Cape May Point School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances – governmental funds. Note that the School District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the one or more June state aid payments.

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

Open encumbrances in the special revenue fund, for which the School District has received advances, are reflected in the balance sheet as 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.

**Cash, Cash Equivalents and Investments** - Cash and cash equivalents, for all funds, 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. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A. 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA), a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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.

**Cape May Point School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Tuition Payable** - Tuition charges for the fiscal years ended June 30, 2011 and 2010 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

**Inventories** - Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out basis.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed, and is not recorded since any amounts are considered immaterial to the basic financial statements.

Inventories recorded in the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

**Prepaid Expenses** - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required. This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

**Deferred Expenditures** - Deferred expenditures are disbursements that are made in one period, but are more accurately reflected as an expenditure/expense in the next fiscal period. Unlike prepaid expenses, deferred expenditures are not regularly recurring cost of operations.

**Short-Term Interfund Receivables / Payables** - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as interfunds receivable and/or interfunds payable.

**Capital Assets** - The District is a non-operating school district and does not possess any fixed assets required to be capitalized.

**Compensated Absences** - The District does not offer compensated absences (e.g. unused vacation, sick leave) to its employees.

**Deferred Revenue** - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

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

**Cape May Point School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets** - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

It is the School District's policy to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Fund Equity** - In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

*Restricted fund balance* - This classification reflects constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balances* - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the School District - the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned fund balance* - This classification reflects the amounts constrained by the School District's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Education and the Chief School Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted fund balances are available for use, it is the School District's policy to use externally restricted fund balances first, then unrestricted fund balance - committed, assigned, and unassigned - in order as needed.

**Interfund Activity** - Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Cape May Point School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**2. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** – With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the School District’s deposits may not be returned to it. Although the School District does not have a formal policy regarding custodial credit risk, state statutes requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit. Banks that qualify as public depositories under New Jersey statutes hold cash deposits, with bank balances totaling \$136,512 at June 30, 2011. All deposits are insured by federal depository insurance and/or collateralized with securities held in New Jersey’s multiple financial institution collateral pool as required by N.J.S.A. 17.9-41 et seq.

**3. RECEIVABLES**

All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Receivables as of year-end for the District’s individual major and fiduciary funds, in the aggregate, are as follows:

	<b>General Fund</b>	<b>Fiduciary Fund</b>	<b>Total</b>
State Aid	\$ 148		\$ 148
Other			
<b>Total Accounts Receivable</b>	<b>\$ 148</b>	<b>\$ -</b>	<b>\$ 148</b>

**4. PENSION PLANS**

**Description of Plans** – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). The TPAF and PERS are defined benefit pension plans while the DCRP is a defined contribution pension plan. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

***Teachers' Pension and Annuity Fund (TPAF)***

The Teachers' Pension and Annuity Fund is a cost-sharing contributory defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

**Cape May Point School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**4. PENSION PLANS (CONTINUED)**

***Teachers' Pension and Annuity Fund (TPAF) (Continued)***

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over the several preceding fiscal years.

***Public Employees' Retirement System (PERS)***

The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

The School District is billed annually for its normal contribution plus any accrued liability.

The School District's contributions to the PERS, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>NCGLI Premium</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by District</u>
2011	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
2010	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
2009	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -

***Defined Contribution Retirement Program (DCRP)***

The Defined Contribution Retirement Program is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists. In addition, to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

There were no School District employees enrolled in the DCRP for the fiscal years ended June 30, 2011, 2010 and 2009.

**Cape May Point School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**5. POST-RETIREMENT BENEFITS**

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2010 there were 87,288 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State's contribution rate is based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in Fiscal Year 2009.

The state is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

**6. ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2011, the School District has recognized as revenues and expenditures on-behalf payments made by the State of New Jersey for normal costs and post-retirement costs related to TPAF. The amounts recognized as revenues and expenditures for NCGI premiums and post-retirement medical contributions were \$27 and \$564, respectively. In addition, the State of New Jersey reimbursed the School District \$523 during the fiscal year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has also been included as a revenue and expenditure in the basic financial statements, and the combining and individual fund statements and schedules in accordance with GASB 24.

**7. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters.

The School District maintains commercial insurance coverage for workers compensation and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Business Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

**Cape May Point School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**7. RISK MANAGEMENT (CONTINUED)**

The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior four years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ - 0 -	\$ 32	\$ 4	\$ - 0 -	\$ 1,616
2009-2010	- 0 -	31	6	- 0 -	1,580
2008-2009	- 0 -	30	10	- 0 -	1,543
2007-2008	- 0 -	29	17	- 0 -	1,503
2006-2007	- 0 -	34	16	- 0 -	1,457

**8. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances were recorded on the various balance sheets as of June 30, 2011:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General		\$ 7
Fiduciary	\$ 7	
	<u>\$ 7</u>	<u>\$ 7</u>

All interfund balances are expected to be paid or collected within the subsequent year.

