

**BOROUGH OF WILDWOOD CREST  
SCHOOL DISTRICT  
WILDWOOD CREST, NEW JERSEY**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

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## **INTRODUCTORY SECTION**

**WILDWOOD CREST BOARD OF EDUCATION**  
**Business Office**  
**9100 Pacific Avenue**  
**Wildwood Crest, NJ 08260**

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Phone: 609-729-9312 Fax: 609-522-9122

November 30, 2016

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

Dear Board Members:

The comprehensive annual financial report of the Borough of Wildwood Crest School District for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information 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 Management's Discussion and Analysis and the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Treasury Circular 15-08-OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.*" Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** The Borough of Wildwood Crest School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All major funds of the District are included in this report. The Borough of Wildwood Crest Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8 at its Crest Memorial School. These include regular, as well as special education for students. Students in grade levels 9 through 12 attend the City of Wildwood School District on a tuition basis. The following details the changes in the student enrollment of the District over the last ten years.

**1) REPORTING ENTITY AND ITS SERVICES (CONT'D):**

**Average Daily Enrollment**

<b><u>Fiscal Year</u></b>	<b><u>Crest Memorial School Average Daily Enrollment</u></b>	<b><u>Enrollment Percent Change</u></b>
2015-16	258	1.57%
2014-15	254	1.20%
2013-14	251	-2.33%
2012-13	257	-5.86%
2011-12	273	3.80%
2010-11	263	-12.33%
2009-10	300	10.70%
2008-09	271	4.63%
2007-08	259	-1.15%
2006-07	262	-9.34%

**2) ECONOMIC CONDITIONS AND OUTLOOK:** The Wildwood Crest community has an economy based on tourism, and any fluctuation in tourism can affect the community. The motels of Wildwood Crest are characterized by a distinctive “Doo Wop” style of architecture. Collectively, Wildwood and Wildwood Crest contain a large collection of mid-century “Doo Wop” resort architecture. The population of the borough has decreased from 3,980 per the 2000 United States Census to 3,270 per the 2010 United States Census. Student enrollment trends also reflect the decrease in population.

**3) MAJOR INITIATIVES:**

Vision Statement – At Crest Memorial School, we are committed to L.E.A.R.N.I.N.G.

**Lifelong Learning:** We will instill in our students a lifelong love of learning, and model this through our own continuous professional development and growth.

**Equality/Expectations:** We believe that all students can learn and we will hold high expectations for all students.

**Academic Excellence:** Our educational program, revised regularly to ensure its rigor and relevance, will enable students to think critically, function independently, and meet confidently the challenges which await them.

**Reflection:** We will reflect regularly on the quality and efficacy of our educational program, changing it as necessary to meet the changing needs of our students and our community.

**Needs:** We will recognize and respond to the needs of the whole child, including his/her physical, psychological and emotional needs.

**Innovation:** We will actively seek and incorporate innovative instructional methods and technology into our educational program.

**Nurture:** We will nurture in our students a respect for individuality and an appreciation for the rich diversity of our world.

**Guidance:** Through an emphasis on academic excellence, as well as support for the well-being of the whole child, we will guide students to become confident, productive citizens of the world.



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

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

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

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

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

**6) ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 1.

**7) FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

**8) 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, which 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 failed banking institutions 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.

**9) RISK MANAGEMENT:** The District carries various forms of insurance, including but not limited to workers compensation insurance, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

**10) INDEPENDENT AUDIT:** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP was selected by the District. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Treasury Circular 15-08-OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.*" The auditor's report on the basic financial statements, required supplemental information and supplemental information are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

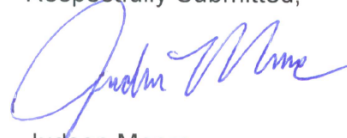
**11) ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Borough of Wildwood Crest School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our Business Office staff.

Respectfully Submitted,



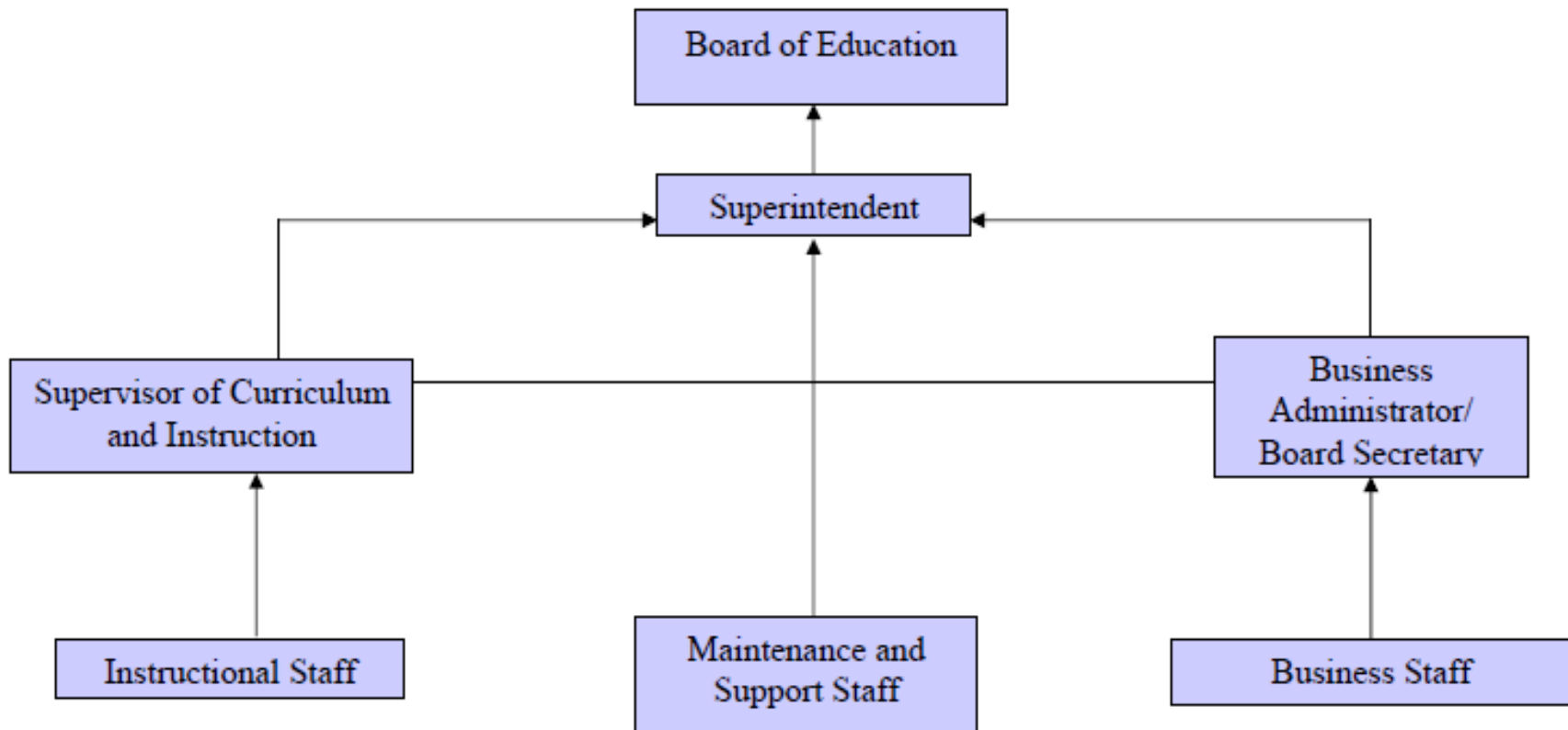
David J. Del Conte, Jr.  
Superintendent

Respectfully Submitted,



Judson Moore  
Business Administrator/Board Secretary

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT  
ORGANIZATIONAL CHART**



**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**

**ROSTER OF OFFICIALS**

**June 30, 2016**

**MEMBERS OF THE BOARD OF EDUCATION**

**TERM EXPIRES**

Joseph Schiff, President

2017

Michael Hawthorne, Vice President

2016

James Johnson

2016

William "Bud" Morey

2018

James Bradley (Resigned 8/16/16)

2018

**OTHER OFFICIALS**

David J. Del Conte, Jr., Superintendent

Judson Moore, Business Administrator/Board Secretary

Neil Young, Treasurer of School Monies

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**

**CONSULTANTS AND ADVISORS**

**June 30, 2016**

**AUDIT FIRM**

Bowman & Company LLP  
Certified Public Accountants & Consultants  
6 North Broad Street, Suite 201  
Woodbury, New Jersey 08096

**ATTORNEY**

Mark G. Toscano, Esq.  
Comegno Law Group, PC  
521 Pleasant Valley Avenue  
Moorestown, New Jersey 08057

**OFFICIAL DEPOSITORY**

Crest Savings Bank  
5500 New Jersey Avenue  
Wildwood Crest, New Jersey 08260

**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Borough of Wildwood Crest School District  
Wildwood Crest, New Jersey 08260

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Wildwood Crest 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***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Wildwood Crest 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 fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, and schedule of the School District's contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Wildwood Crest School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance 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 our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016, on our consideration of the Borough of Wildwood Crest School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Wildwood Crest School District's internal control over financial reporting and compliance.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Fred S. Caltabiano*

Fred S. Caltabiano  
Certified Public Accountant  
Public School Accountant No. CS00238100

Woodbury, New Jersey  
November 30, 2016

**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  
Borough of Wildwood Crest School District  
Wildwood Crest, New Jersey 08260

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and 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 Borough of Wildwood Crest 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, and have issued our report thereon dated November 30, 2016.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Borough of Wildwood Crest School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Wildwood Crest 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of Wildwood Crest School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and is described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as finding no. 2016-001.

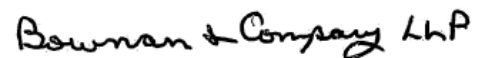
**The Borough of Wildwood Crest School District's Response to Findings**

The Borough of Wildwood Crest School District's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

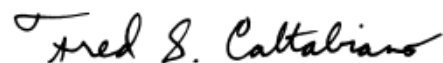
**Purpose of this Report**

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

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Fred S. Caltabiano  
Certified Public Accountant  
Public School Accountant No. CS00238100

Woodbury, New Jersey  
November 30, 2016

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

## BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited)

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The Management's Discussion and Analysis (MD&A) of the Borough of Wildwood Crest School District's (District) financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2016 and 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements, and financial statements to enhance their understanding of the District's financial performance.

### **Financial Highlights**

- The total assets of the District exceeded its total liabilities at the close of the most recent fiscal year by \$5,702,689.58 (net position).
- The District's total net position increased by \$350,086.56.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2,610,001.38, an increase of \$510,996.19 in comparison with the prior year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations *in more detail* than the government-wide statements.
- *Governmental funds* statements tell how basic services like regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short* and *long-term* financial information about the activities the District operates *like businesses*, such as food services.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

## BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited) (Cont'd)

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### Overview of the Financial Statements (Cont'd)

#### Government-Wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets/deferred outflow of resources and liabilities/deferred inflow of resources – are one way to measure the District's financial health or position.

- Increase or decrease in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health or position of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are divided in two categories:

- *Governmental activities* – The basic services, such as instruction for regular and special education, maintenance and operations, transportation and administration are included as government activities. Property taxes, state aid and fund balance appropriated finance most of these activities.
- *Business-type activities* – The District charges fees to cover the costs of certain services such as the food services.

#### Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on the significant funds – not the District as a whole. Funds are used by the District to keep track of specific sources of funding and spending on particular programs:

- May distinguish state or federal grants.
- Funds for capital projects and long-term debt.

The District has three kinds of funds:

- *Governmental funds* – The District's basic services are included in governmental funds, which detail cash and other financial assets and also identify balances that remain at year-end. Governmental funds statements provide a short-term view to determine whether more or less financial resources can be spent in subsequent years.
- *Proprietary funds* – These funds represent charges or fees for such activities as the food services.

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited) (Cont'd)

**Overview of the Financial Statements (Cont'd)**

**Fund Financial Statements (Cont'd)**

- *Fiduciary funds* – The District is the trustee for assets that belong to others. The student activities funds which include clubs, classes, athletic and scholarship funds are maintained in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. These funds are not included in the government-wide financial statements since the District is not permitted to use these assets in the District operation.
- *Notes to the Financial Statement* - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Financial Analysis of the District as a Whole**

Table 1 provides a summary of the District's net position for fiscal years 2016 and 2015.

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Change</u>	<u>% Change</u>
Current and Other Assets	\$ 2,632,321.80	\$ 2,094,011.84	\$ 538,309.96	25.71%
Capital Assets	<u>4,934,072.80</u>	<u>5,068,157.65</u>	<u>(134,084.85)</u>	<u>-2.65%</u>
Total Assets	<u>7,566,394.60</u>	<u>7,162,169.49</u>	<u>404,225.11</u>	<u>5.64%</u>
Deferred Outflow of Resources	<u>360,183.00</u>	<u>111,473.00</u>	<u>248,710.00</u>	<u>223.11%</u>
Long-Term Liabilities	2,049,868.47	1,665,854.88	384,013.59	23.05%
Other Liabilities	<u>83,026.55</u>	<u>95,401.59</u>	<u>(12,375.04)</u>	<u>-12.97%</u>
Total Liabilities	<u>2,132,895.02</u>	<u>1,761,256.47</u>	<u>371,638.55</u>	<u>21.10%</u>
Deferred Inflow of Resources	<u>90,993.00</u>	<u>159,783.00</u>	<u>(68,790.00)</u>	<u>-43.05%</u>
Net Position:				
Net Investment in Capital Assets	4,934,072.80	5,068,157.65	(134,084.85)	-2.65%
Restricted	2,335,866.15	1,350,277.19	985,588.96	72.99%
Unrestricted (Deficit)	<u>(1,567,249.37)</u>	<u>(1,065,831.82)</u>	<u>(501,417.55)</u>	<u>47.04%</u>
Total Net Position	<u>\$ 5,702,689.58</u>	<u>\$ 5,352,603.02</u>	<u>\$ 350,086.56</u>	<u>6.54%</u>

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited) (Cont'd)

**Financial Analysis of the District as a Whole (Cont'd)**

Table 2 reflects changes in net position for fiscal years 2016 and 2015.

<b>Revenues:</b>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Change</u>	<u>% Change</u>
Program revenues:				
Charges for services	\$ 9,778.85	\$ 8,873.85	\$ 905.00	10.20%
Operating grants and contributions	1,738,913.23	1,413,545.04	325,368.19	23.02%
General Revenues:				
Property taxes	6,751,500.00	6,619,118.00	132,382.00	2.00%
Federal & State Grants	652,561.00	637,075.00	15,486.00	2.43%
Other	<u>85,301.24</u>	<u>83,235.88</u>	<u>2,065.36</u>	<u>2.48%</u>
<b>Total Revenues</b>	<u>9,238,054.32</u>	<u>8,761,847.77</u>	<u>476,206.55</u>	<u>5.44%</u>
<b>Expenses:</b>				
Governmental activities				
Instruction:				
Regular	2,287,205.19	2,128,491.26	158,713.93	7.46%
Special education	421,746.71	486,423.63	(64,676.92)	-13.30%
Other special instruction	87,587.85	95,749.11	(8,161.26)	-8.52%
Other instruction	140,331.31	106,075.12	34,256.19	32.29%
Support services:				
Tuition	1,129,547.64	1,432,142.80	(302,595.16)	-21.13%
Student and instruction related	971,922.37	983,693.16	(11,770.79)	-1.20%
General administrative services	165,291.44	133,625.52	31,665.92	23.70%
Central services	90,541.68	138,884.90	(48,343.22)	-34.81%
Plant operations and maintenance	659,493.38	660,849.94	(1,356.56)	-0.21%
Pupil transportation	216,824.87	184,583.90	32,240.97	17.47%
Unallocated benefits	2,621,512.89	2,215,364.14	406,148.75	18.33%
Interest on long-term debt	<u>11,258.00</u>	<u>11,258.00</u>	<u>-</u>	<u>0.00%</u>
Total governmental activities expenses	<u>8,803,263.33</u>	<u>8,577,141.48</u>	<u>226,121.85</u>	<u>2.64%</u>
Business Type Activities				
Food Service	<u>84,704.43</u>	<u>78,612.47</u>	<u>6,091.96</u>	<u>7.75%</u>
Total business-type activities expenses	<u>84,704.43</u>	<u>78,612.47</u>	<u>6,091.96</u>	<u>7.75%</u>
<b>Total Expenses</b>	<u>8,887,967.76</u>	<u>8,655,753.95</u>	<u>232,213.81</u>	<u>2.68%</u>
Net Increase (Decrease) in Net Position	350,086.56	106,093.82		
Beginning Net Position	<u>5,352,603.02</u>	<u>5,246,509.20</u>		
Ending Net Position	<u>\$ 5,702,689.58</u>	<u>\$ 5,352,603.02</u>	<u>\$ 350,086.56</u>	<u>6.54%</u>



**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited) (Cont'd)

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**Financial Analysis of the District as a Whole (Cont'd)**

**Governmental-Type Activities**

- There was an increase of \$319,593.72 or 5.96% in governmental activities net position.
- Property taxes increased \$132,382.00 or 2.00% from the prior year. Most of this increase is the product of funding general fund services and programs. Property taxes had increased by \$139,105.00 or 2.15% from the 13-14 to the 14-15 school year.
- Total Expenses (GASB level) increased \$226,121.85 or 2.64% from the prior year.
  - Total General Fund Salaries increased \$45,122.49 or 1.34% (\$3,421,906.92 - \$3,376,784.43)
  - Health Benefits charged to the budget were \$826,090.71 in 2015-2016 compared to \$751,594.59 in 2014-2015, an increase of \$74,496.12 or 9.91%.
  - TPAF Pension related expenses and revenues related to GASB 68, increased by \$271,575.00 over the prior year.
  - Textbooks increased by \$72,339.24 (\$78,664.41 - \$6,325.17).

