

**SCHOOL DISTRICT  
OF**

# **CAPE MAY CITY**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015**

**Comprehensive Annual  
Financial Report**

**of the**

**Cape May City Board of Education**

**Cape May, New Jersey**

**For the Fiscal Year Ended June 30, 2015**

**Prepared by  
Cape May City Board of Education  
Finance Department**

# CAPE MAY CITY SCHOOL DISTRICT

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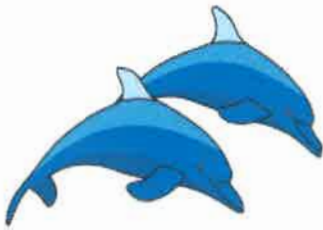
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**Introductory Section**

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# CAPE MAY CITY SCHOOL DISTRICT



Victoria Zelenak  
Superintendent

John Thomas  
Business Administrator

## Board of Education

Edward B. Connolly, President  
Joseph McKenna, Vice President  
Alicia Auman  
Dawn Austin  
Sharon Lee Kustra  
Mark J. LeMunyon  
Kathrine Meuse  
Thomas Rippman  
Deborah L. Smith

November 16, 2015

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

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Cape May City School District for the fiscal year ended June 30, 2015 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.

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*"To Achieve Excellence in Partnership with Family and Community."*

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

Cape May City 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 City Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to Four Year Old Preschool through Grade 6. These include regular as well as special education for handicapped youngsters. The District completed the 2014-2015 school year with an enrollment of 175.2 students, which is 15 students above the previous year's enrollment. The following details the changes in the student enrollment of the District over the last nine years.

Average Daily Enrollment		
<u>Fiscal</u> <u>Year</u>	<u>Student</u> <u>Enrollment</u>	<u>Percent</u> <u>Change</u>
2014-15	175.2	9.37%
2013-14	160.2	19.91%
2012-13	133.6	-7.16%
2011-12	143.9	-6.07%
2010-11	153.2	-12.91%
2009-10	175.9	3.84%
2008-09	169.4	11.96%
2007-08	151.3	-7.57%
2006-07	163.7	13.68%

## **2. ECONOMIC CONDITION AND OUTLOOK:**

One of the key objectives of the Cape May City's Municipal Government is to maintain the City's environmental and historic quality by control of commercial land use patterns and adoption of improved design and performance standards for land use in all of the areas regardless of whether they are in the historic district. Another objective-related strategy involves support for the continued existence of the Coast Guard, fishing, and tourism industries so as to enhance their important economic contributions. The City Council and Taxpayers Association continually meet to form a new vision for Cape May that would involve upgrading structures and services to attract new visitors to Cape May.

Affordable housing for families has decreased dramatically, impacting on student enrollment. As in all South Jersey shore communities, school enrollment remains flat or reflects a decrease which will impact on budget concerns.



Approximately three fifths of the school's students come from Coast Guard families who are based in Cape May. The number of students is projected to increase coinciding with the increase in family sizes. A strong educational partnership exists between the Coast Guard, the school and the Housing Authority.

### **3. MAJOR INITIATIVES:**

- To implement the use of individual Chromebooks for 100% of students in grades 4-6 and classroom notebooks for grades 2-3 to enhance learning through technology integration.
- To establish Students Growth Objectives (SGOs) to assess student achievement in alignment with the Common Core State Standards (CCSS).
- To participate in the Teachscape Learn/Focus Program to increase the rigor of student engagement activities.
- To integrate English Language Arts (ELA) writing activities for 100% of students in grades 3-6 using the technology tools contained in the NJ State Student Achievement Assessments.
- To provide Professional Development Opportunities for 100% of the teachers in Professional Learning Communities (PLCs) to implement Danielson's Domain 4e, Growing and Developing Professionally, in the areas of curriculum, technology, classroom management and/or student engagement activities.
- To provide leadership and support in the Teachscape Learn/Focus Program for 100% of teachers to increase the rigor of student engagement activities.

Our Mission Statement: "To teach and achieve excellence in partnership with family and community."

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

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

## **5. BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The 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, 2015.

## **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, hazard and theft insurance on property and contents, boiler insurance, parent volunteer insurance, student accident insurance and fidelity bonds. Staff training of safety procedures is on-going and the district was reviewed by the insurance company inspector for compliance.

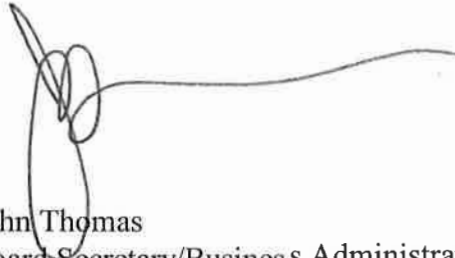
**9. OTHER INFORMATION:**

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. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Respectfully submitted,

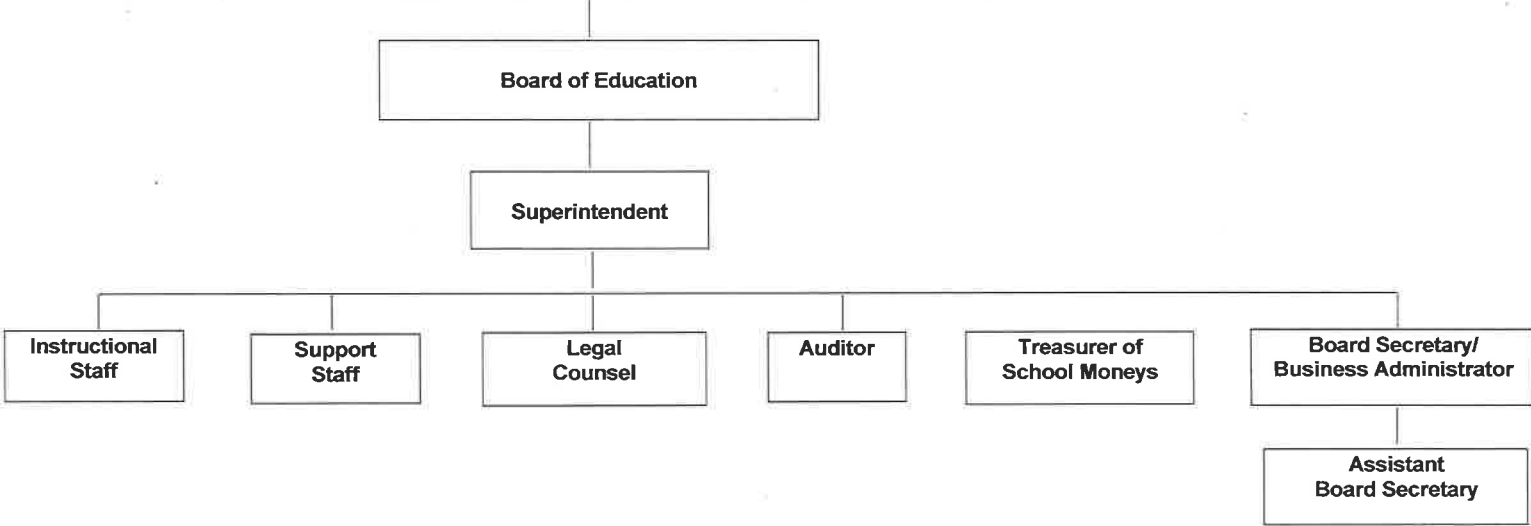


Victoria Zelenak  
Superintendent



John Thomas  
Board Secretary/Business Administrator

**CAPE MAY CITY BOARD OF EDUCATION**  
Organizational Chart  
(Unit Control)



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

**ROSTER OF OFFICIALS  
JUNE 30, 2015**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Edward Connolly - President	2017
Joseph McKenna - Vice-President	2016
Dawn Austin	2017
Trudy Grogan	2018
Sharon Lee Kustra	2018
Mark J. LeMunyon	2016
Thomas Rippman	2018
Jill Simcox	2016
Deborah L. Smith	2017

**Other Officials**

Victoria Zelenak, Chief School Administrator  
John Thomas, Business Administrator/Board Secretary  
Robert Fineberg, Esq., Solicitor

**CAPE MAY CITY BOARD OF EDUCATION  
Consultants and Advisors**

**Architect**

Garrison Architects  
430 Commerce Lane, Suite C  
West Berlin, NJ 08091

**Audit Firm**

Inverso & Stewart, LLC  
651 Route 73 North  
Suite 402  
Marlton, NJ 08053

**Attorney**

Robert Fineberg  
208 N. Main Street  
Cape May Court House, NJ 08210

**Official Depository**

Sturdy Savings Bank  
701 Washington Street  
Cape May, NJ 08204

**Financial Section**

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

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-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 City School District  
County of Cape May  
Cape May, New Jersey

***Report on the Financial Statements***

I 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 City School District, in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.



## ***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Cape May City School District, in the County of Cape May, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 9 to the financial statements, during the fiscal year ended June 30, 2015, the School District adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB): Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. My opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cape May City School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and State of New Jersey OMB's Circular 04-04 and/or 15-08, as applicable, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated November 16, 2015 on my consideration of the Cape May City School District's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cape May City School District's internal control over financial reporting and compliance.

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



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant

Marlton, New Jersey  
November 16, 2015

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

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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**

**INDEPENDENT AUDITOR'S REPORT**

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cape May City School District, in the County of Cape May, State of New Jersey, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated November 16, 2015.

***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Cape May City School District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant

Marlton, New Jersey  
November 16, 2015

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Cape May City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015**

As management of the Board of Education of Cape May City, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2015. 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 \$1,549,521 (*net position*).
- Governmental activities have a deficit, unrestricted net position of \$473,567. The accounting treatments in the governmental funds for compensated absences payable, and the last two state aid payments are primarily responsible for this balance.
- The total net position of the School District increased by \$148,735, or a 10.62% increase from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds increased by \$213,189 resulting in an ending fund balance of \$862,047. This increase is largely due to the results of operations in the General Fund.
- Business-type activities have unrestricted net position of \$9,772, which may be used to meet the School District's ongoing obligations of the food service and child care operations
- The School District's long-term obligations increased by \$37,656 which is the result of the increase in compensated absences.

**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 position and the statement of activities.

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

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

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

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

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

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

The School District's enterprise funds are considered to be major funds.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the 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.

Capital assets are used in the operations of the School District. These assets are land, buildings, improvements, equipment and vehicles. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

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 2015. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2015.

The assets of the primary government activities exceeded liabilities by \$1,536,518 with a deficit unrestricted balance of \$473,567. The net position of the primary government does not include internal balances.

A net investment of \$1,494,960 in land, improvements, buildings, equipment and vehicles provides the services to the School District's 160 public school students. Net position of \$75,784 has been restricted to provide resources for future capital expansion and renovation projects while \$395,915 has been restricted for budget appropriation, \$48 is reserved for maintenance, a special revenue deficit fund balance of \$6,622 and \$50,000 is reserved for emergency.



**Cape May City School District  
Comparative Summary of Net Position  
As of June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		District-Wide	
	2015	2014	2015	2014	2015	2014
<b>Assets:</b>						
Current assets	\$ 845,688	\$ 658,285	\$ 73,825	\$ 15,480	\$ 919,513	\$ 673,765
Capital assets	1,494,960	1,572,948	3,231	3,784	1,498,191	1,576,732
<b>Total assets</b>	<b>2,340,648</b>	<b>2,231,233</b>	<b>77,056</b>	<b>19,264</b>	<b>2,417,704</b>	<b>2,250,497</b>
Deferred Outflows of Resources	26,216				26,216	
<b>Liabilities:</b>						
Current Liabilities	(16,359)	9,427	64,053	12,228	47,694	21,655
Noncurrent Liabilities	487,224	102,224			487,224	102,224
<b>Total liabilities</b>	<b>470,865</b>	<b>111,651</b>	<b>64,053</b>	<b>12,228</b>	<b>534,918</b>	<b>123,879</b>
Deferred Inflows of Resources	359,481				359,481	
<b>Net position</b>	<b>\$ 1,536,518</b>	<b>\$ 2,119,582</b>	<b>\$ 13,003</b>	<b>\$ 7,036</b>	<b>\$ 1,549,521</b>	<b>\$ 2,126,618</b>
Net position consist of:						
Net investment in						
Capital Assets	\$ 1,494,960	\$ 1,572,948	\$ 3,231	\$ 3,784	\$ 1,498,191	\$ 1,576,732
Restricted net position	515,125	677,626			515,125	677,626
Unrestricted net position	(473,567)	(130,992)	9,772	3,252	(463,795)	(127,740)
<b>Net position</b>	<b>\$ 1,536,518</b>	<b>\$ 2,119,582</b>	<b>\$ 13,003</b>	<b>\$ 7,036</b>	<b>\$ 1,549,521</b>	<b>\$ 2,126,618</b>

**Governmental Activities**

Governmental activities increased the net position of the School District by \$97,545 in the current fiscal year. Key elements of the increase in net position for governmental activities are as follows:

- Depreciation expense of \$77,988.
- Results of operations in the General Fund of \$215,492

**Business-type Activities**

Business-type activities increased the School District's net position by \$5,967. Key elements of the increase in net position for business-type activities are as follows:

- The Food Service Fund had a net loss of \$196 and the child care program had a net gain of \$6,163.

**Cape May City School District**  
**Comparative Schedule of Changes in Net Position**  
**As of and for the Fiscal Year Ended June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		District-Wide	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
<b>Program Revenues</b>						
Charges for services	\$ -	\$ -	\$ 38,560	\$ 30,816	\$ 38,560	\$ 30,816
Operating grants and Contributions	470,970	137,419	73,932	63,850	544,902	201,269
<b>General Revenues:</b>						
Property Taxes	1,574,143	1,513,599			1,574,143	1,513,599
Unrestricted State Aid	1,708,647	1,418,777			1,708,647	1,418,777
Tuition	68,063	38,136			68,063	38,136
Other Revenues	288	4,893	10	17	298	4,910
<b>Total Revenues</b>	<b>3,822,111</b>	<b>3,112,824</b>	<b>112,502</b>	<b>94,683</b>	<b>3,934,613</b>	<b>3,207,507</b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
Instruction	1,641,532	1,627,443			1,641,532	1,627,443
Tuition	89,986	170,479			89,986	170,479
Related Services	416,911	417,051			416,911	417,051
Administrative Services	168,484	174,746			168,484	174,746
Central Services	78,161	74,719			78,161	74,719
Operations and Maintenance	338,590	361,714			338,590	361,714
Transportation	55,063	71,543			55,063	71,543
Employee Benefits	866,717	883,052			866,717	883,052
Other	3,899	7,690			3,899	7,690
<b>Business-Type Activities:</b>						
Operations			126,535	118,872	126,535	118,872
<b>Total Expenses</b>	<b>3,659,343</b>	<b>3,788,437</b>	<b>126,535</b>	<b>118,872</b>	<b>3,785,878</b>	<b>3,907,309</b>
<b>Increase in net position</b>						
Before transfers	162,768	(675,613)	(14,033)	(24,189)	148,735	(699,802)
Transfers	(20,000)	(16,000)	20,000	16,000		
<b>Changes in net position</b>	<b>142,768</b>	<b>(691,613)</b>	<b>5,967</b>	<b>(8,189)</b>	<b>148,735</b>	<b>(699,802)</b>
Net position, July 1, Restated	1,393,750	2,811,195	7,036	15,225	1,400,786	2,826,420
<b>Net position, June 30,</b>	<b>\$ 1,536,518</b>	<b>\$ 2,119,582</b>	<b>\$ 13,003</b>	<b>\$ 7,036</b>	<b>\$ 1,549,521</b>	<b>\$ 2,126,618</b>

## **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 \$862,047, an increase of \$213,189 in comparison with the prior year. Most of this increase is the result of operations of the General Fund.