**9. FUND BALANCES**

The School District has classified its fund balances with the following hierarchy:

*Nonspendable* – The School District does not have any nonspendable funds.

*Spendable* – The School District has classified the spendable fund balances as *Restricted, Assigned and Unassigned* and considered each to have been spent when expenditures are incurred. The School District currently has no funds classified as *Committed*.

*Restricted Items:*

**Emergency Reserve** – As of June 30, 2011, the balance in the emergency reserve is \$12,188. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a through and efficient education in accordance with N.J.S.A. 18A:7F-41c(1).

*Assigned:*

**Designated for Subsequent Year's Expenditures** – The School District has assigned a total of \$33,054 for appropriation of existing unassigned fund balance at year-end to eliminate a deficit in the upcoming 2011-2012 budget.

**Unassigned items** - Represents the remainder of the School District's equity in governmental fund type balances. The balance at June 30, 2011 is \$89,718 in the General Fund.

Required Supplementary Information - Part II

**Budgetary Comparison Schedules**

**CAPE MAY POINT SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local Tax Levy	\$27,620		\$27,620	\$27,620	
Unrestricted misc. revenues	800		800	895	\$95
<b>Total local sources</b>	<b>28,420</b>		<b>28,420</b>	<b>28,515</b>	<b>95</b>
State sources:					
Special education aid					
Security aid	189		189	189	
Adjustment aid	24,090		24,090	24,090	
Transportation aid	2,130		2,130	2,130	
Nonpublic Transportation Aid				148	148
On-behalf TPAF NCGI (non-budgeted)				27	27
On-behalf TPAF Post Retirement Medical (non-budgeted)				564	564
Reimbursed TPAF social security contributions (non-budgeted)				523	523
<b>Total state sources</b>	<b>26,409</b>		<b>26,409</b>	<b>27,671</b>	<b>1,262</b>
Federal sources:					
Education Jobs Funding		\$974	974	974	
<b>Total federal sources</b>		<b>974</b>	<b>974</b>	<b>974</b>	
<b>TOTAL REVENUES</b>	<b>54,829</b>	<b>974</b>	<b>55,803</b>	<b>57,160</b>	<b>1,357</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - reg.	44,610		44,610	44,610	
Tuition to CSSD & Regular Day Schools					
<b>Total undistributed expenditures - instruction</b>	<b>44,610</b>		<b>44,610</b>	<b>44,610</b>	
Support Services - General Administration:					
Salaries	1,742		1,742	1,742	
Legal services	500		500		500
Audit fees	3,580		3,580	3,000	580
Communications / telephone	400		400		400
Other purchased services	1,000		1,000		1,000
Miscellaneous expenditures	7,000		7,000	2,134	4,866
BOE Membership Dues and Fees	2,000		2,000		2,000
<b>Total support services - general administration</b>	<b>16,222</b>		<b>16,222</b>	<b>6,876</b>	<b>9,346</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

