

**SCHOOL DISTRICT  
OF**

# **CAPE MAY CITY**

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

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

**Comprehensive Annual  
Financial Report**

**of the**

**Cape May City Board of Education**

**Cape May, New Jersey**

**For the Fiscal Year Ended June 30, 2018**

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

# CAPE MAY CITY SCHOOL DISTRICT

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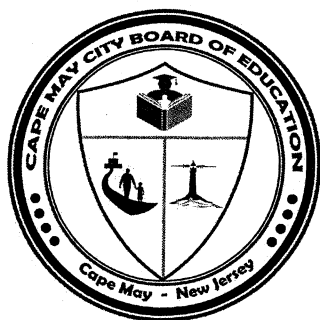
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## **Introductory Section**



## CAPE MAY CITY BOARD OF EDUCATION

Victoria Zelenak  
Superintendent  
John Thomas  
Business Administrator

Dawn M. Austin, President  
Joseph McKenna, Vice President  
Edward B. Connolly  
Anita de Satnick  
Shaun Deignan  
Sharon Lee Kustra  
Mark J. Le Munyon  
Larry Reed  
Thomas Rippman

January 31, 2019

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

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Cape May City School District for the fiscal year ended June 30, 2018 is hereby submitted. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial Section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal regulations, cost principles, and audit requirements for Federal awards (uniform guidance); and State of New Jersey Circular OMB15-08. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

 Lighthouse District

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

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

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

The District provides a full range of educational services appropriate to Four Year Old Preschool through Grade 6. These include regular as well as special education for handicapped youngsters. The District completed the 2017-2018 school year with an enrollment of 168.1 students, which is 29 students less the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Average Daily Enrollment</u>		
<u>Fiscal</u>	<u>Student</u>	<u>Percent</u>
<u>Year</u>	<u>Enrollment</u>	<u>Change</u>
2017-18	168.1	-14.58%
2016-17	196.8	4.63%
2015-16	188.1	7.36%
2014-15	175.2	9.37%
2013-14	160.2	19.91%
2012-13	133.6	-7.16%
2011-12	143.9	-6.07%
2010-11	153.2	-12.91%
2009-10	175.9	3.84%
2008-09	169.4	11.96%
2007-08	151.3	-7.57%

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

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

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



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

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

- Students will be responsible for maintaining records and explaining academic progress as referenced in Charlotte Danielson's Framework for Effective Teaching.
- K-2 grades: Continue to implement the Go Math program focusing on the technology component Think Central.
- 3-6 grades: Implement the Go Math program for another year to maximize the potential of the Go Math series; including participation in professional development opportunities.
- Continue the implementation of New Jersey Student Learning Standards: Science/NGSS through the use of new curriculum materials and programs.
- A Reunification Drill was conducted on November 2, 2018, whereby students and staff went into a lockdown, followed by an evacuation, and reunited with their parents at a different location. Two years of planning was necessary in conjunction with the Cape May City Police Department, Fire Department, US Coast Guard, Cape May County Prosecutors Office, parents, and the Cape May City Municipality, Lion Bus Company, the Cape May City Board of Education, and the relocation site management in order to plan and initiate the Reunification Drill.

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

Our School Motto: *"We are safe, respectful, engaged in learning, reflective, and joyful."*

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

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2018.

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

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

### **7. CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**8. RISK MANAGEMENT:**

The Board carried various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, boiler insurance, parent volunteer insurance, student accident insurance and fidelity bonds. Staff training of safety procedures is on-going and the district was reviewed by the insurance company inspector for compliance.

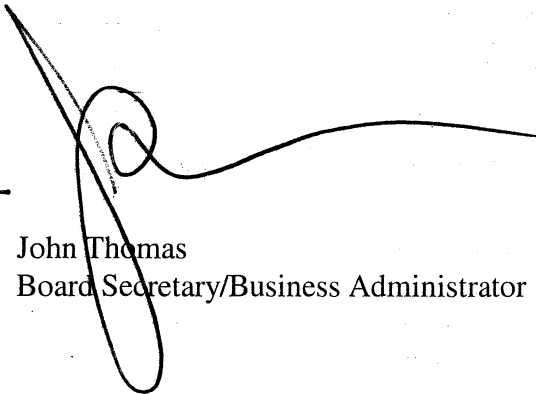
**9. OTHER INFORMATION:**

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

Respectfully submitted,

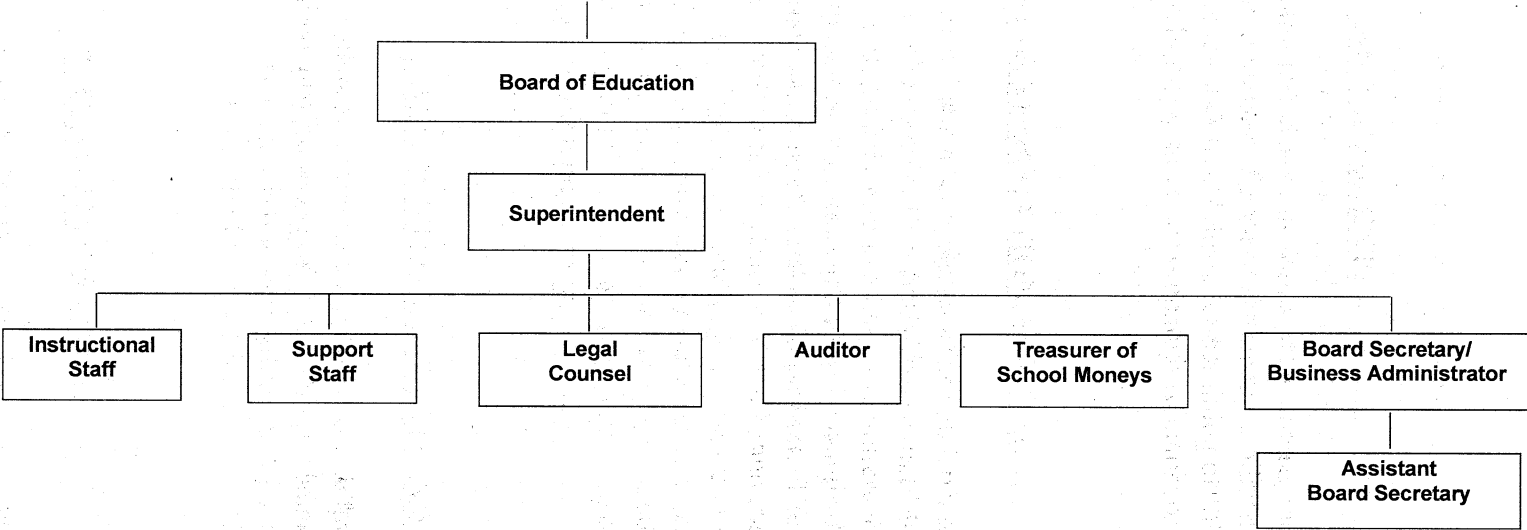


Victoria Zelenak  
Superintendent



John Thomas  
Board Secretary/Business Administrator

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



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

**ROSTER OF OFFICIALS  
JUNE 30, 2018**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Dawn Austin - President	2019
Joseph McKenna - Vice-President	2018
Edward Connolly	2019
Shaun Deignan	2020
Anita de Satnick	2019
Sharon Lee Kustra	2020
Mark J. LeMunyon	2018
Larry Reed	2020
Thomas Rippman	2018