**Business-Type Activities**

- Net position at 6/30/16 was \$17,989.13 compared to negative \$12,503.71 at 6/30/15. During the year \$64,000.00 was transferred to the food service fund from the general fund to clear any deficit.
- Expenses for food service activities decreased by \$3,950.14 or 5.02%, revenues decreased by \$15,119.81 or 26.88%, reimbursable lunches claimed were down.

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited) (Cont'd)

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**General Fund Budgetary Highlights**

During the course of the 2016 fiscal year, the District modified its general fund budget numerous times.

The final budgetary basis anticipated revenue was \$7,412,345.00, actual revenues were \$8,132,974.05.

During fiscal year 2016, the District budgeted \$6,751,500.00 and \$656,345.00 for property taxes (local tax levy) and state aid revenues, respectively. The District also received \$191,329.06 and \$448,530.00 in reimbursed T.P.A.F. Social Security Aid and T.P.A.F. Pension Contributions, respectively.

The final budgetary basis expenditures was \$7,906,923.00, actual expenditures were \$7,620,151.86.

The District's expenditures also include the reimbursed T.P.A.F. Social Security Aid and T.P.A.F. Pension Contributions of \$191,329.06 and \$448,530.00 respectively, which contributes to an unfavorable expenditure variance for the fiscal year.

**Financial Analysis of the Government's Funds**

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

**Governmental Funds** - The focus of the 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 District's financing requirements. In particular, unassigned 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 District's governmental funds reported combined ending fund balances of \$2,610,001.38, an increase of \$510,996.19 in comparison with the prior year.

Of the combined ending fund balances of \$2,610,001.38, \$216,625.00 constitutes unassigned fund balance. The remainder of fund balance is assigned or restricted to indicate that it is not available for new spending because it has already been committed. For example, to liquidate contracts and purchase orders of the prior period fund balance of \$61,594.23 is assigned.

The general fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$216,625.00, while total fund balance was \$2,614,085.38.

The fund balance of the District's general fund at June 30, 2016 fund increased by \$509,038.19 over the previous year.

**Proprietary Funds** - The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position consisted of the following: \$869.87 for the food service program. Other factors concerning the finance of this fund have already been addressed in the discussion of the District's business-type activities.

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited) (Cont'd)

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**Capital Asset and Debt Administration**

**Capital Assets** - The District's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$4,934,072.80 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, and equipment.

There were no major capital asset events during the fiscal year.

Table 3 reflects capital assets for fiscal years 2016 and 2015.

Capital Assets (Net of Depreciation):	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Land	\$ 825,150.00	\$ 825,150.00
Building and Land Improvements	7,186,955.00	7,186,955.00
Equipment	<u>531,148.02</u>	<u>458,044.85</u>
Total Capital Assets	<u>8,543,253.02</u>	<u>8,470,149.85</u>
Less: Accumulated Depreciation	<u>(3,609,180.22)</u>	<u>(3,401,992.20)</u>
Net Capital Assets	<u>\$ 4,934,072.80</u>	<u>\$ 5,068,157.65</u>

Additional information on the District's capital assets can be found in the Notes to the Financial Statements.

**Long-term Debt** - At the end of the current fiscal year, the District had no outstanding debt.

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited) (Cont'd)

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**Economic Factors and Next Year's Budget**

For the 2015-16 school year, the District was able to sustain its budget through property taxes, federal and state aid, and miscellaneous revenue sources.

One of the most important factors affecting the District's budget is state aid. The 2016-17 budget was adopted with a two percent general fund tax levy increase; based in part on the state aid the District anticipates receiving.

Summary of budgeted state aid revenue anticipated - general fund

<u>Fiscal Year</u>	<u>Amount</u>	<u>Change</u>
2016-2017	\$701,649	\$45,304
2015-2016	656,345	-0-
2014-2015	656,345	151,887

Any reduction of state aid and increase in expenditures will put an additional burden on the taxpayers of Wildwood Crest.

**Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Judson Moore, Interim Business Administrator/Board Secretary at:

Borough of Wildwood Crest School District  
9100 Pacific Avenue  
Wildwood Crest, New Jersey 08260

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT- WIDE FINANCIAL STATEMENTS**

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
Statement of Net Position  
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 2,394,722.94	\$ 16,855.18	\$ 2,411,578.12
Internal Balances	13,324.14	(13,324.14)	-
Receivables, net	215,904.30	4,839.38	220,743.68
Capital Assets, net (Note 5)	4,916,953.54	17,119.26	4,934,072.80
<b>Total Assets</b>	<b>7,540,904.92</b>	<b>25,489.68</b>	<b>7,566,394.60</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 7)	360,183.00		360,183.00
<b>Total Deferred Outflows of Resources</b>	<b>360,183.00</b>	<b>-</b>	<b>360,183.00</b>
<b>LIABILITIES:</b>			
Accounts Payable:			
Related to Pensions	61,576.00		61,576.00
Other		7,500.55	7,500.55
Unearned Revenue	13,950.00		13,950.00
Noncurrent Liabilities (Note 6):			
Due within One Year	24,132.64		24,132.64
Due beyond One Year	2,025,735.83		2,025,735.83
<b>Total Liabilities</b>	<b>2,125,394.47</b>	<b>7,500.55</b>	<b>2,132,895.02</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 7)	90,993.00		90,993.00
<b>Total Deferred Inflows of Resources</b>	<b>90,993.00</b>	<b>-</b>	<b>90,993.00</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	4,916,953.54	17,119.26	4,934,072.80
Restricted for:			
Other Purposes	2,335,866.15		2,335,866.15
Unrestricted (Deficit)	(1,568,119.24)	869.87	(1,567,249.37)
<b>Total Net Position</b>	<b>\$ 5,684,700.45</b>	<b>\$ 17,989.13</b>	<b>\$ 5,702,689.58</b>

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

**BOROUGH OF WILDWOOD CREST 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
<b>Governmental Activities:</b>							
Instruction:							
Regular	\$ 2,287,205.19		\$ 250,420.00		\$ (2,036,785.19)		\$ (2,036,785.19)
Special Education	421,746.71				(421,746.71)		(421,746.71)
Other Special Instruction	87,587.85				(87,587.85)		(87,587.85)
Other Instruction	140,331.31				(140,331.31)		(140,331.31)
Support Services:							
Tuition	1,129,547.64				(1,129,547.64)		(1,129,547.64)
Student and Instruction Related Services	971,922.37		29,053.00		(942,869.37)		(942,869.37)
General Administrative Services	165,291.44				(165,291.44)		(165,291.44)
Central Services	90,541.68				(90,541.68)		(90,541.68)
Plant Operations and Maintenance	659,493.38				(659,493.38)		(659,493.38)
Pupil Transportation	216,824.87				(216,824.87)		(216,824.87)
Unallocated Benefits	2,621,512.89		1,418,053.06		(1,203,459.83)		(1,203,459.83)
Interest on Long-Term Debt	11,258.00				(11,258.00)		(11,258.00)
<b>Total Governmental Activities</b>	<b>8,803,263.33</b>	<b>-</b>	<b>1,697,526.06</b>	<b>-</b>	<b>(7,105,737.27)</b>	<b>-</b>	<b>(7,105,737.27)</b>
<b>Business-Type Activities:</b>							
Food Service	84,704.43	\$ 9,778.85	41,387.17			\$ (33,538.41)	(33,538.41)
<b>Total Business-Type Activities</b>	<b>84,704.43</b>	<b>9,778.85</b>	<b>41,387.17</b>	<b>-</b>	<b>-</b>	<b>(33,538.41)</b>	<b>(33,538.41)</b>
<b>Total Primary Government</b>	<b>\$ 8,887,967.76</b>	<b>\$ 9,778.85</b>	<b>\$ 1,738,913.23</b>	<b>\$ -</b>	<b>(7,105,737.27)</b>	<b>(33,538.41)</b>	<b>(7,139,275.68)</b>
<b>General Revenues:</b>							
Property Taxes, Levied for General Purposes					6,751,500.00		6,751,500.00
Federal and State Aid - Unrestricted					652,561.00		652,561.00
Miscellaneous					85,269.99	31.25	85,301.24
Transfers					(64,000.00)	64,000.00	-
<b>Total General Revenues and Transfers</b>					<b>7,425,330.99</b>	<b>64,031.25</b>	<b>7,489,362.24</b>
<b>Change in Net Position</b>					<b>319,593.72</b>	<b>30,492.84</b>	<b>350,086.56</b>
<b>Net Position (Deficit) -- July 1 (Restated)</b>					<b>5,365,106.73</b>	<b>(12,503.71)</b>	<b>5,352,603.02</b>
<b>Net Position -- June 30</b>					<b>\$ 5,684,700.45</b>	<b>\$ 17,989.13</b>	<b>\$ 5,702,689.58</b>

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



**FUND FINANCIAL STATEMENTS**

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2016

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 2,394,722.94		\$ 2,394,722.94
Interfunds Receivable	200,655.14		200,655.14
Intergovernment Accounts Receivable:			
Federal		\$ 197,197.00	197,197.00
State	18,707.30		18,707.30
	<u>2,614,085.38</u>	<u>197,197.00</u>	<u>2,811,282.38</u>
<b>Total Assets</b>	<b>\$ 2,614,085.38</b>	<b>\$ 197,197.00</b>	<b>\$ 2,811,282.38</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Interfunds Payable		\$ 187,331.00	\$ 187,331.00
Unearned Revenue		13,950.00	13,950.00
	<u>-</u>	<u>201,281.00</u>	<u>201,281.00</u>
<b>Total Liabilities</b>	<b>-</b>	<b>201,281.00</b>	<b>201,281.00</b>
<b>Fund Balances:</b>			
<b>Restricted:</b>			
Capital Reserve	\$ 175,000.00		175,000.00
Maintenance Reserve	350,000.00		350,000.00
Excess Surplus - Current Year	945,804.96		945,804.96
Excess Surplus - Prior Years - Designated for Subsequent Year's Expenditures	865,061.19		865,061.19
<b>Assigned:</b>			
Other Purposes	61,594.23		61,594.23
Unassigned	216,625.00	(4,084.00)	212,541.00
	<u>2,614,085.38</u>	<u>(4,084.00)</u>	<u>2,610,001.38</u>
<b>Total Fund Balances</b>	<b>2,614,085.38</b>	<b>(4,084.00)</b>	<b>2,610,001.38</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,614,085.38</b>	<b>\$ 197,197.00</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$8,485,950.62, and the accumulated depreciation is \$3,568,997.08.	4,916,953.54
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(283,913.47)
Net Pension Liability	(1,765,955.00)
Accounts Payable related to the April 1, 2017 Required PERS pension contribution that is not liquidated with current financial resources.	(61,576.00)
Deferred Outflows of Resources - Related to Pensions	360,183.00
Deferred Inflows of Resources - Related to Pensions	<u>(90,993.00)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 5,684,700.45</u></b>

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

**BOROUGH OF WILDWOOD CREST 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 Tax Levy	\$ 6,751,500.00		\$ 6,751,500.00
Unrestricted Miscellaneous Revenues	85,269.99		85,269.99
Federal Sources		\$ 197,197.00	197,197.00
State Sources	1,292,420.06	82,276.00	1,374,696.06
<b>Total Revenues</b>	<b>8,129,190.05</b>	<b>279,473.00</b>	<b>8,408,663.05</b>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
Regular Instruction	2,038,743.19	248,462.00	2,287,205.19
Special Education Instruction	421,746.71		421,746.71
Other Special Instruction	87,587.85		87,587.85
Other Instruction	140,331.31		140,331.31
<b>Support Services and Undistributed Costs:</b>			
Tuition	1,129,547.64		1,129,547.64
Student and Instruction Related Services	779,629.33	29,053.00	808,682.33
General Administrative Services	155,088.94		155,088.94
Central Services	90,541.68		90,541.68
Plant Operations and Maintenance	628,885.87		628,885.87
Pupil Transportation	216,824.87		216,824.87
Unallocated Benefits	1,782,863.30		1,782,863.30
Interest and Other Charges	11,258.00		11,258.00
Capital Outlay	73,103.17		73,103.17
<b>Total Expenditures</b>	<b>7,556,151.86</b>	<b>277,515.00</b>	<b>7,833,666.86</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>573,038.19</b>	<b>1,958.00</b>	<b>574,996.19</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers Out - Food Service Fund	(64,000.00)		(64,000.00)
<b>Total Other Financing Sources and Uses</b>	<b>(64,000.00)</b>	<b>-</b>	<b>(64,000.00)</b>
<b>Net Change in Fund Balances</b>	<b>509,038.19</b>	<b>1,958.00</b>	<b>510,996.19</b>
Fund Balance (Deficit) -- July 1	2,105,047.19	(6,042.00)	2,099,005.19
Fund Balance (Deficit) -- June 30	<u>\$ 2,614,085.38</u>	<u>\$ (4,084.00)</u>	<u>\$ 2,610,001.38</u>

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

**BOROUGH OF WILDWOOD CREST 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	\$	510,996.19
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$ (204,050.05)	
Capital Outlays	<u>73,103.17</u>	(130,946.88)
<p>Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.</p>		
		(48,274.00)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		<u>(12,181.59)</u>
Change in Net Position of Governmental Activities	\$	<u><u>319,593.72</u></u>

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

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Proprietary Fund  
 Business-Type Activities - Enterprise Fund  
 Statement of Net Position  
 June 30, 2016

	<u>Food Service</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 16,855.18
Accounts Receivable:	
State	93.33
Federal	4,746.05
	21,694.56
Total Current Assets	
	21,694.56
Noncurrent Assets:	
Furniture, Fixtures and Equipment	57,302.40
Less Accumulated Depreciation	(40,183.14)
	17,119.26
Total Noncurrent Assets	
	17,119.26
Total Assets	
	38,813.82
<b>LIABILITIES :</b>	
Current Liabilities:	
Accounts Payable	7,500.55
Interfund Payable	13,324.14
	20,824.69
Total Liabilities	
	20,824.69
<b>NET POSITION:</b>	
Net Investment in Capital Assets	17,119.26
Unrestricted	869.87
	17,989.13
Total Net Position	
	\$ 17,989.13

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

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Proprietary Fund  
 Business-Type Activities - Enterprise Fund  
 Statement of Revenues, Expenses and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2016

	<u>Food Service</u>
<b>OPERATING REVENUES:</b>	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 9,271.65
Daily Sales - Non-Reimbursable Programs	<u>507.20</u>
Total Operating Revenues	<u>9,778.85</u>
<b>OPERATING EXPENSES:</b>	
Salaries	24,089.88
Cost of Sales - Reimbursable Programs	53,062.93
Cost of Sales - Non-Reimbursable Programs	251.80
Miscellaneous	4,161.85
Depreciation	<u>3,137.97</u>
Total Operating Expenses	<u>84,704.43</u>
Operating Income (Loss)	<u>(74,925.58)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
State Sources:	
State School Lunch Program	621.37
Federal Sources:	
National School Lunch Program	29,041.94
National School Breakfast Program	1,681.76
Food Distribution Program	10,042.10
Interest and Investment Revenue	<u>31.25</u>
Total Nonoperating Revenues (Expenses)	
Income (loss) before transfer	<u>41,418.42</u>
Board Contribution - Transfer from General Fund	<u>64,000.00</u>
Change in Net Position	30,492.84
Net Position (Deficit) -- July 1	<u>(12,503.71)</u>
Net Position -- June 30	<u>\$ 17,989.13</u>

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

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**

Proprietary Fund

Business-Type Activities - Enterprise Fund

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2016

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 9,778.85
Payments to Suppliers	<u>(37,311.08)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(27,532.23)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating subsidies and transfers (to) from other funds	<u>41,000.00</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>41,000.00</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Earnings	<u>31.25</u>
Net Cash Provided by (Used for) Investing Activities	<u>31.25</u>
Net Increase (Decrease) in Cash and Cash Equivalents	13,499.02
Cash and Cash Equivalents -- July 1	<u>3,356.16</u>
Cash and Cash Equivalents -- June 30	<u><u>\$ 16,855.18</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (74,925.58)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	3,137.97
Food Distribution Program	10,042.10
(Increase) Decrease in Accounts Receivable	130.00
Increase (Decrease) in Other Current Liabilities	<u>34,083.28</u>
Total Adjustments	<u>47,393.35</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ (27,532.23)</u></u>

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

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Fiduciary Funds  
 Statement of Fiduciary Net Position  
 June 30, 2016

	Private-Purpose Trust Fund	Agency Funds	
	Unemployment Compensation Trust	Student Activity	Payroll
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 3,565.18	\$ 24,560.71	\$ 27,947.32
Total Assets	<u>3,565.18</u>	<u>\$ 24,560.71</u>	<u>\$ 27,947.32</u>
<b>LIABILITIES:</b>			
Payable to Student Groups	-	\$ 24,560.71	\$ -
Accrued Salaries and Wages	-	-	5,066.89
Payroll Deductions and Withholdings	-	-	22,880.43
Total Liabilities	<u>-</u>	<u>\$ 24,560.71</u>	<u>\$ 27,947.32</u>
<b>NET POSITION:</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 3,565.18</u>		

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



**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Fiduciary Funds  
 Statement of Changes in Fiduciary Net Position  
 For the Year Ended June 30, 2016

	<u>Private-Purpose Trust Funds</u>	
	<u>Unemployment Compensation Trust</u>	<u>Scholarship Trust</u>
ADDITIONS:		
Contributions:		
Plan member	\$ 11,983.06	\$ -
Total Contributions	<u>11,983.06</u>	<u>-</u>
Investment Earnings		
Interest	26.91	1.38
Total Investment Earnings	<u>26.91</u>	<u>1.38</u>
Total Additions	<u>12,009.97</u>	<u>1.38</u>
DEDUCTIONS:		
Unemployment Claims	17,917.21	-
Miscellaneous	-	370.77
Total Deductions	<u>17,917.21</u>	<u>370.77</u>
Change in Net Position	(5,907.24)	(369.39)
Net Position -- July 1	<u>9,472.42</u>	<u>369.39</u>
Net Position -- June 30	<u>\$ 3,565.18</u>	<u>\$ -</u>

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

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2016

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Borough of Wildwood Crest School District (the "School District") have been prepared to conform 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 following is a summary of the more significant of these policies.