The unreserved fund balance for the School District at the end of the fiscal year includes a combination of unreserved fund balance for the General Fund of 346,922, and a deficit unreserved fund balance of (\$6,622) for the Special Revenue Fund. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) appropriated as a revenue source in the subsequent year's budget \$395,915, 2) reserved for maintenance \$48, 4) reserved for Emergency \$50,000 or 5) reserved for capital reserve \$75,784.

The general fund is the chief operating fund of the School District. As discussed earlier, the balance in the unreserved fund balance is due, primarily, to the accounting treatment of the June state aid payments and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

### **General Fund Budgetary Highlights**

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$387,338 while total fund balance (budgetary basis) was \$909,085. 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 \$3,453,728. Unreserved fund balance (budgetary basis) represents 11.21% of expenditures while total fund balance (budgetary basis) represents 26.32% of that same amount.

### **Capital Asset and Debt Administration**

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2015, totaled \$1,498,191 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$78,541 or a 4.98% decrease. The decrease is primarily due to depreciation expense.

**Cape May City School District  
Capital Asset (net of accumulated depreciation)  
June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		District-Wide	
	2015	2014	2015	2014	2015	2014
Land	\$ 538,500	\$ 538,500	\$ -	\$ -	\$ 538,500	\$ 538,500
Buildings and Building Improvements	887,867	959,523			887,867	959,523
Equipment	68,593	74,925	3,231	3,784	71,824	78,709
<b>Net position</b>	<b>\$ 1,494,960</b>	<b>\$ 1,572,948</b>	<b>\$ 3,231</b>	<b>\$ 4,337</b>	<b>\$ 1,498,191</b>	<b>\$ 1,576,732</b>

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

*Long-term debt* – During the fiscal year ended June 30, 2015, the School District had \$139,880 in compensated absences.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$68,701,450. The available amount as of June 30, 2015 was \$68,701,450.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

**Economic Factors and Next Year's Budgets and Rates**

The following factors were considered and incorporated into the preparation of the School District's budget for the 2015-16 fiscal year.

- For 2015-16 fiscal year the School District will be receiving a slight increase in state aid, while federal aid is decreasing. The local tax levy in the General Fund increased by \$157,414 over the previous year. Salaries continue to increase contractually; however, the District has managed to control costs. The 2015-16 General Fund Budget is \$96,095 greater than the previous year.

**For the Future**

The Cape May City School District is in good financial condition presently. However, concerns are maintenance of an aging building and maintaining student enrollment. Cape May City is primarily a residential community, with very few large ratables; thus the tax burden is focused on homeowners.

In conclusion, the Cape May City School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge 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 City School District Business Administrator, 921 Lafayette Street, Cape May, New Jersey, 08204.

## Basic Financial Statements

District-Wide Financial Statements

**CAPE MAY CITY SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2015**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 654,507	\$ 65,646	\$ 720,153
Receivables, net	115,397	4,898	120,295
Inventory		3,281	3,281
Restricted Assets:			
Restricted Cash and Cash Equivalents	75,784		75,784
Capital Assets, net (Note 5)	1,494,960	3,231	1,498,191
Total Assets	<u>2,340,648</u>	<u>77,056</u>	<u>2,417,704</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows of resources from pensions	<u>26,216</u>		<u>26,216</u>
<b>LIABILITIES:</b>			
Accounts Payable	45,517		45,517
Internal Balances	(63,350)	63,350	
Unearned Revenue	1,474	703	2,177
Noncurrent Liabilities:			
Due within one year			
Due beyond one year	139,880		139,880
Net pension liability	347,344		347,344
Total Liabilities	<u>470,865</u>	<u>64,053</u>	<u>534,918</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Inflows of resources from pensions	<u>359,481</u>		<u>359,481</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	1,494,960	3,231	1,498,191
Restricted for:			
Special Revenue Fund	(6,622)		(6,622)
Capital Projects	75,784		75,784
Other Purposes	445,963		445,963
Unrestricted	<u>(473,567)</u>	<u>9,772</u>	<u>(463,795)</u>
Total Net Position	<u>\$ 1,536,518</u>	<u>\$ 13,003</u>	<u>\$ 1,549,521</u>

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



**CAPE MAY CITY SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 1,312,897	\$ -	\$ 90,073	\$ (1,222,824)	\$ -	\$ (1,222,824)
Special education	171,441		49,875	(121,566)		(121,566)
Other instruction	157,194			(157,194)		(157,194)
Support Services:						
Tuition	89,986			(89,986)		(89,986)
Student & instruction related services	416,911		12,943	(403,968)		(403,968)
General administrative services	108,038			(108,038)		(108,038)
School administrative services	60,446			(60,446)		(60,446)
Central services	78,161			(78,161)		(78,161)
Plant operations and maintenance	338,590			(338,590)		(338,590)
Pupil transportation	55,063			(55,063)		(55,063)
Employee benefits	866,717		318,079	(548,638)		(548,638)
Unallocated depreciation and amortization	3,899			(3,899)		(3,899)
Total governmental activities	<u>3,659,343</u>		<u>470,970</u>	<u>(3,188,373)</u>		<u>(3,188,373)</u>
Business-type activities:						
Child Care Program	14,504	20,663			6,159	6,159
Food Service	112,031	17,897	73,932		(20,202)	(20,202)
Total business-type activities	<u>126,535</u>	<u>38,560</u>	<u>73,932</u>		<u>(14,043)</u>	<u>(14,043)</u>
Total primary government	<u>\$ 3,785,878</u>	<u>\$ 38,560</u>	<u>\$ 544,902</u>	<u>\$ (3,188,373)</u>	<u>\$ (14,043)</u>	<u>\$ (3,202,416)</u>
General revenues:						
Taxes:						
Property taxes for general purposes				1,574,143		1,574,143
Federal and State Aid not restricted				1,708,647		1,708,647
Tuition Fees				68,063		68,063
Capital Reserve - interest				30		30
Miscellaneous Income				258	10	268
Transfer				(20,000)	20,000	
Total general revenues and transfers				<u>3,331,141</u>	<u>20,010</u>	<u>3,351,151</u>
Change in Net Position				<u>142,768</u>	<u>5,967</u>	<u>148,735</u>
Net Position--July 1, as restated (Note 20)				1,393,750	7,036	1,400,786
Net Position--June 30				<u>\$ 1,536,518</u>	<u>\$ 13,003</u>	<u>\$ 1,549,521</u>

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

Fund Financial Statements

**CAPE MAY CITY SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

<b>ASSETS</b>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 565,894	\$ 88,613	\$ -	\$ -	\$ 654,507
Receivables, net	10,599	79,472	11,047		101,118
Interfund Receivables, net	256,259				256,259
Restricted Cash and Cash Equivalents	75,784				75,784
<b>Total Assets</b>	<u>\$ 908,536</u>	<u>\$ 168,085</u>	<u>\$ 11,047</u>	<u>-</u>	<u>\$ 1,087,668</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	39,867	5,650			45,517
Unearned Revenue		1,474			1,474
Interfund Payables, net		167,583	11,047		178,630
<b>Total liabilities</b>	<u>39,867</u>	<u>174,707</u>	<u>11,047</u>	<u>-</u>	<u>225,621</u>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Reserve	75,784				75,784
Maintenance Reserve	48				48
Emergency Reserve	50,000				50,000
<b>Assigned to:</b>					
Subsequent Year's Expenditures	395,915				395,915
Unassigned	346,922	(6,622)			340,300
<b>Total Fund Balances</b>	<u>868,669</u>	<u>(6,622)</u>			<u>862,047</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 908,536</u>	<u>\$ 168,085</u>	<u>-</u>	<u>-</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$3,779,677 and the accumulated depreciation is \$2,284,717. 1,494,960

The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:

Deferred Outflows of resources from Pensions	26,216	
Net Pension Liability	(347,344)	
Deferred Inflows of resources from Pensions	(359,481)	(680,609)

Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (139,880)

Net position of governmental activities \$ 1,536,518

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

**CAPE MAY CITY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**for the Fiscal Year Ended June 30, 2015**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 1,574,143	\$ -	\$ -	\$ -	\$ 1,574,143
Tuition charges	68,063				68,063
Capital reserve - interest	30				30
Maintenance reserve - interest	20				20
Miscellaneous	238				238
Total revenues-local sources	1,642,494				1,642,494
State sources	782,362	63,914			846,276
Federal sources	1,244,364	88,977			1,333,341
Total revenues	3,669,220	152,891			3,822,111
<b>EXPENDITURES:</b>					
Current expense:					
Regular instruction	1,128,273	92,376			1,220,649
Special education instruction	121,566	49,875			171,441
Other instruction	157,194				157,194
Support services and undistributed costs:					
Tuition	89,986				89,986
Student & instruction related services	403,968	12,943			416,911
General administrative services	100,239				100,239
School administrative services	60,446				60,446
Central services	78,161				78,161
Plant operations and maintenance	323,731				323,731
Pupil transportation	55,063				55,063
Unallocated employee benefits	911,940				911,940
Capital outlay	3,161				3,161
Total expenditures	3,433,728	155,194			3,588,922
Excess (deficiency) of revenues over (under) expenditures	235,492	(2,303)			233,189
Other Financing Sources (Uses):					
Transfers out	(20,000)				(20,000)
Total other financing sources (uses)	(20,000)				(20,000)
Net change in fund balance	215,492	(2,303)			213,189
Fund balances, July 1	653,177	(4,319)			648,858
Fund balances, June 30	\$ 868,669	\$ (6,622)	-	-	\$ 862,047

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

**CAPE MAY CITY SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**for the Fiscal Year Ended June 30, 2015**

Total net change in fund balances - governmental funds (from B-2)	\$	213,189
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p style="margin-left: 40px;">Capital outlays are reported in the governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation expense	\$ (77,988)	
Capital outlay		(77,988)
<hr style="width: 10%; margin-left: auto; margin-right: 0;"/>		
Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.		45,223
<p style="margin-left: 40px;">In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		(37,656)
<hr style="width: 10%; margin-left: auto; margin-right: 0;"/>		
Change in position of governmental activities	\$	<u>142,768</u>

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

**CAPE MAY CITY SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	<b>Business-type Activities</b>		
	<u>Child Care Program</u>	<u>Food Service Program</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 7,225	\$ 58,421	\$ 65,646
Accounts Receivable		4,523	4,523
Other Receivables	375		375
Inventories		<u>3,281</u>	<u>3,281</u>
Total Current Assets	<u>7,600</u>	<u>66,225</u>	<u>73,825</u>
Noncurrent Assets:			
Equipment		9,964	9,964
Less: Accumulated Depreciation		<u>(6,733)</u>	<u>(6,733)</u>
Total Noncurrent Assets		<u>3,231</u>	<u>3,231</u>
Total Assets	<u>\$ 7,600</u>	<u>\$ 69,456</u>	<u>\$ 77,056</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Unearned Revenue		703	703
Account Payable			
Interfund Payable		<u>63,350</u>	<u>63,350</u>
Total Liabilities		<u>64,053</u>	<u>64,053</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets		3,231	3,231
Unrestricted	<u>7,600</u>	<u>2,172</u>	<u>9,772</u>
Total Net Position	<u>\$ 7,600</u>	<u>\$ 5,403</u>	<u>\$ 13,003</u>

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

**CAPE MAY CITY SCHOOL DISTRICT**  
**Statement of Revenues, Expenses and Changes in Fund Position**  
**Proprietary Funds**  
**for the Fiscal Year Ended June 30, 2015**

	<b>Business-type Activities</b>		
	<b>Enterprise Funds</b>		
	<u>Child Care Program</u>	<u>Food Service Program</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for services:			
Daily sales-reimbursable programs	\$ -	\$ 13,313	\$ 13,313
Daily sales-non-reimbursable programs		3,639	3,639
Special functions		945	945
Program fees	19,196		19,196
Miscellaneous	1,467		1,467
Donations			
	<hr/>	<hr/>	<hr/>
Total operating revenue	20,663	17,897	38,560
<b>Operating expenses:</b>			
Salaries	13,509	43,717	57,226
Employee benefits		3,344	3,344
Supplies and materials	995	494	1,489
Depreciation		553	553
Other purchased services		17,000	17,000
Repairs and maintenance		1,202	1,202
Miscellaneous		641	641
Cost of sales		45,080	45,080
Rent			
	<hr/>	<hr/>	<hr/>
Total operating expenses	14,504	112,031	126,535
Operating income (loss)	6,159	(94,134)	(87,975)
<b>Nonoperating revenues (expenses):</b>			
State sources:			
State school lunch program		887	887
Federal sources:			
National school lunch program		63,387	63,387
U.S.D.A. commodities		9,658	9,658
Local sources:			
Interest revenue	4	6	10
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues (expenses)	4	73,938	73,942
Net income (loss) before transfers	6,163	(20,196)	(14,033)
Operating transfers in		20,000	20,000
Change in net position	6,163	(196)	5,967
Total net position - July 1, 2014	1,437	5,599	7,036
Total net position - June 30, 2015	<u>\$ 7,600</u>	<u>\$ 5,403</u>	<u>\$ 13,003</u>

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

**CAPE MAY CITY SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**for the Fiscal Year Ended June 30, 2015**

	<b>Business-type Activities</b>		
	<u>Child Care Program</u>	<u>Food Service Program</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 20,663	\$ 17,915	\$ 38,578
Payments to employees	(13,509)		(13,509)
Payments to suppliers	(995)	(37,476)	(38,471)
Net cash used for operating activities	<u>6,159</u>	<u>(19,561)</u>	<u>(13,402)</u>
<b>Cash flows from noncapital financing activities:</b>			
Operating transfer in			
Interfund Payable		7,108	7,108
State and Federal sources		64,118	64,118
Net cash provided by non-capital financing activities		<u>71,226</u>	<u>71,226</u>
<b>Cash flows from capital activities:</b>			
Purchases of fixed assets			
<b>Cash flows from investing activities:</b>			
Interest and dividends	4	7	11
Net cash provided by investing activities	<u>4</u>	<u>7</u>	<u>11</u>
Net increase in cash and cash equivalents	6,163	51,672	57,835
Balances - July 1, 2014	<u>1,062</u>	<u>6,749</u>	<u>7,811</u>
Balances - June 30, 2015	<u>\$ 7,225</u>	<u>\$ 58,421</u>	<u>\$ 65,646</u>
Reconciliation of operating loss to net cash provided			
(used) by operating activities:			
Operating income (loss)	\$ 6,159	\$ (94,134)	\$ (87,975)
Adjustments to reconcile operating income (loss) to net			
cash provided by (used for) operating activities:			
Depreciation		553	553
Federal commodities		9,658	9,658
(Increase) decrease in accounts receivable			
(Increase) decrease in interfund receivable			
(Increase) decrease in inventories		(404)	(404)
Increase (decrease) in deferred revenue			
Increase (decrease) in interfund payable, net		64,926	64,926
Increase (decrease) in accounts payable		(160)	(160)
Total adjustments		<u>74,573</u>	<u>74,573</u>
Net cash provided by (used for) operating activities	<u>\$ 6,159</u>	<u>\$ (19,561)</u>	<u>\$ (13,402)</u>

