

**SCHOOL DISTRICT  
OF**

# **CAPE MAY POINT**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual  
Financial Report**

**of the**

**Cape May Point Board of Education**

**Cape May Point, New Jersey**

**For the Fiscal Year Ended June 30, 2016**

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

# CAPE MAY POINT SCHOOL DISTRICT

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**Introductory Section**

Cape May Point School District  
PO Box 143  
Cape May Point, New Jersey 08212

September 30, 2016

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

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Cape May Point School District for the fiscal year ended June 30, 2016, 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 State, Local Governments, and Non-Profit Organizations," and New Jersey OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

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

The District is a sending district and operates no schools and/or facilities. Students are sent on a tuition basis to Cape May City Elementary School for grades PreK-6 and to Lower Cape May Regional School District for grades 7-12. They are sent to the Special Services District when appropriate. The District completed the 2015-2016 school year with an enrollment of 4 students. The following details the changes in the student enrollment of the District over the last ten years.

**Average Daily Enrollment**

<b><u>Fiscal Year</u></b>	<b><u>Student Enrollment</u></b>	<b><u>Percent Change</u></b>	
2015-16	4.0	-0-	%
2014-15	4.0	33.33	%
2013-14	3.0	300.00	%
2012-13	0.0	-100.00	%
2011-12	5.0	-16.67	%
2010-11	6.0	20.00	%
2009-10	5.0	-66.67	%
2008-09	3.0	-25.00	%
2007-08	4.0	-33.33	%
2006-07	6.0	-25.00	%

**2. ECONOMIC CONDITION AND OUTLOOK:**

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

**3. MAJOR INITIATIVES:**

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

**4. INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept



of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

## **5. BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, 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 balances in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

## **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.

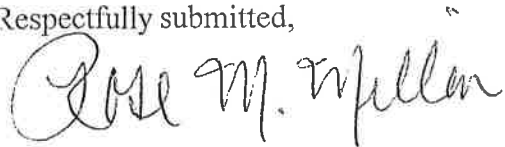
**8. RISK MANAGEMENT:**

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

**9. OTHER INFORMATION:**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso & Stewart, LLC, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and New Jersey OMB's Circular 15-08. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

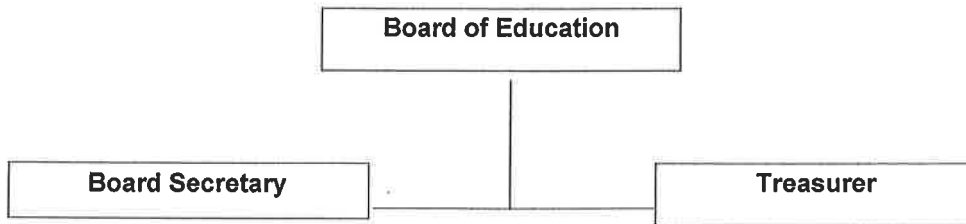
Respectfully submitted,

A handwritten signature in cursive script that reads "Rose M. Millar".

Rose M. Millar  
Board Secretary, Business Administrator

**CAPE MAY POINT BOARD OF EDUCATION**

**Organizational Chart  
(UNIT CONTROL)**



**CAPE MAY POINT SCHOOL DISTRICT**

**Roster of Officials**

**June 30, 2016**

**Members of the Board of Education:**

**Term Expires**

Alice Gibson - President

2017

Meredith Scott - Vice President

2018

Jane Westcott - Member

2016

**Other Officials:**

Rose Millar, Business Administrator/Board Secretary

Francine Springer, Treasurer

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

**Audit Firm**

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

**Official Depository**

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

**Financial Section**

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

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Marlton, New Jersey 08053  
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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 Point School District  
County of Cape May  
Cape May Point, 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 Point School District, in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2016, 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 Point School District, in the County of Cape May, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 Point School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and Schedule of State Financial Assistance, as required by New Jersey Treasury Circular OMB 15-08, as applicable, Single Audit Policy for Recipients of 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 Schedule of 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 September 30, 2016 on my consideration of the Cape May Point 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 Point 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  
September 30, 2016



**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 Point School District  
 County of Cape May  
 Cape May Point, 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 Point School District, in the County of Cape May, State of New Jersey, as of and for the year ended June 30, 2016, 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 September 30, 2016.

***Internal Control Over Financial Reporting***

In planning and performing my audit of the financial statements, I considered the Cape May Point 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 Point 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 Point 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  
September 30, 2016

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Cape May Point School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

As management of the Board of Education of the Cape May Point School District in Cape May New Jersey, we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2016. 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 \$136,587 (*net position*).
- Governmental activities have unrestricted net position of \$124,399.
- The total net position of the School District increased by \$26,541, or a 24.12% increase from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds increased by \$26,541 resulting in an ending fund balance of \$124,399. This decrease is due to the results of operations of the general fund.

**Overview of the Basic Financial Statements**

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

**District-wide Financial Statements**

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

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

## **Fund Financial Statements**

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

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

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

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

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

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

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

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

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

## **Other Information**

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

## **District-wide Financial Analysis**

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2016.