**Description of the Financial Reporting Entity**

The School District is a Type II district located in the County of Cape May, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of five members elected to three-year terms. These terms are staggered so that member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades Pre-K through eight at its one school. The School District has an approximate enrollment at June 30, 2016 of 254.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *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**

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Component Units (Cont'd)**

Based upon the application of these criteria, the School District has no component units, and is not a component unit of another governmental agency.

**Government-wide and Fund Financial Statements**

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Cape May County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following major governmental funds:

**General Fund** - The general fund is the primary operating fund of the School District. It 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, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

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

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as nonoperating revenues and expenses.

The School District reports the following major proprietary funds:

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

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The School District maintains the following fiduciary funds:

***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). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: student activity fund and payroll fund.

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

***New Jersey Unemployment Compensation Insurance Trust Fund*** - Revenues consist of contributions that have been included in the annual budget of the School District, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A: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 year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. 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 and exhibit C-2 includes all amendments to the adopted budget, if any.

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

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. 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 the 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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Encumbrances (Cont'd)**

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

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

**Cash, Cash Equivalents and Investments**

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional 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 amount of their deposits to the governmental units.

**Inventories**

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

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

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

**Tuition Receivable**

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****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 financial statements, however, payments for prepaid items are fully recognized as expenditures 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 (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position as accounts receivable.

**Capital Assets**

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings and Improvements	10-50 Years	N/A
Equipment	5-10 Years	5-10 Years

The School District does not possess any infrastructure assets.

**Deferred Outflows and Deferred Inflows of Resources**

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.



**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Deferred Outflows and Deferred Inflows of Resources (Cont'd)**

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources:

**Defined Benefit Pension Plans** - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the School District's proportion of expenses and liabilities to the pension as a whole, differences between the School District's pension contribution and its proportionate share of contributions, and the School District's pension contributions subsequent to the pension valuation measurement date.

**Tuition Payable**

Tuition charges for the fiscal years ended June 30, 2016 and 2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**Unearned Revenue**

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

**Accrued Salaries and Wages**

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2016, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

**Compensated Absences**

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

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Accrued Liabilities and Long-Term Obligations**

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

**Pensions**

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

**Bond Discounts / Premiums**

Bond discounts / premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts / premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

**Net Position**

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

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

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

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****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" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

***Restricted*** - The restricted 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 (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

***Committed*** - The committed 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. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. 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 (resolution) it employed to previously commit those amounts.

***Assigned*** - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *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. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Education.

***Unassigned*** - The unassigned fund balance classification is the residual classification for the general fund. This classification 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 expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are 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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Interfund Activity**

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

**Accounting Estimates**

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

**Impact of Recently Issued Accounting Principles****Recently Issued and Adopted Accounting Pronouncements**

The following GASB Statements became effective for the fiscal year ended June 30, 2016:

Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption of this Statement had no impact on the basic financial statements of the School District.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The adoption of this Statement had no impact on the basic financial statements of the School District.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption of this Statement had no impact on the basic financial statements of the School District.

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements**

The GASB has issued the following Statements during the fiscal year ended June 30, 2016 which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the School District in fiscal year 2018. Management has not yet determined the impact of this Statement on the basic financial statements of the School District.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have a material impact on the basic financial statements of the School District.

**Note 2: CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is 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. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 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 agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2016, the School District's bank balances of \$2,708,463.20 were insured by FDIC and GUDPA.

**Note 3: CAPITAL RESERVE ACCOUNT**

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

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The balance of the capital reserve as of June 30, 2015 and 2016 was \$175,000.00.

The June 30, 2016 LRFP balance of uncompleted projects at June 30, 2016 is \$910,190.00

**Note 4: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2016 consisted of accounts (fees for services), intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

<u>Description</u>	<u>Governmental Funds</u>			<u>Proprietary Funds</u>	
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Total</u>
Federal Awards		\$ 197,197.00	\$ 197,197.00	\$ 4,746.05	\$ 201,943.05
State Awards	\$ 18,707.30		18,707.30	93.33	18,800.63
	<u>\$ 18,707.30</u>	<u>\$ 197,197.00</u>	<u>\$ 215,904.30</u>	<u>\$ 4,839.38</u>	<u>\$ 220,743.68</u>

**Note 5: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2016 is as follows:

	<u>Balance July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2016</u>
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 825,150.00			\$ 825,150.00
Total Capital Assets, not being Depreciated	825,150.00	-	-	825,150.00
Capital Assets, being Depreciated:				
Buildings and Improvements	7,186,955.72			7,186,955.72
Equipment	400,741.73	\$ 73,103.17		473,844.90
Total Capital Assets, being Depreciated	7,587,697.45	73,103.17	-	7,660,800.62
Total Capital Assets, Cost	8,412,847.45	73,103.17	-	8,485,950.62
Less Accumulated Depreciation for:				
Buildings and Improvements	(3,196,407.57)	(158,858.29)		(3,355,265.86)
Equipment	(168,539.46)	(45,191.76)		(213,731.22)
Total Accumulated Depreciation	(3,364,947.03)	(204,050.05)	-	(3,568,997.08)
Total Capital Assets, being Depreciated, Net	4,222,750.42	(130,946.88)	-	4,091,803.54
Governmental Activities Capital Assets, Net	<u>\$ 5,047,900.42</u>	<u>\$ (130,946.88)</u>	<u>\$ -</u>	<u>\$ 4,916,953.54</u>
<b>Business-Type Activities:</b>				
Equipment	\$ 57,302.40			\$ 57,302.40
Less Accumulated Depreciation	(37,045.17)	(3,137.97)		(40,183.14)
Business-Type Activities Capital Assets, Net	<u>\$ 20,257.23</u>	<u>\$ (3,137.97)</u>	<u>\$ -</u>	<u>\$ 17,119.26</u>

**Note 5: CAPITAL ASSETS (CONT'D)**

Depreciation expense was charged to functions / programs of the School District as follows:

<b>Governmental Activities:</b>		
Regular Instruction		\$ 163,240.04
General Administrative Services		10,202.50
Plant Operations and Maintenance		<u>30,607.51</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 204,050.05</u>
<b>Business-Type Activities:</b>		
Food Service		<u>\$ 3,137.97</u>
Total Depreciation Expense - Business-Type Activities		<u>\$ 3,137.97</u>

**Note 6: LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Compensated Absences (note 12)	\$ 271,731.88	\$ 35,264.42	\$ (23,082.83)	\$ 283,913.47	\$ 24,132.64
Net Pension Liability (note 7)	<u>1,394,123.00</u>	<u>574,298.00</u>	<u>(202,466.00)</u>	<u>1,765,955.00</u>	
Governmental Activity Long-Term Liabilities	<u>\$ 1,665,854.88</u>	<u>\$ 609,562.42</u>	<u>\$ (225,548.83)</u>	<u>\$ 2,049,868.47</u>	<u>\$ 24,132.64</u>

Compensated absences and net pension liability are liquidated by the general fund.

**Bonds authorized but not issued** - As of June 30, 2016, the School District had no debt authorized but not issued.

**Compensated Absences** - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 12 for a description of the School District's policy.

**Net Pension Liability** - For details on the net pension liability, refer to note 7. The School District's annual required contribution to the Public Employees' Retirement System are budgeted and paid from the general fund on an annual basis.



**Note 7: PENSION PLANS**

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295  
<http://www.nj.gov/treasury/pensions>

**General Information about the Pension Plans****Plan Descriptions**

**Teachers' Pension and Annuity Fund** - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

**Public Employees' Retirement System** - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in SPRS or PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

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

The following represents the membership tiers for TPAF:

**Tier Definition**

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of  $1/55^{\text{th}}$  of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of  $1/60^{\text{th}}$  of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier.

Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

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

**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

**Defined Contribution Retirement Program** - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

**Contributions**

**Teachers' Pension and Annuity Fund** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 5.19% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2016 was \$136,882.00, and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$188,184.01.

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

**Note 7: PENSION PLANS (CONT'D)****General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - The School District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 11.34% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2015, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2016 was \$67,634.00, and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$41,960.28.

**Defined Contribution Retirement Program** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2016, no employees participated in the Defined Contribution Retirement Program.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Teachers' Pension and Annuity Fund** - At June 30, 2016, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, attributable to the School District is as follows:

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	<u>16,098,111.00</u>
	<u>\$ 16,098,111.00</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. For the June 30, 2015 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2015, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2015 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was .0254699737%, which was an increase of .0007350855% from its proportion measured as of June 30, 2014.

**Note 7: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Teachers' Pension and Annuity Fund (Cont'd)** - For the fiscal year ended June 30, 2016, the School District recognized \$982,935.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2015 measurement date.

**Public Employees' Retirement System** - At June 30, 2016, the School District reported a liability of \$1,765,955.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2015 measurement date, the School District's proportion was .0078668719%, which was an increase of .0004207203% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the School District recognized pension expense of \$115,907.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2015 measurement date.

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience	\$ 42,129.00	\$ -
Changes of Assumptions	189,649.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	28,393.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	66,829.00	62,600.00
School District Contributions Subsequent to the Measurement Date	61,576.00	-
	<u>\$ 360,183.00</u>	<u>\$ 90,993.00</u>

**Note 7: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - \$61,576.00 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>		
2017	\$	36,925.00
2018		36,925.00
2019		36,927.00
2020		57,694.00
2021		39,143.00
		<u>207,614.00</u>
	\$	<u>207,614.00</u>

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

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72

**Note 7: PENSION PLANS (CONT'D)****Actuarial Assumptions**

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.50%	3.04%
Salary Increases:		
2012-2021	Varies Based on Experience	2.15% - 4.40% Based on Age
Thereafter	Varies Based on Experience	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2009 - June 30, 2012	July 1, 2008 - June 30, 2011

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

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2015 are summarized in the following tables:

**Note 7: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>TPAF</u>		<u>Asset Class</u>	<u>PERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>		<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%	Cash	5.00%	1.04%
US Government Bonds	1.75%	1.39%	U.S. Treasuries	1.75%	1.64%
US Credit Bonds	13.50%	2.72%	Investment Grade Credit	10.00%	1.79%
US Mortgages	2.10%	2.54%	Mortgages	2.10%	1.62%
US Inflation-Indexed Bonds	1.50%	1.47%	High Yield Bonds	2.00%	4.03%
US High Yield Bonds	2.00%	4.57%	Inflation-Indexed Bonds	1.50%	3.25%
US Equity Market	27.25%	5.63%	Broad U.S. Equities	27.25%	8.52%
Foreign-Developed Equity	12.00%	6.22%	Developed Foreign Equities	12.00%	6.88%
Emerging Markets Equity	6.40%	8.46%	Emerging Market Equities	6.40%	10.00%
Private Real Estate Property	4.25%	3.97%	Private Equity	9.25%	12.41%
Timber	1.00%	4.09%	Hedge Funds/Absolute Return	12.00%	4.72%
Farmland	1.00%	4.61%	Real Estate (Property)	2.00%	6.83%
Private Equity	9.25%	9.15%	Commodities	1.00%	5.32%
Commodities	1.00%	3.58%	Global Debt ex U.S.	3.50%	-0.40%
Hedge Funds - MultiStrategy	4.00%	4.59%	REIT	4.25%	5.12%
Hedge Funds - Equity Hedge	4.00%	5.68%			
Hedge Funds - Distressed	4.00%	4.30%			
				<u>100.00%</u>	
	<u>100.00%</u>				

**Discount Rate** - The discount rates used to measure the total pension liability were 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.



**Note 7: PENSION PLANS (CONT'D)****Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Teachers' Pension and Annuity Fund (TPAF)** - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2015, the pension plans measurement date, attributable to the School District is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.13%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<b>TPAF</b>		
	<b>1% Decrease (3.13%)</b>	<b>Current Discount Rate (4.13%)</b>	<b>1% Increase (5.13%)</b>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	19,132,003.00	16,098,111.00	13,484,231.00
	<u>\$ 19,132,003.00</u>	<u>\$ 16,098,111.00</u>	<u>\$ 13,484,231.00</u>

**Public Employees' Retirement System (PERS)** - The following presents the School District's proportionate share of the net pension liability at June 30, 2015, the plans measurement date, calculated using a discount rate of 4.90%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>PERS</b>		
	<b>1% Decrease (3.90%)</b>	<b>Current Discount Rate (4.90%)</b>	<b>1% Increase (5.90%)</b>
School District's Proportionate Share of the Net Pension Liability	\$ 2,194,866.00	\$ 1,765,955.00	\$ 1,406,359.00

**Pension Plan Fiduciary Net Position**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS' respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at [www.nj.gov/treasury/pensions/annrpts.shtml](http://www.nj.gov/treasury/pensions/annrpts.shtml).

**Note 8: STATE POST-RETIREMENT MEDICAL BENEFITS**

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving postemployment medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

**Note 9: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2016, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs, and non-contributory insurance were \$195,026.00 \$243,789.00 and \$9,715.00, respectively.

**Note 10: RISK MANAGEMENT**

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

**Property and Liability Insurance** - The School District maintains commercial insurance coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

**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 the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

<u>Fiscal Year Ended June 30,</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$ -	\$ 12,009.97	\$ 17,917.21	\$ 3,565.18
2015	-	10,170.58	4,954.92	9,472.42
2014	-	9,821.43	8,730.41	4,256.76

**Note 11: DEFERRED COMPENSATION**

The School District offers its employees a choice of five deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrators are as follows:

Van Guard  
Lincoln  
GWN  
SecBn  
Equitable

**Note 12: COMPENSATED ABSENCES**

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

District employees are granted varying amounts of vacation and sick leave in accordance with the district's personnel policy. Upon termination, employees are paid for accrued vacation. Sick leave benefits provide for ordinary sick pay and is capped based on the various employee contracts.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2016, the liability for compensated absences reported on the government-wide statement of net position and on the proprietary fund statement of net position was \$283,917.47 and \$0.00, respectively.

**Note 13: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2016 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 200,655.14	
Special Revenue		\$ 187,331.00
Proprietary Fund	_____	_____ 13,324.14
	<u>\$ 200,655.14</u>	<u>\$ 200,655.14</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2017, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

\$64,000.00 was transferred from the General Fund to the Proprietary Fund for Food Service Operations.

**Note 14: CONTINGENCIES**

**Grantor Agencies** - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amount, if any, to be immaterial.

**Litigation** - The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

**Note 15: CONCENTRATIONS**

The School District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

**Note 16: DEFICIT FUND BALANCES**

The School District has a deficit fund balance of \$4,084.00 in the special revenue fund as of June 30, 2016 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$4,084.00 is equal to the June state aid payments.