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



**CAPE MAY CITY SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2015**

	Unemployment Compensation Insurance Trust	Agency Fund
	<u>                    </u>	<u>                    </u>
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 4,419	\$ 14,279
	<u>                    </u>	<u>                    </u>
Total Assets	\$ 4,419	\$ 14,279
	<u>                    </u>	<u>                    </u>
<b>LIABILITIES:</b>		
Interfund Payable	<u>                    </u>	14,279
	<u>                    </u>	<u>                    </u>
Total Liabilities	\$ -	\$ 14,279
	<u>                    </u>	<u>                    </u>
<b>NET POSITION:</b>		
Held in Trust for Unemployment Claims and Other Purposes	\$ 4,419	
	<u>                    </u>	

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

**CAPE MAY CITY SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2015**

	Unemployment Compensation Insurance Trust
ADDITIONS:	
Contributions:	
Employee contributions	\$ 7,713
Total Contributions	7,713
Investment earnings:	
Interest	1
Net investment earnings	1
Total additions	7,714
DEDUCTIONS:	
Unemployment claims	3,345
Total deductions	3,345
Change in net position	4,369
Net Position - July 1, 2014	50
Net Position - June 30, 2015	\$ 4,419

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

**Cape May City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** - The Cape May City School District (District) is a Type II school district located in Cape May County, New Jersey and covers an area of approximately one square mile. As a Type II school district, it functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the District is to provide educational services for all of Cape May City's students in grades K through 6. Students in grades 7 through 8 attend Richard Teitleman Middle School. Students in grades 9 through 12 attend Lower Cape May Regional High School. The Cape May City School District has an approximate enrollment at June 30, 2015 of 175 students.

The primary criteria for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School district over which the Board exercises operating control.

**Component Units** – GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Unit*, provide guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

**Basis of Presentation**

The basic financial statements of the 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 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 position 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 position 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 position 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 City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**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.

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

**Special Revenue Fund** - The special revenue fund is used to account for and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**Capital Projects Fund** - The capital projects fund is used to account and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Proprietary Funds** - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those in the private sector.

**Enterprise Funds** - The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the School District is that all costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

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

The School District's enterprise funds are:

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

**Child Care Program** - This fund accounts for all revenues and expenses pertaining to the operations of the before and after school program sponsored by the District.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into investment in capital assets, net of related debt, and unrestricted net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

**Fiduciary Funds** - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: 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 two fiduciary funds; an unemployment compensation trust fund and a payroll 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 position.

**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 position. The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net total position. 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 City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**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 unearned 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 sixty days after 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 is reported in the operating statement as an expense. Unused donated commodities are reported as unearned 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 for their approval. 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.

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. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

**Cape May City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

**Budgets/Budgetary Control (Continued)** - 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. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, and all eligibility and time requirements satisfied are reflected on the balance sheet as unearned grant revenue at fiscal year end.

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

**Cash, Cash Equivalents and Investments** - Cash and cash equivalents, 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. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. 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. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA), 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.

**Tuition Receivable** - Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

**Tuition Payable** - Tuition charges for the fiscal years ended June 30, 2015 and 2014 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

**Cape May City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

**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, 2015.

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 (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

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

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

**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 position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**Capital Assets** - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and the proprietary fund statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.



**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

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

**Capital Assets** - Depreciation is computed using the straight-line method over the following useful lives:

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

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

The entire compensated absence liability is reported on the government-wide financial statements.

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

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

**Accrued Liabilities and Long-Term Obligations** - All payables, accrued liabilities, and long-term obligations are reported 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. Bonds are recognized as a liability on the fund financial statements when due.

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

**Net investment in capital assets** - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

**Restricted** - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or law or regulations of other governments.

**Unrestricted** - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

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

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

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

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

**Nonspendable** – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2015.

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

**Committed** – This fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District’s highest level of decision making authority, which for the School District is the Board of Education. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action imposing the commitment.

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the School District’s policy to spend restricted fund balances first. Likewise, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

**Operating and Non-Operating Revenues and Expenses** - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program. Non-operating revenues principally consist of interest income earned on various interest bearing accounts and federal and state subsidy reimbursements for the food service program.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. There are no non-operating expenses.

**Interfunds** – Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed.

**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 City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

**Recently Issued Accounting Pronouncements** – In February 2015, the GASB issued Statement 72, Fair Value Measurement and Application. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. This Statement is effective for financial statements for periods beginning after June 15, 2015 and will not have any effect on the District's financial reporting.

In June 2015, the GASB issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. This Statement is effective for financial statements for periods beginning after June 15, 2016 and will not have any effect on the District's financial reporting.

In June 2015, the GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are *not* administered through trusts that meet the specified criteria. This Statement is effective for financial statements for periods beginning after June 15, 2016. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In June, 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for financial statements for periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In June 2016, the GASB issued Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature.

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

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

**Recently Issued Accounting Pronouncements (Continued)** - As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement is effective for financial statements for periods beginning after June 15, 2015 and will not have any effect on the District's financial reporting.

**2. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School district in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District's amount on deposit of \$870,936 as of June 30, 2015, \$250,000 was insured under FDIC and the remaining balance of \$620,936 was collateralized under GUDPA.

**3. CAPITAL RESERVE ACCOUNT**

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

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the New Jersey Department of Education, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2.

Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Balance – July 1, 2014	\$	75,754
Increased by:		
Interest earned		30
		75,784
Decreased by:		
Budgeted Withdrawal		-
		-
Balance – June 30, 2015	\$	75,784

The June 30, 2015 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

**Cape May City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**4. ACCOUNTS RECEIVABLES**

Accounts receivables at June 30, 2015 consisted of accounts (fees) and intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Accounts receivable at June 30, 2015 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
State Aid	\$ 10,599	\$ -	\$ 11,047	\$ 68	\$ 21,714
Federal Aid		79,472		4,455	83,927
Other					
<b>Total</b>	<u>\$ 10,599</u>	<u>\$ 79,472</u>	<u>\$ 11,047</u>	<u>\$ 4,523</u>	<u>\$ 105,641</u>

**5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows :

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2015</u>
<b>Governmental Activities:</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 538,500			\$ 538,500
Construction in progress				
Total capital assets, not being Depreciated	<u>538,500</u>			<u>538,500</u>
<i>Capital Assets, being depreciated:</i>				
Site Improvements				
Building and Building Improvements	3,037,924			3,037,924
Equipment	203,253			203,253
Totals at historical cost	<u>3,241,177</u>			<u>3,241,177</u>
<i>Less Accumulated Depreciation:</i>				
Site Improvements				
Building and Building Improvements	(2,078,401)	\$ (71,656)		(2,150,057)
Equipment	(128,328)	(6,332)		(134,660)
Totals accumulated depreciation	<u>(2,206,729)</u>	<u>(77,988)</u>		<u>(2,284,717)</u>
Total Capital Assets, being depreciated, net	<u>1,034,448</u>	<u>(77,988)</u>		<u>956,460</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,572,948</u>	<u>\$ (77,988)</u>	<u>\$ -</u>	<u>\$ 1,494,960</u>
<b>Business-Type Activities:</b>				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 9,964			\$ 9,964
Less accumulated depreciation	(6,180)	\$ (553)		(6,733)
Business-Type Activities Capital Assets, Net	<u>\$ 3,784</u>	<u>\$ (553)</u>	<u>\$ -</u>	<u>\$ 3,231</u>

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**5. CAPITAL ASSETS (Continued)**

Depreciation expense in the amount of \$77,988 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Instruction	\$ 54,592
Administration	7,799
Plant Operations and Maintenance	11,698
Unallocated	3,899
<b>Total</b>	<b>\$ 77,988</b>

**6. INVENTORY**

Inventory in the food service fund at June 30, 2015 consisted of the following:

Food	\$ 2,712
Supplies	569
	<b>\$ 3,281</b>

**7. LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2015, the following changes occurred in long-term obligations:

<u>Governmental Activities:</u>	<u>Principal Outstanding July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2015</u>	<u>Amounts Due Within One Year</u>
Compensated Absences	\$ 102,224	\$ 37,656	_____	\$ 139,880	_____
<b>Total Governmental Activity</b>	<b>\$ 102,224</b>	<b>\$ 37,656</b>	_____	<b>\$ 139,880</b>	<b>-</b>

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

**8. OPERATING LEASES**

At June 30, 2015, the District had operating lease agreements in effect for the following:

Copiers and a Postage Meter

Total operating lease payments made during the year ended June 30, 2015, and 2014 were \$9,220 and \$8,940 respectively.

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**8. OPERATING LEASES (Continued)**

Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2016	\$ 7,761
June 30, 2017	7,176
June 30, 2018	7,176
June 30, 2019	7,176
June 30, 2020	<u>3,588</u>
Total future minimum lease payments	<u>\$ 32,877</u>

**9. 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). 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. 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 Chapters 113, 114, 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92 P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The State Treasurer has the right under current law to make temporary reductions in member 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 exist.

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.

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

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**9. PENSION PLANS (Continued)**

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

For the year ended June 30, 2015, the District recognized pension expense of \$438,633 and revenue of \$438,633 for support provided by the State. Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	06/30/14	06/30/13
Collective deferred outflows of resources	\$ 2,306,623,861	\$ -
Collective deferred inflows of resources	1,763,205,593	-
Collective net pension liability (Non-Employer – State of New Jersey)	53,446,745,367	50,539,213,484
State's portion of the net pension liability that was associated with the district	8,151,601	7,783,558
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	.0152518196%	.0154010277%

*Actuarial assumptions* – The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

- Inflation: 2.5%
- Salary Increases: Varies based on experience
- Investment Rate of Return: 7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.



**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**9. PENSION PLANS (Continued)**

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

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	06.00%	0.50%
Core Fixed Income	00.00%	2.19%
Core Bonds	01.00%	1.38%
Short-Term Bonds	00.00%	1.00%
Intermediate Term Bonds	11.20%	2.60%
Long-Term Bonds	00.00%	3.23%
Mortgages	02.50%	2.84%
High Yield Bonds	05.50%	4.15%
Non US Fixed Income	00.00%	1.41%
Inflation Indexed Bonds	02.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	00.00%	5.62%
Mid Cap US Equities	00.00%	6.39%
Small Cap US Equities	00.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	06.50%	8.90%
Private Equity	08.25%	9.15%
Hedge Funds/Absolute Ret	12.25%	3.85%
Real Estate (Property)	03.20%	4.43%
Real Estate (REITS)	00.00%	5.58%
Commodities	02.50%	3.60%
Long Credit Bonds	00.00%	3.74%

*Discount rate.* The discount rate used to measure the State's total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* Since the District has no proportionate share of the net pension liability, because of the special funding situation, the district would not be sensitive to any changes in the discount rate.

Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**9. PENSION PLANS (Continued)**

**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 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, 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. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012 and increases each subsequent July 1. 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 exist.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, 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>Non-Contrib Insurance Premium</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by District</u>
2015	\$ 2,546	\$ 11,778	\$ 970	\$ 15,294		\$ 15,294
2014	5,427	23,865	498	29,790		29,790
2013	7,779	18,599	1,570	27,948		27,948

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

For the year ended June 30, 2015, the District recognized pension expense of (\$44,418). At June 30, 2015, the District reported a liability of \$347,344 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$
Changes of assumptions	10,922	
Net difference between projected and actual earnings on pension plan investments		20,700
Changes in proportion and differences between District contributions and proportionate share of contributions		338,781
District contributions subsequent to the measurement Date	15,294	
Total	\$ 26,216	\$ 359,481

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**9. PENSION PLANS (Continued)**

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

\$15,294 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	Net Deferred Inflow of Resources:
2016	\$ 69,712
2017	69,712
2018	69,712
2019	69,712
2020	69,711
Total	\$ 348,559

**Additional Information**

Collective balances at June 30, 2014 and 2013 are as follows:

	6/30/2014	6/30/2013
Collective deferred outflows of resources	\$ 952,194,675	\$ (1)
Collective deferred inflows of resources	\$ 1,479,224,662	\$ (1)
Collective net pension liability	\$ 18,722,735,003	\$ 19,111,986,911
District's Proportion	.0018551999%	.0039536573%

(1) - Information not available.

*Actuarial assumptions* – The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

- Inflation rate: 3.01%
- Salary Increases:
  - 2012-2021: 2.15-4.40% based on age
  - Thereafter: 3.15-5.40% based on age
- Investment Rate of Return: 7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**9. PENSION PLANS (Continued)**

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

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	06.00%	00.80%
Core Bonds	01.00%	02.49%
Intermediate Term Bonds	11.20%	02.26%
Mortgages	02.50%	02.17%
High Yield Bonds	05.50%	04.82%
Inflation Indexed Bonds	02.50%	03.51%
Broad US Equities	25.90%	08.22%
Developed Foreign Equities	12.70%	08.12%
Emerging Market Equities	06.50%	09.91%
Private Equity	08.25%	13.02%
Hedge Funds/Absolute Ret	12.25%	04.92%
Real Estate (Property)	03.20%	05.80%
Commodities	02.50%	05.35%

*Discount rate.* The discount rate used to measure the State's total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability measured as of June 30, 2014, calculated using the discount rate of 5/39%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.39%) or 1 percentage point higher (6.39%) than the current rate:

	<u>1% Decrease (4.39%)</u>	<u>Current Discount Rate (5.39%)</u>	<u>1% Increase (6.39%)</u>
District's proportionate share of the net pension liability	\$ 436,971	\$ 347,344	\$ 272,080

*Pension Plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**9. PENSION PLANS (Continued)**

**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. 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.

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

<u>Fiscal Year</u>	<u>Paid by School District</u>
2015	\$ 5,243
2014	4,839
2013	4,439

**10. POST-RETIREMENT BENEFITS**

The School District contributes to the New Jersey State Health Benefits Program (SHBP), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established to provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

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, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**10. POST-RETIREMENT BENEFITS (Continued)**

The State establishes the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the 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's contribution to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the year ended June 30, 2015 was \$130,813 which equaled the required contributions. The State's contribution to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**11. ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2015, the School District has recognized as revenues and expenditures \$82,402 of on-behalf payments made by the State of New Jersey for normal retirement costs related to TPAF and \$104,864 for employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**12. 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.

**Joint Insurance Pool** - The School District is a member of the New Jersey School Boards Association Insurance Group (NJSBAIG). Insurance coverage as provided by the Fund can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The Fund publishes its own financial report which can be obtained at: [www.njsbaig.com](http://www.njsbaig.com).