**Cape May Point School District  
Comparative Summary of Net Position  
As of June 30, 2016 and 2015**

	Governmental Activities	
	2016	2015
Assets:		
Current assets	\$ 137,607	\$ 110,175
Accounts receivable		
Total assets	137,607	110,175
Liabilities:		
Current Liabilities	1,020	129
Noncurrent Liabilities		
Total liabilities	1,020	129
Net position	\$ 136,587	\$ 110,046
Net position consist of:		
Restricted net position	\$ 12,188	\$ 48,496
Unrestricted net position	124,399	61,550
Net position	\$ 136,587	\$ 110,046

**Governmental Activities**

Governmental activities increased the net position of the School District by \$26,541 during the current fiscal year. Key elements of the increase in net position for governmental activities are as follows:

- The increase is primarily due to an increase in the tax levy.

**Cape May Point School District**  
**Comparative Schedule of Changes in Net Position**  
**As of and for the Fiscal Year Ended June 30, 2016 and 2015**

	Governmental Activities	
	2016	2015
Revenues:		
General Revenues:		
Property Taxes	\$ 103,118	\$ 39,058
Unrestricted State Aid	26,803	26,797
Other Revenues	<u>907</u>	<u>196</u>
Total Revenues	<u>130,828</u>	<u>66,051</u>
Expenses:		
Governmental Activities:		
Tuition	86,356	79,236
Related Services		
Administrative		
Services	6,065	7,845
Central Services	9,305	9,123
Transportation	1,716	1,729
Employee benefits	<u>845</u>	<u>831</u>
Total Expenses	<u>104,287</u>	<u>98,764</u>
Decrease in net position		
Before transfers	26,541	(32,713)
Transfers		
Changes in net position	<u>26,541</u>	<u>(32,713)</u>
Net position, July 1,	<u>110,046</u>	<u>142,759</u>
Net position June 30,	<u>\$ 136,587</u>	<u>\$ 110,046</u>

**Financial Analysis of the Governmental Funds**

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$136,587, an increase of \$26,541 in comparison with the prior year.

The unreserved fund balance for the School District at the end of the fiscal year includes an unassigned fund balance for the General Fund of \$124,399, and a reserve for emergencies of \$12,188.

### **General Fund Budgetary Highlights**

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$127,082 and total fund balance (budgetary basis) was \$139,270. 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 \$104,287. Unreserved fund balance (budgetary basis) represents 121.86% of expenditures and total fund balance (budgetary basis) represents 133.54% of that same amount.

### **Capital Assets**

The School District does not have any capital assets.

### **Debt Administration**

At June 30, 2016, the District did not have outstanding debt issues.

### **For the Future**

The Cape May Point School District is in satisfactory financial condition presently. Cape May Point is a residential community, with few large ratables; thus the burden is focused on homeowners to share the tax burden. The 2016-2017 Budget reflects an increase of \$50,000 in the local tax levy which represents a slight increase in the tax rate.

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

### **Requests for Information**

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



Basic Financial Statements

District-Wide Financial Statements

**CAPE MAY POINT SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2016**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 137,607	\$ -	\$ 137,607
Accounts Receivable			
Total Assets	137,607		137,607
<b>LIABILITIES:</b>			
Other Liabilities	1,020		1,020
Total Liabilities	1,020		1,020
<b>NET POSITION:</b>			
Restricted for:			
Other Purposes	12,188		12,188
Unrestricted	124,399		124,399
Total Net Position	\$ 136,587	\$ -	\$ 136,587

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

CAPE MAY POINT SCHOOL DISTRICT  
Statement of Activities  
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Support Services:							
Tuition	\$ 86,356				\$ (86,356)		\$ (86,356)
General administrative services	6,065				(6,065)		(6,065)
Central services	9,305				(9,305)		(9,305)
Pupil transportation	1,716				(1,716)		(1,716)
Employee benefits	845				(845)		(845)
Total Governmental Activities	<u>104,287</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(104,287)</u>	<u>---</u>	<u>(104,287)</u>
Business-Type Activities:							
Total Business-Type Activities	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total Primary Government	<u>104,287</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(104,287)</u>	<u>---</u>	<u>(104,287)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net					103,118		103,118
Federal and State aid not restricted					26,803		26,803
Miscellaneous income					907		907
Total general revenues, special items, and transfers					<u>130,828</u>	<u>---</u>	<u>130,828</u>
Change in Net Position					26,541		26,541
Net Position - July 1					<u>110,046</u>		<u>110,046</u>
Net Position - June 30					<u>\$ 136,587</u>	<u>---</u>	<u>\$ 136,587</u>

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

Fund Financial Statements

CAPE MAY POINT SCHOOL DISTRICT  
Balance Sheet  
Governmental Funds  
June 30, 2016

ASSETS	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 137,607	\$ -	\$ 137,607
Accounts receivable, net			
Total Assets	<u>137,607</u>	<u>-</u>	<u>137,607</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	858		858
Interfund Payable	162		162
Total Liabilities	<u>1,020</u>	<u>-</u>	<u>1,020</u>
Fund Balances:			
Restricted for:			
Emergency reserve	12,188		12,188
Assigned to:			
Unassigned	124,399		124,399
Total Fund Balances	<u>136,587</u>	<u>-</u>	<u>136,587</u>
Total Liabilities and Fund Balances	<u>\$ 137,607</u>	<u>\$ -</u>	
			<u>-</u>
			<u>\$ 136,587</u>