**Note 17: 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: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

**Note 17: FUND BALANCES (CONT'D)****RESTRICTED (Cont'd)****General Fund**

**For Excess Surplus** - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$945,804.96. Additionally, \$865,061.19 of excess fund balance generated during 2014-2015 has been restricted and designated for utilization in the 2016-2017 budget.

**For Capital Reserve Account** - As of June 30, 2016, the balance in the capital reserve account is \$175,000.00. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

**For Maintenance Reserve Account** - As of June 30, 2016, the balance in the maintenance reserve account is \$350,000.00. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

**ASSIGNED**

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

**General Fund**

**Other Purposes** - As of June 30, 2016, the School District had \$61,594.23 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

**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, \$216,625.00 of general fund balance was unassigned.

**Special Revenue Fund** - As of June 30, 2016, the fund balance of the special revenue fund was a deficit of \$4,084.00, thus resulting in the fund balance classification of unassigned. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in note 16, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$4,084.00 is less than the last state aid payment.

**Note 18: RESTATEMENT OF PRIOR PERIOD NET POSITION**

The School District restated its Governmental Activities Net Position as of June 30, 2015 because of the incorrect recording of GASB 68 pension information. The cumulative effect on the financial statements as reported for June 30, 2015 is as follows:

**Statement of Net Position – June 30, 2015**

	<b><u>As Reported June 30, 2015</u></b>	<b><u>Prior Period Adjustment for Pensions</u></b>	<b><u>As Restated June 30, 2015</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to Pensions	\$ 105,224.00	\$ 6,249.00	\$ 111,473.00
<b>LIABILITIES</b>			
Accounts Payable	\$ 0.00	\$ 67,634.00	\$ 67,634.00
Total Liabilities	\$ 1,693,622.47	\$ 67,634.00	\$ 1,761,256.47
<b>NET POSITION</b>			
Unrestricted	\$ (971,685.88)	\$ (61,385.00)	\$ (1,033,070.88)
Total Net Position	\$ 5,426,491.73	\$ (61,385.00)	\$ 5,365,106.73

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES**



**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 6,751,500.00	\$ -	\$ 6,751,500.00	\$ 6,751,500.00	\$ -
Unrestricted Miscellaneous Revenues	4,500.00	-	4,500.00	85,269.99	80,769.99
<b>Total - Local Sources</b>	<b>6,756,000.00</b>	<b>-</b>	<b>6,756,000.00</b>	<b>6,836,769.99</b>	<b>80,769.99</b>
State Sources:					
School Choice Aid	146,927.00	-	146,927.00	146,927.00	-
Categorical Special Education Aid	164,871.00	-	164,871.00	164,871.00	-
Categorical Security Aid	37,185.00	-	37,185.00	37,185.00	-
Adjustment Aid	250,091.00	-	250,091.00	250,091.00	-
Categorical Transportation Aid	52,311.00	-	52,311.00	52,311.00	-
PARCC Readiness Aid	2,480.00	-	2,480.00	2,480.00	-
Per Pupil Growth Aid	2,480.00	-	2,480.00	2,480.00	-
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	243,789.00	243,789.00
Teacher's Pension & Annuity Fund (On-Behalf - Non-Budgeted)	-	-	-	195,026.00	195,026.00
TPAF Non-contributory Insurance (On-Behalf - Non-Budgeted)	-	-	-	9,715.00	9,715.00
Reimbursed TPAF Social Security (Non-Budgeted)	-	-	-	191,329.06	191,329.06
<b>Total - State Sources</b>	<b>656,345.00</b>	<b>-</b>	<b>656,345.00</b>	<b>1,296,204.06</b>	<b>639,859.06</b>
<b>Total Revenues</b>	<b>7,412,345.00</b>	<b>-</b>	<b>7,412,345.00</b>	<b>8,132,974.05</b>	<b>720,629.05</b>
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	46,000.00	64,900.00	110,900.00	89,843.01	21,056.99
Kindergarten	120,622.00	20,000.00	140,622.00	117,392.50	23,229.50
Grades 1-5	792,705.00	23,966.60	816,671.60	815,248.14	1,423.46
Grades 6-8	532,000.00	(50,000.00)	482,000.00	476,864.40	5,135.60
Regular Programs - Undistributed Instruction:					
Salaries of Teachers	207,700.00	42,646.19	250,346.19	250,346.19	-
Purchased Professional - Educational Services	18,300.00	1,000.00	19,300.00	19,175.68	124.32
General Supplies	159,101.00	(11,500.00)	147,601.00	129,899.70	17,701.30
Textbooks	145,000.00	(65,000.00)	80,000.00	78,664.41	1,335.59
Other Objects	2,000.00	13,000.00	15,000.00	14,199.65	800.35
<b>Total Regular Programs - Instruction</b>	<b>2,023,428.00</b>	<b>39,012.79</b>	<b>2,062,440.79</b>	<b>1,991,633.68</b>	<b>70,807.11</b>

(Continued)

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Special Education Instruction -					
Learning and/or Language Disabilities:					
Salaries of Teachers	\$ 87,840.00	\$ -	\$ 87,840.00	\$ 64,230.00	\$ 23,610.00
General Supplies	2,000.00	-	2,000.00	-	2,000.00
Total Learning and/or Language Disabilities	<u>89,840.00</u>	<u>-</u>	<u>89,840.00</u>	<u>64,230.00</u>	<u>25,610.00</u>
Resource Room / Resource Center:					
Salaries of Teachers	402,500.00	(26,251.14)	376,248.86	356,198.26	20,050.60
General Supplies	8,400.00	-	8,400.00	1,133.29	7,266.71
Textbooks	400.00	-	400.00	185.16	214.84
Total Resource Room / Resource Center	<u>411,300.00</u>	<u>(26,251.14)</u>	<u>385,048.86</u>	<u>357,516.71</u>	<u>27,532.15</u>
Total Special Education - Instruction	<u>501,140.00</u>	<u>(26,251.14)</u>	<u>474,888.86</u>	<u>421,746.71</u>	<u>53,142.15</u>
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	135,800.00	(8,500.00)	127,300.00	87,296.97	40,003.03
General Supplies	2,050.00	-	2,050.00	190.99	1,859.01
Total Basic Skills / Remedial - Instruction	<u>137,850.00</u>	<u>(8,500.00)</u>	<u>129,350.00</u>	<u>87,487.96</u>	<u>41,862.04</u>
Bilingual Education - Instruction:					
Purchased Professional - Educational Services	4,500.00	-	4,500.00	-	4,500.00
General Supplies	2,700.00	-	2,700.00	99.89	2,600.11
Total Bilingual Education - Instruction	<u>7,200.00</u>	<u>-</u>	<u>7,200.00</u>	<u>99.89</u>	<u>7,100.11</u>
School Sponsored Cocurricular Activities - Instruction:					
Salaries	34,000.00	76,776.50	110,776.50	110,776.50	-
Purchased Services (300-500 series)	15,500.00	(15,500.00)	-	-	-
Supplies and Materials	2,000.00	(1,375.00)	625.00	625.00	-
Total School Sponsored Cocurricular Activities - Instruction	<u>51,500.00</u>	<u>59,901.50</u>	<u>111,401.50</u>	<u>111,401.50</u>	<u>-</u>
School Sponsored Athletics - Instruction:					
Other Purchased Services	33,850.00	(14,500.00)	19,350.00	19,328.00	22.00
Supplies and Materials	8,700.00	1,375.00	10,075.00	9,601.81	473.19
Total School Sponsored Athletics - Instruction	<u>42,550.00</u>	<u>(13,125.00)</u>	<u>29,425.00</u>	<u>28,929.81</u>	<u>495.19</u>

(Continued)

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Community Services:					
Purchased Services (300-500 series)	\$ 1,800.00	\$ -	\$ 1,800.00	\$ -	\$ 1,800.00
Total Other Instructional Programs - Instruction	1,800.00	-	1,800.00	-	1,800.00
Total Instruction	<u>2,765,468.00</u>	<u>51,038.15</u>	<u>2,816,506.15</u>	<u>2,641,299.55</u>	<u>175,206.60</u>
Undistributed Expenditures - Instruction:					
Tuition - Other LEAs Within the State - Regular	323,610.00	27,368.00	350,978.00	350,621.39	356.61
Tuition - Other LEAs Within the State - Special	138,868.00	(31,868.00)	107,000.00	73,838.89	33,161.11
Tuition - County Voc. School Dist. - Regular	199,506.00	-	199,506.00	199,506.00	-
Tuition - County Voc. School Dist. - Special	22,452.00	-	22,452.00	22,452.00	-
Tuition to CSSD & Reg. Day Schools	524,900.00	(93,505.04)	431,394.96	393,848.66	37,546.30
Tuition to Priv. Sch. For the Disabled W/I State	95,000.00	(17,798.26)	77,201.74	56,974.70	20,227.04
Tuition - State Facilities	32,306.00	-	32,306.00	32,306.00	-
Total Undistributed Expenditures - Instruction	<u>1,336,642.00</u>	<u>(115,803.30)</u>	<u>1,220,838.70</u>	<u>1,129,547.64</u>	<u>91,291.06</u>
Undistributed Expenditures - Health Services:					
Salaries	60,802.00	-	60,802.00	60,802.00	-
Purchased Professional and Technical Services	14,500.00	4,600.00	19,100.00	18,990.00	110.00
Other Purchased Services (400-500 series)	68.00	-	68.00	-	68.00
Supplies and Materials	3,022.00	1,000.00	4,022.00	3,083.22	938.78
Total Undistributed Expenditures - Health Services	<u>78,392.00</u>	<u>5,600.00</u>	<u>83,992.00</u>	<u>82,875.22</u>	<u>1,116.78</u>
Undist. Expend. - Speech, OT, PT & Related Services:					
Purchased Professional - Educational Services	37,715.00	(31,276.50)	6,438.50	-	6,438.50
Total Undist. Expend. - Speech, OT, PT & Related Svcs	<u>37,715.00</u>	<u>(31,276.50)</u>	<u>6,438.50</u>	<u>-</u>	<u>6,438.50</u>
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	57,802.00	177.16	57,979.16	57,979.16	-
Purchased Professional - Educational Services	15,253.00	-	15,253.00	-	15,253.00
Supplies and Materials	1,525.00	-	1,525.00	1,080.00	445.00
Total Undistributed Expenditures - Guidance	<u>74,580.00</u>	<u>177.16</u>	<u>74,757.16</u>	<u>59,059.16</u>	<u>15,698.00</u>

(Continued)

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	\$ 114,411.00	\$ 5,000.00	\$ 119,411.00	\$ 118,060.50	\$ 1,350.50
Salaries of Secretarial and Clerical Assistants	35,271.00	1,000.00	36,271.00	35,868.00	403.00
Other Salaries	33,542.00	-	33,542.00	22,807.89	10,734.11
Purchased Professional - Educational Services	122,800.00	-	122,800.00	44,303.35	78,496.65
Purchased Professional and Technical Services	9,300.00	-	9,300.00	240.00	9,060.00
Supplies and Materials	4,000.00	-	4,000.00	211.70	3,788.30
Other Objects	500.00	-	500.00	-	500.00
<b>Total Undistributed Expenditures - Child Study Teams</b>	<b>319,824.00</b>	<b>6,000.00</b>	<b>325,824.00</b>	<b>221,491.44</b>	<b>104,332.56</b>
Undistributed Expend. - Educational Media Services / Sch Library:					
Salaries	93,450.00	-	93,450.00	83,840.00	9,610.00
Salaries of Technology Coordinators	78,800.00	5,000.00	83,800.00	81,482.27	2,317.73
Purchased Professional and Technical Services	29,000.00	(10,000.00)	19,000.00	11,340.44	7,659.56
Supplies and Materials	17,750.00	10,000.00	27,750.00	18,301.96	9,448.04
Other Objects	7,000.00	-	7,000.00	4,689.60	2,310.40
<b>Total Undistributed Expend. - Educational Media Services / Sch Library</b>	<b>226,000.00</b>	<b>5,000.00</b>	<b>231,000.00</b>	<b>199,654.27</b>	<b>31,345.73</b>
Undistributed Expenditures - Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	102,000.00	956.56	102,956.56	102,956.56	-
Salaries of Secretarial and Clerical Assistants	65,500.00	25,000.00	90,500.00	83,977.33	6,522.67
Purchased Professional - Educational Services	25,000.00	7,500.00	32,500.00	29,615.35	2,884.65
Purchased Professional and Technical Services	3,500.00	(3,500.00)	-	-	-
Other Purchased Services (400-500 series)	1,200.00	-	1,200.00	-	1,200.00
Supplies and Materials	5,600.00	(4,000.00)	1,600.00	-	1,600.00
<b>Total Undistributed Expenditures - Instructional Staff Training Services:</b>	<b>202,800.00</b>	<b>25,956.56</b>	<b>228,756.56</b>	<b>216,549.24</b>	<b>12,207.32</b>
Undistributed Expenditures - Support Services - General Administration:					
Salaries	96,900.00	(15,500.00)	81,400.00	72,738.01	8,661.99
Legal Services	16,500.00	13,000.00	29,500.00	26,913.35	2,586.65
Audit Fees	21,900.00	500.00	22,400.00	22,282.35	117.65
Other Purchased Professional Services	2,000.00	5,000.00	7,000.00	5,393.50	1,606.50
Communications / Telephone	653.00	12,000.00	12,653.00	11,300.58	1,352.42
General Supplies	3,500.00	5,000.00	8,500.00	6,039.50	2,460.50
Miscellaneous Expenditures	5,200.00	2,000.00	7,200.00	6,400.30	799.70
BOE Membership Dues and Fees	4,200.00	-	4,200.00	4,021.35	178.65
<b>Total Undistributed Expenditures - Support Services - General Admin</b>	<b>150,853.00</b>	<b>22,000.00</b>	<b>172,853.00</b>	<b>155,088.94</b>	<b>17,764.06</b>

(Continued)

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Undistributed Expenditures - Central Services:					
Salaries	\$ 103,087.00	\$ 6,000.00	\$ 109,087.00	\$ 89,876.68	\$ 19,210.32
Purchased Technical Services	3,800.00	-	3,800.00	350.00	3,450.00
Supplies and Materials	2,450.00	-	2,450.00	315.00	2,135.00
<b>Total Undistributed Expenditures - Central Services</b>	<b>109,337.00</b>	<b>6,000.00</b>	<b>115,337.00</b>	<b>90,541.68</b>	<b>24,795.32</b>
Undistributed Expenditures - Required Maint for School Facilities:					
Salaries	128,500.00	(17,000.00)	111,500.00	99,923.14	11,576.86
Cleaning, Repair and Maintenance Services	202,000.00	(18,000.00)	184,000.00	132,738.45	51,261.55
General Supplies	14,000.00	-	14,000.00	567.68	13,432.32
Other Objects	11,000.00	-	11,000.00	8,267.70	2,732.30
<b>Total Undistributed Expenditures - Required Maint for School Facilities</b>	<b>355,500.00</b>	<b>(35,000.00)</b>	<b>320,500.00</b>	<b>241,496.97</b>	<b>79,003.03</b>
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	138,050.00	5,349.41	143,399.41	143,399.41	-
Purchased Professional and Technical Services	91,000.00	1,000.00	92,000.00	78,719.38	13,280.62
Insurance	95,900.00	(25,000.00)	70,900.00	56,254.45	14,645.55
General Supplies	21,400.00	(1,000.00)	20,400.00	2,954.98	17,445.02
Energy (Natural Gas)	50,000.00	-	50,000.00	20,156.12	29,843.88
Energy (Electricity)	119,000.00	-	119,000.00	85,904.56	33,095.44
<b>Total Undistributed Expenditures - Operation and Maintenance of Plant Services</b>	<b>515,350.00</b>	<b>(19,650.59)</b>	<b>495,699.41</b>	<b>387,388.90</b>	<b>108,310.51</b>
Security:					
Purchased Professional and Technical Services	10,000.00	-	10,000.00	-	10,000.00
<b>Total Security</b>	<b>10,000.00</b>	<b>-</b>	<b>10,000.00</b>	<b>-</b>	<b>10,000.00</b>
Undistributed Expenditures - Student Transportation Services:					
Contract. Serv. - Aid in Lieu Pymnts - Choice Sch	2,652.00	5,000.00	7,652.00	6,188.00	1,464.00
Contr Serv (Oth. Than Bet Home & amp; Sch) - Vend	13,615.00	14,500.00	28,115.00	25,096.88	3,018.12
Contract. Serv. (Reg. Students) - ESCs & CTSAs	30,600.00	-	30,600.00	25,957.59	4,642.41
Contract. Serv. (Spl. Ed. Students) - ESCs & CTSAs	150,500.00	9,082.40	159,582.40	159,582.40	-
<b>Total Undistributed Expenditures - Student Transportation Services</b>	<b>197,367.00</b>	<b>28,582.40</b>	<b>225,949.40</b>	<b>216,824.87</b>	<b>9,124.53</b>