**CAPE MAY POINT SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2011**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Central Services</b>					
Salaries	\$9,123		\$9,123	\$8,842	\$281
<b>Total central services</b>	<b>9,123</b>		<b>9,123</b>	<b>8,842</b>	<b>281</b>
<b>Student Transportation Services:</b>					
Contr. Serv. (between home & sch) - joint agree.	6,500	\$974	7,474	7,452	22
Contr. Serv. (spl. ed. students) - joint agree.					
<b>Total student transportation</b>	<b>6,500</b>		<b>7,474</b>	<b>7,452</b>	<b>22</b>
<b>Unallocated Benefits - Employee Benefits</b>					
Social Security Contributions	300		300	286	14
Unemployment	10		10		10
Employee benefits	100		100		100
<b>Total regular programs - instruction - employee benefits</b>	<b>410</b>		<b>410</b>	<b>286</b>	<b>124</b>
<b>On-behalf TPAF NCGI (non-budgeted)</b>				27	(27)
<b>On-behalf TPAF Post Retirement Medical (non-budgeted)</b>				564	(564)
<b>On-behalf TPAF social security contributions (non-budgeted)</b>				523	(523)
<b>Total Undistributed Expenditures - TPAF</b>				<b>1,114</b>	<b>(1,114)</b>
<b>Total Undistributed Expenditures</b>	<b>76,865</b>		<b>77,839</b>	<b>69,180</b>	<b>8,659</b>
<b>Total General Current Expense</b>	<b>76,865</b>		<b>77,839</b>	<b>69,180</b>	<b>8,659</b>
<b>TOTAL EXPENDITURES</b>	<b>76,865</b>		<b>77,839</b>	<b>69,180</b>	<b>8,659</b>
<b>Excess (Deficiency) of Revenues</b>					
Over (Under) Expenditures:	(22,036)		(22,036)	(12,020)	10,016
<b>Fund Balance - July 1</b>	<b>149,629</b>		<b>149,629</b>	<b>149,629</b>	
<b>Fund Balance - June 30</b>	<b>\$127,593</b>		<b>\$127,593</b>	<b>\$137,609</b>	<b>\$10,016</b>
<b>Recapitulation of fund balance:</b>					
<b>Restricted Fund Balance:</b>					
Emergency Reserve				\$12,188	
<b>Assigned Fund Balance</b>					
Designated for Subsequent Year Expenditures				33,054	
<b>Unassigned Fund Balance</b>				<b>92,367</b>	
				137,609	
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>					
Last State Aid Payment not Recognized on GAAP Basis				(2,649)	
<b>Fund Balance per Governmental Funds (GAAP)</b>				<b>\$134,960</b>	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**CAPE MAY POINT SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 Education Jobs Fund Program  
 Fiscal Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Federal sources:					
Education Jobs Fund Program		\$974	\$974	\$974	
Total Education Jobs Fund Program		<u>974</u>	<u>974</u>	<u>974</u>	
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Student Transportation Services:					
Contracted Services (between home and school) - joint agreements		974	974	974	
Total Transportation		<u>974</u>	<u>974</u>	<u>974</u>	
Total Expenditures		<u>\$974</u>	<u>\$974</u>	<u>\$974</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures:					
Fund Balance, July 1					
Fund Balance, June 30	-	-	-	-	-

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**CAPE MAY POINT SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budgetary Comparison**  
**For the Fiscal Year Ended June 30, 2011**

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP  
Revenues and Expenditures**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 57,160	\$
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 current year, previously recognized for budgetary purposes.	2,944	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(2,649)</u>	<u>                    </u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ <u>57,455</u>	\$ <u>                    </u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 69,180	\$
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u>                    </u>	<u>                    </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ <u>\$69,180</u>	\$ <u>                    </u>

**Other Supplementary Information**

## Fiduciary Funds Detail Statements

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

Unemployment Compensation Insurance Fund - This fiduciary fund is used to pay unemployment compensation claims.

Agency Funds are used to account for assets held by the district as an agent for individuals, private organizations, or other governments and/or other funds.

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

**CAPE MAY POINT SCHOOL DISTRICT**  
**Fiduciary Funds**  
 Combining Statement of Net Assets  
 June 30, 2011  
 (With comparative totals for June 30, 2010)

	<u>Agency Funds</u>	<u>Unemployment Compensation Insurance Fund</u>	<u>Totals</u>	
	<u>Payroll</u>		<u>2011</u>	<u>2010</u>
<b>ASSETS:</b>				
Cash and cash equivalents		\$1,609	\$1,609	\$1,580
Interfund Receivable		7	7	1,580
<b>TOTAL ASSETS</b>	-	\$1,616	\$1,616	\$1,580
<b>LIABILITIES</b>				
<b>LIABILITIES:</b>				
Interfund payable				
Total liabilities	-	-	-	-
<b>NET ASSETS</b>				
Reserved for unemployment claims		\$1,616	1,616	1,580
<b>Total net assets</b>	-	\$1,616	\$1,616	\$1,580

**CAPE MAY POINT SCHOOL DISTRICT**  
**Fiduciary Fund**  
Comparative Statement of Changes in Fiduciary Net Assets  
for the Fiscal Years ended June 30, 2011 and 2010

	Totals	
	Unemployment Compensation Insurance Trust	
	2011	2010
<b>REVENUES:</b>		
Local sources:		
Employee contributions	\$32	\$31
Interest on Investments	4	6
<b>Total Revenues</b>	<b>36</b>	<b>37</b>
<b>EXPENDITURES:</b>		
Current Expense:		
Undistributed Expenditures:		
Unemployment claims		
<b>Total Expenditures</b>		
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>36</b>	<b>37</b>
<b>Net Assets July 1</b>	<b>1,580</b>	<b>1,543</b>
<b>Net Assets June 30</b>	<b>\$1,616</b>	<b>\$1,580</b>

**CAPE MAY POINT SCHOOL DISTRICT**  
**Payroll Agency Fund**  
 Schedule of Receipts and Disbursements  
 for the Fiscal Year ended June 30, 2011