**Other Officials**

Victoria Zelenak, Chief School Administrator

John Thomas, Business Administrator/Board Secretary

Robert Fineberg, Esq., Solicitor

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

**Architect**

Garrison Architects  
713 Creek Road  
Bellmawr, NJ 08031

**Audit Firm**

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

**Attorney**

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

**Official Depository**

Sturdy Savings Bank  
701 Washington Street  
Cape May, NJ 08204

**Financial Section**

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

651 Route 73 North, Suite 402  
Marlton, New Jersey 08053  
(856) 983-2244  
Fax (856) 983-6674  
E-Mail: rinverso@iscpasnj.com

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

**INDEPENDENT AUDITOR'S REPORT**

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

***Report on the Financial Statements***

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

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

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

***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



## ***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Cape May City School District, in the County of Cape May, State of New Jersey, as of June 30, 2018, 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, schedule of the State's proportionate share of the net OPEB liability associated with the School District and changes in the total OPEB liability and related ratios as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cape May City School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey and are not a required part of the basic financial statements. The accompanying schedules of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost principles, and Audit 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, are 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 my 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 and statistical sections 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, I do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated January 31, 2019 on my consideration of the Cape May City School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of

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

In accordance with *Government Auditing Standards*, I have also issued my report dated January 31, 2019 on my consideration of the Cape May City School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cape May City School District's internal control over financial reporting and compliance.

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



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant No. CS001095

Marlton, New Jersey  
January 31, 2019

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

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-Member of-  
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 New Jersey Society of CPAs

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

**INDEPENDENT AUDITOR'S REPORT**

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cape May City School District, in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated January 31, 2019.

***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

***INVERSO & STEWART, LLC***

Certified Public Accountants



Robert P. Inverso

Certified Public Accountant

Public School Accountant No. CS001095

Marlton, New Jersey  
January 31, 2019

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Cape May City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

As management of the Board of Education of Cape May City, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Financial Highlights**

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$2,704,829 (*net position*).
- Governmental activities have a deficit unrestricted balance of \$525,826. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, and the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this minimal amount.
- The total net position of the School District increased by \$452,189, or an 20.07% increase from the prior fiscal year-end balance. The majority of this increase is attributable to the results of operations in the general fund.
- Fund balance of the School District's governmental funds increased by \$508,307 resulting in an ending fund balance of \$2,181,093. This increase was largely due to the results of operations in the general fund.
- Business-type activities have an unrestricted balance of \$38,989, which may be used to meet the School District's ongoing obligations of the food service and child care operations.
- The School District's long-term obligations increased by \$4,664, which is the result of an increase in compensated absences and a decrease in net pension liability.

**Overview of the Basic Financial Statements**

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

**District-wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

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

## Notes to the Basic Financial Statements

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

### Other Information

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

### District-wide Financial Analysis

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2019. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2019.

The assets of the primary government activities exceeded liabilities by \$2,664,268 with a deficit unrestricted balance of \$525,826. The net position of the primary government does not include internal balances.

A net investment of \$1,350,142 in land, improvements, buildings, equipment and vehicles provides the services to the School District's 168 public school students. A balance of \$1,839,952 has been restricted as follows:

Restricted for Future Capital Projects	\$	963
Restricted for Future Maintenance Projects		100,098
Reserve for Impact Aid		700,013
Reserve for Special Revenue (Deficit)		(9,501)
Reserve for Encumbrances		117,412
Reserve for Future Budget Appropriation		<u>930,967</u>
Total	\$	<u>1,839,952</u>



**Comparative Summary of Net Position  
As of June 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		District-Wide	
	2018	2017	2018	2017	2018	2017
<b>ASSETS</b>						
Current assets	\$ 2,131,966	\$ 1,700,346	\$ 117,542	\$ 129,179	\$ 2,249,508	\$ 1,829,525
Capital assets	1,350,142	1,381,120	1,572	2,125	1,351,714	1,383,245
Total assets	<u>3,482,108</u>	<u>3,081,466</u>	<u>119,114</u>	<u>131,304</u>	<u>3,601,222</u>	<u>3,212,770</u>
Deferred Outflows of Resources	<u>281,750</u>	<u>386,479</u>			<u>281,750</u>	<u>386,479</u>
<b>LIABILITIES</b>						
Current liabilities	(19,437)	54,442	78,553	70,267	59,116	124,709
Noncurrent liabilities	825,086	1,007,671			825,086	1,007,671
Total liabilities	<u>805,649</u>	<u>1,062,113</u>	<u>78,553</u>	<u>70,267</u>	<u>884,202</u>	<u>1,132,380</u>
Deferred Inflows of Resources	<u>293,941</u>	<u>214,229</u>			<u>293,941</u>	<u>214,229</u>
Net Position	<u>\$ 2,664,268</u>	<u>\$ 2,191,603</u>	<u>\$ 40,561</u>	<u>\$ 61,037</u>	<u>\$ 2,704,829</u>	<u>\$ 2,252,640</u>
Net Position Consists of:						
Invested in Capital Assets	\$ 1,350,142	\$ 1,381,120	\$ 1,572	\$ 2,125	\$ 1,351,714	\$ 1,383,245
Restricted Assets	1,839,952	1,086,810			1,839,952	1,086,810
Unrestricted Assets	<u>(525,826)</u>	<u>(276,327)</u>	<u>38,989</u>	<u>58,912</u>	<u>(486,837)</u>	<u>(217,415)</u>
Net Position	<u>\$ 2,664,268</u>	<u>\$ 2,191,603</u>	<u>\$ 40,561</u>	<u>\$ 61,037</u>	<u>\$ 2,704,829</u>	<u>\$ 2,252,640</u>

**Governmental Activities**

Governmental activities increased the net position of the School District by \$472,665 during the current fiscal year, thereby accounting for almost all the total increase in the net position of the School District. Key elements of the increase in net position for governmental activities are as follows:

- Excess of current year revenues over expenditures in the amount of \$508,307.

**Business-type Activities**

Business-type activities decreased the School District's net position by \$19,976. Operations of the food service fund produced a loss of \$19,424 and the Child Care Program produced a loss of \$552 for the current fiscal year.