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

**CAPE MAY POINT SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2016**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES:</b>			
Local sources:			
Local tax levy	\$ 103,118	\$ -	\$ 103,118
Miscellaneous	907		907
Total local sources	104,025		104,025
State sources	26,803		26,803
Federal sources			
Total Revenues	<u>130,828</u>		<u>130,828</u>
<b>EXPENDITURES:</b>			
Current expense:			
Support services and undistributed costs :			
Tuition	86,356		86,356
Student and instruction related services			
General administrative services	6,065		6,065
Central services	9,305		9,305
Pupil transportation	1,716		1,716
Unallocated benefits	845		845
Total Expenditures	<u>104,287</u>		<u>104,287</u>
Net Change in Fund Balances	26,541		26,541
Fund Balances - July 1	<u>110,046</u>		<u>110,046</u>
Fund Balances - June 30	<u>\$ 136,587</u>	<u>\$ -</u>	<u>\$ 136,587</u>

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

**CAPE MAY POINT SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2016**

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$ 26,541
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
<b>None</b>	
Change in Net Position of Governmental Activities	<u>\$ 26,541</u>

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



**CAPE MAY POINT SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

	Unemployment Compensation Insurance Trust	Agency Fund
	<u>                    </u>	<u>                    </u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$          1,610	\$          -
Interfund Receivable	<u>                  162</u>	<u>                    </u>
<b>Total assets</b>	<u>\$          1,772</u>	<u>                    </u>
<b>LIABILITIES:</b>		
Interfund payable	<u>                    </u>	<u>                    </u>
Due to student groups	<u>                    </u>	<u>                    </u>
<b>Total liabilities</b>	<u>                    </u>	<u>\$          -</u>
<b>NET POSITION:</b>		
Held in trust for unemployment claims and other purposes	<u>\$          1,772</u>	

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

**CAPE MAY POINT SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2016**

	Unemployment Compensation Insurance Trust
<b>ADDITIONS:</b>	
Contributions:	
Employee contributions	\$ 33
Total Contributions	33
Investment earnings:	
Interest	1
Net investment earnings	1
Total additions	34
<b>DEDUCTIONS:</b>	
Unemployment claims	
Total deductions	-
Change in net POSITION	34
Net position - July 1	1,738
Net position - June 30	\$ 1,772

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

**Cape May Point School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** - The Cape May Point School District (District) is located in Cape May County, New Jersey. It is organized under the Constitution of the State of New Jersey, and is considered a non-operating school district. Students in grades K through 6 are transported to the Cape May City School District and students in grades 7 through 12 are transported to the Lower Cape May Regional School District. The District is managed under a locally elected Board form of government consisting of three members elected to three-year terms. The terms are staggered so that a least one member's term expires each year. As of June 30, 2016 the District has 4 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 Point School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

**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.

**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.

**Cape May Point School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

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

**Fund Financial Statements (Continued)** - 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.

**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.

**Cape May Point School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

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

**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.

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 includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and expenditures from the budgetary basis of accounting as presented in the general 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.

**Cape May Point School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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

**Cash, Cash Equivalents and Investments (Continued)** - 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 Payable** - Tuition charges for the fiscal years ended June 30, 2016 and 2015 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

**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, 2016.

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.

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

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

**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.

**Cape May Point School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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

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

**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.

**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, 2016.

**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.



**Cape May Point School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

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

**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.

**Recently Issued Accounting Pronouncements**

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 and will not have any effect on the District's financial reporting.

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 and will not have any effect on the District's financial reporting.

**Cape May Point School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

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

**Recently Issued Accounting Pronouncements (Continued)** - In December 2015, the GASB issued Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015 and will not have any effect on the District's financial reporting.

In March 2016, the GASB issued Statement 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. Furthermore, this Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures. Also, this Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017 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 \$159,570 as of June 30, 2016, \$159,570 was insured under FDIC.

**Cape May Point School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

**3. RISK MANAGEMENT**

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

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

**New Jersey Unemployment Compensation Insurance** - The 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>Disbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 1	\$ -0 -	\$ 33	\$ 5	\$ 1,772
2014-2015	1	-0 -	32	5	1,738
2013-2014	1	-0 -	30		1,710
2012-2013	1	-0 -	30		1,679

**4. PENSION PLANS**

None of the School District's employees are eligible to participate in the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP).

**5. 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, 2017. The following interfund balances were recorded on the various balance sheets as of June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General		\$ 162
Fiduciary Fund	\$ 162	
	\$ 162	\$ 162

**Cape May Point School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

**6. 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:**

**Emergency Reserve** – As of June 30, 2016, the balance in the emergency reserve is \$12,188. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a through and efficient education in accordance with N.J.S.A. 18A:7F-41c(1).

*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, 2016, \$124,399 of general fund balance was unassigned.