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
<b>ASSETS:</b>				
Cash and cash equivalents	_____	<u>\$10,584</u>	<u>\$10,584</u>	_____
<b>Total assets</b>	<u>-</u>	<u>\$10,584</u>	<u>\$10,584</u>	<u>-</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	_____	<u>\$1,585</u>	<u>\$1,585</u>	_____
Net payroll Interfund payable	_____	<u>8,999</u>	<u>8,999</u>	_____
<b>Total liabilities</b>	<u>-</u>	<u>\$10,584</u>	<u>\$10,584</u>	<u>-</u>

**Statistical Section**

**Cape May Point School District  
Net Assets by Component,  
Last Eight Fiscal Years  
(accrual basis of accounting)**

**Exhibit J-1**

**Fiscal Year Ending June 30,**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Governmental activities:</b>								
Invested in capital assets, net of related debt								
Restricted for:								
Capital projects								
Debt service								
Other purposes	\$ 2,105	\$ 19,486	\$ 5,000		\$ 17,098	\$ 34,224	\$ 34,224	\$ 12,188
Unrestricted	96,964	65,761	74,161	\$ 89,429	103,451	112,516	112,461	122,772
Total governmental activities net assets	<u>\$ 99,069</u>	<u>\$ 85,247</u>	<u>\$ 79,161</u>	<u>\$ 89,429</u>	<u>\$ 120,549</u>	<u>\$ 146,740</u>	<u>\$ 146,685</u>	<u>\$ 134,960</u>
<b>Business-type activities:</b>								
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted								
Total business-type activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
<b>District-wide:</b>								
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted:								
Capital projects	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Other purposes	2,105	19,486	5,000	-	17,098	34,224	34,224	12,188
Unrestricted	96,964	65,761	74,161	89,429	103,451	112,516	112,461	122,772
Total district net assets	<u>\$ 99,069</u>	<u>\$ 85,247</u>	<u>\$ 79,161</u>	<u>\$ 89,429</u>	<u>\$ 120,549</u>	<u>\$ 146,740</u>	<u>\$ 146,685</u>	<u>\$ 134,960</u>

(A) District was not required to implement GASB-34 until fiscal year 2004.

**Cape May Point School District**  
**Changes in Net Assets, Last Eight Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit J-2**

Fiscal Year Ending June 30,

	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses:</b>								
<b>Governmental activities:</b>								
<b>Instruction:</b>								
Regular								
Special education								
Other instruction								
<b>Support Services:</b>								
Tuition	\$ 78,081	\$ 108,712	\$ 123,646	\$ 68,871	\$ 5,385	\$ 11,073	\$ 27,032	\$ 44,610
Student & instruction related services	100		555					
School administrative services								
General administrative services	7,854	7,815	6,630	8,674	7,409	7,134	8,615	6,876
Central services		7,000	7,350	7,725	8,034	8,436	8,773	8,842
Plant operations and maintenance								
Pupil transportation	10,641	10,494	9,462	7,738	5,728	4,299	4,728	7,452
Business and other support services	7,296							
Unallocated employee benefits		641	748	1,283	1,315	771	802	1,400
Special schools								
Charter schools								
Interest on long-term debt								
Unallocated depreciation								
<b>Total governmental activities expenses</b>	<u>103,972</u>	<u>134,662</u>	<u>148,391</u>	<u>94,291</u>	<u>27,871</u>	<u>31,713</u>	<u>49,950</u>	<u>69,180</u>
<b>Business-type activities:</b>								
Food service								
<b>Total business-type activities expense</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total district expenses</b>	<u>\$ 103,972</u>	<u>\$ 134,662</u>	<u>\$ 148,391</u>	<u>\$ 94,291</u>	<u>\$ 27,871</u>	<u>\$ 31,713</u>	<u>\$ 49,950</u>	<u>\$ 69,180</u>
<b>Program Revenues:</b>								
<b>Governmental activities:</b>								
Operating grants and contributions	\$ 7	\$ 536						
<b>Total governmental activities program revenues</b>	<u>7</u>	<u>536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

**Cape May Point School District**  
**Changes in Net Assets, Last Eight Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit J-2**