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

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

<u>Fiscal Year</u>	<u>Interest Earnings</u>	<u>Board Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$ 1	\$	\$ 7,714	\$ 3,345	\$ 4,419
2013-2014		6,000	6,456	15,714	50
2012-2013	4		5,255	7,564	3,308

**13. DEFERRED COMPENSATION**

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, available to all permanent School District employees, permit participants to defer a portion of their current salary to future years. Participation in the plans is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and are administered by a third party therefore they are not reflected on the financial statements of the School District.

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**14. COMPENSATED ABSENCES**

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2015, the liability for compensated absences in the governmental activities fund type was \$139,880.

**15. INTERFUND BALANCES AND TRANSFERS**

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2015. The following interfund balances were recorded on the various balance sheets as of June 30, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 256,259	\$ -
Special Revenue		167,583
Capital Projects		11,047
Proprietary Fund		63,350
Fiduciary Fund		14,279
	<u>\$ 256,259</u>	<u>\$256,259</u>

**16. CONTINGENCIES**

The School District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School District may be required to reimburse the grantor government.

At June 30, 2015, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District.

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**17. DEFICIT UNASSIGNED FUND BALANCE**

The School District has a deficit unassigned fund balance of \$6,622 in the Special Revenue Fund as of June 30, 2015 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenues, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$6,622 in the Special Revenue Fund is equal to or less than the June state aid payment.

**18. DEFICIT UNRESTRICTED NET POSITIONS**

As of June 30, 2015, a deficit of \$473,567 existed in the Unrestricted Net Position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Position reported on Exhibited A-1 as follows:

Balances June 30, 2015	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds):	
Fund Balance – Unassigned	\$ 346,922
Liabilities:	
Net Pension Differences	(680,609)
Compensated Absences	<u>(139,880)</u>
Unrestricted Net Position (Deficit)	<u>\$ (437,567)</u>

**19. FUND BALANCES**

*RESTRICTED*

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

**General Fund:**

**Capital Reserve** – As of June 30, 2015, the balance in the capital reserve account is \$75,784. Of this amount \$75,784 is restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

**Maintenance Reserve Account** – As of June 30, 2015, the balance in the maintenance reserve account is \$48. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).



**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**19. FUND BALANCES (Continued)**

**General Fund (Continued):**

**Emergency Reserve** – As of June 30, 2015, the balance in the emergency reserve is \$50,000. 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*

As stated in Note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

**General Fund:**

**Designated for Subsequent Year's Expenditures** – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2016, \$395,915 of general fund balance at June 30, 2015.

*UNASSIGNED*

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

**General Fund** – As of June 30, 2015, the fund balance of the general fund was \$346,922 thus resulting in the fund balance classification of unassigned.

**Special Revenue Fund** – As of June 30, 2015, the fund balance of the special revenue fund was a deficit of \$6,622, thus resulting in the fund balance classification of unassigned. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 17).

**20. RESTATEMENT OF BEGINNING BALANCES**

Net position on the government-wide Statement of Activities as of July 1, 2014, has been restated for implementation of GASB-68.

The government-wide and fund financial statements were restated as follows:

	<u>Government -wide Statements Governmental Activities</u>
Net Position as of June 30, 2014, as previously reported	\$ 2,119,582
Prior Period Adjustment - Implementation GASB 68:	
Net Pension Liability	(755,622)
Deferred Outflows - District's Contribution made during fiscal year 2014	<u>29,790</u>
Net Position as Restated, July 1, 2014	<u>\$ 1,393,750</u>

Required Supplementary Information - Part II

## Budgetary Comparison Schedules

**CAPE MAY CITY SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 1,574,143	\$ -	\$ 1,574,143	\$ 1,574,143	\$ -
Tuition - other LEA's within State	67,063		67,063	67,063	
Tuition - Individuals	1,000		1,000	1,000	
Capital reserve - interest				30	30
Maintenance reserve - interest				20	20
Miscellaneous	<u>2,500</u>		<u>2,500</u>	<u>238</u>	<u>(2,262)</u>
Total local sources	<u>1,644,706</u>		<u>1,644,706</u>	<u>1,642,494</u>	<u>(2,212)</u>
State sources:					
Special education aid	76,912		76,912	76,912	
Security aid	39,821		39,821	39,821	
Adjustment aid	276,347		276,347	276,347	
Transportation aid	5,682		5,682	5,682	
School choice aid	69,205		69,205	69,205	
PARCC Readiness Aid	1,330		1,330	1,330	
Per Pupil Growth Aid	1,330		1,330	1,330	
Nonpublic transportation aid				1,570	1,570
On-behalf TPAF pension contributions (non-budgeted)				82,402	82,402
On-behalf TPAF post retirement medical (non-budgeted)				130,813	130,813
Reimbursed TPAF social security contributions (non-budgeted)				<u>104,864</u>	<u>104,864</u>
Total state sources	<u>470,627</u>		<u>470,627</u>	<u>790,276</u>	<u>319,649</u>
Federal sources:					
P.L. 103-382 Impact Aid	595,000		595,000	1,219,826	624,826
Department of Defense				<u>24,538</u>	<u>24,538</u>
Total federal sources	<u>595,000</u>		<u>595,000</u>	<u>1,244,364</u>	<u>649,364</u>
<b>TOTAL REVENUES</b>	<u>2,710,333</u>		<u>2,710,333</u>	<u>3,677,134</u>	<u>966,801</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Salaries of teachers					
Pre-Kindergarten	65,552	17,137	82,689	82,689	
Kindergarten	105,286	57,480	162,766	162,766	
Grades 1-5	616,520	(62,348)	554,172	554,172	
Grades 6-8	<u>103,016</u>	<u>(14,381)</u>	<u>88,635</u>	<u>88,635</u>	
Total Instruction	<u>890,374</u>	<u>(2,112)</u>	<u>888,262</u>	<u>888,262</u>	
Regular Programs - Home Instruction:					
Salaries of Teachers	2,000	(1,060)	940	940	
General Supplies	<u>100</u>	<u>(100)</u>			
Total Home Instruction	<u>2,100</u>	<u>(1,160)</u>	<u>940</u>	<u>940</u>	

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

**CAPE MAY CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2015**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	\$ 122,760	\$ 13,153	\$ 135,913	\$ 135,913	\$ -
Purchased technical services	26,078	2,014	28,092	28,092	
Other purchased services	2,000	(1,806)	194	194	
General supplies	66,500	846	67,346	67,346	
Textbooks	3,000	(96)	2,904	2,904	
Miscellaneous Expenditures		2,884	2,884	2,868	16
Other objects	8,300	(5,864)	2,436	1,754	682
Total Undistributed Instruction	<u>228,638</u>	<u>11,131</u>	<u>239,769</u>	<u>239,071</u>	<u>698</u>
Total - Regular Programs - Instruction	<u>1,121,112</u>	<u>7,859</u>	<u>1,128,971</u>	<u>1,128,273</u>	<u>698</u>
Special Educ Instruction: Resource Room					
Salaries of teachers	161,910	(12,562)	149,348	121,073	28,275
General supplies	500		500	493	7
Total Resource Room	<u>162,410</u>	<u>(12,562)</u>	<u>149,848</u>	<u>121,566</u>	<u>28,282</u>
Total Special Education - Instruction	<u>162,410</u>	<u>(12,562)</u>	<u>149,848</u>	<u>121,566</u>	<u>28,282</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	100,105	2,288	102,393	101,749	644
Other salaries for instruction		170	170	170	
General supplies	500	(322)	178	178	
Total Basic Skills/Remedial - Instruction	<u>100,605</u>	<u>2,136</u>	<u>102,741</u>	<u>102,097</u>	<u>644</u>
Summer School - Instruction					
Salaries of teachers	9,660	1,498	11,158	11,158	
Other salaries for instruction	3,018	(3,018)			
General supplies					
Total Summer School - Instruction	<u>12,678</u>	<u>(1,520)</u>	<u>11,158</u>	<u>11,158</u>	
School-Sponsored Cocurricular Act - Inst .					
Salaries	39,850	(1,922)	37,928	37,928	
Supplies and materials		6,011	6,011	6,011	
Total School-Sponsored Cocurr. Act. - Inst	<u>39,850</u>	<u>4,089</u>	<u>43,939</u>	<u>43,939</u>	
Undistributed Expenditures - Instruction					
Tuition to CSSD & Reg. Day Schools	73,650	22,947	96,597	89,986	6,611
Tuition to Private School for the Disabled	17,921	(17,921)			
Tuition - State Facilities					
Total Undistributed Expenditures - Instruction	<u>91,571</u>	<u>5,026</u>	<u>96,597</u>	<u>89,986</u>	<u>6,611</u>

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

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**CAPE MAY CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2015**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Attend. and Social Work					
Purchased professional and technical services	\$ 4,600	\$ -	\$ 4,600	\$ 4,600	\$ -
Total Undistributed Expenditures - Attendance	4,600		4,600	4,600	
Undistributed Expenditures - Health Services					
Salaries	74,771		74,771	74,396	375
Purchased prof. and technical services	1,600		1,600	1,600	
Other purchased services	500		500	404	96
Supplies and materials	1,420		1,420	1,081	339
Total Undistributed Expenditures - Health Svcs.	78,291		78,291	77,481	810
Undist. Expend. - Speech, OT, PT & Rel. Serv.					
Purchased prof. and educational services	53,064	747	53,811	53,811	
Supplies and materials	300	(271)	29	29	
Total Undst. Expend. - Speech, OT, PT & Rel. Serv.	53,364	476	53,840	53,840	
Undist. Expend. - Guidance					
Salaries of other professional staff	38,821	11,532	50,353	50,353	
Supplies and materials	500		500	162	338
Total Undst. Expend. - Guidance	39,321	11,532	50,853	50,515	338
Undist. Expend. - Child Study Teams					
Salaries of secretarial and clerical assistants	28,935	(19,768)	9,167	4,341	4,826
Purchased professional/educational services	91,400	2,733	94,133	94,133	
Supplies and materials	1,150		1,150	849	301
Total Undst. Expend. - Child Study Teams	121,485	(17,035)	104,450	99,323	5,127
Undist. Expend. - Improvement of Inst. Services					
Salaries of other professional staff	18,750		18,750	18,750	
Salaries of secretarial and clerical assistants	46,809		46,809	41,778	5,031
Supplies and Materials	4,800		4,800	4,800	
Total Undst. Expend. - Improvement of Inst. Services	70,359		70,359	65,328	5,031
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	42,110	5,469	47,579	47,415	164
Salaries of technology coordinators	6,000	(6,000)			
Purchased prof/technical services	3,890		3,890	2,378	1,512
Supplies and materials	3,250	531	3,781	3,088	693
Total Undst. Expend. - Educ. Media Serv./Sch. Library	55,250		55,250	52,881	2,369

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

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**CAPE MAY CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2015**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	\$ 65,432	\$ -	\$ 65,432	\$ 58,801	\$ 6,631
Legal services	4,000	130	4,130	4,130	
Audit Fees	13,525	2,870	16,395	14,500	1,895
Architectural/Engineering Services	4,000	4,000	8,000	1,566	6,434
Other purchased professional services	600		600		600
Communications / telephone	9,600	6,500	16,100	12,986	3,114
BOE Other Purchased Services	3,000	(2,237)	763		763
BOE In-House training/meeting supplies	500		500	89	411
Miscellaneous expenditures	5,350	(1,263)	4,087	3,991	96
BOE membership dues and fees	4,600		4,600	4,176	424
<b>Total Undst. Expend. - Supp. Serv. General Admin.</b>	<b>110,607</b>	<b>10,000</b>	<b>120,607</b>	<b>100,239</b>	<b>20,368</b>
Undist. Expend. - Supp. Serv. School Admin.					
Salaries of principals/assist. principals	53,125		53,125	53,125	
Other purchased services	2,681	(1,901)	780		780
Supplies and materials	3,500		3,500	2,991	509
Other objects	4,000	330	4,330	4,330	
<b>Total Undst. Expend. - Supp. Serv. School Admin.</b>	<b>63,306</b>	<b>(1,571)</b>	<b>61,735</b>	<b>60,446</b>	<b>1,289</b>
Undist. Expend. - Central Services					
Salaries	61,073	1,571	62,644	62,644	
Supplies and materials	2,500	(205)	2,295	2,295	
Miscellaneous expenditures	1,500	262	1,762	1,746	16
<b>Total Undst. Expend. - Central Services</b>	<b>65,073</b>	<b>1,628</b>	<b>66,701</b>	<b>66,685</b>	<b>16</b>
Undist. Expend. - Admin. Info. Technology					
Purchased technical services	10,700	2,813	13,513	11,476	2,037
<b>Total Undst. Expend. - Admin. Info. Technology</b>	<b>10,700</b>	<b>2,813</b>	<b>13,513</b>	<b>11,476</b>	<b>2,037</b>
Undist. Expend. - Required Maint. Sch. Facilities					
Salaries	55,152		55,152	55,152	
Cleaning, repair, and maintenance services	78,850	(764)	78,086	76,981	1,105
Supplies and materials		393	393	393	
<b>Total Undst. Expend. - Required Maint. Sch. Facilities</b>	<b>134,002</b>	<b>(371)</b>	<b>133,631</b>	<b>132,526</b>	<b>1,105</b>
Undist. Expend. - Custodial Services					
Salaries	79,829		79,829	78,731	1,098
Salaries of Non-Instructional	3,000	(112)	2,888	53	2,835
Purchased professional & tech. services	856		856	540	316
Insurance	32,795	(5,500)	27,295	25,416	1,879
Misc. purchased services	1,600		1,600	297	1,303
General supplies	9,000		9,000	8,138	862
Energy (electricity)	47,000		47,000	45,274	1,726
Energy (natural gas)	47,000	(24,597)	22,403	21,362	1,041
Energy (gasoline)	350	112	462	462	
Other objects	14,000		14,000	10,932	3,068
<b>Total Undst. Expend. - Custodial Services</b>	<b>235,430</b>	<b>(30,097)</b>	<b>205,333</b>	<b>191,205</b>	<b>14,128</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 CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2015**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Undst. Expend. - Oper. & Maint. of Plant Services	\$ 369,432	\$ (30,468)	\$ 338,964	\$ 323,731	\$ 15,233
Undist. Expend. - Student Trans. Services					
Sal. Of Non-Instructional Aides	6,086	(200)	5,886		5,886
Contr. serv. (other than bet. home & sch.) - vendors	3,200	441	3,641	3,641	
Contr. serv. (bet. home & sch.) - joint agreements	14,144	(3,536)	10,608	8,069	2,539
Contr. serv. (sp ed stds) - vendors	18,500	14,979	33,479	24,458	9,021
Contr. serv. (sp ed stds) - joint agreements	29,500	(10,605)	18,895	18,895	
Total Undst. Expend. - Student Trans. Services	71,430	1,079	72,509	55,063	17,446
Unallocated Benefits - Employee Benefits					
Social security contributions	34,000	11,138	45,138	41,793	3,345
Other retirement contributions - PERS	23,879	(7,912)	15,967	15,967	
Other retirement contributions - reg.	6,500	(1,257)	5,243	5,243	
Unemployment compensation	11,500	(3,048)	8,452	279	8,173
Workmen's compensation	26,250		26,250	24,702	1,548
Health benefits	445,189	17,597	462,786	462,786	
Tuition reimbursement	12,000		12,000	4,223	7,777
Other employee benefits	46,487		46,487	38,868	7,619
Total Unallocated Benefits - Employee Benefits	605,805	16,518	622,323	593,861	28,462
On-behalf TPAF pension contributions (non-budgeted)				82,402	(82,402)
On-behalf TPAF post retirement medical (non-budgeted)				130,813	(130,813)
Reimbursed TPAF social security contributions (non-budgeted)				104,864	(104,864)
Total Undistributed Expenditures - TPAF				318,079	(318,079)
Total Undistributed Expenditures	1,810,594	(2)	1,810,592	2,023,534	(212,942)
Total General Current Expense	3,247,249		3,247,249	3,430,567	(183,318)
<b>EXPENDITURES:</b>					
<b>CAPITAL OUTLAY :</b>					
Equipment:					
General administration	7,500		7,500		7,500
School administration	7,500		7,500		7,500
Required Maintenance for School Facilities	15,000		15,000		15,000
Total Equipment	30,000		30,000		30,000