**6. SPECIAL ELECTION QUESTION**

At the annual election held on November 3, 2015 the legal voters of the Borough of Cape May Point approved a special question to increase the school tax levy by \$50,000 which will permanently increase the District's tax levy. This amount has been received and realized as revenue in the June 30, 2016 financial statements.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

CAPE MAY POINT SCHOOL DISTRICT  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local Tax Levy	\$ 53,118	\$ -	\$ 53,118	\$ 103,118	\$ 50,000
Unrestricted misc. revenues	180	-	180	907	727
<b>Total local sources</b>	<b>53,298</b>	<b>-</b>	<b>53,298</b>	<b>104,025</b>	<b>50,727</b>
State sources:					
Special education aid					
Security aid	151	-	151	151	
Adjustment aid	20,226	-	20,226	20,226	
Add'l Adjustment aid	4,604	-	4,604	4,604	
Transportation aid	1,822	-	1,822	1,822	
Nonpublic Transportation Aid					
PARCC Readiness Aid					
Per Pupil Growth Aid					
On-behalf TPAF Pension (non-budgeted)					
On-behalf TPAF Post Retirement Medical (non-budgeted)					
Reimbursed TPAF social security contributions (non-budgeted)					
<b>Total state sources</b>	<b>26,803</b>	<b>-</b>	<b>26,803</b>	<b>26,803</b>	
<b>TOTAL REVENUES</b>	<b>80,101</b>	<b>-</b>	<b>80,101</b>	<b>130,828</b>	<b>50,727</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - reg -	86,356	-	86,356	86,356	
<b>Total undistributed expenditures - instruction</b>	<b>86,356</b>	<b>-</b>	<b>86,356</b>	<b>86,356</b>	
Support Services - General Administration:					
Salaries	1,742	-	1,742	1,742	
Legal services	200	400	600	597	3
Audit fees	3,500	-	3,500	3,400	100
Communications / telephone	200	-	200		200
Other purchased services	500	-	500	23	477
Miscellaneous expenditures	5,000	(400)	4,600	208	4,392
BOE Membership Dues and Fees	1,000	-	1,000	95	905
<b>Total support services - general administration</b>	<b>12,142</b>	<b>-</b>	<b>12,142</b>	<b>6,065</b>	<b>6,077</b>

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

(CONTINUED TO NEXT PAGE)

**CAPE MAY POINT SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2016**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Central Services					
Salaries	\$ 9,305	\$ -	\$ 9,305	\$ 9,305	\$ -
<b>Total central services</b>	<u>9,305</u>	<u>-</u>	<u>9,305</u>	<u>9,305</u>	<u>-</u>
Student Transportation Services:					
Contr. Serv. (between home & schl) - joint agree.	7,746	-	7,746	1,716	6,030
<b>Total student transportation</b>	<u>7,746</u>	<u>-</u>	<u>7,746</u>	<u>1,716</u>	<u>6,030</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	750	-	750	845	(95)
Unemployment	10	-	10		10
Employee benefits	100	-	100		100
<b>Total regular programs - instruction - employee benefits</b>	<u>860</u>	<u>-</u>	<u>860</u>	<u>845</u>	<u>15</u>
On-behalf TPAF Pension (non-budgeted)					
On-behalf TPAF Post Retirement Medical (non-budgeted)					
Reimbursed TPAF social security contributions (non-budgeted)					
<b>Total Undistributed Expenditures - TPAF</b>					
<b>Total Undistributed Expenditures</b>	<u>116,409</u>	<u>-</u>	<u>116,409</u>	<u>104,287</u>	<u>12,122</u>
<b>Total General Current Expense</b>	<u>116,409</u>	<u>-</u>	<u>116,409</u>	<u>104,287</u>	<u>12,122</u>
<b>TOTAL EXPENDITURES</b>	<u>116,409</u>	<u>-</u>	<u>116,409</u>	<u>104,287</u>	<u>12,122</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(36,308)		(36,308)	26,541	62,849
Fund Balance - July 1	112,729		112,729	112,729	
Fund Balance - June 30	<u>\$ 76,421</u>	<u>\$ -</u>	<u>\$ 76,421</u>	<u>\$ 139,270</u>	<u>\$ 62,849</u>
Recapitulation of fund balance:					
Restricted Fund Balance:					
Emergency Reserve				\$ 12,188	
Assigned Fund Balance					
Designated for Subsequent Year Expenditures				<u>127,082</u>	
Unassigned Fund Balance				<u>139,270</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(2,683)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 136,587</u>	

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



**CAPE MAY POINT SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budgetary Comparison**  
**For the Fiscal Year Ended June 30, 2016**

**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	\$ 130,828	\$ -
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	2,683	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(2,683)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 130,828	\$ -
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 104,287	\$ -
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	\$ 104,287	\$ -

Other Supplementary Information

Fiduciary Funds

**CAPE MAY POINT SCHOOL DISTRICT**  
**Fiduciary Funds**  
Combining Statement of Net Position  
June 30, 2016

	<u>Agency Funds</u>	<u>Unemployment Compensation Insurance Fund</u>	<u>Total</u>
	<u>Payroll</u>		
<b>ASSETS:</b>			
Cash and cash equivalents	\$ -	\$ 1,610	\$ 1,610
Interfund Receivable		162	162
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 1,772</b>	<b>\$ 1,772</b>
<b>LIABILITIES</b>			
<b>LIABILITIES:</b>			
Interfund payable			
<b>Total liabilities</b>			
<b>NET POSITION</b>			
Reserved for unemployment claims		\$ 1,772	\$ 1,772
<b>Total net position</b>	<b>\$ -</b>	<b>\$ 1,772</b>	<b>\$ 1,772</b>