Fiscal Year Ending June 30,

	2004	2005	2006	2007	2008	2009	2010	2011
<b>Business-type activities:</b>								
Charges for services:								
Food service								
Operating grants and contributions								
Capital grants and contributions								
Total business type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district program revenues	<u>\$ 7</u>	<u>\$ 536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net (Expense)/Revenue:</b>								
Governmental activities	\$ (103,965)	\$ (134,126)	\$ (148,391)	\$ (94,291)	\$ (27,871)	\$ (31,713)	\$ (49,950)	\$ (69,180)
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide net expense	<u>\$ (103,965)</u>	<u>\$ (134,126)</u>	<u>\$ (148,391)</u>	<u>\$ (94,291)</u>	<u>\$ (27,871)</u>	<u>\$ (31,713)</u>	<u>\$ (49,950)</u>	<u>\$ (69,180)</u>
<b>General Revenues and Other Changes in Net Assets:</b>								
Governmental activities:								
Property taxes levied for general purposes, net	\$ 81,328	\$ 90,181	\$ 111,948	\$ 73,541	\$ 27,620	\$ 27,620	\$ 27,620	\$ 27,620
Taxes levied for debt service								
Unrestricted grants and contributions	28,913	28,205	28,884	29,398	29,316	28,731	19,726	28,940
Miscellaneous income	2,105	1,917	1,473	1,620	2,055	1,553	2,549	895
Transfers								
Total governmental activities	<u>112,346</u>	<u>120,303</u>	<u>142,305</u>	<u>104,559</u>	<u>58,991</u>	<u>57,904</u>	<u>49,895</u>	<u>57,455</u>
Business-type activities:								
Investment earnings								
Transfers								
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 112,346</u>	<u>\$ 120,303</u>	<u>\$ 142,305</u>	<u>\$ 104,559</u>	<u>\$ 58,991</u>	<u>\$ 57,904</u>	<u>\$ 49,895</u>	<u>\$ 57,455</u>
<b>Change in Net Assets:</b>								
Governmental activities	\$ 8,381	\$ (13,823)	\$ (6,086)	\$ 10,268	\$ 31,120	\$ 26,191	\$ (55)	\$ (11,725)
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 8,381</u>	<u>\$ (13,823)</u>	<u>\$ (6,086)</u>	<u>\$ 10,268</u>	<u>\$ 31,120</u>	<u>\$ 26,191</u>	<u>\$ (55)</u>	<u>\$ (11,725)</u>

(A) District was not required to implement GASB-34 until fiscal year 2004.

**Cape May Point School District  
Fund Balances, Governmental Funds,  
Last Eight Fiscal Years  
(modified accrual basis of accounting)**

**Exhibit J-3**

\$5

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:								
Reserved for:								
Encumbrances								
Excess surplus - designated for subsequent years expenditures	\$ 2,105							
Emergencies					\$ 17,098	\$ 34,224	\$ 34,224	\$ 12,188
Unreserved - designated for subsequent years expenditures		\$ 19,486	\$ 5,000					\$ 33,054
Unreserved	96,070	65,761	74,161	\$ 89,429	104,474	112,516	112,461	89,718
Total general fund	<u>\$ 98,175</u>	<u>\$ 85,247</u>	<u>\$ 79,161</u>	<u>\$ 89,429</u>	<u>\$ 121,572</u>	<u>\$ 146,740</u>	<u>\$ 146,685</u>	<u>\$ 134,960</u>
All Other Governmental Funds								
Reserved:								
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:								
Special revenue fund								
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(A) District was not required to implement GASB-34 until fiscal year 2004.

**Cape May Point School District  
Changes in Fund Balances, Governmental Funds,  
Last Seven Fiscal Years  
(modified accrual basis of accounting)**

**Exhibit J-4**

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>							
Tax levy	\$ 90,181	\$ 111,948	\$ 73,541	\$ 27,620	\$ 27,620	\$ 27,620	\$ 27,620
Miscellaneous	1,917	1,473	1,620	3,124	1,553	2,549	895
State sources	28,741	28,884	29,398	30,339	28,731	19,726	27,966
Federal sources							974
<b>Total revenue</b>	<b>120,839</b>	<b>142,305</b>	<b>104,559</b>	<b>61,083</b>	<b>57,904</b>	<b>49,895</b>	<b>57,455</b>
<b>Expenditures</b>							
<b>Support Services:</b>							
Tuition	108,712	123,646	68,871	6,454	11,073	27,032	44,610
Student & instruction related services		555					
School administrative services							
General and business admin.services	14,815	13,980	16,399	15,443	15,570	17,388	15,718
Plant operations and maintenance							
Pupil transportation	10,494	9,462	7,738	5,728	4,299	4,728	7,452
Other support services	641	748	1,283	1,315	771	802	1,400
Special Schools							
Charter Schools							
Capital outlay							
Debt service:							
Principal							
Interest and other charges							
<b>Total expenditures</b>	<b>134,662</b>	<b>148,391</b>	<b>94,291</b>	<b>28,940</b>	<b>31,713</b>	<b>49,950</b>	<b>69,180</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>(13,823)</b>	<b>(6,086)</b>	<b>10,268</b>	<b>32,143</b>	<b>26,191</b>	<b>(55)</b>	<b>(11,725)</b>
<b>Other Financing sources (uses)</b>							
Transfers in		-	-	-	-	-	-
Transfers out							
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (13,823)</b>	<b>\$ (6,086)</b>	<b>\$ 10,268</b>	<b>\$ 32,143</b>	<b>\$ 26,191</b>	<b>\$ (55)</b>	<b>\$ (11,725)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

**Source: District records**

Note: Noncapital expenditures are total expenditures less capital outlay.