(Continued)

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	\$ 95,000.00	\$ 29,876.12	\$ 124,876.12	\$ 68,620.28	\$ 56,255.84
Other Retirement Contributions - PERS	71,000.00	(9,500.00)	61,500.00	52,614.06	8,885.94
Workmen's Compensation	75,000.00	(30,500.00)	44,500.00	40,697.12	3,802.88
Health Benefits	861,030.00	37,370.00	898,400.00	826,090.71	72,309.29
Tuition Reimbursement	13,000.00	9,500.00	22,500.00	19,936.00	2,564.00
Other Employee Benefits	175,000.00	(38,370.00)	136,630.00	135,046.07	1,583.93
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>1,290,030.00</b>	<b>(1,623.88)</b>	<b>1,288,406.12</b>	<b>1,143,004.24</b>	<b>145,401.88</b>
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	243,789.00	(243,789.00)
Teacher's Pension & Annuity Fund (On-Behalf - Non-Budgeted)	-	-	-	195,026.00	(195,026.00)
TPAF Non-contributory Insurance (On-Behalf - Non-Budgeted)	-	-	-	9,715.00	(9,715.00)
Reimbursed TPAF Social Security (Non-Budgeted)	-	-	-	191,329.06	(191,329.06)
<b>Total On-behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>639,859.06</b>	<b>(639,859.06)</b>
<b>Total Undistributed Expenditures</b>	<b>4,904,390.00</b>	<b>(104,038.15)</b>	<b>4,800,351.85</b>	<b>4,783,381.63</b>	<b>16,970.22</b>
<b>Total Current Expense</b>	<b>7,669,858.00</b>	<b>(53,000.00)</b>	<b>7,616,858.00</b>	<b>7,424,681.18</b>	<b>192,176.82</b>
Capital Outlay:					
Equipment:					
Undistributed Expenditures - Instruction	135,916.00	-	135,916.00	117,999.68	17,916.32
Undist. Expend. - Required Maint for School Fac.	78,891.00	-	78,891.00	2,213.00	76,678.00
<b>Total Equipment</b>	<b>214,807.00</b>	<b>-</b>	<b>214,807.00</b>	<b>120,212.68</b>	<b>94,594.32</b>
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	11,258.00	-	11,258.00	11,258.00	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>11,258.00</b>	<b>-</b>	<b>11,258.00</b>	<b>11,258.00</b>	<b>-</b>
<b>Total Capital Outlay</b>	<b>226,065.00</b>	<b>-</b>	<b>226,065.00</b>	<b>131,470.68</b>	<b>94,594.32</b>
<b>Total Expenditures</b>	<b>7,895,923.00</b>	<b>(53,000.00)</b>	<b>7,842,923.00</b>	<b>7,556,151.86</b>	<b>286,771.14</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(483,578.00)</b>	<b>53,000.00</b>	<b>(430,578.00)</b>	<b>576,822.19</b>	<b>1,007,400.19</b>

(Continued)

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Other Financing Sources (Uses):					
Operating Transfer Out:					
Transfer to Food Service Fund - Board Contribution	\$ (11,000.00)	\$ (53,000.00)	\$ (64,000.00)	\$ (64,000.00)	\$ -
Total Other Financing Sources (Uses):	<u>(11,000.00)</u>	<u>(53,000.00)</u>	<u>(64,000.00)</u>	<u>(64,000.00)</u>	<u>-</u>
Excess (Deficiency) of Revenues ad Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(494,578.00)	-	(494,578.00)	512,822.19	1,007,400.19
Fund Balances, July 1	<u>2,134,638.19</u>	<u>-</u>	<u>2,134,638.19</u>	<u>2,134,638.19</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 1,640,060.19</u>	<u>\$ -</u>	<u>\$ 1,640,060.19</u>	<u>\$ 2,647,460.38</u>	<u>\$ 1,007,400.19</u>
Recapitulation:					
Restricted:					
Capital Reserve				\$ 175,000.00	
Maintenance Reserve				350,000.00	
Excess Surplus - Current Year				945,804.96	
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures				865,061.19	
Assigned:					
Year-End Encumbrances				61,594.23	
Unassigned				250,000.00	
				<u>2,647,460.38</u>	
Reconciliation to Governmental Funds Statements(GAAP):					
June 2016 State Aid Payments Not Recognized on GAAP Basis				<u>(33,375.00)</u>	
				<u>\$ 2,614,085.38</u>	

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Required Supplementary Information  
 Special Revenue Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>REVENUES:</b>					
State Sources:					
Preschool Education Aid	\$ 80,318.00	\$ -	\$ 80,318.00	\$ 80,318.00	\$ -
Total - State Sources	<u>80,318.00</u>	<u>-</u>	<u>80,318.00</u>	<u>80,318.00</u>	<u>-</u>
Federal Sources:					
Title I	35,000.00	48,827.00	83,827.00	83,827.00	-
Title II	31,000.00	(1,947.00)	29,053.00	29,053.00	-
IDEA Basic	65,000.00	18,420.00	83,420.00	83,420.00	-
IDEA Preschool	<u>-</u>	<u>897.00</u>	<u>897.00</u>	<u>897.00</u>	<u>-</u>
Total - Federal Sources	<u>131,000.00</u>	<u>66,197.00</u>	<u>197,197.00</u>	<u>197,197.00</u>	<u>-</u>
Total Revenues	<u>211,318.00</u>	<u>66,197.00</u>	<u>277,515.00</u>	<u>277,515.00</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	113,421.00	48,235.00	161,656.00	161,656.00	-
Other Salaries for Instruction	1,897.00	(1,897.00)	-	-	-
Purchased Professional and Technical Services	-	2,489.00	2,489.00	2,489.00	-
Other Purchased Services	<u>65,000.00</u>	<u>19,317.00</u>	<u>84,317.00</u>	<u>84,317.00</u>	<u>-</u>
Total Instruction	<u>180,318.00</u>	<u>68,144.00</u>	<u>248,462.00</u>	<u>248,462.00</u>	<u>-</u>
Support Services:					
Salaries	<u>31,000.00</u>	<u>(1,947.00)</u>	<u>29,053.00</u>	<u>29,053.00</u>	<u>-</u>
Total Support Services	<u>31,000.00</u>	<u>(1,947.00)</u>	<u>29,053.00</u>	<u>29,053.00</u>	<u>-</u>
Total Expenditures	<u>211,318.00</u>	<u>66,197.00</u>	<u>277,515.00</u>	<u>277,515.00</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Fiscal Year Ended June 30, 2016

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Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 8,132,974.05	\$ 277,515.00
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		none
Prior Year		none
The June 2015 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	29,591.00	6,042.00
The June 2016 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	<u>(33,375.00)</u>	<u>(4,084.00)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 8,129,190.05</u>	<u>\$ 279,473.00</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 7,556,151.86	\$ 277,515.00
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.		
Current Year		none
Prior Year		none
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 7,556,151.86</u>	<u>\$ 277,515.00</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Required Supplementary Information  
 Schedule of the School District's Proportionate Share of the Net Pension Liability  
 Public Employees' Retirement System (PERS)  
 Last Three Fiscal Years

	<u>Measurement Date Ending June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0078668719%	0.0074461516%	0.0079212499%
School District's Proportionate Share of the Net Pension Liability	\$ 1,765,955.00	\$ 1,394,123.00	\$ 1,513,908.00
School District's Covered Payroll (Plan Measurement Period)	\$ 568,092.00	\$ 527,728.00	\$ 576,732.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	310.86%	264.17%	262.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Required Supplementary Information  
 Schedule of the School District's Contributions  
 Public Employees' Retirement System (PERS)  
 Last Three Fiscal Years

	<u>Fiscal Year Ended June 30,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 61,576.00	\$ 67,634.00	\$ 61,385.00
Contributions in Relation to the Contractually Required Contribution	<u>(61,576.00)</u>	<u>(67,634.00)</u>	<u>(61,385.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll (Fiscal Year)	\$ 543,214.00	\$ 548,525.00	\$ 530,569.00
Contributions as a Percentage of School District's Covered Payroll	11.34%	12.33%	11.57%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Required Supplementary Information  
 Schedule of the School District's Proportionate Share of the Net Pension Liability  
 Teachers' Pension and Annuity Fund (TPAF)  
 Last Three Fiscal Years

	<u>Measurement Date Ending June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>16,098,111.00</u>	<u>13,219,993.00</u>	<u>14,006,066.00</u>
	<u>\$ 16,098,111.00</u>	<u>\$ 13,219,993.00</u>	<u>\$ 14,006,066.00</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 3,091,792.00	\$ 2,940,668.00	\$ 2,791,000.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	520.67%	449.56%	501.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
Required Supplementary Information  
Schedule of School District Contributions  
Teachers' Pension and Annuity Fund (TPAF)  
Last 10 Fiscal Years

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This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
Notes to Required Supplementary Information - Part III  
For the Fiscal Year Ended June 30, 2016

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

*Changes in Benefit Terms* - None

*Changes in Assumptions* - The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

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

*Changes in Benefit Terms* - None

*Changes in Assumptions* - The discount rate changed from 4.68% as of June 30, 2014, to 4.13% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

**OTHER SUPPLEMENTARY INFORMATION**



**SPECIAL REVENUE FUND**

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2016

	<u>Total</u>	<u>NCLB</u>		<u>IDEA</u>		<u>Preschool Education Aid</u>
		<u>Title I</u>	<u>Title II</u>	<u>Basic</u>	<u>Preschool</u>	
<b>REVENUES:</b>						
Federal Sources	\$ 197,197.00	\$ 83,827.00	\$ 29,053.00	\$ 83,420.00	\$ 897.00	
State Sources	80,318.00					\$ 80,318.00
<b>Total Revenues</b>	<b>277,515.00</b>	<b>83,827.00</b>	<b>29,053.00</b>	<b>83,420.00</b>	<b>897.00</b>	<b>80,318.00</b>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of Teachers	161,656.00	81,338.00				80,318.00
Purchased Professional and Technical Services	2,489.00	2,489.00				
Other Purchased Services	84,317.00			83,420.00	897.00	
<b>Total Instruction</b>	<b>248,462.00</b>	<b>83,827.00</b>	<b>-</b>	<b>83,420.00</b>	<b>897.00</b>	<b>80,318.00</b>
<b>Support Services:</b>						
Salaries	29,053.00		29,053.00			
<b>Total Support Services</b>	<b>29,053.00</b>	<b>-</b>	<b>29,053.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 277,515.00</b>	<b>\$ 83,827.00</b>	<b>\$ 29,053.00</b>	<b>\$ 83,420.00</b>	<b>\$ 897.00</b>	<b>\$ 80,318.00</b>

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
Special Revenue Fund  
Schedule of Preschool Education Aid Expenditures - Budgetary Basis  
Preschool - All Programs  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2016

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Instruction:					
Salaries of Teachers	\$ 78,421.00	\$ 1,897.00	\$ 80,318.00	\$ 80,318.00	\$ -
Other Salaries for Instruction	1,897.00	(1,897.00)	-	-	-
Total Instruction	80,318.00	-	80,318.00	80,318.00	-
Total Expenditures	\$ 80,318.00	\$ -	\$ 80,318.00	\$ 80,318.00	\$ -

Calculation of Budget and Carryover

Total 2015-2016 Preschool Education Aid Allocation	\$ 80,318.00
Add: Actual Preschool Education Aid Carryover June 30, 2015	13,950.00
Add: Budgeted transfer from the General Fund 2015-16	-
	<u>94,268.00</u>
Total Funds Available for 2015-16 Budget	94,268.00
Less: 2015-16 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>(80,318.00)</u>
Available and Unbudgeted Funds as of June 30, 2016	13,950.00
Add: June 30, 2016 Unexpended Preschool Education Aid 2015-16 Carryover - Preschool Education Aid	<u>13,950.00</u>
2015-16 Preschool Education Aid Carryover Budgeted in 2016-17	<u>\$ 13,950.00</u>

**PROPRIETARY FUNDS**

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Proprietary Fund  
 Business-Type Activities - Enterprise Fund  
 Statement of Net Position  
 June 30, 2016

	<u>Food Service</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 16,855.18
Accounts Receivable:	
State	93.33
Federal	4,746.05
	21,694.56
Total Current Assets	21,694.56
Noncurrent Assets:	
Furniture, Machinery and Equipment	57,302.40
Less Accumulated Depreciation	(40,183.14)
	17,119.26
Total Noncurrent Assets	17,119.26
Total Assets	38,813.82
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	7,500.55
Interfund Payable	13,324.14
	20,824.69
Total Liabilities	20,824.69
<b>NET POSITION:</b>	
Net Investment in Capital Assets	17,119.26
Unrestricted	869.87
	17,989.13
Total Net Position	\$ 17,989.13

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Proprietary Fund  
 Business-Type Activities - Enterprise Fund  
 Statement of Revenues, Expenses and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2016

	<u>Food Service</u>
<b>OPERATING REVENUES:</b>	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 9,271.65
Daily Sales - Non-Reimbursable Programs	507.20
Total Operating Revenues	9,778.85
<b>OPERATING EXPENSES:</b>	
Salaries	24,089.88
Cost of Sales - Reimbursable Programs	53,062.93
Cost of Sales - Non-Reimbursable Programs	251.80
Miscellaneous	4,161.85
Depreciation	3,137.97
Total Operating Expenses	84,704.43
Operating Income / (Loss)	(74,925.58)
<b>NONOPERATING REVENUES (EXPENSES):</b>	
State Sources:	
State School Lunch Program	621.37
Federal Sources:	
National School Lunch Program	29,041.94
National School Breakfast Program	1,681.76
Food Distribution Program	10,042.10
Interest and Investment Revenue	31.25
Total Nonoperating Revenues (Expenses)	41,418.42
Income (loss) before transfer	41,418.42
Board Contribution - Transfer from General Fund	64,000.00
Change in Net Position	30,492.84
Net Position (Deficit) -- July 1	(12,503.71)
Net Position -- June 30	\$ 17,989.13

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**

Proprietary Fund

Business-Type Activities - Enterprise Fund

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2016

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 9,778.85
Payments to Suppliers	<u>(37,311.08)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(27,532.23)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating subsidies and transfers (to) from other funds	<u>41,000.00</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>41,000.00</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Earnings	<u>31.25</u>
Net Cash Provided by (Used for) Investing Activities	<u>31.25</u>
Net Increase (Decrease) in Cash and Cash Equivalents	13,499.02
Cash and Cash Equivalents -- July 1	<u>3,356.16</u>
Cash and Cash Equivalents -- June 30	<u>\$ 16,855.18</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (74,925.58)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	3,137.97
Food Distribution Program	10,042.10
(Increase) Decrease in Accounts Receivable	130.00
Increase (Decrease) in Other Current Liabilities	<u>34,083.28</u>
Total Adjustments	<u>47,393.35</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (27,532.23)</u>

**FIDUCIARY FUNDS**



**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Position  
 June 30, 2016

	Private-Purpose Trust Fund	Agency Funds		<u>Total</u>
	Unemployment Compensation <u>Trust</u>	Student <u>Activity</u>	<u>Payroll</u>	
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 3,565.18	\$ 24,560.71	\$ 27,947.32	\$ 56,073.21
Total Assets	<u>3,565.18</u>	<u>\$ 24,560.71</u>	<u>\$ 27,947.32</u>	<u>56,073.21</u>
<b>LIABILITIES:</b>				
Payable to Student Groups	-	\$ 24,560.71	\$ -	24,560.71
Accrued Salaries and Wages	-	-	5,066.89	5,066.89
Payroll Deductions and Withholdings	-	-	22,880.43	22,880.43
Total Liabilities	<u>-</u>	<u>\$ 24,560.71</u>	<u>\$ 27,947.32</u>	<u>52,508.03</u>
<b>NET POSITION:</b>				
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 3,565.18</u>			<u>\$ 3,565.18</u>

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Changes in Fiduciary Net Position  
 For the Fiscal Year Ended June 30, 2016

	<u>Private-Purpose Trust Funds</u>		
	<u>Unemployment Compensation Trust</u>	<u>Scholarship Trust</u>	<u>Total</u>
ADDITIONS:			
Contributions:			
Plan Member	\$ 11,983.06	\$ -	\$ 11,983.06
Total Contributions	<u>11,983.06</u>	<u>-</u>	<u>11,983.06</u>
Investment Earnings:			
Interest	<u>26.91</u>	<u>1.38</u>	<u>28.29</u>
Total Investment Earnings	<u>26.91</u>	<u>1.38</u>	<u>28.29</u>
Total Additions	<u>12,009.97</u>	<u>1.38</u>	<u>12,011.35</u>
DEDUCTIONS:			
Unemployment Claims	17,917.21	-	17,917.21
Miscellaneous	<u>-</u>	<u>370.77</u>	<u>370.77</u>
Total Deductions	<u>17,917.21</u>	<u>370.77</u>	<u>18,287.98</u>
Change in Net Position	(5,907.24)	(369.39)	(6,276.63)
Net Position -- July 1	<u>9,472.42</u>	<u>369.39</u>	<u>9,841.81</u>
Net Position -- June 30	<u>\$ 3,565.18</u>	<u>\$ -</u>	<u>\$ 3,565.18</u>