**CAPE MAY POINT SCHOOL DISTRICT**  
**Fiduciary Fund**  
 Comparative Statement of Changes in Fiduciary Net Position  
 for the Fiscal Year ended June 30, 2016

	Unemployment Compensation Insurance
<b>REVENUES:</b>	
Local sources:	
Employee contributions	\$          33
Interest on Investments	1
	1
<b>Total Revenues</b>	<b>34</b>
 <b>EXPENDITURES:</b>	
Current Expense:	
Undistributed Expenditures:	
Dormant Fee	
Unemployment claims	
<b>Total Expenditures</b>	
<b>Excess (deficiency) of revenues     over (under) expenditures)</b>	<b>34</b>
<b>Net Position July 1</b>	<b>1,738</b>
<b>Net Position June 30</b>	<b>\$          1,772</b>

**CAPE MAY POINT SCHOOL DISTRICT**  
**Payroll Agency Fund**  
 Schedule of Receipts and Disbursements  
 for the Fiscal Year ended June 30, 2016

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ -	\$ 11,892	\$ 11,892	\$ -
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 11,892</u>	<u>\$ 11,892</u>	<u>\$ -</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	\$ -	\$ 2,365	\$ 2,365	\$ -
Net payroll		9,527	9,527	
Interfund payable				
<b>Total liabilities</b>	<u>\$ -</u>	<u>\$ 11,892</u>	<u>\$ 11,892</u>	<u>\$ -</u>

**Statistical Section**

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

Exhibit J-1

Fiscal Year Ending June 30,

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Net investment in capital assets										
Restricted for:										
Capital projects										
Debt service										
Other purposes		\$ 17,098	\$ 34,224	\$ 34,224	\$ 12,188	\$ 12,188	\$ 12,188	\$ 54,477	\$ 48,496	\$ 12,188
Unrestricted	\$ 89,429	103,451	112,516	112,461	122,772	96,965	118,547	88,282	61,550	124,399
Total governmental activities net position	<u>\$ 89,429</u>	<u>\$ 120,549</u>	<u>\$ 146,740</u>	<u>\$ 146,685</u>	<u>\$ 134,960</u>	<u>\$ 109,153</u>	<u>\$ 130,735</u>	<u>\$ 142,759</u>	<u>\$ 110,046</u>	<u>\$ 136,587</u>
Business-type activities:										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted										
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District-wide:										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted:										
Capital projects										
Debt service										
Other purposes		17,098	34,224	34,224	12,188	12,188	12,188	54,477	48,496	12,188
Unrestricted	89,429	103,451	112,516	112,461	122,772	96,965	118,547	88,282	61,550	124,399
Total district net position	<u>\$ 89,429</u>	<u>\$ 120,549</u>	<u>\$ 146,740</u>	<u>\$ 146,685</u>	<u>\$ 134,960</u>	<u>\$ 109,153</u>	<u>\$ 130,735</u>	<u>\$ 142,759</u>	<u>\$ 110,046</u>	<u>\$ 136,587</u>



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

Exhibit J-2

		Fiscal Year Ending June 30,									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses:</b>											
Governmental activities:											
Instruction:											
Regular											
Special education											
Other instruction											
Support Services:											
Tuition		\$ 68,871	\$ 5,385	\$ 11,073	\$ 27,032	\$ 44,610	\$ 70,053	\$ 27,624	\$ 36,372	\$ 79,236	\$ 86,356
Student & instruction related services											
School administrative services											
General administrative services		8,674	7,409	7,134	8,615	6,876	7,756	6,643	6,502	7,845	6,065
Central services		7,725	8,034	8,436	8,773	8,842	8,000	8,160	8,920	9,123	9,305
Plant operations and maintenance											
Pupil transportation		7,738	5,728	4,299	4,728	7,452	4,299	867	871	1,729	1,716
Business and other support services											
Unallocated employee benefits		1,283	1,315	771	802	1,400	1,583	757	816	831	845
Special schools											
Charter schools											
Interest on long-term debt											
Unallocated depreciation											
Total governmental activities expenses		<u>94,291</u>	<u>27,871</u>	<u>31,713</u>	<u>49,950</u>	<u>69,180</u>	<u>91,691</u>	<u>44,051</u>	<u>53,481</u>	<u>98,764</u>	<u>104,287</u>
Business-type activities:											
Food service											
Total business-type activities expense		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district expenses		<u>\$ 94,291</u>	<u>\$ 27,871</u>	<u>\$ 31,713</u>	<u>\$ 49,950</u>	<u>\$ 69,180</u>	<u>\$ 91,691</u>	<u>\$ 44,051</u>	<u>\$ 53,481</u>	<u>\$ 98,764</u>	<u>\$ 104,287</u>
<b>Program Revenues:</b>											
Governmental activities:											
Operating grants and contributions											
Total governmental activities program revenues		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