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

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**CAPE MAY CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2015**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities Acquisition and Construction Services Assessment for Debt Service on SDA Funding	\$ 3,161	\$ -	\$ 3,161	\$ 3,161	\$ -
Total Facilities Acquisition and Construction Services	3,161		3,161	3,161	
Total Capital Outlay	33,161		33,161	3,161	30,000
Total Expenditures	3,280,410		3,280,410	3,433,728	(153,318)
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(570,077)		(570,077)	243,406	813,483
Other Financing Sources:					
Operating Transfer Out - Food Service Fund	(36,087)		(36,087)	(20,000)	(16,087)
Total Other Financing Sources	(36,087)		(36,087)	(20,000)	(16,087)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(606,164)		(606,164)	223,406	829,570
Fund Balance, July 1	685,679		685,679	685,679	
Fund Balance, June 30	\$ 79,515	\$ -	\$ 79,515	\$ 909,085	\$ 829,570
Recapitulation of Fund Balance					
Restricted Fund Balance:					
Maintenance Reserve				\$ 48	
Emergency Reserve				50,000	
Capital Reserve				75,784	
Assigned Fund Balance					
Year-end Encumbrances					
Designated for Subsequent Years Expenditures				395,915	
Unassigned Fund Balance				387,338	
				909,085	
Reconciliation on Governmental Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				(40,416)	
Fund Balance per Government Fund (GAAP)				\$ 868,669	

**CAPE MAY CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State sources	\$ 66,217	\$ -	\$ 66,217	\$ 66,217	\$ -
Federal sources	96,258		96,258	88,977	(7,281)
Total revenues	162,475		162,475	155,194	(7,281)
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	93,261	(885)	92,376	92,376	
Other purchased services	713		713	713	
Tuition	47,936		47,936	47,936	
General supplies	1,939		1,939	1,939	
Total instruction	143,849	(885)	142,964	142,964	
Support services:					
Personal services - employee benefits	6,608		6,608	5,650	958
Purchased professional educational services	11,506		11,506	5,183	6,323
Other purchased services	512	885	1,397	1,397	
Total support services	18,626	885	19,511	12,230	7,281
Total expenditures	162,475		162,475	155,194	7,281
Total outflows	162,475		162,475	155,194	7,281
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -

**CAPE MAY CITY SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budgetary Comparison**

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 3,677,134	\$ 155,194
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
The last State aid payment for the prior year is recognized as revenue for GAAP purposes and differs from budgetary basis which recognized this revenue in the prior year.	32,502	4,319
The last State aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognizes this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	(40,416)	(6,622)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 3,669,220	\$ 152,891
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 3,433,728	\$ 155,194
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.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 3,433,728	\$ 155,194

**Required Supplementary Information - Part III**  
**Schedules Related to Accounting and Reporting**  
**For Pensions (GASB 68)**

**CAPE MAY CITY SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Public Employees Retirement System**  
**Last Fiscal Year**

	June 30, 2015
District's proportion of the net pension liability (asset)	0.0018551999%
District's proportionate share of the net pension liability (asset)	\$ 347,344
District's covered-employee payroll	183,842
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	188.94%
Plan fiduciary net position as a percentage of the total pension liability	42.74%

This schedule does not contain ten years of information as GASB 68 was implemented during this fiscal year ended June 30, 2015.

**CAPE MAY CITY SCHOOL DISTRICT  
Required Supplementary Information  
Schedule of the District's Contributions  
Public Employees Retirement System  
Last Fiscal Year**

	June 30, 2015
Contractually required contribution	\$ 15,294
Contributions in relation to the contractually required contributions	<u>(15,294)</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	183,842
Contributions as a percentage of covered-employee payroll	8.32%

This schedule does not contain ten years of information as GASB 68 was implemented during this fiscal year ended June 30, 2015.

**CAPE MAY CITY SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Teachers' Pension and Annuity Fund**  
**Last Fiscal Year**

	June 30, 2015
District's proportion of the net pension liability (asset)	<u>0.0152518196%</u>
District's proportionate share of the net pension liability (asset)	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 8,151,601</u>
Total	<u><u>\$ 8,151,601</u></u>
District's covered-employee payroll	1,458,772
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%

This schedule does not contain ten years of information as GASB 68 was implemented during this fiscal year ended June 30, 2015.

**Cape May City School District**  
**Notes to Required Supplementary Information**  
**Pension Schedules**  
**For the Fiscal Year Ended June 30, 2015**

**1. Teacher's Pension and Annuity Fund (TPAF)**

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

*Changes of assumptions:* Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

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

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

*Changes of assumptions.* Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.



Other Supplementary Information

Special Revenue Fund  
Detail Statements

**CAPE MAY CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Statement of Revenues and Expenditures**  
**Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2015**

	<u>No Child Left Behind (N.C.L.B.)</u>		<u>Individuals With Disabilities Act (I.D.E.A.)</u>		<u>Preschool Education Aid</u>	<u>Total</u>
	<u>Title I Current Year</u>	<u>Title II - Part A Current Year</u>	<u>Part B - Basic Current Year</u>	<u>Part B - Preschool Current Year</u>		
<b>REVENUES:</b>						
State sources	\$ -	\$ -	\$ -	\$ -	\$ 66,217	\$ 66,217
Federal sources	33,206	5,183	48,649	1,939		88,977
<b>Total Revenues</b>	<u>33,206</u>	<u>5,183</u>	<u>48,649</u>	<u>1,939</u>	<u>66,217</u>	<u>155,194</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	26,159				66,217	92,376
Other Purchased services			713			713
Tuition			47,936			47,936
General Supplies				1,939		1,939
<b>Total instruction</b>	<u>26,159</u>		<u>48,649</u>	<u>1,939</u>	<u>66,217</u>	<u>142,964</u>
Support services:						
Personal Services - Employee Benefits	5,650					5,650
Purchased professional education services		5,183				5,183
Other Purchased Services	1,397					1,397
<b>Total support services</b>	<u>7,047</u>	<u>5,183</u>				<u>12,230</u>
<b>Total Expenditures</b>	<u>33,206</u>	<u>5,183</u>	<u>48,649</u>	<u>1,939</u>	<u>66,217</u>	<u>155,194</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CAPE MAY CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
 Statement of Preschool Education Aid  
 Budgetary Basis  
 for the Fiscal Year Ended June 30, 2015

<u>District-Wide Total</u>			
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of teachers	\$ 66,217	\$ 66,217	\$ -
Other salaries for instruction			
Total Instruction	66,217	66,217	
<b>Support Services:</b>			
Salaries of supervisor of instruction			
Personal Services - Employee Benefits			
Total support services			
Total expenditures	\$ 66,217	\$ 66,217	\$ -

**CALCULATION OF BUDGET AND CARRYOVER**

Total Revised 2014-2015 Preschool Education Allocation	\$ 66,217
Add: Actual Preschool Ed Aid Carryover (June 30, 2014)	
Total Preschool Education Aid Funds Available for 2014-2015	66,217
Less: 2013-2014 Budgeted Preschool education Aid (Prior year budget carryover)	
Available & Unbudgeted Preschool Education Funds as of June 30, 2015	
Add: June 30, 2015 Unexpended Preschool Education Aid	
2014-2015 Preschool Education Aid Carryover	\$ -
2014-2015 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2015-16	\$ -

Proprietary Funds  
Detail Statements

**CAPE MAY CITY SCHOOL DISTRICT**  
**Enterprise Funds**  
Statement of Net Position  
as of June 30, 2015

	Child Care Program	Food Service	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 7,225	\$ 58,421	\$ 65,646
Accounts Receivable:			
State		68	68
Federal		4,455	4,455
Other	375		375
Inventories		3,281	3,281
Total Current Assets	<u>7,600</u>	<u>66,225</u>	<u>73,825</u>
Fixed Assets:			
Equipment		9,964	9,964
Less: Accumulated Depreciation		<u>(6,733)</u>	<u>(6,733)</u>
Total Fixed Assets		<u>3,231</u>	<u>3,231</u>
Total Assets	<u>\$ 7,600</u>	<u>\$ 69,456</u>	<u>\$ 77,056</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Unearned Revenue		703	703
Interfund Payable		<u>63,350</u>	<u>63,350</u>
Total Current Liabilities		<u>64,053</u>	<u>64,053</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets		3,231	3,231
Unreserved Retained Earnings	<u>7,600</u>	<u>2,172</u>	<u>9,772</u>
Total Net Position	<u>\$ 7,600</u>	<u>\$ 5,403</u>	<u>\$ 13,003</u>

**CAPE MAY CITY SCHOOL DISTRICT**  
**Enterprise Funds**  
 Combined Statement of Revenues, Expenses and Changes in Net Position  
 for the Fiscal Year ended June 30, 2015

	Child Care Program	Food Service	Total
<b>OPERATING REVENUES:</b>			
Local sources:			
Daily sales-reimbursable programs:			
School lunch program	\$ -	\$ 13,313	\$ 13,313
Total-daily sales-reimbursable programs		13,313	13,313
Daily sales non-reimbursable programs		3,639	3,639
Special functions		945	945
Program fees	19,196		19,196
Donations	1,467		1,467
Total operating revenue	20,663	17,897	38,560
<b>OPERATING EXPENSES:</b>			
Salaries	13,509	43,717	57,226
Employee benefits		3,344	3,344
Supplies and materials	995	494	1,489
Depreciation		553	553
Repairs and Maintenance		1,202	1,202
Other purchased services		17,000	17,000
Miscellaneous		641	641
Cost of Sales		45,080	45,080
Total operating expenses	14,504	112,031	126,535
Operating income (loss)	6,159	(94,134)	(87,975)
<b>Non-operating revenues:</b>			
State sources:			
State school lunch program		887	887
Federal sources:			
National school lunch program		63,387	63,387
U.S.D.A. commodities		9,658	9,658
Interest revenue	4	6	10
Total non-operating revenues	4	73,938	73,942
Net income (loss) before transfers	6,163	(20,196)	(14,033)
<b>Other Financing Sources and Uses :</b>			
Operating transfers in		20,000	20,000
Change in Net Position	6,163	(196)	5,967
Net Position - July 1	1,437	5,599	7,036
Net Position - June 30	\$ 7,600	\$ 5,403	\$ 13,003

**CAPE MAY CITY SCHOOL DISTRICT**  
**Enterprise Funds**  
Statement of Cash Flows  
for the Fiscal Year ended June 30, 2015

	Child Care Program	Food Service	Total
<b>Cash flows from operating activities:</b>			
Cash receipts from customers	\$ 20,663	\$ 17,915	\$ 38,578
Cash payments to employees for services	(13,509)	-	(13,509)
Cash payments to suppliers for goods and services	(995)	(37,476)	(38,471)
<b>Net cash used by operating activities</b>	<u>6,159</u>	<u>(19,561)</u>	<u>(13,402)</u>
<b>Cash flows from noncapital financing activities:</b>			
Miscellaneous			-
Operating transfer in		7,108	7,108
Cash received from state and federal reimbursements		64,118	64,118
<b>Net cash provided by noncapital financing activities</b>	<u>-</u>	<u>71,226</u>	<u>71,226</u>
<b>Cash flows from capital financing activities:</b>			
Purchases of fixed assets			-
<b>Net cash used by capital financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities:</b>			
Interest on investments	4	7	11
<b>Net cash provided by investing activities</b>	<u>4</u>	<u>7</u>	<u>11</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	6,163	51,672	57,835
<b>Cash and cash equivalents, July 1</b>	<u>1,062</u>	<u>6,749</u>	<u>7,811</u>
<b>Cash and cash equivalents, June 30</b>	<u>\$ 7,225</u>	<u>\$ 58,421</u>	<u>\$ 65,646</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 6,159	\$ (94,134)	\$ (87,975)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation		553	553
Federal commodities		9,658	9,658
Change in assets and liabilities:			
(Increase)/decrease in inventory		(404)	(404)
Increase/(decrease) in interfund payable		64,926	64,926
Increase/(decrease) in accounts payable		(160)	(160)
<b>Net cash used by operating activities</b>	<u>\$ 6,159</u>	<u>\$ (19,561)</u>	<u>\$ (13,402)</u>



Fiduciary Funds  
Detail Statements

**CAPE MAY CITY SCHOOL DISTRICT**  
**Fiduciary Funds**  
Combining Statement of Net Position  
June 30, 2015

	<u>Agency Funds</u>	<u>Employee Benefit Trust Funds</u>	
	<u>Payroll</u>	<u>Unemployment Compensation Insurance Fund</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 14,279	\$ 4,419	\$ 18,698
<b>TOTAL ASSETS</b>	<u>\$ 14,279</u>	<u>\$ 4,419</u>	<u>\$ 18,698</u>
<b>LIABILITIES</b>			
<b>LIABILITIES:</b>			
Interfund Payable	<u>14,279</u>		<u>14,279</u>
<b>Total Liabilities</b>	<u>14,279</u>		<u>14,279</u>
<b>NET POSITION</b>			
Reserved for Unemployment Claims		<u>4,419</u>	<u>4,419</u>
<b>Total Net Position</b>	<u>\$ -</u>	<u>\$ 4,419</u>	<u>\$ 4,419</u>

**CAPE MAY CITY SCHOOL DISTRICT**  
**Fiduciary Fund**  
 Statement of Changes in Fiduciary Net Position  
 for the Fiscal Year ended June 30, 2015

	<u>Employee Benefit</u> <u>Trust Funds</u> <u>Unemployment</u> <u>Compensation</u> <u>Insurance Fund</u>
<b>REVENUES:</b>	
Local sources:	
Employee contributions	\$ 7,713
Interest on investments	<u>1</u>
<b>Total Revenues</b>	<u>7,714</u>
 <b>EXPENDITURES:</b>	
Current Expense:	
Undistributed Expenditures:	
Unemployment claims	<u>\$ 3,345</u>
<b>Total Expenditures</b>	<u>3,345</u>
 Excess (deficiency) of revenues over (under) expenditures)	 4,369
 Net Position July 1, 2014	 <u>50</u>
 Net Position June 30, 2015	 <u><u>\$ 4,419</u></u>