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Fiduciary Funds  
 Student Activity Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2016

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	<u>Balance June 30, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2016</u>
Elementary School	<u>\$ 19,215.69</u>	<u>\$ 15,393.27</u>	<u>\$ 10,048.25</u>	<u>\$ 24,560.71</u>

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Fiduciary Funds  
 Payroll and Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2016

	Balance <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2016</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 8,752.27	\$ 3,907,194.47	\$ 3,887,999.42	\$ 27,947.32
Total Assets	<u>\$ 8,752.27</u>	<u>\$ 3,907,194.47</u>	<u>\$ 3,887,999.42</u>	<u>\$ 27,947.32</u>
<b>LIABILITIES:</b>				
Accrued Salaries and Wages	\$ -	\$ 2,160,577.36	\$ 2,155,510.47	\$ 5,066.89
Payroll Deductions and Withholdings	3,753.11	1,746,617.11	1,727,489.79	22,880.43
Interfund Accounts Payable:				
Due to General Fund	<u>4,999.16</u>	<u>-</u>	<u>4,999.16</u>	<u>-</u>
Total Liabilities	<u>\$ 8,752.27</u>	<u>\$ 3,907,194.47</u>	<u>\$ 3,887,999.42</u>	<u>\$ 27,947.32</u>

**STATISTICAL SECTION**

## **FINANCIAL TRENDS INFORMATION**

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

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Net Position by Component  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*  
 Unaudited

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Governmental Activities</b>										
Net Investment in Capital Assets	4,916,953.54	5,047,900.42	5,131,488.00	5,135,489.62	5,182,114.83	4,668,725.22	4,829,049.38	4,991,076.56	5,141,973.11	5,304,844.41
Restricted	2,335,866.15	1,350,277.19	494,577.50	434,357.54	359,331.00	213,843.22	23,538.17	4,196.74	4,196.74	4,196.74
Unrestricted (Deficit)	(1,568,119.24)	(971,685.88)	(389,374.25)	736,162.20	106,683.34	(259,184.70)	(358,122.75)	(451,608.22)	(740,394.72)	(694,930.85)
<b>Total Governmental Activities Net Position</b>	<b>5,684,700.45</b>	<b>5,426,491.73</b>	<b>5,236,691.25</b>	<b>6,306,009.36</b>	<b>5,648,129.17</b>	<b>4,623,383.74</b>	<b>4,494,464.80</b>	<b>4,543,665.08</b>	<b>4,405,775.13</b>	<b>4,614,110.30</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	17,119.26	20,257.23	23,643.90	27,031.29	30,399.97	33,786.65	37,173.32	40,693.78	44,348.03	48,002.28
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	869.87	(32,760.94)	(13,825.95)	(3,464.32)	6,670.10	8,627.58	(8,526.46)	19,374.20	8,259.83	8,302.34
<b>Total Business-Type Activities Net Position</b>	<b>17,989.13</b>	<b>(12,503.71)</b>	<b>9,817.95</b>	<b>23,566.97</b>	<b>37,070.07</b>	<b>42,414.23</b>	<b>28,646.86</b>	<b>60,067.98</b>	<b>52,607.86</b>	<b>56,304.62</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	4,934,072.80	5,068,157.65	5,155,131.90	5,162,520.91	5,212,514.80	4,702,511.87	4,866,222.70	5,031,770.34	5,186,321.14	5,352,846.69
Restricted	2,335,866.15	1,350,277.19	494,577.50	434,357.54	359,331.00	213,843.22	23,538.17	4,196.74	4,196.74	4,196.74
Unrestricted (Deficit)	(1,567,249.37)	(1,004,446.82)	(403,200.20)	732,697.88	113,353.44	(250,557.12)	(366,649.21)	(432,234.02)	(732,134.89)	(686,628.51)
<b>Total District-Wide Net Position</b>	<b>5,702,689.58</b>	<b>5,413,988.02</b>	<b>5,246,509.20</b>	<b>6,329,576.33</b>	<b>5,685,199.24</b>	<b>4,665,797.97</b>	<b>4,523,111.66</b>	<b>4,603,733.06</b>	<b>4,458,382.99</b>	<b>4,670,414.92</b>

Note: GASB 68 was implemented for June 30, 2015 year end

Source: District Records

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Changes in Net Position  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*  
 Unaudited

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Expenses</b>										
Governmental Activities										
Instruction:										
Regular	2,287,205.19	3,142,711.77	2,698,511.92	2,699,629.98	2,747,366.31	2,685,887.12	2,889,448.35	2,562,984.56	3,148,389.92	2,787,446.69
Special Education	421,746.71	775,203.71	683,231.45	695,063.02	497,260.27	502,856.22	614,435.30	450,662.70	375,311.35	381,621.29
Other Special Education	87,587.85	321,643.28	283,267.40	211,808.66	131,838.02	228,653.77	271,352.21	202,049.76	354,510.46	256,866.73
Other Instruction	140,331.31	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	1,129,547.64	1,432,142.80	1,416,294.36	1,363,292.20	1,271,120.66	1,418,700.08	1,708,195.72	1,633,607.19	1,361,421.52	1,091,969.48
Student & Instruction Related Services	971,922.37	1,315,758.65	1,080,048.12	995,671.30	827,373.49	971,214.28	925,650.49	831,454.59	956,709.13	970,648.41
General Administration Services	165,291.44	172,837.59	195,767.95	213,203.67	205,966.87	187,018.07	199,770.97	186,708.05	183,107.84	236,648.70
Central Services	90,541.68	196,528.08	120,477.48	134,632.39	230,848.68	132,143.25	174,453.69	153,242.42	135,352.39	162,038.34
Plant Operations and Maintenance	659,493.38	860,709.50	846,207.04	708,192.37	692,722.88	717,429.90	650,016.07	581,630.30	631,892.28	916,906.14
Pupil Transportation	216,824.87	248,193.70	160,110.95	144,198.97	173,371.99	126,836.81	143,928.11	122,152.25	98,548.52	113,831.13
Other	-	50,027.40	28,667.00	73,076.76	239,493.89	280,984.56	-	-	-	-
Unallocated Benefits	2,621,512.89	-	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	11,258.00	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	8,803,263.33	8,515,756.48	7,512,583.67	7,238,769.32	7,017,363.06	7,251,724.06	7,577,250.91	6,724,491.82	7,245,243.41	6,917,976.91
Business-Type Activities:										
Food Service	84,704.43	78,612.47	66,290.48	67,997.80	65,264.39	52,001.25	87,829.03	59,712.37	63,607.85	54,071.22
Total Business-Type Activities Expense	84,704.43	78,612.47	66,290.48	67,997.80	65,264.39	52,001.25	87,829.03	59,712.37	63,607.85	54,071.22
Total District Expenses	8,887,967.76	8,594,368.95	7,578,874.15	7,306,767.12	7,082,627.45	7,303,725.31	7,665,079.94	6,784,204.19	7,308,851.26	6,972,048.13
<b>Program Revenues</b>										
Governmental Activities:										
Operating Grants and Contributions	1,697,526.06	1,366,175.16	290,200.13	219,297.92	707,165.95	827,557.82	988,748.50	804,668.69	1,372,975.35	1,402,153.21
Charges for Services	-	-	52,328.90	30,407.92	66,091.00	-	-	-	-	-
Capital Grants and Contributions	-	-	-	(1,875.56)	353,067.00	-	-	-	-	-
Total Governmental Activities Program Revenues	1,697,526.06	1,366,175.16	342,529.03	247,830.28	1,126,323.95	827,557.82	988,748.50	804,668.69	1,372,975.35	1,402,153.21

(Continued)



**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Changes in Net Position  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*  
 Unaudited

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Business-Type Activities:</b>										
Operating Grants and Contributions	41,387.17	47,369.88	31,848.09	27,121.08	30,560.50	31,586.38	30,103.81	26,549.97	20,044.23	17,919.41
Charges for Services	9,778.85	8,873.85	9,169.73	10,347.29	20,282.67	23,147.65	26,218.90	25,714.72	19,778.75	17,379.20
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Business-Type Activities Program Revenues</b>	<b>51,166.02</b>	<b>56,243.73</b>	<b>41,017.82</b>	<b>37,468.37</b>	<b>50,843.17</b>	<b>54,734.03</b>	<b>56,322.71</b>	<b>52,264.69</b>	<b>39,822.98</b>	<b>35,298.61</b>
<b>Total District Program Revenues</b>	<b>1,748,692.08</b>	<b>1,422,418.89</b>	<b>383,546.85</b>	<b>285,298.65</b>	<b>1,177,167.12</b>	<b>882,291.85</b>	<b>1,045,071.21</b>	<b>856,933.38</b>	<b>1,412,798.33</b>	<b>1,437,451.82</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(7,105,737.27)	(7,149,581.32)	(7,170,054.64)	(6,990,939.04)	(5,891,039.11)	(6,424,166.24)	(6,588,502.41)	(5,919,823.13)	(5,872,268.06)	(5,515,823.70)
Business-Type Activities	(33,538.41)	(22,368.74)	(25,272.66)	(30,529.43)	(14,421.22)	2,732.78	(31,506.32)	(7,447.68)	(23,784.87)	(18,772.61)
<b>Total District-Wide Net Expense</b>	<b>(7,139,275.68)</b>	<b>(7,171,950.06)</b>	<b>(7,195,327.30)</b>	<b>(7,021,468.47)</b>	<b>(5,905,460.33)</b>	<b>(6,421,433.46)</b>	<b>(6,620,008.73)</b>	<b>(5,927,270.81)</b>	<b>(5,896,052.93)</b>	<b>(5,534,596.31)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	6,751,500.00	6,619,118.00	6,480,013.00	6,292,894.00	6,169,504.00	6,048,533.00	5,888,014.00	5,661,552.00	5,443,800.00	5,042,115.00
Federal and State Aid Not Restricted	652,561.00	637,075.00	994,320.67	1,165,747.44	570,899.40	226,425.08	565,410.75	535,050.84	168,560.00	148,529.00
Miscellaneous Income	85,269.99	83,188.60	92,125.36	221,161.79	49,581.14	300,783.70	266,634.49	69,995.79	71,366.16	23,179.20
Disposal of Capital Assets	-	-	-	(13,984.00)	134,800.00	(11,656.60)	(7,869.49)	-	-	-
Transfers	(64,000.00)	-	(11,500.00)	(17,000.00)	(9,000.00)	(11,000.00)	(45.93)	(14,868.00)	(20,063.27)	(26,600.00)
Special Items	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>7,425,330.99</b>	<b>7,339,381.60</b>	<b>7,554,959.03</b>	<b>7,648,819.23</b>	<b>6,915,784.54</b>	<b>6,553,085.18</b>	<b>6,712,143.82</b>	<b>6,251,730.63</b>	<b>5,663,662.89</b>	<b>5,187,223.20</b>
Business-Type Activities:										
Miscellaneous income	31.25	47.08	23.64	26.33	77.06	34.59	39.27	39.80	24.84	22.19
Transfers	64,000.00	-	11,500.00	17,000.00	9,000.00	11,000.00	45.93	14,868.00	20,063.27	26,600.00
Special Items	-	-	-	-	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>64,031.25</b>	<b>47.08</b>	<b>11,523.64</b>	<b>17,026.33</b>	<b>9,077.06</b>	<b>11,034.59</b>	<b>85.20</b>	<b>14,907.80</b>	<b>20,088.11</b>	<b>26,622.19</b>
<b>Total District-Wide</b>	<b>7,489,362.24</b>	<b>7,339,428.68</b>	<b>7,566,482.67</b>	<b>7,665,845.56</b>	<b>6,924,861.60</b>	<b>6,564,119.77</b>	<b>6,712,229.02</b>	<b>6,266,638.43</b>	<b>5,683,751.00</b>	<b>5,213,845.39</b>
<b>Change in Net Position</b>										
Governmental Activities	319,593.72	189,800.28	384,904.39	657,880.19	1,024,745.43	128,918.94	123,641.41	331,907.50	(208,605.17)	(328,600.50)
Business-Type Activities	30,492.84	(22,321.66)	(13,749.02)	(13,503.10)	(5,344.16)	13,767.37	(31,421.12)	7,460.12	(3,696.76)	7,849.58
<b>Total District</b>	<b>350,086.56</b>	<b>167,478.62</b>	<b>371,155.37</b>	<b>644,377.09</b>	<b>1,019,401.27</b>	<b>142,686.31</b>	<b>92,220.29</b>	<b>339,367.62</b>	<b>(212,301.93)</b>	<b>(320,750.92)</b>

Note: GASB 68 was implemented for June 30, 2015 year end

Source: District Records

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
*(modified accrual basis of accounting)*  
Unaudited

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Reserved	-	-	-	-	-	-	23,538.17	-	-	-
Unreserved	-	-	-	-	-	-	225,926.66	93,839.50	11,208.53	44,619.20
Restricted	2,335,866.15	1,875,277.19	1,453,915.04	790,603.54	6,264.00	-	-	-	-	-
Assigned	61,594.23	9,361.00	77,146.07	363,986.67	64,445.38	46,083.22	-	-	-	-
Unassigned	216,625.00	220,409.00	239,679.00	230,276.00	213,018.00	216,225.88	-	-	-	-
Total General Fund	<u>2,614,085.38</u>	<u>2,105,047.19</u>	<u>1,770,740.11</u>	<u>1,384,866.21</u>	<u>283,727.38</u>	<u>262,309.10</u>	<u>249,464.83</u>	<u>93,839.50</u>	<u>11,208.53</u>	<u>44,619.20</u>
All Other Governmental Funds										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special Revenue Fund	-	-	-	-	-	-	(6,105.00)	(6,105.00)	(16,162.05)	(14,387.05)
Capital Projects Fund	-	-	-	-	-	-	-	4,196.74	4,196.74	4,196.74
Restricted										
Special Revenue Fund	(4,084.00)	(6,042.00)	(3,068.00)	(5,590.00)	(5,486.00)	(6,034.60)	-	-	-	-
Capital Projects Fund	-	-	-	-	353,067.00	167,760.00	-	-	-	-
Assigned										
Capital Projects Fund					102,000.00					
Total all Other Governmental Funds	<u>(4,084.00)</u>	<u>(6,042.00)</u>	<u>(3,068.00)</u>	<u>(5,590.00)</u>	<u>449,581.00</u>	<u>161,725.40</u>	<u>(6,105.00)</u>	<u>(1,908.26)</u>	<u>(11,965.31)</u>	<u>(10,190.31)</u>

Note: In accordance with GASB 54, effective for the fiscal year ended June 30, 2011, the description and terminology utilized to identify fund Balance was changed.