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

Exhibit J-2

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Business-type activities:</b>										
Charges for services:										
Food service										
Operating grants and contributions										
Capital grants and contributions										
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district program revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net (Expense)/Revenue:</b>										
Governmental activities	\$ (94,291)	\$ (27,871)	\$ (31,713)	\$ (49,950)	\$ (69,180)	\$ (91,691)	\$ (44,051)	\$ (53,481)	\$ (98,764)	\$ (104,287)
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide net expense	<u>\$ (94,291)</u>	<u>\$ (27,871)</u>	<u>\$ (31,713)</u>	<u>\$ (49,950)</u>	<u>\$ (69,180)</u>	<u>\$ (91,691)</u>	<u>\$ (44,051)</u>	<u>\$ (53,481)</u>	<u>\$ (98,764)</u>	<u>\$ (104,287)</u>
<b>General Revenues and Other Changes in Net Assets:</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 111,948	\$ 27,620	\$ 27,620	\$ 27,620	\$ 27,620	\$ 37,000	\$ 37,740	\$ 37,740	\$ 39,058	\$ 103,118
Taxes levied for debt service										
Unrestricted grants and contributions	28,884	29,316	28,731	19,726	28,940	28,327	26,984	26,896	26,797	26,803
Miscellaneous income	1,473	2,055	1,553	2,549	895	557	909	869	196	907
Transfers										
Total governmental activities	<u>142,305</u>	<u>58,991</u>	<u>57,904</u>	<u>49,895</u>	<u>57,455</u>	<u>65,884</u>	<u>65,633</u>	<u>65,505</u>	<u>66,051</u>	<u>130,828</u>
Business-type activities:										
Investment earnings										
Transfers										
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 142,305</u>	<u>\$ 58,991</u>	<u>\$ 57,904</u>	<u>\$ 49,895</u>	<u>\$ 57,455</u>	<u>\$ 65,884</u>	<u>\$ 65,633</u>	<u>\$ 65,505</u>	<u>\$ 66,051</u>	<u>\$ 130,828</u>
<b>Change in Net Assets:</b>										
Governmental activities	\$ 48,014	\$ 31,120	\$ 26,191	\$ (55)	\$ (11,725)	\$ (25,807)	\$ 21,582	\$ 12,024	\$ (32,713)	\$ 26,541
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 48,014</u>	<u>\$ 31,120</u>	<u>\$ 26,191</u>	<u>\$ (55)</u>	<u>\$ (11,725)</u>	<u>\$ (25,807)</u>	<u>\$ 21,582</u>	<u>\$ 12,024</u>	<u>\$ (32,713)</u>	<u>\$ 26,541</u>

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

Exhibit J-3

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved for:										
Encumbrances										
Excess surplus - designated for subsequent years expenditures										
Emergencies		\$ 17,098	\$ 34,224	\$ 34,224	\$ 12,188	\$ 12,188	\$ 12,188	\$ 12,188	\$ 12,188	\$ 12,188
Unreserved - designated for subsequent years expenditures					33,054	26,949		42,289	36,308	-
Unreserved	\$ 89,429	104,474	112,516	112,461	89,718	70,016	118,547	88,282	61,550	124,399
Total general fund	<u>\$ 89,429</u>	<u>\$ 121,572</u>	<u>\$ 146,740</u>	<u>\$ 146,685</u>	<u>\$ 134,960</u>	<u>\$ 109,153</u>	<u>\$ 130,735</u>	<u>\$ 142,759</u>	<u>\$ 110,046</u>	<u>\$ 136,587</u>
All Other Governmental Funds										
Reserved:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in: Special revenue fund										
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

Exhibit J-4

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax levy	\$ 73,541	\$ 27,620	\$ 27,620	\$ 27,620	\$ 27,620	\$ 37,000	\$ 37,740	\$ 37,740	\$ 39,058	\$ 103,118
Miscellaneous	1,620	3,124	1,553	2,549	895	557	909	869	196	907
State sources	29,398	30,339	28,731	19,726	27,966	28,327	26,984	26,896	26,797	26,803
Federal sources					974					
<b>Total revenue</b>	<b>104,559</b>	<b>61,083</b>	<b>57,904</b>	<b>49,895</b>	<b>57,455</b>	<b>65,884</b>	<b>65,633</b>	<b>65,505</b>	<b>66,051</b>	<b>130,828</b>
<b>Expenditures</b>										
<b>Support Services:</b>										
Tuition	68,871	6,454	11,073	27,032	44,610	73,053	27,624	36,372	79,236	86,356
Student & instruction related services										
School administrative services										
General and business admin. services	16,399	15,443	15,570	17,388	15,718	15,756	14,803	15,422	16,968	15,370
Plant operations and maintenance										
Pupil transportation	7,738	5,728	4,299	4,728	7,452	4,299	867	871	1,729	1,716
Other support services	1,283	1,315	771	802	1,400	1,583	757	816	831	845
<b>Special Schools</b>										
Charter Schools										
Capital outlay										
<b>Debt service:</b>										
Principal										
Interest and other charges										
<b>Total expenditures</b>	<b>94,291</b>	<b>28,940</b>	<b>31,713</b>	<b>49,950</b>	<b>69,180</b>	<b>94,691</b>	<b>44,051</b>	<b>53,481</b>	<b>98,704</b>	<b>104,267</b>
Excess (Deficiency) of revenues over (under) expenditures	10,268	32,143	26,191	(55)	(11,725)	(28,807)	21,582	12,024	(32,713)	26,541
<b>Other Financing sources (uses)</b>										
Transfers in										
Transfers out										
<b>Total other financing sources (uses)</b>										
<b>Net change in fund balances</b>	<b>\$ 10,268</b>	<b>\$ 32,143</b>	<b>\$ 26,191</b>	<b>\$ (55)</b>	<b>\$ (11,725)</b>	<b>\$ (28,807)</b>	<b>\$ 21,582</b>	<b>\$ 12,024</b>	<b>\$ (32,713)</b>	<b>\$ 26,541</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 Point School District**  
**General Fund - Other Local Revenue by Source**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