**CAPE MAY CITY SCHOOL DISTRICT**  
**Payroll Agency Fund**  
 Schedule of Receipts and Disbursements  
 for the Fiscal Year ended June 30, 2015

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 3,052	\$ 2,179,573	\$ 2,168,346	\$ 14,279
<b>Total assets</b>	<u>\$ 3,052</u>	<u>\$ 2,179,573</u>	<u>\$ 2,168,346</u>	<u>\$ 14,279</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	\$ 2,430	\$ 959,679	\$ 962,109	\$ -
Net payroll		1,206,237	1,206,237	
Interfund payable	<u>622</u>	<u>13,657</u>		<u>14,279</u>
<b>Total liabilities</b>	<u>\$ 3,052</u>	<u>\$ 2,179,573</u>	<u>\$ 2,168,346</u>	<u>\$ 14,279</u>

**Statistical Section**

**Cape May City School District**  
**Net Position by Component,**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit J-1**

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 2,237,064	\$ 2,163,274	\$ 2,085,039	\$ 1,990,488	\$ 1,877,400	\$ 1,806,878	\$ 1,713,775	\$ 1,663,528	\$ 1,572,948	\$ 1,494,960
Restricted for:										
Special Revenue	(9,004)	(9,004)	(10,828)	(3,197)	(3,197)	(3,028)	(2,478)	(3,366)	(4,319)	(6,622)
Capital Projects					75,590	75,662	75,688	75,723	75,753	75,784
Other Purposes	514,880	400,736	449,264	526,636	1,290,355	1,065,653	953,568	935,650	606,192	445,963
Unrestricted	107,850	(45,423)	56,444	916,389	101,144	222,232	360,364	139,660	(130,992)	(473,567)
<b>Total Governmental Activities Net Position</b>	<b>\$ 2,850,790</b>	<b>\$ 2,509,583</b>	<b>\$ 2,579,919</b>	<b>\$ 3,430,316</b>	<b>\$ 3,341,292</b>	<b>\$ 3,167,397</b>	<b>\$ 3,100,917</b>	<b>\$ 2,811,195</b>	<b>\$ 2,119,582</b>	<b>\$ 1,536,518</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 4,331	\$ 3,884	\$ 3,438	\$ 2,991	\$ 1,943	\$ 1,723	\$ 4,891	\$ 4,338	\$ 3,784	\$ 3,231
Unrestricted	4,912	4,420	6,549	8,127	4,128	2,655	10,084	10,887	3,252	9,772
<b>Total Business-Type Activities Net Position</b>	<b>\$ 9,243</b>	<b>\$ 8,304</b>	<b>\$ 9,987</b>	<b>\$ 11,118</b>	<b>\$ 6,071</b>	<b>\$ 4,378</b>	<b>\$ 14,975</b>	<b>\$ 15,225</b>	<b>\$ 7,036</b>	<b>\$ 13,003</b>
<b>District-Wide:</b>										
Net Investment in Capital Assets	\$ 2,241,395	\$ 2,167,158	\$ 2,088,477	\$ 1,993,479	\$ 1,879,343	\$ 1,808,601	\$ 1,718,666	\$ 1,667,866	\$ 1,576,732	\$ 1,498,191
Restricted:										
Special Revenue	(9,004)	(9,004)	(10,828)	(3,197)	(3,197)	(3,028)	(2,478)	(3,366)	(4,319)	(6,622)
Capital Projects					75,662	75,688	75,723	75,753	75,784	75,784
Other Purposes	514,880	400,736	449,264	526,636	1,290,355	1,065,653	953,568	935,650	606,192	445,963
Unrestricted	112,762	(41,003)	62,993	924,516	105,272	224,887	370,448	150,547	(127,740)	(463,795)
<b>Total District Net Position</b>	<b>\$ 2,860,033</b>	<b>\$ 2,517,887</b>	<b>\$ 2,589,906</b>	<b>\$ 3,441,434</b>	<b>\$ 3,271,773</b>	<b>\$ 3,171,775</b>	<b>\$ 3,115,892</b>	<b>\$ 2,826,420</b>	<b>\$ 2,126,618</b>	<b>\$ 1,549,521</b>

**Cape May City School District**  
**Changes in Net Position, Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Exhibit J-2

Fiscal Year Ending June 30,

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses:</b>										
Governmental activities:										
Instruction:										
Regular	\$ 1,239,681	\$ 1,198,244	\$ 1,272,439	\$ 1,212,101	\$ 1,408,535	\$ 1,454,252	\$ 1,320,931	\$ 1,405,163	\$ 1,253,104	\$ 1,312,897
Special education	77,259	102,671	82,927	75,309	156,120	135,315	201,479	174,812	186,529	171,441
Other instruction	124,646	146,493	66,583	113,930	82,984	75,584	161,915	135,795	187,810	157,194
Support Services:										
Tuition	57,075	98,744	40,902	36,060	9,124	2,255		63,881	170,479	89,986
Student & instruction related services	373,738	422,005	429,933	339,277	436,082	377,209	378,733	405,282	417,051	416,911
School administrative services	54,262	37,156	47,036	53,924	52,740	58,973	54,907	54,581	61,758	60,446
General and business administrative services	191,735	163,787	168,151	183,334	182,509	206,649	192,094	178,890	187,707	186,199
Plant operations and maintenance	394,654	405,483	352,577	435,893	449,175	386,030	411,389	397,424	361,714	338,590
Pupil transportation	46,371	34,632	25,268	18,934	60,076	77,806	16,392	63,840	71,543	55,063
Unallocated employee benefits	658,787	773,335	745,368	596,480	634,642	710,531	805,634	914,357	883,052	866,717
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation	4,885	4,798	4,859	4,727	5,861	4,502	4,322	4,512	7,690	3,899
Total governmental activities expenses	<u>3,223,093</u>	<u>3,387,348</u>	<u>3,236,043</u>	<u>3,069,969</u>	<u>3,477,848</u>	<u>3,489,106</u>	<u>3,547,796</u>	<u>3,798,537</u>	<u>3,788,437</u>	<u>3,659,343</u>
Business-type activities:										
Food service	79,288	87,418	99,676	76,644	97,465	84,647	84,851	81,148	98,066	112,031
Child care program	-	-	19,227	20,143	18,159	12,692	13,638	18,627	20,806	14,504
Total business-type activities expense	<u>79,288</u>	<u>87,418</u>	<u>118,903</u>	<u>96,787</u>	<u>115,624</u>	<u>97,339</u>	<u>98,489</u>	<u>99,775</u>	<u>118,872</u>	<u>126,535</u>
Total district expenses	<u>\$ 3,302,381</u>	<u>\$ 3,474,766</u>	<u>\$ 3,354,946</u>	<u>\$ 3,166,756</u>	<u>\$ 3,593,472</u>	<u>\$ 3,586,445</u>	<u>\$ 3,646,285</u>	<u>\$ 3,898,312</u>	<u>\$ 3,907,309</u>	<u>\$ 3,785,878</u>
<b>Program Revenues:</b>										
Governmental activities:										
Operating grants and contributions	386,497	388,445	782,285	396,270	475,426	359,720	267,301	457,559	137,419	470,970
Total governmental activities program revenues	<u>386,497</u>	<u>388,445</u>	<u>782,285</u>	<u>396,270</u>	<u>475,426</u>	<u>359,720</u>	<u>267,301</u>	<u>457,559</u>	<u>137,419</u>	<u>470,970</u>

(Continued)

**Cape May City School District**  
**Changes in Net Position, Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Exhibit J-2

Fiscal Year Ending June 30,

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Business-type activities:</b>										
Charges for services:										
Food service	\$ 11,886	\$ 14,507	\$ 14,791	\$ 20,907	\$ 23,448	\$ 21,283	\$ 20,453	\$ 20,870	\$ 17,981	\$ 17,897
Child care program			21,765	18,154	14,132	18,109	18,457	16,894	12,835	20,663
Operating grants and contributions	32,905	38,200	36,823	49,565	71,033	47,893	57,209	52,652	63,850	73,932
Capital grants and contributions										
Total business type activities program revenues	44,791	52,707	73,379	88,626	108,613	87,285	96,119	90,416	94,666	112,492
Total district program revenues	\$ 431,288	\$ 441,152	\$ 855,664	\$ 484,896	\$ 584,039	\$ 447,005	\$ 363,420	\$ 547,975	\$ 232,085	\$ 583,462
<b>Net (Expense)/Revenue:</b>										
Governmental activities	\$ (2,836,596)	\$ (2,998,903)	\$ (2,453,758)	\$ (2,673,699)	\$ (3,002,422)	\$ (3,129,386)	\$ (3,280,495)	\$ (3,340,978)	\$ (3,651,018)	\$ (3,188,373)
Business-type activities	(34,497)	(34,711)	(45,524)	(8,161)	(7,011)	(10,054)	(2,370)	(9,359)	(24,206)	(14,043)
Total district-wide net expense	\$ (2,871,093)	\$ (3,033,614)	\$ (2,499,282)	\$ (2,681,860)	\$ (3,009,433)	\$ (3,139,440)	\$ (3,282,865)	\$ (3,350,337)	\$ (3,675,224)	\$ (3,202,416)
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 1,488,204	\$ 1,338,359	\$ 1,483,921	\$ 1,483,921	\$ 1,483,921	\$ 1,483,921	\$ 1,483,921	\$ 1,483,921	\$ 1,513,599	\$ 1,574,143
Unrestricted grants and contributions	1,415,268	1,284,262	1,044,356	1,996,252	1,374,538	1,390,853	1,655,773	1,532,289	1,418,777	1,708,647
Investment earnings	26,603	31,673	14,266	25,600	30,016	23,488	26	35	1,767	63
Miscellaneous income	51,178	37,102	28,402	27,551	26,866	65,572	87,240	1,867	41,262	68,288
Transfers	(35,000)	(33,700)	(46,851)	(9,228)	(1,943)	(8,343)	(12,945)	(9,599)	(16,000)	(20,000)
Total governmental activities	2,946,253	2,657,696	2,524,094	3,524,096	2,913,398	2,955,491	3,214,015	3,008,513	2,959,405	3,331,141
Business-type activities:										
Investment earnings	153	72	356	64	21	18	22	10	17	10
Transfers	35,000	33,700	46,851	9,228	1,943	8,343	12,945	9,599	16,000	20,000
Total business-type activities	35,153	33,772	47,207	9,292	1,964	8,361	12,967	9,609	16,017	20,010
Total district-wide	\$ 2,981,406	\$ 2,691,468	\$ 2,571,301	\$ 3,533,388	\$ 2,915,362	\$ 2,963,852	\$ 3,226,982	\$ 3,018,122	\$ 2,975,422	\$ 3,351,151
<b>Change in Net Position:</b>										
Governmental activities	\$ 109,657	\$ (341,207)	\$ 70,336	\$ 850,397	\$ (89,024)	\$ (173,895)	\$ (66,480)	\$ (332,465)	\$ (691,613)	\$ 142,768
Business-type activities	656	(939)	1,683	1,131	(5,047)	(1,693)	10,597	250	(8,189)	5,967
Total district-wide	\$ 110,313	\$ (342,146)	\$ 72,019	\$ 851,528	\$ (94,071)	\$ (175,588)	\$ (55,883)	\$ (332,215)	\$ (699,802)	\$ 148,735



Cape May City School District  
Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Exhibit J-3

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved for:										
Encumbrances	\$ 490	\$ 560	\$ 21,801	\$ 3,552	\$ -	\$ 9,042	\$ 2,916	\$ 650	\$ -	\$ -
Capital reserve	42,885	45,027	96,768	75,314	75,590	75,662	75,688	75,723	75,753	75,784
Maintenance reserve						200,000	200,000	150,000	50,028	48
Emergency reserve						50,000	50,000	50,000	50,000	50,000
Unreserved - designated for subsequent year's expenditures	471,505	355,149	330,695	447,770	1,290,355	806,611	700,652	735,000	506,164	395,915
Unreserved	<u>300,361</u>	<u>142,873</u>	<u>223,221</u>	<u>1,062,878</u>	<u>252,935</u>	<u>419,830</u>	<u>534,895</u>	<u>283,809</u>	<u>(28,768)</u>	<u>346,922</u>
Total general fund	<u>\$ 815,241</u>	<u>\$ 543,609</u>	<u>\$ 672,485</u>	<u>\$ 1,589,514</u>	<u>\$ 1,618,880</u>	<u>\$ 1,561,145</u>	<u>\$ 1,564,151</u>	<u>\$ 1,295,182</u>	<u>\$ 653,177</u>	<u>\$ 968,669</u>
All Other Governmental Funds										
Reserved:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Encumbrances										
Unreserved, reported in:										
Special revenue fund	(9,004)	(9,004)	(10,828)	(3,197)	(3,197)	(3,028)	(2,478)	(3,366)	(4,319)	(6,622)
Capital projects fund										
Debt service fund										
Total all other governmental funds	<u>\$ (9,004)</u>	<u>\$ (9,004)</u>	<u>\$ (10,828)</u>	<u>\$ (3,197)</u>	<u>\$ (3,197)</u>	<u>\$ (3,028)</u>	<u>\$ (2,478)</u>	<u>\$ (3,366)</u>	<u>\$ (4,319)</u>	<u>\$ (6,622)</u>

Cape May City School District  
Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years