**Comparative Schedule of Changes in Net Position  
As of and for the Fiscal Year Ended June 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		District-Wide	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Charges for services	\$ -	\$ -	\$ 40,460	\$ 39,212	\$ 40,460	\$ 39,212
Operating grants and contributions	1,933,738	660,564	74,514	96,329	2,008,252	756,893
Property taxes	1,849,389	1,804,282			1,849,389	1,804,282
State aid	2,100,677	1,987,533			2,100,677	1,987,533
Tuition	15,611	21,911			15,611	21,911
Other revenues	28,755	523	45	46	28,800	569
<b>Total Revenues</b>	<b>5,928,170</b>	<b>4,474,813</b>	<b>115,019</b>	<b>135,587</b>	<b>6,043,189</b>	<b>4,610,400</b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
Instruction	1,735,990	1,686,255			1,735,990	1,686,255
Tuition	112,400	122,621			112,400	122,621
Related services	462,510	470,087			462,510	470,087
Administrative services	219,245	175,805			219,245	175,805
Central Services	90,008	88,190			90,008	88,190
Operations and Maintenance	396,402	388,374			396,402	388,374
Transportation	52,533	70,351			52,533	70,351
Employee benefits	2,383,378	1,123,291			2,383,378	1,123,291
Other	3,039	2,910			3,039	2,910
<b>Business-Type Activities:</b>						
Operations			135,495	125,059	135,495	125,059
<b>Total Expenses</b>	<b>5,455,505</b>	<b>4,127,884</b>	<b>135,495</b>	<b>125,059</b>	<b>5,591,000</b>	<b>4,252,943</b>
<b>Increase (Decrease) in Net Position before transfers</b>						
	472,665	346,929	(20,476)	10,528	452,189	357,457
Transfers		(18,500)		18,500		
<b>Change in Net Position</b>	<b>472,665</b>	<b>328,429</b>	<b>(20,476)</b>	<b>29,028</b>	<b>452,189</b>	<b>357,457</b>
Net Position July 1	2,191,603	1,863,174	61,037	32,009	2,252,640	1,895,183
<b>Net Position June 30</b>	<b>\$ 2,664,268</b>	<b>\$ 2,191,603</b>	<b>\$ 40,561</b>	<b>\$ 61,037</b>	<b>\$ 2,704,829</b>	<b>\$ 2,252,640</b>

**Financial Analysis of the Governmental Funds**

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

*Governmental Funds* - The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, 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 School District's governmental funds reported a combined ending fund balance of \$2,181,093, an increase of \$508,307 in comparison with the prior year.

The unreserved fund balance for the School District at the end of the fiscal year includes a combination of unreserved fund balance for the General Fund of \$341,141, and a deficit unreserved fund balance of (\$9,501) for the Special Revenue Fund. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) appropriated as a revenue source in the subsequent year's

aid \$700,013 or 5) reserved for encumbrances \$117,412. The general fund is the chief operating fund of the School District.

The balance in the unreserved fund balance is limited primarily, due to the accounting treatment of the June state aid payments and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unreserved fund balance.

Revenue in the special revenue fund is generally recognized at the time that the outlays are identified; therefore, no fund balances are normally generated.

### General Fund Budgetary Highlights

There was no difference between the original budget and the final amended budget.

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$391,904, while total fund balance (budgetary basis) was \$2,241,208. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$3,960,950. Unassigned fund balance (budgetary basis) represents 9.89% of expenditures while total fund balance (budgetary basis) represents 56.58% of that same amount.

### Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental activities as of June 30, 2018, totaled \$1,351,714 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$31,531 or a 2.28% decrease.

Major capital assets events during the current fiscal year included the following:

- Depreciation expense for the current fiscal year was \$61,312
- Fixed asset additions totaling \$29,781

### Capital Asset (net of accumulated depreciation) June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 540,600	\$ 538,500	\$ -	\$ -	\$ 540,600	\$ 538,500
Site Improvements					-	-
Building and Building Improvements	728,408	780,816			728,408	780,816
Equipment	<u>81,134</u>	<u>61,804</u>	<u>1,572</u>	<u>2,125</u>	<u>82,706</u>	<u>63,929</u>
Total	<u>\$ 1,350,142</u>	<u>\$ 1,381,120</u>	<u>\$ 1,572</u>	<u>\$ 2,125</u>	<u>\$ 1,351,714</u>	<u>\$ 1,383,245</u>

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

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

For the 2018-2019 school year, the School District was able to sustain its budget through the tax levy, federal aid, state aid, and miscellaneous revenue sources. One of the most important factors affecting the School District's budget is the amount of state aid it will receive in comparison to its enrollment. The 2018-2019 budget was adopted based no change in aid from the State of New Jersey and no increase in school property taxes. The School District continues to examine its costs in an effort to prevent additional burden on the taxpayers.

### **Requests for Information**

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Cape May City School District Business Administrator, 921 Lafayette Street, Cape May, New Jersey, 08204.

**Basic Financial Statements**

**District-Wide Financial Statements**

**CAPE MAY CITY SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2018**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,234,217	\$ 109,900	\$ 1,344,117
Receivables, net	96,861	4,151	101,012
Inventory		3,491	3,491
Restricted Assets:			
Restricted Cash and Cash Equivalents	800,888		800,888
Capital Assets, net (Note 5)	1,350,142	1,572	1,351,714
Total Assets	<u>3,482,108</u>	<u>119,114</u>	<u>3,601,222</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows of resources from pensions	<u>281,750</u>		<u>281,750</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>3,763,858</u>	<u>119,114</u>	<u>3,882,972</u>
<b>LIABILITIES:</b>			
Accounts Payable			
Related to Pensions	29,690		29,690
Other	29,348		29,348
Internal Balances	(78,475)	78,475	
Unearned Revenue		78	78
Noncurrent Liabilities:			
Due beyond one year	<u>825,086</u>		<u>825,086</u>
Total Liabilities	<u>805,649</u>	<u>78,553</u>	<u>884,202</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Inflows of resources from pensions	<u>293,941</u>		<u>293,941</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>1,099,590</u>	<u>78,553</u>	<u>1,178,143</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	1,350,142	1,572	1,351,714
Restricted for:			
Special Revenue Fund	(9,501)		(9,501)
Capital Projects	963		963
Other Purposes	1,848,490		1,848,490
Unrestricted	<u>(525,826)</u>	<u>38,989</u>	<u>(486,837)</u>
Total Net Position	<u>\$ 2,664,268</u>	<u>\$ 40,561</u>	<u>\$ 2,704,829</u>