This schedule does not contain ten years of information as GASB #44 was implemented during this fiscal year.

**Cape May Point School District**  
**General Fund - Other Local Revenue by Source**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

**Exhibit J-5**

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Refund</u>	<u>Miscellaneous</u>	<u>Total</u>
2002	\$ 1,512	\$ 26,000		\$ 27,512
2003	2,069			2,069
2004	1,858		\$ 247	2,105
2005	1,917			1,917
2006	1,473			1,473
2007	1,620			1,620
2008	2,055		1,069	3,124
2009	1,553			1,553
2010	930	1,619		2,549
2011	895			895
	<u>\$ 15,882</u>	<u>\$ 27,619</u>	<u>\$ 1,316</u>	<u>\$ 44,817</u>

**Source: District records**

**Cape May Point School District  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2002	\$ 22,933,700	\$ 253,279,100			\$ 410,100			\$ 278,622,900	\$ 57,713	\$ 276,880,613	\$ 20,866,200	\$ 0.010	\$ 235,190,612
2003	21,447,300	256,084,500			410,100			277,941,900	107,391	278,049,291	21,767,400	0.030	283,841,294
2004	21,265,400	256,346,200			410,100			278,021,700	91,304	278,113,004	22,096,100	0.033	318,447,365
2005	22,025,600	258,464,200			410,100			280,899,900	37,195	280,937,095	22,099,400	0.041	392,778,007
2006	20,380,100	262,507,100			410,100			283,297,300	28,886	283,326,186	22,096,100	0.027	467,714,494
2007	20,300,100	264,237,000			410,100			284,947,200	27,313	284,974,513	22,096,100	0.011	511,562,276
2008	18,369,100	268,016,400			410,100			286,795,600	27,626	286,823,226	22,096,100	0.010	546,152,655
2009	38,977,500	477,839,200			703,500			515,520,200	59,173	515,579,373	43,206,100	0.006	562,542,541
2010	36,042,000	477,253,000			703,500			513,998,500	57,478	514,055,978	43,206,100	0.006	496,394,092
2011	34,271,600	477,704,100			703,500			512,679,200	43,822	512,723,022	43,206,100	0.007	502,818,156

Source: Municipal Tax Assessor

**Notes:**

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

Reassessment occurs when ordered by the County Board of Taxation

- a Taxable Value of Machinery, Improvements and Equipment of Telephone, Telegraph and Messenger System Companies
- b Tax rates are per \$100
- c Information not available.

**Cape May Point School District  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**  
(rate per \$100 of assessed value)

Exhibit J-7

Fiscal Year Ended June 30,	Cape May Point School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of Cape May Point	Cape May County	
2002	\$ 0.010		\$ 0.010	\$ 0.290	\$ 0.320	\$ 0.620
2003	0.030		0.030	0.320	0.340	0.690
2004	0.033		0.033	0.335	0.332	0.700
2005	0.041		0.041	0.360	0.349	0.750
2006	0.027		0.027	0.375	0.348	0.750
2007	0.011		0.011	0.401	0.348	0.760
2008	0.010		0.010	0.416	0.365	0.791
2009	0.006		0.006	0.239	0.220	0.465
2010	0.006		0.006	0.252	0.206	0.464
2011	0.007		0.007	0.261	0.218	0.486

Source: Municipal Tax Collector

**Cape May Point School District  
Principal Property Tax Payers,  
Current Year and Nine Years Ago**

**Exhibit J-8**

09

Taxpayer	2010-2011		Taxpayer	2001-2002	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Sisters of Saint Joseph	\$ 2,519,900	0.49%	Mount Saint Joseph Convent	1,934,400	0.70%
Individual # 1	1,739,900	0.34%	Individual # 1	703,900	0.25%
Individual # 2	1,621,400	0.31%	Individual # 2	684,000	0.25%
Individual # 3	1,479,200	0.29%	Individual # 3	573,500	0.21%
Individual # 4	1,459,300	0.28%	Individual # 4	551,800	0.20%
Individual # 5	1,436,600	0.28%	Sisters of Saint Joseph	540,200	0.20%
Individual # 6	1,455,000	0.28%	Individual # 5	520,100	0.19%
Individual # 7	1,410,300	0.27%	Individual # 6	520,100	0.19%
Individual # 8	1,403,400	0.27%	Individual # 7	462,400	0.17%
Individual # 9	1,399,700	0.27%	Individual # 8	430,400	0.16%
<b>Total</b>	<b>\$ 15,924,700</b>	<b>3.09%</b>		<b>\$ 6,920,800</b>	<b>2.50%</b>