Exhibit J-4

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Tax levy	\$ 1,488,204	\$ 1,338,359	\$ 1,483,921	\$ 1,483,921	\$ 1,483,921	\$ 1,483,921	\$ 1,483,921	\$ 1,483,921	\$ 1,513,599	\$ 1,574,143
Tuition charges	30,700	13,500	3,500	25,600	30,016	23,488	48,564	25,934	38,136	68,063
Interest earnings	26,603	31,673	14,266	10,165	7,299	5,393	1,806	35	1,767	63
Miscellaneous	20,478	23,602	24,902	17,386	19,567	60,179	36,896	18,676	3,126	225
State sources	784,484	892,281	951,661	758,568	666,747	585,765	674,332	783,053	790,233	846,276
Federal sources	1,017,281	780,426	874,980	1,633,954	1,194,264	1,164,808	1,248,742	1,206,795	765,963	1,333,341
<b>Total revenue</b>	<b>3,367,750</b>	<b>3,079,841</b>	<b>3,353,230</b>	<b>3,929,594</b>	<b>3,401,814</b>	<b>3,323,554</b>	<b>3,494,261</b>	<b>3,518,414</b>	<b>3,112,824</b>	<b>3,822,111</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	1,210,347	1,135,276	1,225,939	1,166,203	1,321,171	1,345,430	1,283,491	1,372,372	1,231,623	1,220,649
Special education instruction	77,259	102,671	82,927	75,309	156,120	135,315	201,479	174,812	186,529	171,441
Other instruction	124,646	146,493	66,583	113,930	82,984	75,584	161,915	135,795	187,810	157,194
<b>Support Services:</b>										
Tuition	57,075	98,744	40,902	36,060	9,124	2,255	-	63,881	170,479	89,986
Student & instruction related services	373,738	422,005	429,933	339,277	436,082	377,209	378,733	405,282	417,051	416,911
General and business admin. services	95,950	77,920	81,597	93,852	86,664	103,682	84,269	87,922	103,930	100,239
School administrative services	54,262	37,156	47,036	53,924	52,740	58,973	54,907	54,581	61,758	60,446
Central Services	86,015	76,269	76,837	80,027	84,122	93,965	99,181	81,943	74,719	78,161
Plant operations and maintenance	353,088	370,617	315,336	340,553	369,615	367,561	356,221	358,351	348,127	323,731
Pupil transportation	46,371	34,632	25,268	18,934	60,076	77,806	16,392	63,840	71,543	55,063
Unallocated employee benefits	658,787	773,335	745,368	596,480	634,642	710,531	805,634	914,357	883,052	911,940
Capital outlay	34,909	42,655	41,601	81,157	77,165	24,466	35,538	65,536	3,161	3,161
<b>Debt service:</b>										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>3,172,447</b>	<b>3,317,773</b>	<b>3,179,327</b>	<b>2,995,706</b>	<b>3,370,505</b>	<b>3,372,777</b>	<b>3,477,760</b>	<b>3,778,672</b>	<b>3,739,782</b>	<b>3,598,922</b>
Excess (Deficiency) of revenues over (under) expenditures	195,303	(237,932)	173,903	933,888	31,309	(49,223)	16,501	(260,258)	(626,958)	233,189
<b>Other Financing Sources (Uses):</b>										
Transfers in	-	-	-	-	16,571	-	-	-	-	-
Transfers out	(35,000)	(33,700)	(46,851)	(9,228)	(18,514)	(8,343)	(12,945)	(9,599)	(16,000)	(20,000)
<b>Total other financing sources (uses)</b>	<b>(35,000)</b>	<b>(33,700)</b>	<b>(46,851)</b>	<b>(9,228)</b>	<b>(1,943)</b>	<b>(8,343)</b>	<b>(12,945)</b>	<b>(9,599)</b>	<b>(16,000)</b>	<b>(20,000)</b>
<b>Net change in fund balances</b>	<b>\$ 160,303</b>	<b>\$ (271,632)</b>	<b>\$ 127,052</b>	<b>\$ 924,660</b>	<b>\$ 29,366</b>	<b>\$ (57,566)</b>	<b>\$ 3,556</b>	<b>\$ (269,857)</b>	<b>\$ (642,958)</b>	<b>\$ 213,189</b>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

**Exhibit J-5**

<u>Fiscal Year Ending June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Donations</u>	<u>Building Use</u>	<u>Refund of Prior Year Expenditures</u>	<u>Miscellaneous</u>	<u>Total</u>
2006	\$ 26,603	\$ 30,700		\$ 15,650	\$ 4,530	\$ 298	\$ 77,781
2007	31,673	13,500	\$ 32	16,060	7,510		68,775
2008	14,266	3,500	-	16,000	8,902		42,668
2009	10,165	25,600	-	17,175		211	53,151
2010	7,023	30,016	-	16,825	2,742		56,606
2011	5,321	23,488	-	16,603	43,576		88,988
2012	1,780	48,564	-	17,135	18,393	1,368	87,240
2013	714	25,934	-	16,624	77	1,296	44,645
2014	1,767	38,136		225	2,901		43,029
2015	63	68,063		225	-		68,351
	<u>\$ 99,375</u>	<u>\$ 307,501</u>	<u>\$ 32</u>	<u>\$ 132,522</u>	<u>\$ 88,631</u>	<u>\$ 3,173</u>	<u>\$ 631,234</u>

**Source: District records**

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

Exhibit J-6

65

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2006	\$ 45,893,000	\$ 1,647,701,200	\$ 349,082,000	\$ 131,993,800	\$ 2,174,670,000	\$ 813,297	\$ 2,175,483,297	\$ 326,172,100	0.062	\$ 2,242,649,910
2007	45,603,600	1,678,813,200	351,105,400	127,779,200	2,203,301,400	748,057	2,204,049,457	326,895,200	0.068	2,503,152,723
2008	43,644,800	1,693,968,100	350,790,200	125,900,300	2,214,303,400	728,282	2,215,031,682	327,656,700	0.067	2,688,901,384
2009	41,928,800	1,722,295,200	352,884,200	121,649,800	2,238,758,000	765,569	2,239,523,569	327,747,900	0.067	2,782,533,630
2010	57,139,000	2,138,841,000	453,981,300	148,999,800	2,798,961,100	952,965	2,799,914,065	420,382,900	0.053	2,793,454,421
2011	58,125,700	2,149,223,600	439,858,800	143,882,000	2,791,090,100	796,181	2,791,886,281	420,630,400	0.054	2,848,404,511
2012	57,451,900	2,160,163,500	435,731,100	143,061,100	2,796,407,600	750,281	2,797,157,881	419,138,600	0.054	2,904,884,781
2013	53,163,900	2,168,319,400	435,863,300	139,510,400	2,796,857,000	815,630	2,797,672,630	429,768,200	0.054	2,812,671,567
2014	53,288,200	2,173,873,900	431,761,000	135,723,600	2,794,646,700	589,060	2,795,235,760	431,981,900	0.057	2,738,737,239
2015	64,370,700	2,177,186,500	430,297,700	133,612,100	2,805,467,000	621,231	2,806,088,231	433,484,900	0.062	2,742,474,025

Source: Municipal Tax Assessor

Note:

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

Reassessment occurs when ordered by the County Board of Taxation

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

Cape May City 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 City School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Regional School District	City of Cape May	Cape May County	
2006	\$ 0.062		\$ 0.062	\$ 0.247	\$ 0.245	\$ 0.216	\$ 0.770
2007	0.068		0.068	0.207	0.274	0.221	0.770
2008	0.067		0.067	0.226	0.307	0.233	0.833
2009	0.067		0.067	0.215	0.320	0.251	0.853
2010	0.053		0.053	0.196	0.277	0.214	0.740
2011	0.054		0.054	0.220	0.283	0.227	0.784
2012	0.054		0.054	0.237	0.294	0.242	0.827
2013	0.054		0.054	0.226	0.310	0.248	0.838
2014	0.057		0.057	0.234	0.329	0.245	0.865
2015	0.062		0.062	0.215	0.339	0.249	0.865

Source: Municipal Tax Collector

**Note:** NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.
- b Rates for debt service are based on each year's requirements.

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

Exhibit J-8

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Taxpayer	2014-2015	
	Taxable Assessed Value	% of Total District Net Assessed Value
Congress Hall LLC	\$ 28,418,000	1.01%
Oceanfront Properties LLC	25,310,200	0.90%
ADIS Inc.	21,787,600	0.78%
Ocean Club Hotel CM, LLC	13,000,000	0.46%
Cape Coachman Realty, LLC	11,989,500	0.43%
Kejzman Hospitality, LLC	11,473,100	0.41%
Osprey Landing Development Co. LLC	10,487,300	0.37%
Montreal Inn	10,089,700	0.36%
Individual #1	8,812,600	0.31%
Cape Jetty, LLC	8,074,700	0.29%
<b>Total</b>	<b>\$ 149,442,700</b>	<b>5.33%</b>

Taxpayer	2005-2006	
	Taxable Assessed Value	% of Total District Net Assessed Value
Congress Hall LLC	\$ 22,972,500	1.06%
Oceanfront Properties LLC	20,379,500	0.94%
ADIS Inc.	15,021,600	0.69%
Statt Corporation	10,451,900	0.48%
Sandpiper Beach Associates, LLC	9,391,100	0.43%
CIRJ Inc.	8,330,200	0.38%
Montreal Inn	7,889,700	0.36%
Keystone Enterprises Inc.	7,755,800	0.36%
JPR Enterprises	7,357,800	0.34%
Cape Motels Inc.	6,875,600	0.32%
<b>Total</b>	<b>\$ 116,425,700</b>	<b>5.35%</b>

Source: Municipal Tax Assessor

**Cape May City 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	
2006	\$ 1,488,204	\$ 1,488,204	100.00%	-
2007	1,338,359	1,338,359	100.00%	-
2008	1,483,921	1,483,921	100.00%	-
2009	1,483,921	1,483,921	100.00%	-
2010	1,483,921	1,483,921	100.00%	-
2011	1,483,921	1,483,921	100.00%	-
2012	1,483,921	1,483,921	100.00%	-
2013	1,483,921	1,483,921	100.00%	-
2014	1,513,599	1,513,599	100.00%	-
2015	1,574,143	1,574,143	100.00%	-

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

- <sup>a</sup> 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 City School District  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(dollars in thousands, except per capita)

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Unfunded Pension Liability	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2006	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2007	-	-	-	-	-	-	0.00%	-
2008	-	-	-	-	-	-	0.00%	-
2009	-	-	-	-	-	-	0.00%	-
2010	-	-	-	-	-	-	0.00%	-
2011	-	-	-	-	-	-	0.00%	-
2012	-	-	-	-	-	-	0.00%	-
2013	-	-	-	-	-	-	0.00%	-
2014	-	-	-	-	-	-	0.00%	-
2015	-	-	-	-	-	-	0.00%	-

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

- a Based on Per Capita Income for Cape May County.
- b Based on School District Population as of July 1,
- c Not available



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

**Exhibit J-11**

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2006	None	None	None	0.00%	-
2007	None	None	None	0.00%	-
2008	None	None	None	0.00%	-
2009	None	None	None	0.00%	-
2010	None	None	None	0.00%	-
2011	None	None	None	0.00%	-
2012	None	None	None	0.00%	-
2013	None	None	None	0.00%	-
2014	None	None	None	0.00%	-
2015	None	None	None	0.00%	-

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

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

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

**Cape May City School District  
Ratios of Overlapping Governmental Activities Debt  
As of December 31, 2014**

**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:			
City of Cape May	\$ 45,096,306	100.000%	\$ 45,096,306
Lower Cape May Regional School Debt	5,625,000	40.000%	2,335,792
County of Cape May - City's share	177,416,114	5.845%	<u>10,369,972</u>
Subtotal, overlapping debt			57,802,070
<b>Cape May City School District Direct Debt</b>			<u>                    </u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 57,802,070</u></u>

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized valuation basis
	2012 \$2,797,806,503
	2013 2,727,310,580
	2014 2,719,056,918
	<b>[A]</b> <u>\$8,244,174,001</u>
Average equalized valuation of taxable property	<b>[A/3]</b> \$2,748,058,000
Debt limit (2.5% of average equalized valuation)	<b>[B]</b> 68,701,450 <sup>a</sup>
Net bonded school debt	<b>[C]</b> -
Legal debt margin	<b>[B-C]</b> <u>\$ 68,701,450</u>

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 47,414,354	\$ 54,301,682	\$ 60,649,504	\$ 65,420,810	\$ 68,008,390	\$ 69,524,581	\$ 70,762,990	\$ 71,028,034	\$ 70,080,555	\$ 68,701,450
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 47,414,354</u>	<u>\$ 54,301,682</u>	<u>\$ 60,649,504</u>	<u>\$ 65,420,810</u>	<u>\$ 68,008,390</u>	<u>\$ 69,524,581</u>	<u>\$ 70,762,990</u>	<u>\$ 71,028,034</u>	<u>\$ 70,080,555</u>	<u>\$ 68,701,450</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts

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

Exhibit J-14

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2006	3,816	\$ 166,637,088	\$ 43,668	7.3%
2007	3,742	171,398,568	45,804	7.0%
2008	3,713	176,434,334	47,518	8.6%
2009	3,699	177,407,739	47,961	12.2%
2010	3,605	175,668,045	48,729	12.8%
2011	3,584	182,454,272	50,908	13.4%
2012	3,575	189,725,250	53,070	14.4%
2013	3,554	191,674,328	53,932	14.6%
2014	3,535	e	e	12.9%
2015	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 City.
- <sup>c</sup> Per Capita 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 City School District  
Full-time Equivalent District Employees by Function/Program,  
Last Ten Fiscal Years**

**Exhibit J-16**

<b>Function/Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Instruction										
Regular	20.7	15.7	17.5	18.9	17.2	13.9	14.6	14.6	15.6	15.6
Special education	2.0	3.0	1.8	1.0	0.8	0.7	3.5	3.5	3.5	3.5
Other special education	1.7	3.4	5.8	5.8	7.8	4.5	2.9	2.9	2.9	2.9
Other instruction	2.2	2.3	1.6	1.6	1.7	4.7	2.4	2.4	2.4	2.4
Support Services:										
Student & instruction related services	2.1	1.3	1.3	1.3	1.7	2.7	2.5	2.0	2.0	2.0
School administrative services	1.0	1.6	1.0	1.0	1.0	1.8	0.5	0.5	0.5	0.5
General and business administrative services	1.0	0.5	0.5	0.5	1.3	2.5	2.0	2.1	2.1	2.1
Plant operations and maintenance	3.9	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Pupil transportation	0.4	0.3	0.3	0.3	0.3					
Business and other support services	1.3	1.6	0.4	0.4	0.8					
Special Schools	0.0	0.0	0.0	0.0	0.0	0.3				
Food Service	1.7	1.9	1.9	1.9	1.0	1.0	1.0	1.6	1.6	1.6
<b>Total</b>	<b>38.0</b>	<b>34.6</b>	<b>35.1</b>	<b>35.7</b>	<b>36.6</b>	<b>35.1</b>	<b>32.4</b>	<b>32.6</b>	<b>33.6</b>	<b>33.6</b>

**Source:** District Personnel Records

Cape May City School District  
 Operating Statistics,  
 Last Ten 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	144	\$ 3,137,538	\$ 21,788.46	18.31%	21.1	6.82	144.0	135.0	-20.53%	93.75%	
2007	164	3,275,118	20,006.83	-8.18%	17.8	9.20	163.7	153.0	13.68%	93.46%	
2008	151	3,137,726	20,779.64	3.86%	18.8	8.03	151.3	141.2	-7.57%	93.32%	
2009	169	2,914,549	17,245.85	-17.01%	18.9	11.80	169.4	156.7	11.96%	92.50%	
2010	176	3,293,340	18,712.16	8.50%	17.2	10.34	175.9	163.2	3.84%	92.78%	
2011	153	3,348,311	21,884.39	16.95%	18.4	8.32	153.2	142.4	-12.91%	92.95%	
2012	149	3,442,222	23,102.16	5.56%	21.7	6.63	143.9	134.3	-6.07%	93.33%	
2013	142	3,713,136	26,148.85	13.19%	21.7	6.54	133.6	125.3	-7.15%	93.79%	
2014	160	3,736,621	23,353.88	-10.69%	21.7	7.34	160.2	151.5	26.60%	94.57%	
2015	175	3,585,761	20,490.06	-12.26%	21.7	8.06	175.2	165.2	9.36%	94.29%	

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Sources: District records

Note: Enrollment based on average daily enrollment.