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

**CAPE MAY CITY SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>						
Instruction:						
Regular	\$ 1,462,681	\$ -	\$ 178,649	\$ (1,284,032)	\$ -	\$ (1,284,032)
Special education	117,852		2,105	(115,747)		(115,747)
Other instruction	155,457			(155,457)		(155,457)
Support Services:						
Tuition	112,400		57,009	(55,391)		(55,391)
Student & instruction related services	462,510		7,980	(454,530)		(454,530)
General administrative services	142,047			(142,047)		(142,047)
School administrative services	77,198			(77,198)		(77,198)
Central services	90,008			(90,008)		(90,008)
Plant operations and maintenance	396,402		18,833	(377,569)		(377,569)
Pupil transportation	52,533			(52,533)		(52,533)
Employee benefits	2,383,378		1,669,162	(714,216)		(714,216)
Unallocated depreciation and amortization	3,039			(3,039)		(3,039)
Total governmental activities	<u>5,455,505</u>		<u>1,933,738</u>	<u>(3,521,767)</u>		<u>(3,521,767)</u>
<b>Business-type activities:</b>						
Child Care Program	15,328	14,774			(554)	(554)
Food Service	120,167	25,686	74,514		(19,967)	(19,967)
Total business-type activities	<u>135,495</u>	<u>40,460</u>	<u>74,514</u>		<u>(20,521)</u>	<u>(20,521)</u>
<b>Total primary government</b>	<u>\$ 5,591,000</u>	<u>\$ 40,460</u>	<u>\$ 2,008,252</u>	<u>\$ (3,521,767)</u>	<u>\$ (20,521)</u>	<u>\$ (3,542,288)</u>
<b>General revenues:</b>						
Taxes:						
Property taxes for general purposes				1,849,389		1,849,389
Federal and State Aid not restricted				2,100,677		2,100,677
Tuition Fees				15,611		15,611
Miscellaneous Income				28,755	45	28,800
Transfer						
Total general revenues and transfers				<u>3,994,432</u>	<u>45</u>	<u>3,994,477</u>
Change in Net Position				472,665	(20,476)	452,189
Net Position—July 1				2,191,603	61,037	2,252,640
Net Position—June 30				<u>\$ 2,664,268</u>	<u>\$ 40,561</u>	<u>\$ 2,704,829</u>

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



**Fund Financial Statements**

**CAPE MAY CITY SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

<b>ASSETS</b>	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 1,223,021	\$ -	\$ 11,196	\$ -	\$ 1,234,217
Receivables, net	6,086	65,874			71,960
Interfund Receivables, net	183,287				183,287
Restricted Cash and Cash Equivalents	800,888				800,888
<b>Total Assets</b>	<b>\$ 2,213,282</b>	<b>\$ 65,874</b>	<b>\$ 11,196</b>	<b>\$ -</b>	<b>\$ 2,290,352</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	22,837	6,511			29,348
Interfund Payables, net		68,864	11,047		79,911
<b>Total liabilities</b>	<b>22,837</b>	<b>75,375</b>	<b>11,047</b>	<b>-</b>	<b>109,259</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Reserve	814				814
Maintenance Reserve	100,098				100,098
Impact Aid Reserve	700,013				700,013
<b>Committed Fund Balance</b>					
Year End Encumbrances	117,412				117,412
<b>Assigned to:</b>					
Subsequent Year's Expenditures	930,967				930,967
Unassigned	341,141	(9,501)	149		331,789
<b>Total Fund Balances</b>	<b>2,190,445</b>	<b>(9,501)</b>	<b>149</b>		<b>2,181,093</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,213,282</b>	<b>\$ 65,874</b>	<b>\$ 11,196</b>	<b>\$ -</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 \$3,815,398 and the accumulated depreciation is \$2,465,256. 1,350,142

Accounts payable related to the April 1, 2019 required PERS contribution that is not to be liquidated with current financial resources. (29,690)

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

Deferred Outflows of resources from Pensions	281,750	
Net Pension Liability	(657,449)	
Deferred Inflows of resources from Pensions	(293,941)	(669,640)

Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (167,637)

Net position of governmental activities \$ 2,664,268

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

**CAPE MAY CITY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**for the Fiscal Year Ended June 30, 2018**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 1,849,389	\$ -	\$ -	\$ -	\$ 1,849,389
Tuition charges	15,611				15,611
Impact Aid reserve - interest	11				11
Maintenance reserve - interest	10				10
Miscellaneous	28,734				28,734
Total revenues-local sources	1,893,755				1,893,755
State sources	1,035,418	92,128	149		1,127,695
Federal sources	1,542,814	189,869			1,732,683
Total revenues	4,471,987	281,997	149		4,754,133
<b>EXPENDITURES:</b>					
Current expense:					
Regular instruction	1,228,412	178,649			1,407,061
Special education instruction	115,747	2,105			117,852
Other instruction	155,457				155,457
Support services and undistributed costs:					
Tuition	55,391	57,009			112,400
Student & instruction related services	454,530	7,980			462,510
General administrative services	135,972				135,972
School administrative services	77,198				77,198
Central services	90,008				90,008
Plant operations and maintenance	337,913				337,913
Pupil transportation	52,533				52,533
Unallocated employee benefits	1,197,466	20,300			1,217,766
Capital outlay	60,323	18,833			79,156
Total expenditures	3,960,950	284,876			4,245,826
Excess (deficiency) of revenues over (under) expenditures	511,037	(2,879)	149		508,307
Other Financing Sources (Uses):					
Transfers out					
Total other financing sources (uses)					
Net change in fund balance	511,037	(2,879)	149		508,307
Fund balances, July 1	1,679,408	(6,622)			1,672,786
Fund balances, June 30	\$ 2,190,445	\$ (9,501)	\$ 149	\$ -	\$ 2,181,093

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

**CAPE MAY CITY SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**for the Fiscal Year Ended June 30, 2018**

Total net change in fund balances - governmental funds (from B-2) \$ 508,307

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

Capital outlays are reported in the governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

Depreciation expense	\$ (60,759)	
Capital outlay	<u>29,781</u>	(30,978)

Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities. 8,425

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(13,089)

Change in position of governmental activities \$ 472,665

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

**CAPE MAY CITY SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	<b>Business-type Activities</b>		
	<u>Child Care Program</u>	<u>Food Service Program</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 8,639	\$ 101,261	\$ 109,900
Accounts Receivable		4,151	4,151
Inventories		3,491	3,491
Total Current Assets	<u>8,639</u>	<u>108,903</u>	<u>117,542</u>
Noncurrent Assets:			
Equipment		9,964	9,964
Less: Accumulated Depreciation		<u>(8,392)</u>	<u>(8,392)</u>
Total Noncurrent Assets		<u>1,572</u>	<u>1,572</u>
Total Assets	<u>\$ 8,639</u>	<u>\$ 110,475</u>	<u>\$ 119,114</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Unearned Revenue		78	78
Interfund Payable	8,560	69,915	78,475
Total Liabilities	<u>8,560</u>	<u>69,993</u>	<u>78,553</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets		1,572	1,572
Unrestricted	79	38,910	38,989
Total Net Position	<u>\$ 79</u>	<u>\$ 40,482</u>	<u>\$ 40,561</u>

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

**CAPE MAY CITY SCHOOL DISTRICT**  
**Statement of Revenues, Expenses and Changes in Fund Position**  
**Proprietary Funds**  
**for the Fiscal Year Ended June 30, 2018**