**Source:** Municipal Tax Assessor

**Cape May Point School District  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 16,268	\$ 16,268	100.00%	-
2003	16,731	16,731	100.00%	-
2004	81,328	81,328	100.00%	-
2005	90,181	90,181	100.00%	-
2006	111,948	111,948	100.00%	-
2007	73,541	73,541	100.00%	-
2008	27,620	27,620	100.00%	-
2009	27,620	27,620	100.00%	-
2010	27,620	27,620	100.00%	-
2011	27,620	27,620	100.00%	-

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

- a** 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 the amount voted upon or certified prior to the end of the school year.

**Cape May Point School District**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
*(dollars in thousands, except per capita)*

**Exhibit J-10**

Not applicable as the District has no debt outstanding for the past ten years.

**Cape May Point School District**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
*(dollars in thousands, except per capita)*

**Exhibit J-11**

Not applicable as the District has no debt outstanding for the past ten years.

**Cape May Point School District  
 Ratios of Overlapping Governmental Activities Debt  
 As of December 31, 2010**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of Cape May Point	\$ 1,864,964	100.000%	\$ 1,864,964
Cape May County General Obligation Debt	81,583,964	0.974%	794,628
Subtotal, overlapping debt			2,659,592
<b>Cape May Point School District Direct Debt</b>			
<b>Total direct and overlapping debt</b>			<b>\$ 2,659,592</b>

**Sources:** Assessed value data used to estimate applicable percentages provided by the Cape May County Board of Taxation.

Debt outstanding data provided by each governmental unit.

**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 Cape May Point Borough. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

**Cape May Point School District  
Legal Debt Margin Information,  
Last Ten Fiscal Years**  
*(dollars in thousands)*

**Exhibit J-13**

**Legal Debt Margin Calculation for Fiscal Year 2010**

		Equalized valuation basis	
	2010	\$	504,018,925
	2009		497,750,507
	2008		559,819,637
	[A]	\$	<u>1,561,589,069</u>
Average equalized valuation of taxable property	[A/3]	\$	520,529,690

School borrowing margin - N/A Cape May Point is a sending district.

**Cape May Point School District  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

**Exhibit J-14**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2002	241	8,688,773	36,053	8.4%
2003	241	8,794,572	36,492	8.4%
2004	236	8,906,640	37,740	5.6%
2005	233	9,393,628	40,316	0.0
2006	229	9,691,738	42,322	0.0
2007	225	10,029,375	44,575	0.0
2008	223	10,272,941	46,067	0.0
2009	222	10,285,038	46,329	0.0
2010	e	e	e	0.0
2011	e	e	e	e

**Source:**

- <sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development.
- <sup>b</sup> Personal income for Cape May Point.
- <sup>c</sup> Per Capita income for Cape May County.
- <sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development.
- <sup>e</sup> Not available.

**Cape May Point School District  
Full-time Equivalent District Employees by Function/Program,  
Last Ten Fiscal Years**

**Exhibit J-16**

Not applicable - Cape May Point is a nonoperating School District with no full-time employees.

Cape May Point School District  
 Operating Statistics,  
 Last Six Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2006	7	148,313	21,187.57	41.61%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2007	6	94,291	15,715.17	-25.83%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2008	4	28,940	7,235.00	-53.96%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2009	2	31,713	15,856.50	119.16%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2010	4	49,950	12,487.50	-21.25%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2011	4	69,180	17,295.00	38.50%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Sources: District records

Note: Enrollment based on annual October district count.

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

This schedule does not contain ten years of information as GASB #44 was implemented during this fiscal year.

**Cape May Point School District  
School Building Information  
Last Ten Fiscal Years**

**Exhibit J-18**

Not applicable - Cape May Point is a nonoperating School District.

**Cape May Point School District  
Schedule of Required Maintenance  
Last Ten Fiscal Years**

**Exhibit J-19**

Not applicable - Cape May Point is a nonoperating School District.