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

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

Exhibit J-18

<u>District Building</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Elementary</u>										
Cape May City Elementary (1967)										
Square Feet	32,412	32,412	32,412	32,412	32,412	32,412	32,412	32,412	32,412	32,412
Capacity (students)	275	275	275	275	275	275	275	275	275	275
Enrollment	144	164	151	169	176	153	144	134	160	175

Number of Schools at June 30, 2015  
Elementary = 1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Enrollment is based on average daily enrollment.

Cape May City School District  
 Schedule of Required Maintenance  
 Last Ten Years

Exhibit J-19

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
* School Facilities											
Cape May City Elementary	\$ 135,823	\$ 145,610	\$ 103,038	\$ 121,023	\$ 131,943	\$ 105,404	\$ 122,351	\$ 123,542	\$ 135,364	\$ 132,526	\$ 1,256,624
Project # (s)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total School Facilities	<u>\$ 135,823</u>	<u>\$ 145,610</u>	<u>\$ 103,038</u>	<u>\$ 121,023</u>	<u>\$ 131,943</u>	<u>\$ 105,404</u>	<u>\$ 122,351</u>	<u>\$ 123,542</u>	<u>\$ 135,364</u>	<u>\$ 132,526</u>	<u>\$ 1,256,624</u>

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

Source: District records



**Cape May City School District  
Insurance Schedule  
June 30, 2015**

**Exhibit J-20**

	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Board Association Insurance Group -		
School Package Policy -		
Blanket Real and Personal Property	\$ 8,944,789	\$ 1,000
Blanket Extra Expense	50,000,000	1,000
Employee Dishonesty	25,000	500
Errors & Omissions	6,000,000	5,000
General Liability	5,000,000	-
Business Auto	5,000,000	
Workers Compensation	2,000,000	
National Union Insurance Company -		
Student Accident	1,000,000	
Group Accident	500,000	50
New Jersey School Board Association Insurance Group -		
Public Officials Bond		
Business Administrator/Board Secretary	70,000	500

Source: District records

**Single Audit Section**

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 American Institute of CPAs  
 New Jersey Society of CPAs

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
 AS REQUIRED BY OMB CIRCULAR A-133  
 AND STATE OF NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

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

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

I have audited Cape May City School District (School District), in the County of Cape May, State of New Jersey's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2015. The School District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and State of New Jersey OMB's Circular 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and State of New Jersey Circular OMB's 04-04 and/or 15-08 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

### Opinion on Each Major Federal and State Program

In my opinion, the Cape May City School District, in the County of Cape May, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

### Other Matters

The results of my auditing procedures disclosed instances of noncompliance, which are required to be reported under State of New Jersey OMB's Circular 04-04 and/or 15-08 and which is described in the accompanying *Schedule of Findings and Questioned Costs and Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* as findings no: 2015-001 and 2015-002. My opinion on the major federal and state programs is not modified with respect to these matters.

The School District's response to the findings identified in my audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

### Report on Internal Control Over Compliance

Management of the Cape May City School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state programs and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey OMB's Circular 04-04 and/or 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Cape May's School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the New Jersey OMB's Circular 04-04 and/or 15-08. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by New Jersey OMB 04-04 and/or 15-08**

I 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 City School District, in the County of Cape May, State of New Jersey as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. I have issued my report thereon dated November 16, 2015, which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04 and/or 15-08 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related 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 my opinion, the schedule of expenditure of federal awards and the schedules of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant

Marlton, New Jersey  
November 16, 2015

CAPE MAY CITY SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period	June 30, 2014			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	June 30, 2015		
					Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
<b>U.S. Department of Education</b>														
<b>General Fund:</b>														
Impact Aid	84.041	40-NJ-2015-020	\$1,200,584	07/01/14-06/30/15	\$ -	\$ -	\$ -	\$ -	\$ 1,200,584	\$(1,200,584)	\$ -	\$ -	\$ -	\$ -
Impact Aid	84.041	40-NJ-2014-020	645,002	07/01/13-06/30/14	(169,450)				169,450					
Impact Aid - Construction	84.041C	40-NJ-2015-020	19,242	07/01/14-06/30/15					19,242	(19,242)				
Department of Defense	12.000	40-NJ-2015-020	24,538	07/01/14-06/30/15					24,538	(24,538)				
Total General Fund					(169,450)				1,413,814	(1,244,364)				
<b>U.S. Department of Education</b>														
<b>Special Revenue Fund:</b>														
<b>No Child Left Behind (N.C.L.B.)</b>														
Title I	84.010	NCLB-0710-15	34,164	07/01/14-06/30/15						(33,206)		(33,206)		
Title I - Prior Year	84.010	NCLB-0710-14	42,177	07/01/13-06/30/14	(5,442)							(5,442)		
Title IIA	84.367	NCLB-0710-15	11,506	07/01/14-06/30/15				6,657	(5,183)				1,474	
<b>Individuals With Disabilities Act (I.D.E.A.)</b>														
Part B - Basic	84.027	IDEA-0710-15	48,649	07/01/14-06/30/15				9,764	(48,649)			(38,885)		
Part B - Basic - Prior Year	84.027	IDEA-0710-14	44,797	07/01/13-06/30/14	(2,868)			2,868				(1,939)		
Part B - Preschool	84.173	IDEA-0710-15	1,939	07/01/14-06/30/15					(1,939)			(1,939)		
Total Special Revenue Fund					(8,310)				19,289	(88,977)		(79,472)		
<b>U.S. Department of Agriculture</b>														
<b>Enterprise Fund:</b>														
Food Distribution Program	10.565	N/A	9,658	07/01/14-06/30/15				9,658	(9,658)					
School Breakfast Program	10.553	N/A	24,384	07/01/14-06/30/15				22,792	(24,384)			(1,592)		
School Breakfast Program	10.553	N/A	21,939	07/01/13-06/30/14	(1,682)				1,682					
School Snack Program	10.554	N/A	386	07/01/14-06/30/15				365	(386)			(21)		
School Snack Program	10.554	N/A	1,118	07/01/13-06/30/14	(96)				96					
National School Lunch Program	10.555	N/A	38,617	07/01/14-06/30/15				35,775	(38,617)			(2,842)		
National School Lunch Program	10.555	N/A	33,132	07/01/13-06/30/14	(2,525)				2,525					
Total Enterprise Fund					(4,303)				72,893	(73,045)		(4,455)		
Total Federal Awards					\$ (182,063)				\$ 1,505,996	\$(1,406,386)	\$ -	\$ (83,927)		

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

**CAPE MAY CITY SCHOOL DISTRICT**  
Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2015

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2014			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Paid to Grantor	Adjustments	June 30, 2015		
				Accounts Receivable	Deferred Revenue	Due to Grantor at						(Accounts Receivable)	Deferred Revenue	Due to Grantor at
<b>State Department of Education</b>														
<u>General Fund:</u>														
Reimbursement of Nonpublic Transportation Aid	15-103190	\$ 1,570	07/11/14 - 06/30/15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,570)	\$ -	\$ -	\$ (1,570)	\$ -	\$ -
Reimbursement of Nonpublic Transportation Aid	14-103190	1,514	07/11/13 - 06/30/14	(1,678)				1,678						
Transportation Aid	15-495-034-5120-014	5,682	07/11/14 - 06/30/15					5,194	(5,682)			(488)		
Transportation Aid	14-495-034-5120-014	5,682	07/11/13 - 06/30/14	(394)				394						
Special Education Categorical Aid	15-495-034-5120-089	76,912	07/11/14 - 06/30/15					70,307	(76,912)			(6,605)		
Special Education Categorical Aid	14-495-034-5120-089	76,912	07/11/13 - 06/30/14	(5,342)				5,342						
Security Aid	15-495-034-5120-084	39,821	07/11/14 - 06/30/15					36,401	(39,821)			(3,420)		
Security Aid	14-495-034-5120-084	39,821	07/11/13 - 06/30/14	(2,767)				2,767						
Adjustment Aid	15-495-034-5120-085	276,347	07/11/14 - 06/30/15					252,615	(276,347)			(23,732)		
Adjustment Aid	14-495-034-5120-085	276,347	07/11/13 - 06/30/14	(19,193)				19,193						
School Choice Aid	15-495-034-5120-068	69,205	07/11/14 - 06/30/15					63,262	(69,205)			(5,943)		
School Choice Aid	14-495-034-5120-068	69,205	07/11/13 - 06/30/14	(4,806)				4,806						
PARCC Readiness Aid	15-495-034-5120-098	1,330	07/11/14 - 06/30/15					1,216	(1,330)			(114)		
Per Pupil Growth Aid	15-495-034-5120-097	1,330	07/11/14 - 06/30/15					1,216	(1,330)			(114)		
On Behalf TPAF - Pension Contributions	15-495-034-5094-006	82,402	07/11/14 - 06/30/15					82,402	(82,402)					
On Behalf TPAF Post Retirement	15-495-034-5094-001	130,813	07/11/14 - 06/30/15					130,813	(130,813)					
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	104,864	07/11/14 - 06/30/15					95,835	(104,864)			(9,029)		
<b>114</b> Total General Fund				<u>(34,180)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>773,441</u>	<u>(790,276)</u>	<u>-</u>	<u>-</u>	<u>(51,015)</u>	<u>-</u>	<u>-</u>
<u>Special Revenue Fund</u>														
Preschool Education Aid - Current Year	15-495-034-5120-086	66,217	07/11/14 - 06/30/15					59,595	(66,217)			(6,622)		
Preschool Education Aid - Prior Year	14-495-034-5120-086	43,185	07/11/13 - 06/30/14	(4,319)				4,319						
Total Special Revenue Fund				<u>(4,319)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,914</u>	<u>(66,217)</u>	<u>-</u>	<u>-</u>	<u>(6,622)</u>	<u>-</u>	<u>-</u>
<b>New Jersey Schools Development Authority</b>														
<u>Capital Projects Fund</u>														
Cape May City Elementary School	0710-050-09-2001	11,047	07/11/09 - 06/30/10	(11,047)								(11,047)		
Total Capital Projects Fund				<u>(11,047)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,047)</u>	<u>-</u>	<u>-</u>
<b>State Department of Agriculture</b>														
<u>Enterprise Fund:</u>														
State School Lunch Program	15-100-010-3350-023	887	07/11/14 - 06/30/15					819	(887)			(68)		
State School Lunch Program	14-100-010-3350-023	867	07/11/13 - 06/30/14	(112)				112						
Total Enterprise Fund				<u>(112)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>931</u>	<u>(887)</u>	<u>-</u>	<u>-</u>	<u>(68)</u>	<u>-</u>	<u>-</u>
Total State Financial Assistance				<u>\$ (49,658)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 838,286</u>	<u>\$(857,380)</u>	<u>-</u>	<u>-</u>	<u>\$(68,752)</u>	<u>-</u>	<u>-</u>

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

**Cape May City School District  
Notes to the Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2015**

**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 City 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 (\$7,914) for the general fund and (\$2,303) for the special revenue 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:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
<b>General Fund</b>	\$ 1,244,364	\$ 782,362	\$ 2,026,726
<b>Special Revenue Fund</b>	88,977	63,914	152,891
<b>Food Service Fund</b>	<u>73,045</u>	<u>887</u>	<u>73,932</u>
<b>Total Awards &amp; Financial Assistance</b>	<u>\$ 1,406,386</u>	<u>\$ 847,163</u>	<u>\$ 2,253,549</u>



**Cape May City School District  
Notes to the Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2015  
(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**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2015. 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, 2015.

**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 CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

***Section 1 -- Summary of Auditor's Results***

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?            yes     X     no

Significant deficiencies identified?            yes     X     none reported

Noncompliance material to general purpose financial statements noted?            yes     X     no

**Federal Awards**

Internal Control over major programs:

Material weaknesses identified?            yes     X     no

Significant deficiencies identified?            yes     X     none reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?     X     yes            no

Identification of major programs:

<b><u>CFDA Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
<u>84.041</u>	<u>Impact Aid</u>
<u>10.555</u>	<u>National School Lunch</u>
<u>          </u>	<u>          </u>
<u>          </u>	<u>          </u>

Dollar threshold used to distinguish between type A and type B programs:     \$300,000    

Auditee qualified as low-risk auditee?     X     yes            no

CAPE MAY CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Section 1 -- Summary of Auditor's Results (Continued)

**State Awards**

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  X  yes   no

Internal Control over major programs:

Material weaknesses identified?   yes  X  no

Significant deficiencies identified that are not considered to be a material weakness?   yes  X  none reported

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04 and/or 15-08?  X  yes   no

Identification of major programs:

<b><u>State Grant/Project Number(s)</u></b>	<b><u>Name of State Program</u></b>
<u>15-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>15-495-034-5094-001</u>	<u>Reimbursed TPAF Social Security Contribution</u>
<u>15-100-010-3350-023</u>	<u>National School Lunch Program (State Share)</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

**CAPE MAY CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Section 2 -- 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 CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Section 3 -- Schedule of Federal Awards and Questioned Costs**

This section identifies audit findings required to be reported by section .510(a) of Circular A-133.

**FEDERAL AWARDS:**

**Finding #2015-001**

**Information on the federal program:**

Impact Aid - CFDA No. 84.041; U. S. Department of Education

**Criteria or specific requirement:**

Under Impact Aid requirements, all students reported as students with disabilities must have an active individual education plan.

**Condition:**

My examination disclosed differences between the Impact Aid Program application and supporting documentation.

**Questioned Costs:**

None

**Context:**

Two students reported with disabilities did not have the required active individual education plan.

**Effect:**

The reported differences may have an effect on Impact Aid funding.

**Cause:**

Oversight

**Recommendation:**

That all students reported with disabilities have an active individual education plan.

**Management's response:**

Management agrees with the above finding and will address the matter as part of their corrective action plan.

**CAPE MAY CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Section 3 -- Schedule of State Financial Assistance Findings and Questioned Costs**

This section identifies audit findings required to be reported by section .510(a) of Circular A-133. and NJOMB Circular Letter 04-04 and/or 15-08, as applicable

**STATE AWARDS:**

**Finding #2015-002**

**Information on the State Program:**

Adjustment Aid; GMIS No.15-495-034-5120-085

**Criteria or specific requirement:**

The District is required to complete the Application for State School Aid (ASSA) in accordance with the instructions provided by the State Department of Education.

**Condition:**

The student counts for resident low income and resident LEP not low income did not agree to supporting documents.

**Questioned Costs:**

None

**Context:**

My test of the ASSA disclosed an understatement of three students in the on roll count and an overstatement of four students in the resident low income count when compared to the District's supporting documents.

**Effect:**

The reported differences may have an impact on the District's State Aid allocation.

**Cause:**

Oversight

**Recommendation:**

That care is exercised in preparing the Application for State School Aid.

**View of Responsible Officials and Planned Corrective Action:**

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

**CAPE MAY CITY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 NJOMB's Circular 04-04 and/or 15-08, as applicable.

**FINANCIAL STATEMENT FINDINGS**

**Finding #2014-1**

Various adjustments were required to the balance sheet, revenues and expenditures to reflect the proper balances in the financial statements.

**Current Status**

The finding has been corrected.

**FEDERAL AWARDS**

There were no prior year audit findings.

**STATE AWARDS**

There were no prior year audit findings.