	<b>Business-type Activities</b>		
	<b>Enterprise Funds</b>		
	Child Care Program	Food Service Program	Total
<b>Operating revenues:</b>			
Charges for services:			
Daily sales-reimbursable programs	\$ -	\$ 21,695	\$ 21,695
Daily sales-non-reimbursable programs		3,976	3,976
Special functions		15	15
Program fees	6,974		6,974
Miscellaneous	7,800		7,800
Donations			
<b>Total operating revenue</b>	<b>14,774</b>	<b>25,686</b>	<b>40,460</b>
<b>Operating expenses:</b>			
Salaries	14,239	35,810	50,049
Employee benefits	1,089	2,739	3,828
Supplies and materials		299	299
Depreciation		553	553
Repairs and maintenance		3,724	3,724
Other purchased services		38,254	38,254
Miscellaneous		349	349
Cost of sales - reimbursable programs		36,909	36,909
Cost of sales - nonreimbursable programs		1,530	1,530
<b>Total operating expenses</b>	<b>15,328</b>	<b>120,167</b>	<b>135,495</b>
<b>Operating income (loss)</b>	<b>(554)</b>	<b>(94,481)</b>	<b>(95,035)</b>
<b>Nonoperating revenues (expenses):</b>			
State sources:			
State school lunch program		995	995
Federal sources:			
National school lunch program		39,805	39,805
National school breakfast program		25,408	25,408
U.S.D.A. commodities		8,306	8,306
Local sources:			
Interest revenue	2	43	45
<b>Total nonoperating revenues (expenses)</b>	<b>2</b>	<b>74,557</b>	<b>74,559</b>
<b>Net income (loss) before transfers</b>	<b>(552)</b>	<b>(19,924)</b>	<b>(20,476)</b>
Operating transfers in			
<b>Change in net position</b>	<b>(552)</b>	<b>(19,924)</b>	<b>(20,476)</b>
<b>Total net position - July 1, 2017</b>	<b>631</b>	<b>60,406</b>	<b>61,037</b>
<b>Total net position - June 30, 2018</b>	<b>\$ 79</b>	<b>\$ 40,482</b>	<b>\$ 40,561</b>

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

**CAPE MAY CITY SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**for the Fiscal Year Ended June 30, 2018**

	<b>Business-type Activities</b>		
	<u>Child Care Program</u>	<u>Food Service Program</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 6,974	\$ 24,970	\$ 31,944
Payments to employees			
Payments to suppliers		(34,695)	(34,695)
Net cash used for operating activities	<u>6,974</u>	<u>(9,725)</u>	<u>(2,751)</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers to other funds		(68,441)	(68,441)
Cash received from state and federal reimbursements		69,559	69,559
Net cash provided by non-capital financing activities		<u>1,118</u>	<u>1,118</u>
<b>Cash flows from capital activities:</b>			
Purchases of fixed assets			
<b>Cash flows from investing activities:</b>			
Interest and dividends	2	43	45
Net cash provided by investing activities	<u>2</u>	<u>43</u>	<u>45</u>
Net increase in cash and cash equivalents	6,976	(8,564)	(1,588)
Balances - July 1, 2016	<u>1,663</u>	<u>109,825</u>	<u>111,488</u>
Balances - June 30, 2017	<u>\$ 8,639</u>	<u>\$ 101,261</u>	<u>\$ 109,900</u>
<b>Reconciliation of operating loss to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (554)	\$ (94,481)	\$ (95,035)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation		553	553
Federal commodities		8,306	8,306
(Increase) decrease in inventories		64	64
Increase/(decrease) in interfund payable	7,528	76,549	84,077
Increase/(decrease) in unearned revenue		(716)	(716)
Total adjustments	<u>7,528</u>	<u>84,756</u>	<u>92,284</u>
Net cash provided by (used for) operating activities	<u>\$ 6,974</u>	<u>\$ (9,725)</u>	<u>\$ (2,751)</u>

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

**CAPE MAY CITY SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2018**

	Unemployment Compensation Insurance Trust	Agency Fund
	<u>                    </u>	<u>                    </u>
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 11,674	\$ 50,321
	<u>                    </u>	<u>                    </u>
Total Assets	\$ 11,674	\$ 50,321
	<u>                    </u>	<u>                    </u>
<b>LIABILITIES:</b>		
Payroll Deductions Payable		25,420
Accounts Payable		
Interfund Payable		24,901
	<u>                    </u>	<u>                    </u>
Total Liabilities	\$ -	\$ 50,321
	<u>                    </u>	<u>                    </u>
<b>NET POSITION:</b>		
Held in Trust for Unemployment Claims and Other Purposes	\$ 11,674	
	<u>                    </u>	

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



**CAPE MAY CITY SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2018**

	Unemployment Compensation Insurance Trust
<b>ADDITIONS:</b>	
Contributions:	
Employee contributions	\$ 14,914
Total Contributions	14,914
Investment earnings:	
Interest	
Net investment earnings	
Total additions	14,914
<b>DEDUCTIONS:</b>	
Unemployment claims	10,970
Total deductions	10,970
Change in net position	3,944
Net Position - July 1, 2017	7,730
Net Position - June 30, 2018	\$ 11,674

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

**Cape May City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** - The Cape May City School District (District) is a Type II school district located in Cape May County, New Jersey and covers an area of approximately one square mile. As a Type II school district, it functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the District is to provide educational services for all of Cape May City's students in grades K through 6. Students in grades 7 through 8 attend Richard Teitleman Middle School. Students in grades 9 through 12 attend Lower Cape May Regional High School. The Cape May City School District has an approximate enrollment at June 30, 2018 of 168 students.

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

**Component Units** – GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Unit*, provide guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. GASB Statement No. 80, *Blending Requirements for Certain Component Units* - an Amendment of GASB Statement No. 14 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria require blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

**Basis of Presentation**

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below

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

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

**Cape May City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

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

**Government-wide Statements (Continued)** - Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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

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

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

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

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

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

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

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

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

**Cape May City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

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

**Proprietary Funds (Continued)**

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

The School District's enterprise funds are:

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

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

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

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

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

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

**Measurement Focus**

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

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

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

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

**Measurement Focus (Continued)**

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

**Basis of Accounting**

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

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

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

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

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

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

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

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

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

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

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

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

**Encumbrances** - Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Encumbrances are a component of fund balance at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

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

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

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

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

**Cape May City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

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

**Cash, Cash Equivalents and Investments (Continued)** - N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA), a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

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

**Tuition Payable** - Tuition charges for the fiscal years ended June 30, 2018 and 2017 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

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

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

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

**Prepaid Expenses** - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

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

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

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

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

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

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

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

**Capital Assets (Continued)** - Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and the proprietary fund statement of net position.

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

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

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

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

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

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

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

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

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

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



**Cape May City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

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

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

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

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

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

**Nonspendable** – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2018.

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

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

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

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

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

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

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

**Cape May City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

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

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

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

**Recently Issued Accounting Pronouncements** - In November 2016, the GASB issued Statement 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

In June 2017, the GASB issued Statement 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

In April 2018, the GASB issued Statement 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

In June 2018, the GASB issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**2. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District’s deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School district in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District’s amount on deposit of \$2,267,220 as of June 30, 2018, \$250,000 was insured under FDIC and the remaining balance of 2,017,220 was collateralized under GUDPA.