**Exhibit J-5**

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Refund</u>	<u>Miscellaneous</u>	<u>Total</u>
2007	\$ 1,620	\$ -	\$ -	\$ 1,620
2008	2,055		1,069	3,124
2009	1,553			1,553
2010	930	1,619		2,549
2011	895			895
2012	557			557
2013	308		601	909
2014	225		644	869
2015	196			196
2016	186		721	907
	<u>\$ 8,525</u>	<u>\$ 1,619</u>	<u>\$ 3,035</u>	<u>\$ 13,179</u>

**Source: District records**

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2007	\$ 20,300,100	\$ 264,237,000	\$ -	\$ -	\$ 410,100	\$ -	\$ -	\$ 284,947,200	\$ 27,313	\$ 284,974,513	\$ 22,096,100	\$ 0.011	\$ 511,562,276
2008	18,369,100	268,016,400			410,100			286,795,600	27,626	286,823,226	22,096,100	0.010	546,152,655
2009	36,977,500	477,839,200			703,500			515,520,200	59,173	515,579,373	43,206,100	0.006	562,542,541
2010	36,042,000	477,253,000			703,500			513,998,500	57,478	514,055,978	43,206,100	0.006	496,394,092
2011	34,271,600	477,704,100			703,500			512,679,200	43,822	512,723,022	43,206,100	0.007	502,818,156
2012	36,074,300	476,079,500			884,700			513,038,500	40,942	513,079,442	47,190,700	0.009	519,410,844
2013	33,449,200	479,875,900			884,700			514,209,800	41,571	514,251,371	47,242,600	0.008	510,673,605
2014	33,616,400	481,120,900			884,700			515,622,000	24,873	515,646,873	47,242,600	0.008	476,616,185
2015	34,211,700	481,385,600			884,700			516,482,000	24,901	516,506,901	47,242,600	0.011	463,613,831
2016	27,995,000	420,927,600			817,400			449,740,000	24,483	449,764,483	44,118,800	0.023	445,972,218

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

Exhibit J-7

Fiscal Year Ended June 30,	Cape May Point School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of Cape May Point	Cape May County	
2007	\$ 0.011		\$ 0.011	\$ 0.401	\$ 0.348	\$ 0.760
2008	0.010		0.010	0.416	0.365	0.791
2009	0.006		0.006	0.239	0.220	0.465
2010	0.006		0.006	0.252	0.206	0.464
2011	0.007		0.007	0.261	0.218	0.486
2012	0.009		0.009	0.259	0.236	0.504
2013	0.008		0.008	0.258	0.243	0.509
2014	0.008		0.008	0.258	0.232	0.498
2015	0.011		0.011	0.258	0.229	0.498
2016	0.023		0.023	0.296	0.255	0.574

Source: Municipal Tax Collector

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

**Exhibit J-8**

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Taxpayer	2016		Taxpayer	2007	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Sisters of Saint Joseph	\$ 2,109,500	0.47%	Mount Saint Joseph Convent	\$ 2,499,600	0.88%
Individual # 1	1,594,300	0.35%	Individual # 1	930,800	0.33%
Individual # 2	1,594,200	0.35%	Individual # 2	872,400	0.31%
Individual # 3	1,539,400	0.34%	Sisters of Saint Joseph	867,400	0.30%
Individual # 4	1,500,300	0.33%	Individual # 3	854,900	0.30%
Individual # 5	1,429,600	0.32%	Individual # 4	852,400	0.30%
Individual # 6	1,296,700	0.29%	Individual # 5	819,300	0.29%
Individual # 7	1,279,500	0.28%	Individual # 6	818,500	0.29%
Individual # 8	1,207,200	0.27%	Individual # 7	815,000	0.29%
Individual # 9	1,191,700	0.26%	Individual # 8	811,000	0.28%
<b>Total</b>	<b>\$ 14,742,400</b>	<b>3.28%</b>		<b>\$ 10,141,300</b>	<b>3.56%</b>

**Source:** Municipal Tax Assessor



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

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 73,541	\$ 73,541	100.00%	\$ -
2008	27,620	27,620	100.00%	-
2009	27,620	27,620	100.00%	-
2010	27,620	27,620	100.00%	-
2011	27,620	27,620	100.00%	-
2012	37,000	32,310	87.32%	4,690
2013	37,740	16,525	43.79%	21,215
2014	37,740	58,955	156.21%	-
2015	39,058	39,058	100.00%	-
2016	103,118	103,118	100.00%	-

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

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

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

**Exhibit J-10**

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

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

**Exhibit J-11**

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

Cape May Point School District  
 Ratios of Overlapping Governmental Activities Debt  
 As of December 31, 2015