Source: District Records

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 Unaudited

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues</b>										
Tax Levy	6,751,500.00	6,619,118.00	6,480,013.00	6,292,894.00	6,169,504.00	6,048,533.00	5,888,014.00	5,661,552.00	5,443,800.00	5,042,115.00
Unrestricted Miscellaneous Revenues	85,269.99	180,363.42	144,454.26	254,919.03	312,464.76	300,783.70	266,634.00	69,995.78	71,636.16	27,777.20
State Sources	1,374,696.06	1,185,837.54	1,044,298.67	1,220,742.88	1,424,584.73	881,267.73	1,287,945.00	1,167,495.53	1,373,521.35	1,355,014.21
Federal Sources	197,197.00	146,578.00	156,699.18	159,077.60	204,755.00	172,715.17	266,214.00	172,224.00	168,014.00	191,070.00
<b>Total Revenue</b>	<b>8,408,663.05</b>	<b>8,131,896.96</b>	<b>7,825,465.11</b>	<b>7,927,633.51</b>	<b>8,111,308.49</b>	<b>7,403,299.60</b>	<b>7,708,807.00</b>	<b>7,071,267.31</b>	<b>7,056,971.51</b>	<b>6,615,976.41</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	2,287,205.19	2,078,463.86	1,968,941.55	1,900,170.76	2,104,331.40	2,022,379.99	2,243,550.00	2,122,866.65	2,422,800.02	2,145,050.79
Special Education Instruction	421,746.71	486,423.63	498,512.80	489,229.42	380,874.00	381,670.94	454,394.00	362,571.79	276,450.46	271,854.37
Other special Instruction	87,587.85	-	-	-	-	-	-	-	-	-
Other Instruction	140,331.31	201,824.23	206,683.15	149,084.36	100,980.67	178,609.38	214,606.00	170,688.92	267,746.62	190,289.69
<b>Support Services:</b>										
Tuition	1,129,547.64	1,432,142.80	1,416,294.36	1,363,292.20	1,271,120.66	1,418,700.08	1,708,196.00	1,633,607.19	1,361,421.52	1,091,969.48
Student & Inst. Related Services	808,682.33	825,666.09	788,046.00	700,816.60	633,722.56	774,192.01	728,630.00	703,662.04	667,919.15	758,081.74
General Administration	155,088.94	122,143.02	142,840.07	150,066.26	157,759.29	157,172.40	168,852.00	166,052.56	159,402.25	197,969.10
Central Services	90,541.68	138,884.90	87,905.15	112,708.58	176,817.38	101,196.91	132,475.00	125,333.78	101,036.44	115,036.25
Plant Operations and Maintenance	628,885.87	633,004.37	617,426.27	498,470.70	491,068.73	605,612.03	574,396.00	532,284.65	550,888.16	675,275.85
Pupil Transportation	216,824.87	184,583.90	160,110.45	144,198.97	173,371.99	126,836.81	143,928.00	122,152.25	98,548.52	113,831.13
Unallocated Benefits	1,782,863.30	1,533,652.12	1,423,479.48	1,599,414.33	1,438,309.51	1,281,711.95	1,177,122.00	987,093.46	1,156,845.86	1,110,497.95
Charter School	-	-	28,667.00	45,354.00	84,861.00	119,317.00	11,184.00	30,621.00	-	-
<b>Capital Outlay</b>	<b>73,103.17</b>	<b>163,794.96</b>	<b>86,642.93</b>	<b>111,859.50</b>	<b>779,817.42</b>	<b>44,225.43</b>	<b>-</b>	<b>6,777.00</b>	<b>9,034.91</b>	<b>40,651.73</b>
<b>Interest and Other Charges</b>	<b>11,258.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>7,833,666.86</b>	<b>7,800,583.88</b>	<b>7,425,549.21</b>	<b>7,264,665.68</b>	<b>7,793,034.61</b>	<b>7,211,624.93</b>	<b>7,557,333.00</b>	<b>6,963,711.29</b>	<b>7,072,093.91</b>	<b>6,710,508.08</b>
Excess (Deficiency) of Revenues over (under) Expenditures	574,996.19	331,313.08	399,915.90	662,967.83	318,273.88	191,674.67	151,474.00	107,556.02	(15,122.40)	(94,531.67)
<b>Other Financing Sources (uses)</b>										
Transfers In	-	-	-	351,108.94	662,462.50	195,000.00	4,151.00	-	-	-
Transfers Out	(64,000.00)	-	(11,500.00)	(368,108.94)	(671,462.50)	(206,000.00)	(4,197.00)	(14,868.00)	(20,063.27)	(26,600.00)
<b>Total Other Financing Sources (Uses)</b>	<b>(64,000.00)</b>	<b>-</b>	<b>(11,500.00)</b>	<b>(17,000.00)</b>	<b>(9,000.00)</b>	<b>(11,000.00)</b>	<b>(46.00)</b>	<b>(14,868.00)</b>	<b>(20,063.27)</b>	<b>(26,600.00)</b>
<b>Net Change in Fund Balances</b>	<b>510,996.19</b>	<b>331,313.08</b>	<b>388,415.90</b>	<b>645,967.83</b>	<b>309,273.88</b>	<b>180,674.67</b>	<b>151,428.00</b>	<b>92,688.02</b>	<b>(35,185.67)</b>	<b>(121,131.67)</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

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 General Fund - Other Local Revenue By Source  
 Last Ten Fiscal Years  
*(modified accrual basis of accounting)*  
 Unaudited

	Fiscal Years Ending June 30,									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Miscellaneous Revenue										
Tuition	24,304.00	22,854.07	52,328.90	30,407.92	66,091.00	62,100.00	60,225.00	46,000.00	50,800.00	-
Interest	9,885.81	8,957.09	5,909.13	4,298.92	3,341.79	3,939.84	3,326.38	3,410.61	9,523.51	16,527.55
Sale of Real Property	-	-	-	-	195,000.00	194,835.00	194,835.00	-	-	-
Miscellaneous	51,080.18	51,377.64	171.28	216,862.87	46,239.35	39,908.86	8,248.11	19,360.17	11,312.65	6,651.65
Total Miscellaneous Revenues	<u>85,269.99</u>	<u>83,188.80</u>	<u>58,409.31</u>	<u>251,569.71</u>	<u>310,672.14</u>	<u>300,783.70</u>	<u>266,634.49</u>	<u>68,770.78</u>	<u>71,636.16</u>	<u>23,179.20</u>

Source: District Records

## **REVENUE CAPACITY INFORMATION**

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

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Assessed Value and Actual Value of Taxable Property  
 Last Ten Years  
*Unaudited*

Year	Vacant Land	Residential	Commercial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
2016	26,464,500	1,938,005,900	312,409,900	15,160,100	2,292,040,400	257,310	2,292,297,710	2,150,676,934	0.301
2015	22,841,100	1,940,437,300	315,869,500	15,386,300	2,294,534,200	259,197	2,294,793,397	2,165,030,492	0.295
2014	23,482,900	1,941,630,600	313,927,700	19,052,400	2,298,093,600	425,556	2,298,519,156	2,298,365,908	0.288
2013	25,187,300	1,952,166,300	310,510,300	15,457,400	2,303,321,300	425,556	2,303,746,856	2,204,283,145	0.282
2012	30,381,100	1,949,584,900	315,730,300	15,457,400	2,311,153,700	444,938	2,311,598,638	2,258,320,928	0.273
2011	31,213,400	1,950,641,600	317,269,400	16,052,900	2,315,177,300	480,612	2,315,657,912	2,325,449,728	0.267
2010	57,062,000	1,890,082,000	322,488,000	19,678,800	2,289,310,800	584,606	2,289,895,406	2,339,087,180	0.265
2009	62,085,100	1,896,484,200	326,660,600	23,731,400	2,308,961,300	583,027	2,309,544,327	2,404,950,130	0.255
2008	31,194,800	1,281,346,200	201,323,900	10,590,500	1,524,455,400	319,285	1,524,774,685	2,562,559,628	0.372
2007	46,964,200	1,199,766,700	203,371,100	11,149,000	1,461,251,000	310,623	1,461,561,623	2,359,240,935	0.374

Source:

**a** - Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger S

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

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**

Direct and Overlapping Property Tax Rates

Per \$100.00 of Assessed Valuation

Last Ten Years

*Unaudited*


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<u>Year</u>	<u>School District Direct Rate</u>			<u>Overlapping Rates</u>		<u>Total Direct and Overlapping Tax Rate</u>
	<u>Basic Rate</u>	<u>General Obligation Debt Service</u>	<u>(From J-6) Total Direct School Tax Rate</u>	<u>Municipal Local Purpose</u>	<u>County</u>	
2016	0.301	-	0.301	0.651	0.242	1.194
2015	0.295	-	0.295	0.641	0.240	1.176
2014	0.288	-	0.288	0.627	0.235	1.150
2013	0.282	-	0.282	0.612	0.234	1.128
2012	0.273	-	0.273	0.593	0.227	1.093
2011	0.267	-	0.267	0.576	0.224	1.067
2010	0.265	-	0.265	0.561	0.217	1.043
2009	0.255	-	0.255	0.495	0.211	0.961
2008	0.372	-	0.372	0.680	0.321	1.373
2007	0.374	-	0.374	0.632	0.314	1.320

Source: Abstract of Ratables for the County of Cape May

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
Principal Property Taxpayers  
Current Year and Nine Years Ago  
*Unaudited*

<u>Taxpayer</u>	2016		2007			
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Beach Waves Properties, Inc.	12,463,000.00		0.54%	8,443,300.00	1	0.55%
BAF Corp	11,775,000.00		0.51%	7,653,500.00	2	0.50%
Port Royal, Inc.	10,350,000.00		0.45%	6,815,800.00	3	0.45%
Aqua Beach Resort, LLC	10,220,000.00		0.45%	6,752,100.00	4	0.44%
El Coronado Associates, LP	9,600,000.00		0.42%			
Pan American Hotel, LLC	8,330,000.00		0.36%	5,314,600.00	6	0.35%
Catdaddies, LLC	7,750,000.00		0.34%	5,995,600.00	5	0.39%
Reges Corp	7,600,000.00		0.33%	5,204,800.00	7	0.34%
Strydi, LLC	7,325,000.00		0.32%	4,366,100.00	9	0.29%
Klayman, Inc.	7,265,000.00		0.32%	4,401,200.00	8	0.29%
Crusader Motel, Inc.				4,130,100.00	10	0.27%
Total	<u>92,678,000.00</u>		<u>4.04%</u>	<u>59,077,100.00</u>		<u>3.87%</u>

Source: Municipal Tax Assessor



**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
*Unaudited*

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	6,751,500.00	6,751,500.00	100.00%	-
2015	6,619,118.00	6,619,118.00	100.00%	-
2014	6,480,013.00	6,480,013.00	100.00%	-
2013	6,292,894.00	6,292,894.00	100.00%	-
2012	6,169,504.00	6,169,504.00	100.00%	-
2011	6,048,533.00	6,048,533.00	100.00%	-
2010	5,888,014.00	5,888,014.00	100.00%	-
2009	5,661,552.00	5,661,552.00	100.00%	-
2008	5,443,800.00	5,443,800.00	100.00%	-
2007	5,042,115.00	5,042,115.00	100.00%	-

(1) 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.

Source: District Records

## **Debt Capacity Information**

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

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years  
*Unaudited*

Fiscal Year Ended June 30,	Governmental Activities			Business- Type Activities	Total District	Percentage of Personal Income (1)	Per Capita (2)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Capital Leases			
2016							
2015							
2014							
2013							
2012							
2011							
2010							
2009							
2008							
2007							

**Note: The District did not carry any debt for the years listed.**

Source:

- (1) Personal income has been estimated based upon the municipal population and per capita
- (2) Population information provided by the NJ Department of Labor and Workforce Development

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years  
*Unaudited*

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2016					
2015					
2014					
2013					
2012					
2011					
2010					
2009					
2008					
2007					

**Note: The District did not carry any debt for the years listed.**

Source:

- (1) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (2) Population information provided by the NJ Department of Labor and Workforce Development

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Direct and Overlapping Governmental Activities Debt  
 As of December 31, 2015  
*Unaudited*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Net Debt Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Wildwood Crest (1)	37,473,503.00	100.00%	37,473,503.00
County of Cape May (2) (A)	181,705,599.64	4.57%	<u>8,310,165.71</u>
Subtotal, overlapping debt			45,783,668.71
Borough of Wildwood Crest School District Direct Debt (1)	none	100.00%	<u>-</u>
Total direct and overlapping debt			<u><u>45,783,668.71</u></u>

Source:

- (1) Borough of Wildwood Crest Audit Report - December 31, 2015
- (2) County of Cape May Annual Debt Statement - December 31, 2015

(A) The debt for this entity was apportioned to the Borough of Wildwood Crest by dividing the Borough's 2015 equalized value by the total 2015 equalized value for the County of Cape May, which results in an apportionment of 4.57%.

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Computation of Legal Debt Margin  
 Last Ten Fiscal Years  
*Unaudited*

**Legal Debt Margin Calculation for Fiscal Year 2016**

	<u>Equalized Valuation Basis (1)</u>	
	2015	2,142,822,376.00
	2014	2,158,036,999.00
	2013	<u>2,147,218,514.00</u>
	[A]	<u>6,448,077,889.00</u>
	Average equalized valuation of taxable property	[A/3] 2,149,359,296.33
	Debt limit (3% of average equalization value) (2)	[B] 64,480,778.89
	Total Net Debt Applicable to Limit	[C] -
	Legal Debt Margin	[B-C] <u>64,480,778.89</u>

	Fiscal Year Ended June 30,									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debit Limit	64,480,778.89	65,055,150.80	65,976,271.03	67,374,324.00	68,822,473.00	70,036,851.00	71,585,028.00	69,977,195.00	64,739,475.00	55,274,054.00
Total net debt applicable to limit (3)	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>64,480,778.89</u>	<u>65,055,150.80</u>	<u>65,976,271.03</u>	<u>67,374,324.00</u>	<u>68,822,473.00</u>	<u>70,036,851.00</u>	<u>71,585,028.00</u>	<u>69,977,195.00</u>	<u>64,739,475.00</u>	<u>55,274,054.00</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source:  
 (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation  
 (2) Limit set by NJS A 18A:24-19 for a K through 8 district.  
 (3) District Records

## **Demographic and Economic Information**

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

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Demographic and Economic Statistics  
 Last Ten Years  
*Unaudited*

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<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2015	3,182	Unavailable	Unavailable	14.80%
2014	3,208	166,212,896.00	51,812.00	16.40%
2013	3,234	160,781,544.00	49,716.00	12.20%
2012	3,255	160,494,285.00	49,307.00	24.60%
2011	3,261	155,259,471.00	47,611.00	24.60%
2010	3,283	147,620,095.00	44,965.00	23.10%
2009	4,028	177,300,476.00	44,017.00	22.20%
2008	4,048	174,169,248.00	43,026.00	11.80%
2007	4,095	169,393,770.00	41,366.00	15.50%
2006	4,011	162,433,467.00	40,497.00	12.80%

Source:

- (1) Population information provided by the NJ Department of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita personal income by municipality-estimated based upon the 2010 Census published
- (4) Unemployment data provided by the NJ Department of Labor and Workforce Development



**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Principal Employers  
 Current Year and Nine Years Ago  
*Unaudited*

Employer	2016			2007		
	Approximate Number of Employees	Rank	Percentage of Total Municipal Employment (1)	Approximate Number of Employees	Rank	Percentage of Total Municipal Employment (1)
<b>Information Not Available</b>						
	<u>-</u>		<u>0.00%</u>	<u>-</u>		<u>0.00%</u>

## **Operating Information**

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

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Full-time Equivalent District Employees by Function/Program  
 Last Ten Fiscal Years  
*Unaudited*

<b><u>Function/Program</u></b>	Fiscal Year Ended June 30,									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Instruction										
Regular	29	29	32	32	32	32	32	35	34	34
Special education	5	5	3	3	3	3	2	2	2	2
Support Services:										
Student & instruction related services	10	9	9	9	9	9	8	8	6	5
General administration	3	4	4	3.5	3.5	3.5	2.5	2.5	2.5	3
Business administration	2	2	2	1	1.5	1.5	1.5	1.5	1.5	2
Plant operations and maintenance	5	5	4	4	4	3	3	4	4	4
Food Service	3	3	3	3	3	3	3	3	3	3
<b>Total</b>	<b>57</b>	<b>57</b>	<b>57</b>	<b>56</b>	<b>56</b>	<b>55</b>	<b>52</b>	<b>56</b>	<b>53</b>	<b>53</b>

Source: District Personnel Records

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Operating Statistics  
 Last Ten Fiscal Years  
*Unaudited*

Fiscal Year June 30,	Average Daily Enrollment (ADE) <sup>c</sup>	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	Middle School	Senior High School				
2016	258	7,760,563.69	30,045.93	-4.20%	43	5.91:1	N/A	N/A	258	245	10.38%	95.04%
2015	234	7,338,906.00	31,362.85	5.23%	43	5.60:1	N/A	N/A	234	222	-2.50%	94.87%
2014	240	7,152,806.00	29,803.36	1.25%	42	6.00:1	N/A	N/A	240	230	-1.23%	95.83%
2013	243	7,152,806.00	29,435.42	4.93%	42	6.70:1	N/A	N/A	243	234	-2.80%	96.30%
2012	250	7,013,217.00	28,052.87	5.31%	42	6.70:1	N/A	N/A	250	240	-4.94%	96.00%
2011	263	7,005,625.00	26,637.36	-0.90%	42	6.70:1	N/A	N/A	263	252	-6.41%	95.82%
2010	281	7,553,136.00	26,879.49	5.31%	42	7.40:1	N/A	N/A	281	269	2.18%	95.73%
2009	275	7,019,327.00	25,524.83	-6.52%	44	7.20:1	N/A	N/A	275	262	6.18%	95.27%
2008	259	7,072,094.00	27,305.38	8.16%	43	7.20:1	N/A	N/A	259	248	-2.26%	95.75%
2007	265	6,689,856.00	25,244.74	-0.50%	42	7.50:1	N/A	N/A	265	254	-2.93%	95.85%

Source: District Records

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

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

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

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 School Building Information  
 Last Ten Fiscal Years  
*Unaudited*

	Fiscal Year Ended June 30,									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b><u>District Building</u></b>										
<u>Elementary</u>										
Crest Memorial School (1962)										
Square Feet	60,587	60,587	60,587	60,587	60,587	60,587	60,587	60,587	60,587	60,587
Capacity (Students)	476	476	476	476	476	476	476	476	476	476
Enrollment	257	241	251	257	264	283	300	271	259	262

Number of Schools at June 30, 2016  
 Elementary/Middle = 1  
 Middle School = 0  
 Other = 0

**Source:** District Records

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October district count.