**3. CAPITAL RESERVE ACCOUNT**

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

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

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

Balance – July 1, 2017	\$	814
Increased by:		
Interest earned		814
Decreased by:		
Budgeted Withdrawal		814
Balance – June 30, 2018	\$	814

The June 30, 2018 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

**Cape May City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**4. ACCOUNTS RECEIVABLES**

Accounts receivables at June 30, 2018 consisted of accounts (fees) and intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Accounts receivable at June 30, 2018 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Fund	Total
Intergovernmental					
State	\$ 2,963	\$ -	\$ -	\$ 62	\$ 3,025
Federal		65,874		4,089	69,963
Other	3,123				3,123
<b>Total</b>	<b>\$ 6,086</b>	<b>\$ 65,874</b>	<b>\$ -</b>	<b>\$ 4,151</b>	<b>\$ 76,111</b>

**5. CAPITAL ASSETS**

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

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>Governmental Activities:</b>				
Land	\$ 538,500	\$ 2,100	\$ -	\$ 540,600
Total Capital Assets not being Depreciation	538,500	2,100	-	540,600
Building and Improvements	3,037,924			3,037,924
Equipment	209,193	27,681		236,874
Total Historical Cost	3,785,617	29,781	-	3,815,398
Less Accumulated Depreciation:				
Building and Improvements	(2,257,108)	(52,408)		(2,309,516)
Equipment	(147,389)	(8,351)		(155,740)
Total Accumulated Depreciation	(2,404,497)	(60,759)	-	(2,465,256)
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 1,381,120</b>	<b>\$ (30,978)</b>	<b>\$ -</b>	<b>\$ 1,350,142</b>
<b>Business-Type Activities:</b>				
Equipment	\$ 9,964	\$ -	\$ -	\$ 9,964
Less - Accumulated Depreciation	(7,839)	(553)		(8,392)
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 2,125</b>	<b>\$ (553)</b>	<b>\$ -</b>	<b>\$ 1,572</b>

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**5. CAPITAL ASSETS (Continued)**

Depreciation expense in the amount of \$60,759 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	\$ 42,531
General Administration	6,075
Plant Operation and Maintenance	9,114
Unallocated	3,039
Total depreciation expense	\$ 60,759

**6. INVENTORY**

Inventory in the food service fund at June 30, 2018 consisted of the following:

Food	\$ 2,923
Supplies	568
	\$ 3,491

**7. LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2018, the following changes occurred in long-term obligations:

	Principal Outstanding June 30, 2017	Additions	Reductions	Principal Outstanding June 30, 2018	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 154,548	\$ 13,089	\$ -	\$ 167,637	\$ -
Net Pension Liability	707,755		8,425	699,330	
	\$ 862,303	\$ 13,089	\$ 8,425	\$ 866,967	\$ -

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

**8. OPERATING LEASES**

At June 30, 2018, the District had operating lease agreements in effect for the following:

Copiers

Total operating lease payments made during the year ended June 30, 2018, and 2017 were \$17,579 and \$15,505 respectively.

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**8. OPERATING LEASES (Continued)**

Future minimum lease payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 24,060
2020	24,060
2021	24,060
2022	24,060
2023	14,565
2024	318
	<u>\$ 111,123</u>

**9. PENSION PLANS**

**Description of Plans** – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). In addition, several School District employees participate in the Defined Contribution Retirement Program (DCRP), 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 the State of New Jersey, Division of Pensions and Benefits. P.O. Box 295, Trenton, New Jersey, 08625-0295.

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

*Plan Description* - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established on 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, death and disability, and medical benefits to 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.

*Vesting and Benefit Provisions* – 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 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 on or after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**Cape May City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**9. PENSION PLANS (Continued)**

**Teachers' Pension and Annuity Fund (TPAF) (Continued)** - Service retirement benefits of 1/55<sup>th</sup> 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<sup>th</sup> 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 tier 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 their respective tier.

*Contributions* - The contribution requirements of plan members are determined 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, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The member contribution rate was 7.34% in State fiscal year 2018. 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 2017, 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 the 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 was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 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, 2017, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2018 was \$158,991 and was paid by April 1, 2018. School District employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$123,328.

*Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to 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 additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At June 30, 2018, 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.

For the year ended June 30, 2018, the School District recognized pension expense of \$661,324 and revenue of \$661,324 for support provided by the State. Although the School District does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the School District.

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**9. PENSION PLANS (Continued)**

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

The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>06/30/17</u>	<u>06/30/16</u>
Collective deferred outflows of resources	\$ 14,160,879,257	\$ 17,414,701,002
Collective deferred inflows of resources	11,800,239,661	134,532,594
Collective net pension liability (Non-Employer – State of New Jersey)	67,423,605,859	79,028,907,033
State's portion of the net pension liability that was associated with the School District	9,546,370	11,362,489
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.0141587944%	.0144438971%

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

- Inflation: 2.25%
- Salary Increases: Varies based on experience
- Investment Rate of Return: 7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.



**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**9. PENSION PLANS (Continued)**

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

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	05.00%	05.51%
Cash Equivalents	05.50%	01.00%
U.S. Treasuries	03.00%	01.87%
Investment grade credit	10.00%	03.78%
Public high yield	02.50%	06.82%
Global diversified credit	05.00%	07.10%
Credit oriented hedge funds	01.00%	06.60%
Debt related private equity	02.00%	10.63%
Debt related real estate	01.00%	06.61%
Private real asset	02.50%	11.83%
Equity related real estate	06.25%	09.23%
U.S. Equity	30.00%	08.19%
Non-U.S. developed markets equity	11.50%	09.00%
Emerging markets equity	06.50%	11.64%
Buyouts/venture capital	08.25%	1308%
	<u>100.00%</u>	

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

*Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate.* 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, 2017, the pension plans measurement date, attributable to the School District is \$0.00, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.25%, 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 percentage point lower (3.25%) or 1 percentage point higher (5.25%) that the current rate:

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**9. PENSION PLANS (Continued)**

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

	<u>1% Decrease (3.25%)</u>	<u>Current Discount Rate (4.25%)</u>	<u>1% Increase (5.25%)</u>
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	<u>11,341,387</u>	<u>9,546,370</u>	<u>8,067,627</u>
	<u>\$ 11,341,387</u>	<u>\$ 9,546,370</u>	<u>\$ 8,067,627</u>

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

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

*Plan Description* - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS designated purpose is to provide retirement, death and 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 pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

*Vesting and Benefit Provisions* - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except medical benefits, which vest after 25 years of service or under the disability provisions of PERS

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
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 on or 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<sup>th</sup> 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<sup>th</sup> 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 tier 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 their respective tier.

*Contributions* - The contribution requirements of plan members are determined 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, effective October 1, 2011, the active member contribution rate was increased to 6.5%.