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of Cape May Point	\$ 356,979	100.000%	\$ 356,979
Cape May County General Obligation Debt	181,705,600	0.936%	1,700,764
Subtotal, overlapping debt			2,057,743
Cape May Point School District Direct Debt			-
<b>Total direct and overlapping debt</b>			<b><u>\$ 2,057,743</u></b>

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

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized valuation basis	
	2013	\$ 475,240,111
	2014	462,773,290
	2015	444,170,967
	[A]	<u>\$ 1,382,184,368</u>
Average equalized valuation of taxable property	[A/3]	\$ 460,728,123

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

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

Exhibit J-14

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2007	225	\$ 9,307,350	\$ 41,366	0.0
2008	223	9,594,798	43,026	0.0
2009	222	9,771,774	44,017	0.0
2010	291	13,084,815	44,965	0.0
2011	289	13,759,579	47,611	0.0
2012	288	14,200,416	49,307	2.6%
2013	283	14,069,628	49,716	2.6%
2014	282	14,610,984	51,812	8.0%
2015	281	e	e	9.8%
2016	e	e	e	e

Source:

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

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

**Exhibit J-16**

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

Cape May Point School District  
 Operating Statistics,  
 Last Nine 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					
2007	6	\$ 94,291	\$ 15,715	-25.83%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2008	4	28,940	7,235	-53.96%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2009	2	31,713	15,857	119.16%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2010	4	49,950	12,488	-21.25%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2011	4	69,180	17,295	38.50%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2012	5	91,691	18,338	6.03%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2013	-	44,051	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014	3	53,481	17,827	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	4	98,764	24,691	38.50%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	4	104,287	26,072	5.59%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Sources: District records

Note: Enrollment based on annual October district count.

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



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

**Exhibit J-18**

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

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

**Exhibit J-19**

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

Cape May Point School District  
Insurance Schedule  
June 30, 2016

Exhibit J-20

	<u>Coverage</u>	<u>Deductible</u>
RLI Insurance Company:		
Treasurer	35,000	
Board Secretary/Business Administrator	25,000	

Source: District records

**Single Audit Section**

CAPE MAY POINT SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June 30, 2016

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2015			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2016		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor				(Accounts Receivable)	Deferred Revenue	Due to Grantor
<b>State Department of Education</b>												
General Fund:												
Security Aid	15-495-034-5120-084	\$ 151	7/1/14- 6/30/15	\$ (15)			\$ 15		\$ -			
Security Aid	16-495-034-5120-084	151	7/1/15- 6/30/16				136	(151)		(15)		
Adjustment Aid	15-495-034-5120-085	20,226	7/1/14- 6/30/15	(2,025)			2,025					
Adjustment Aid	16-495-034-5120-085	20,226	7/1/15- 6/30/16				18,201	(20,226)		(2,025)		
Additional Adjustment Aid	15-495-034-5120-085	4,544	7/1/14- 6/30/15	(455)			455					
Additional Adjustment Aid	16-495-034-5120-085	4,544	7/1/15- 6/30/16				4,089	(4,544)		(455)		
PARCC Readiness Aid	15-495-034-5120-098	30	7/1/14- 6/30/15	(3)			30	(30)		(3)		
PARCC Readiness Aid	16-495-034-5120-098	30	7/1/15- 6/30/16									
Per Pupil Growth Aid	15-495-034-5120-097	30	7/1/15- 6/30/16	(3)			30	(30)		(3)		
Per Pupil Growth Aid	16-495-034-5120-097	30	7/1/15- 6/30/16									
Transportation Aid	15-495-034-5120-014	1,822	7/1/14- 6/30/15	(182)			182			-		
Transportation Aid	16-495-034-5120-014	1,822	7/1/15- 6/30/16				1,640	(1,822)		(182)		
Total General Fund				(2,683)			26,803	(26,803)		(2,683)		
Total State Financial Assistance				\$ (2,683)			\$ 26,803	\$ (26,803)		\$ (2,683)		

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

**Cape May Point School District  
Notes to the Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2016**

**1. GENERAL**

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

**2. BASIS OF ACCOUNTING**

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

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
<b>General Fund</b>	\$ - 0-	\$26,803	\$ 26,803
<b>Total Awards &amp; Financial Assistance</b>	\$ - 0-	\$ 26,803	\$ 26,803

**Cape May Point School District  
Notes to the Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2016  
(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.

CAPE MAY POINT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**Financial Statement Section**

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weaknesses identified?	<u>          </u> yes	<u>    X    </u> no	
Significant deficiencies identified?	<u>          </u> yes	<u>    X    </u> none reported	
Noncompliance material to general purpose financial statements noted?	<u>          </u> yes	<u>    X    </u> no	

**Federal Awards**

Not Applicable.

**State Awards**

Not Applicable.



**CAPE MAY POINT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 POINT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable

**FEDERAL AWARDS**

A federal single audit was not required.

**STATE AWARDS**

A state single audit was not required.

**CAPE MAY POINT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

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 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and NJOMB's Circular 04/04 and/or 15-08, as applicable.

**FINANCIAL STATEMENT FINDINGS**

There were no prior year findings.

**FEDERAL AWARDS**

A federal single audit was not required.

**STATE AWARDS**

A state single audit was not required.