**Cape May Point School District  
Insurance Schedule  
June 30, 2011**

**Exhibit J-20**

	<u>Coverage</u>	<u>Deductible</u>
Travelers Insurance Company:		
Workers Compensation and Employers Liability Insurance	\$100,000/500,000	-
Treasurer	35,000	
Board Secretary/Business Administrator	25,000	

Source: District records

**Single Audit Section**

**CAPE MAY POINT SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Financial Assistance**  
**For the Fiscal Year Ended June 30, 2011**

State Grantor / Program Title	CFDA No	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2010			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2011			
					(Accounts Receivable)	Deferred Revenue	Due to Grantor				(Accounts Receivable)	Deferred Revenue	Due to Grantor	
State Department of Education														
General Fund:														
Educational Jobs Fund	84.410		\$974	7/1/10 - 6/30/11			\$974	(974)						
Total General Fund							974	(974)						
<b>Total State Financial Assistance</b>							<b>\$974</b>	<b>(974)</b>						

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

**CAPE MAY POINT SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June 30, 2011**

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2010			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2011		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor				(Accounts Receivable)	Deferred Revenue	Due to Grantor
<b>State Department of Education</b>												
General Fund:												
Reimbursement of Nonpublic Transportation	11-103190	\$148	7/1/10 - 6/30/11					(\$148)		(\$148)		
Reimbursement of Nonpublic Transportation	10-103190	120	7/1/09- 6/30/10	(\$120)			\$120					
Security Aid	11-495-034-5120-084	189	7/1/10 - 6/30/11				170	(189)		(19)		
Security Aid	10-495-034-5120-084	126	7/1/09- 6/30/10	(13)			13					
Adjustment Aid	11-495-034-5120-085	24,090	7/1/10 - 6/30/11				21,674	(24,090)		(2,416)		
Adjustment Aid	10-495-034-5120-085	27,064	7/1/09- 6/30/10	(2,711)			2,711					
Transportation Aid	11-495-034-5120-014	2,130	7/1/10 - 6/30/11				1,916	(2,130)		(214)		
Transportation Aid	10-495-034-5120-014	2,196	7/1/09- 6/30/10	(220)			220					
On behalf TPAF NCGI	11-495-034-5095-007	27	7/1/10 - 6/30/11				27	(27)				
On behalf TPAF - Post Retirement Medical	11-495-034-5095-001	564	7/1/10 - 6/30/11				564	(564)				
Reimbursed Social Security Contributions	11-495-034-5095-002	676	7/1/10 - 6/30/11				523	(523)				
Total General Fund				<u>(3,064)</u>			<u>27,938</u>	<u>(27,671)</u>		<u>(2,797)</u>		
Total State Financial Assistance				<u>(\$3,064)</u>			<u>\$27,938</u>	<u>(\$27,671)</u>		<u>(\$2,797)</u>		

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

**Cape May Point School District  
Notes to the Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2011**

**1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Board of Education, Cape May Point School District. The Board of Education is defined in Note 1 to the School District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

**2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$295 for the general fund. (See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures are reported in the School District's basic financial statements on a GAAP basis as presented as follows:

	<b>Federal</b>	<b>State</b>	<b>Total</b>
<b>General Fund</b>	\$974	\$27,966	\$28,940
<b>Total Awards &amp; Financial Assistance</b>	\$974	\$27,966	\$28,940

**Cape May Point School District**  
**Notes to the Schedules of Expenditures**  
**of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2011**  
**(Continued)**

**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.

**5. OTHER**

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the State for the School District's share of social security contributions for TPAF members for the year ended June 30, 2011.

**6. MAJOR PROGRAMS**

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

**CAPE MAY POINT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Section I –Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:

UNQUALIFIED

Internal control over financial reporting:

1) Material weakness(es) identified?

\_\_\_\_\_ yes     X     no

2) Significant deficiencies identified?

\_\_\_\_\_ yes     X     none reported

Noncompliance material to basic financial statements noted?

\_\_\_\_\_ yes     X     no

**Federal Awards**

Not Applicable

**State Awards Section**

Not Applicable

**CAPE MAY POINT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Section II -- Schedule of Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting in a Circular A-133 audit.

No findings identified.

**CAPE MAY POINT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

This section identifies audit findings required to be reported by section .510(a) Circular A-133 and NJOMB Circular Letter 04-04.

**FEDERAL AWARDS**

A federal single audit was not required.

**STATE AWARDS**

A state single audit was not required.

**CAPE MAY POINT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB Circular A-133 and State of NJOMB Circular 04-04.

**FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings in the prior year audit.

**FEDERAL AWARDS**

A federal single audit was not required.

**STATE AWARDS**

A state single audit was not required.