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**9. PENSION PLANS (Continued)**

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

An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The member contribution rate was 7.34% in State fiscal year 2018. 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 336, 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.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2018 was 12.52% 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, 2017, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2018 was \$26,164 and was paid by April 1, 2018. School District employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$19,960.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Long Term Disability</u>	<u>Total Liability Paid by District</u>
2018	\$ 3,444	\$ 21,445	\$ 1,275	\$ 718	\$ 26,882
2017	4,003	20,371	1,216		25,590
2016	3,957	18,227	1,188		23,372

*Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to 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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At June 30, 2018, the School District reported a liability of \$657,449 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The School District's proportion of the 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 year ended June 30, 2018, the School District recognized pension expense of \$18,175. At June 30, 2018, the School District reported a liability of \$657,449 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**9. PENSION PLANS (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,481	\$ -
Changes of assumptions	132,453	131,968
Net Difference between projected and actual earnings on pension plan investments	4,477	
Changes in proportion	99,649	161,973
District contributions subsequent to the measurement date	29,690	
<b>Total</b>	<b>\$ 281,750</b>	<b>\$ 293,941</b>

\$29,690 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	Net Deferred Outflows of Resources
2019	\$ (62,963)
2020	26,907
2021	17,602
2022	(20,751)
2023	(2,676)
<b>Total</b>	<b>\$ (41,881)</b>

**Cape May City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**9. PENSION PLANS (Continued)**

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

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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
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
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in proportion		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

**Additional Information**

Collective balances at June 30, 2017 and 2016 are as follows:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective deferred outflows of resources	\$ 6,424,455,842	\$ 8,685,338,380
Collective deferred inflows of resources	\$ 5,700,625,981	\$ 870,133,595
Collective net pension liability	\$ 23,278,401,588	\$ 29,617,131,759
School District's Proportion	.0028242867%	.0028805056%

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**9. PENSION PLANS (Continued)**

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

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

Inflation rate: 2.25%  
Salary Increases:  
    Through 2025: 1.65-4.15% based on age  
    Thereafter: 2.65-5.15% based on age  
Investment Rate of Return: 7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active employees. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disables Mortality Table (set back 3 years for males and set forward 1 year for females).

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

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**9. PENSION PLANS (Continued)**

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

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	05.00%	05.51%
Cash equivalents	05.50%	01.00%
U.S. Treasuries	03.00%	01.87%
Investment grade credit	10.00%	03.78%
Public high yield	02.50%	06.82%
Global diversified credit	05.00%	07.10%
Credit oriented hedge funds	01.00%	06.60%
Debt related private equity	02.00%	10.63%
Debt related real estate	01.00%	06.61%
Private real assets	02.50%	11.83%
Equity related real estate	06.25%	09.23%
U.S. Equity	30.00%	08.19%
Non-U.S. developed markets equity	11.50%	09.00%
Emerging markets equity	06.50%	11.64%
Buyouts/venture capital	08.25%	13.08%
	<u>100.00%</u>	

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

*Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the School District's proportionate share of the net pension liability measured as of June 30, 2017, calculated using the discount rate of 5.00%, 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 percentage point lower (4.00%) or 1 percentage point higher (6.00%) than the current rate:

	<u>1% Decrease (4.00%)</u>	<u>Current Discount Rate (5.00%)</u>	<u>1% Increase (6.00%)</u>
School Districts's proportionate share of the net pension liability	\$ 815,610	\$ 657,449	\$ 525,681

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

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**9. PENSION PLANS (Continued)**

**Defined Contribution Retirement Program (DCRP)**

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

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

<u>Fiscal Year</u>	<u>Paid by School District</u>
2018	\$ 6,434
2017	4,596
2016	5,404

**10. POST-RETIREMENT BENEFITS**

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

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service (GASB Cod. Sec. 2300.106(g)). The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

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

Employees covered by benefit terms. At June 30, 2017, the following employees were covered by the benefit terms:

TPAF participant retirees:

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

PERS participant retirees:

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



**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

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

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the school district. Note that actual numbers will be published in the NJ State's CAFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>).

*Actuarial assumptions and other imputes* - The total nonemployer OPEB liability as of the June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member enrolled in.

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases			
Through 2026	1.55 - 4.55%	2.15 - 4.15%	2.10 - 8.98%
	based on years of service	based on age	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%	3.10 - 9.98%
	based on years of service	based on age	based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013 and July 1, 2011 – June 30, 2014 for TPAF, PFRS, and PERS, respectively.

*Health Care Trend Assumptions* - For pre-Medicare preferred provider organization (PPO) medial benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

*Discount Rate* - The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represent the municipal bond return rate as chosen by the Division. The source is 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.

*Retirees' Share of Benefit Related Costs* - Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit.

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

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

The percentage of the premium for which the retirees will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

*Changes in the Total OPEB Liability reported by the State of New Jersey -*

	Total OPEB Liability
Balance as of June 30, 2106 Measurement Date	\$ 57,831,784,184
Changes for the years'	
Service Cost	\$ 2,391,878,884
Interest	1,699,441,736
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	(7,086,599,129)
Gross Benefit Payments	(1,242,412,566)
Contributions from the Non-employer	N/A
Contributions from the Member	45,748,749
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	\$ (4,191,942,326)
Balance at 06/30/2017	\$ 53,639,841,858

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

*Sensitivity of the total OPEB liability to changes in the discount rate -* The following presents the total nonemployer OPEB liability of the State as of June 30, 2017 for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage-point lower or 1percentage-point higher than the current discount rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability (School Retirees)	\$ 63,674,362,200	\$ 53,639,841,858	\$ 45,680,364,953

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates -* The following presents the total nonemployer OPEB liability of the State as of June 30, 2107, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates:

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

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

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

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:* For the year ended June 30, 2017, the board of education recognized OPEB expense of \$494,538 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the school district's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>06/30/17</u>
Collective deferred outflows of resources	\$ 99,843,255
Collective deferred inflows of resources	6,443,612,287
Collective net OPEB liability (Non-Employer – State of New Jersey)	53,639,841,858
State's portion of the net OPEB liability that was associated with the School District	9,646,738
State's portion of the net OPEB liability that was associated with the School District as a percentage of the collective net OPEB liability	0.02%

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 99,843,255	\$ 99,843,255
Changes of assumptions	-	6,343,769,032
Total	\$ 99,843,255	\$ 6,443,612,287

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

For the year ended:	
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Therafter	(2,629,618,547)
Total	\$ (6,343,769,032)

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

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**11. ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2017, the School District has recognized as revenues and expenditures on-behalf payments made by the state for normal retirement costs, post-retirement medical costs and long term disability insurance related to TPAF, in the fund statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs and long term disability insurance were \$218,647, \$141,220, and \$298, respectively. In addition, \$114,660 on-behalf payments were made by the state for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**12. RISK MANAGEMENT**

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

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

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

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

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

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

<u>Fiscal Year</u>	<u>Interest Earnings</u>	<u>Board Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$ -	\$ -	\$ 14,914	\$ 10,970	\$ 11,674
2016-2017	1		9,726	8,821	7,730
2015-2016	1		9,422	7,018	6,824

**13. DEFERRED COMPENSATION**

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

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**14. COMPENSATED ABSENCES**

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2018, the liability for compensated absences in the governmental activities fund type was \$167,637.