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Schedule of Required Maintenance  
 Last Ten Fiscal Years  
*Unaudited*

Undistributed Expenditures - Required Maintenance  
 for School Facilities  
 11-000-261-xxx

			Fiscal Year Ended June 30,									
			<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>* School Facilities</u>	<u>School Number</u>	<u>Project # (s)</u>										
Crest Memorial School	030	N/A	241,496.97	238,357.35	222,380.21	254,198.00	242,256.38	234,449.00	252,926.00	233,671.52	285,980.19	361,775.76

\* School facilities as defined under EFCFA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

Source: District Records

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**

Insurance Schedule

June 30, 2016

*Unaudited*

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	<u>Coverage</u>	<u>Deductible</u>
Property		
Blanket Loss Limit of Liability	13,777,000.00	5,000.00
Blanket Extra Expense	50,000,000.00	
Blanket Valuable Papers and Records	10,000,000.00	
Electronic Data Processing	500,000.00	1,000.00
Crime		
Public Employee Dishonesty	10,000.00	
Board Secretary Bond	90,000.00	1,000.00
Treasurer Bond	200,000.00	1,000.00
Comprehensive General Liability	6,000,000.00	
Automobile	6,000,000.00	

Source: District Records

**SINGLE AUDIT SECTION**



**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY  
STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Borough of Wildwood Crest School District  
Wildwood Crest, New Jersey 08260

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

We have audited the Borough of Wildwood Crest School District's, in the County of Cape May, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on the School District's major state program for the fiscal year ended June 30, 2016. The School District's major state program is identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

***Management's Responsibility***

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance of the School District's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Wildwood Crest School District's, in the County of Cape May, State of New Jersey, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Major State Program***

In our opinion, the Borough of Wildwood Crest School District, in the County of Cape May, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2016.

**Report on Internal Control Over Compliance**


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

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

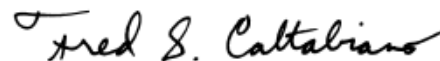
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Fred S. Caltabiano  
Certified Public Accountant  
Public School Accountant No. CS00238100

Woodbury, New Jersey  
November 30, 2016

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Fiscal Year Ended June 30, 2016

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Federal FAIN Number	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period		Balance June 30, 2015	Carryover / (Walkover) Amount
					From	To		
Special Revenue Fund:								
U.S. Department of Education:								
Passed-through State Department of Education:								
No Child Left Behind (NCLB):								
Title I Grants to Local Educational Agencies	84.010	S010A150030	N/A	\$ 55,603.00	9-1-2010	8-31-2011	\$ 153.00	\$ (153.00)
Title I Grants to Local Educational Agencies	84.010	S010A150030	N/A	53,680.00	7-1-2014	6-30-2015	(43,538.00)	(7,536.00)
Title I Grants to Local Educational Agencies	84.010	S010A150030	N/A	76,138.00	7-1-2015	6-30-2016		7,689.00
Total Title I							(43,385.00)	-
Improving Teacher Quality State Grants (Title II)	84.367	S367A150029	N/A	24,027.00	7-1-2013	6-30-2014	2,360.82	(2,360.82)
Improving Teacher Quality State Grants (Title II)	84.367	S367A150029	N/A	28,108.00	7-1-2014	6-30-2015	(21,492.00)	(6,616.18)
Improving Teacher Quality State Grants (Title II)	84.367	S367A150029	N/A	20,076.00	7-1-2015	6-30-2016		8,977.00
Total Title II							(19,131.18)	-
Individual with Disabilities Education Act (IDEA):								
Special Education Cluster:								
Special Education - Grants to States (IDEA, Part B)	84.027	H027A150100	N/A	83,420.00	7-1-2015	6-30-2016		
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A150114	N/A	897.00	7-1-2015	6-30-2016		
Total IDEA Special Education Cluster							-	-
Total Special Revenue Fund and Total U.S. Department of Education							(62,516.18)	-
Enterprise Fund:								
U.S. Department of Agriculture								
Passed-through State Department of Agriculture:								
Child Nutrition Cluster:								
Food Distribution Program (Non-Cash Assistance)	10.555	16161NJ304N1099	N/A	10,042.10	7-1-2015	6-30-2016		
National School Lunch Program	10.555	16161NJ304N1099	N/A	34,046.44	7-1-2014	6-30-2015	(8,925.78)	
National School Lunch Program	10.555	16161NJ304N1099	N/A	29,041.94	7-1-2015	6-30-2016		
School Breakfast Program	10.553	16161NJ304N1099	N/A	2,701.51	7-1-2014	6-30-2015	(850.88)	
School Breakfast Program	10.553	16161NJ304N1099	N/A	1,681.76	7-1-2015	6-30-2016		
Total Child Nutrition Cluster							(9,776.66)	-
Total Enterprise Fund and Total U.S. Department of Agriculture							(9,776.66)	-
Total Federal Financial Assistance							\$ (72,292.84)	\$ -

(a) see note 5 to the schedules of expenditures of federal awards and state financial assistance

The accompanying notes to financial statements and notes to the schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

Cash Received	Budgetary Expenditures			Passed- Through to Sub recipients	Adjustments (a)	Repayment of Prior Years' Balances	Balance June 30, 2016		
	Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor
\$ 43,385.00	\$ (83,827.00)		\$ (83,827.00)				\$ (7,689.00)		
43,385.00	(83,827.00)	-	(83,827.00)	-	-	-	(83,827.00)	-	-
19,131.18	(29,053.00)		(29,053.00)				(8,977.00)		
19,131.18	(29,053.00)	-	(29,053.00)	-	-	-	(29,053.00)	-	-
	(83,420.00)		(83,420.00)				(83,420.00)		
	(897.00)		(897.00)				(897.00)		
-	(84,317.00)	-	(84,317.00)	-	-	-	(84,317.00)	-	-
62,516.18	(197,197.00)	-	(197,197.00)	-	-	-	(197,197.00)	-	-
10,042.10	(10,042.10)		(10,042.10)						
8,925.78									
24,642.15	(29,041.94)		(29,041.94)				(4,399.79)		
850.88									
1,335.50	(1,681.76)		(1,681.76)				(346.26)		
45,796.41	(40,765.80)	-	(40,765.80)	-	-	-	(4,746.05)	-	-
45,796.41	(40,765.80)	-	(40,765.80)	-	-	-	(4,746.05)	-	-
\$ 108,312.59	\$ (237,962.80)	\$ -	\$ (237,962.80)	\$ -	\$ -	\$ -	\$ (201,943.05)	\$ -	\$ -

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Schedule of Expenditures of State Financial Assistance, Schedule B  
 For the Fiscal Year Ended June 30, 2016

State Grantor / Program or Cluster Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015		Carryover/ (Walkover) Amount
			From	To	Unearned Revenue / (Accounts Receivable)	Due to Grantor	
General Fund:							
New Jersey Department of Education:							
Current Expense:							
State Aid - Public Cluster:							
Special Education Categorical Aid	495-034-5120-089	\$ 164,871.00	7-1-2014	6-30-2015	\$ (7,433.00)		
Special Education Categorical Aid	495-034-5120-089	164,871.00	7-1-2015	6-30-2016			
School Choice Aid	495-034-5120-068	146,927.00	7-1-2014	6-30-2015	(6,624.00)		
School Choice Aid	495-034-5120-068	146,927.00	7-1-2015	6-30-2016			
Security Aid	495-034-5120-084	37,185.00	7-1-2014	6-30-2015	(1,676.00)		
Security Aid	495-034-5120-084	37,185.00	7-1-2015	6-30-2016			
Adjustment Aid	495-034-5120-085	250,091.00	7-1-2014	6-30-2015	(11,275.00)		
Adjustment Aid	495-034-5120-085	250,091.00	7-1-2015	6-30-2016			
Per Pupil Growth Aid	495-034-5120-097	2,480.00	7-1-2014	6-30-2015	(112.00)		
Per Pupil Growth Aid	495-034-5120-097	2,480.00	7-1-2015	6-30-2016			
PARCC Readiness Aid	495-034-5120-098	2,480.00	7-1-2014	6-30-2015	(113.00)		
PARCC Readiness Aid	495-034-5120-098	2,480.00	7-1-2015	6-30-2016			
Total State Aid - Public Cluster					(27,233.00)	-	-
Categorical Transportation Aid	495-034-5120-014	52,311.00	7-1-2014	6-30-2015	(2,358.00)		
Categorical Transportation Aid	495-034-5120-014	52,311.00	7-1-2015	6-30-2016			
Total Transportation Aid					(2,358.00)	-	-
Reimbursed TPAF Social Security Contributions	495-034-5094-003	191,646.00	7-1-2014	6-30-2015	(38,440.46)		
Reimbursed TPAF Social Security Contributions	495-034-5094-003	191,329.06	7-1-2015	6-30-2016			
Total Reimbursed TPAF Social Security Contributions					(38,440.46)	-	-
Total General Fund					(68,031.46)	-	-
Special Revenue Fund:							
New Jersey Department of Education:							
Preschool Education Aid	495-034-5120-086	51,633.00	7-1-2014	6-30-2015	7,908.00		
Preschool Education Aid	495-034-5120-086	80,318.00	7-1-2015	6-30-2016			
Total Preschool Education Aid and Special Revenue Fund					7,908.00	-	-
Total State Department of Education					(60,123.46)	-	-
Enterprise Fund:							
New Jersey Department of Agriculture:							
State School Lunch Program	100-010-3350-023	707.64	7-1-2014	6-30-2015	(185.10)		
State School Lunch Program	100-010-3350-023	621.37	7-1-2015	6-30-2016			
Total Enterprise Fund / New Jersey Department of Agriculture					(185.10)	-	-
Total State Financial Assistance subject to Major Program Determination for State Single Audit					(60,308.56)	-	-
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:							
General Fund (Non-Cash Assistance):							
New Jersey Department of the Treasury:							
On-behalf Contributions:							
TPAF Post Retirement Medical	495-034-5094-001	243,789.00	7-1-2015	6-30-2016			
Teacher's Pension & Annuity Fund	495-034-5094-002	195,026.00	7-1-2015	6-30-2016			
TPAF Non-contributory Insurance	495-034-5094-004	9,715.00	7-1-2015	6-30-2016			
Total General Fund (Non-Cash Assistance)					-	-	-
Total State Financial Assistance					\$ (60,308.56)	\$ -	\$ -

(a) see note 5 to the schedules of expenditures of federal awards and state financial assistance

The accompanying notes to financial statements and notes to the schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

Cash Received	Total Budgetary Expenditures	Passed- Through to Sub recipients	Adjustments (a)	Repayment of Prior Years' Balances	Balance at June 30, 2016			(Memo Only)	
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
\$ 7,433.00									
156,487.00	\$ (164,871.00)				\$ (8,384.00)			\$ (8,384.00)	\$ 164,871.00
6,624.00									
139,456.00	(146,927.00)				(7,471.00)			(7,471.00)	146,927.00
1,676.00									
35,294.00	(37,185.00)				(1,891.00)			(1,891.00)	37,185.00
11,275.00									
237,374.00	(250,091.00)				(12,717.00)			(12,717.00)	250,091.00
112.00									
2,354.00	(2,480.00)				(126.00)			(126.00)	2,480.00
113.00									
2,354.00	(2,480.00)				(126.00)			(126.00)	2,480.00
600,552.00	(604,034.00)	-	-	-	(30,715.00)	-	-	(30,715.00)	604,034.00
2,358.00									
49,651.00	(52,311.00)				(2,660.00)			(2,660.00)	52,311.00
52,009.00	(52,311.00)	-	-	-	(2,660.00)	-	-	(2,660.00)	52,311.00
38,440.46									
172,621.76	(191,329.06)				(18,707.30)				191,329.06
211,062.22	(191,329.06)	-	-	-	(18,707.30)	-	-	-	191,329.06
863,623.22	(847,674.06)	-	-	-	(52,082.30)	-	-	(33,375.00)	847,674.06
6,042.00						\$ 13,950.00			
76,234.00	(80,318.00)				(4,084.00)			(4,084.00)	80,318.00
82,276.00	(80,318.00)	-	-	-	(4,084.00)	13,950.00	-	(4,084.00)	80,318.00
945,899.22	(927,992.06)	-	-	-	(56,166.30)	13,950.00	-	(37,459.00)	927,992.06
185.10									
528.04	(621.37)				(93.33)				621.37
713.14	(621.37)	-	-	-	(93.33)	-	-	-	621.37
946,612.36	(928,613.43)	-	-	-	(56,259.63)	13,950.00	-	(37,459.00)	928,613.43
243,789.00	(243,789.00)								243,789.00
195,026.00	(195,026.00)								195,026.00
9,715.00	(9,715.00)								9,715.00
448,530.00	(448,530.00)	-	-	-	-	-	-	-	448,530.00
\$ 1,395,142.36	\$ (1,377,143.43)	\$ -	\$ -	\$ -	\$ (56,259.63)	\$ 13,950.00	\$ -	\$ (37,459.00)	\$ 1,377,143.43

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2016

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**Note 1: BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Borough of Wildwood Crest School District (hereafter referred to as the "School District"). The School District is defined in note 1 to the School District's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance. Because these schedules present only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting, with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District's basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

**Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

**Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)**

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$(3,784.00) for the general fund and \$1,958.00 for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ -	\$ 1,292,420.06	\$ 1,292,420.06
Special Revenue	197,197.00	82,276.00	279,473.00
Food Service	40,765.80	621.37	41,387.17
Total Awards and Financial Assistance	<u>\$ 237,962.80</u>	<u>\$ 1,375,317.43</u>	<u>\$ 1,613,280.23</u>

**Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**Note 5: ADJUSTMENTS**

Amounts reported in the column entitled "adjustments" represent favorable differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in fiscal year 2014-2015.

**Note 6: REIMBURSED AND ON-BEHALF PAYMENTS**

During the fiscal year ended June 30, 2016, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, and post-retirement medical costs related to TPAF members.

**Note 7: MAJOR PROGRAMS**

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



BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified
Internal control over financial reporting:
Material weakness(es) identified? \_\_\_ yes \_\_\_ X \_\_\_ no
Significant deficiency(ies) identified? \_\_\_ yes \_\_\_ X \_\_\_ none reported
Noncompliance material to financial statements noted? \_\_\_ yes \_\_\_ X \_\_\_ no

Federal Awards (Federal Single Audit is not required)

Internal control over major programs:
Material weakness(es) identified? \_\_\_ yes \_\_\_ no
Significant deficiency(ies) identified? \_\_\_ yes \_\_\_ none reported
Type of auditor's report issued on compliance for major programs
Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)? \_\_\_ yes \_\_\_ no

Identification of major programs:

Table with 3 columns: CFDA Number(s), FAIN Number(s), Name of Federal Program or Cluster. Includes multiple rows of blank lines for data entry.

Dollar threshold used to determine Type A programs
Auditee qualified as low-risk auditee? \_\_\_ yes \_\_\_ no

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended June 30, 2016

**Section 1- Summary of Auditor's Results (Cont'd)**

**State Financial Assistance**

Internal control over major programs:

Material weakness(es) identified? \_\_\_ yes X no

Significant deficiency(ies) identified? \_\_\_ yes X none reported

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

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

Identification of major programs:

**GMIS Numbers**

**Name of State Program**

<u>495-034-5120-068</u>	<u>State Aid Public</u> <u>School Choice Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>495-034-5120-098</u>	<u>PARCC Readiness Aid</u>

Dollar threshold used to determine Type A programs \$ 750,000

Auditee qualified as low-risk auditee? X yes \_\_\_ no

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2016

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***Section 2- Schedule of Financial Statement Findings***

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

**Finding No. 2016-001**

**Criteria or Specific Requirement**

The Audit Program issued by the New Jersey Department of Education Section II: Specific Compliance Board Secretary and Treasurers Reports states, the separate monthly Board Secretary and Treasurer Reports must be reconciled on a monthly basis.

**Condition**

The reconciled cash balance on the monthly Board Secretary and Treasurer Reports were not in agreement from July 2015 to February 2016.

**Context**

Examining the monthly Board Secretary and Treasurer Reports from July 2015 to February 2016 showed the cash balance were not in agreement.

**Effect**

Non-compliance with The Audit Program issued by the New Jersey Department of Education.

**Cause**

The accounting software 7/1/15 balance sheet accounts were not put into agreement with the 6/30/15 audited financial statement balances.

**Recommendation**

Reconciled cash balance on the monthly Board Secretary and Treasurer Reports must be in agreement and the accounting software balance sheet accounts must be updated to the audited financial statements.

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

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

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2016

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***Section 3- Schedule of Federal Award Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

A Federal Single Audit was not required for the fiscal year ended June 30, 2016.

***Section 4- Schedule of State Financial Assistance Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

None

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT**  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management

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This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB.

**FINANCIAL STATEMENT FINDINGS**

No Prior Year Findings.

**FEDERAL AWARDS**

No Prior Year Findings.

**STATE FINANCIAL ASSISTANCE PROGRAMS**

No Prior Year Findings.