**15. INTERFUND BALANCES AND TRANSFERS**

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2018. The following interfund balances were recorded on the various balance sheets as of June 30, 2018:

Fund	Interfunds Receivable	Interfunds Payable
General	\$ 183,287	\$ -
Special Revenue		68,864
Capital Projects		11,047
Proprietary		78,475
Fiduciary		24,901
Total	\$ 183,287	\$ 183,287

**16. CONTINGENCIES**

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

At June 30, 2018, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District.

**17. TAX ABATEMENTS**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements.

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**17. TAX ABATEMENTS (Continued)**

If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The City of Cape May had no tax abatements.

**18. DEFICIT UNASSIGNED FUND BALANCE**

The School District has a deficit unassigned fund balance of \$9,501 in the Special Revenue Fund as of June 30, 2018 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenues, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$9,501 in the Special Revenue Fund is equal to or less than the June state aid payment.

**19. DEFICIT UNRESTRICTED NET POSITIONS**

As of June 30, 2018, a deficit of \$525,838 existed in the Unrestricted Net Position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Position reported on Exhibited A-1 as follows:

Balances, June 30, 2018:	
Fund Balance - Unassigned	\$ 341,129
Liabilities:	
Net Pension Differences	(699,330)
Compensated Absences	<u>(167,637)</u>
Unrestricted Net Position (Deficit)	<u><u>\$ (525,838)</u></u>

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**20. SHARED SERVICES AGREEMENT**

On May 7, 2016, the District entered a shared services agreement with the City of Cape May (City) providing for the District's swimming pool reconstruction. Under the agreement, the cost of the reconstruction is estimated to be \$2,000,000 which will be funded by a City bond ordinance. The District will be responsible to pay to the City, in (10) ten equal annual instalments, one million (\$1,000,000) dollars to contribute to the final cost of the project, without interest, commencing one (1) year after the project receives a final certificate of occupancy.

In addition, the District and City shall equally share the maintenance expense of the pool, which is specifically the chemical and water costs, and mechanical repairs not covered by warranties.

**21. FUND BALANCES**

*RESTRICTED*

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

**General Fund:**

**Capital Reserve** – As of June 30, 2018, the balance in the capital reserve account is \$814. Of this amount \$814 is restricted for future capital outlay expenditures for capital projects in the School District's approved Long-Range Facilities Plan.

**Maintenance Reserve Account** – As of June 30, 2018, the balance in the maintenance reserve account is \$100,098. 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).

**Impact Aid Reserve** – As of June 30, 2018, the balance in the impact aid reserve is \$700,013.

**ASSIGNED**

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

**General Fund:**

**Designated for Subsequent Year's Expenditures** – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2018, \$930,967 of general fund balance at June 30, 2018.

**Other Purposes** – At June 30, 2018 the School District has \$117,412 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

**Cape May City School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**21. FUND BALANCES (Continued)**

**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, 2018, the fund balance of the general fund was \$341,141.

**Special Revenue Fund** – As of June 30, 2018, the fund balance of the special revenue fund was a deficit of \$9,501. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 18).

**Capital Projects Fund** – As of June 30, 2018, the fund balance of the capital projects fund was \$149.



Required Supplementary Information - Part II

**Budgetary Comparison Schedules**

**CAPE MAY CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 1,849,389	\$ -	\$ 1,849,389	\$ 1,849,389	\$ -
Tuition - other LEA's within State	15,611		15,611	15,611	
Tuition - Individuals					
Capital reserve - interest					
Maintenance reserve - interest	8		8	10	2
Impact aid reserve - interest	19		19	11	(8)
Miscellaneous	2,500		2,500	28,734	26,234
<b>Total local sources</b>	<b>1,867,527</b>		<b>1,867,527</b>	<b>1,893,755</b>	<b>26,228</b>
State sources:					
Special education aid	78,905		78,905	78,905	
Security aid	40,306		40,306	40,306	
Adjustment aid	273,558	(11,384)	262,174	262,174	
Transportation aid	5,993		5,993	5,993	
School choice aid	166,092		166,092	166,092	
PARCC Readiness Aid	1,330		1,330	1,330	
Per Pupil Growth Aid	1,330		1,330	1,330	
Professional Learning Community Aid	1,700		1,700	1,700	
Extraordinary Aid				2,963	2,963
On-behalf TPAF pension contributions (non-budgeted)				218,647	218,647
On-behalf TPAF post retirement medical (non-budgeted)				141,220	141,220
On-behalf TPAF - LTDI (non-budgeted)				298	298
Reimbursed TPAF social security contributions (non-budgeted)				114,660	114,660
<b>Total state sources</b>	<b>569,214</b>	<b>(11,384)</b>	<b>557,830</b>	<b>1,035,618</b>	<b>477,788</b>
Federal sources:					
P.L. 103-382 Impact Aid - General	650,000		650,000	1,518,772	868,772
P.L. 103-382 Impact Aid - Capital	10,000		10,000		(10,000)
Department of Defense				24,042	24,042
<b>Total federal sources</b>	<b>660,000</b>		<b>660,000</b>	<b>1,542,814</b>	<b>882,814</b>
<b>TOTAL REVENUES</b>	<b>3,096,741</b>	<b>(11,384)</b>	<b>3,085,357</b>	<b>4,472,187</b>	<b>1,386,830</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Salaries of teachers					
Pre-Kindergarten	45,264	364	45,628	45,628	
Kindergarten	180,298	768	181,066	181,066	
Grades 1-5	609,459	29,014	638,473	636,920	1,553
Grades 6-8	111,153	(19,418)	91,735	91,464	271
<b>Total Instruction</b>	<b>946,174</b>	<b>10,728</b>	<b>956,902</b>	<b>955,078</b>	<b>1,824</b>
Regular Programs - Home Instruction:					
Salaries of Teachers	2,100	775	2,875	2,875	
<b>Total Home Instruction</b>	<b>2,100</b>	<b>775</b>	<b>2,875</b>	<b>2,875</b>	

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

**CAPE MAY CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2018**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Regular Programs - Undistributed Instruction:</b>					
Other salaries for instruction	\$ 145,260	\$ (36,808)	\$ 108,452	\$ 108,452	\$ -
Purchased technical services	32,860	5,126	37,986	37,986	
Other purchased services	2,200	(573)	1,627	1,543	84
General supplies	108,465	12,033	120,498	113,636	6,862
Textbooks	27,620	(21,665)	5,955	5,955	
Miscellaneous Expenditures		2,000	2,000	1,882	118
Other objects	9,050	(5,610)	3,440	1,005	2,435
<b>Total Undistributed Instruction</b>	<b>325,455</b>	<b>(45,497)</b>	<b>279,958</b>	<b>270,459</b>	<b>9,499</b>
<b>Total - Regular Programs - Instruction</b>	<b>1,273,729</b>	<b>(33,994)</b>	<b>1,239,735</b>	<b>1,228,412</b>	<b>11,323</b>
<b>Special Educ Instruction: Resource Room</b>					
Salaries of teachers	115,140		115,140	115,140	
General supplies	500	107	607	607	
<b>Total Resource Room</b>	<b>115,640</b>	<b>107</b>	<b>115,747</b>	<b>115,747</b>	
<b>Total Special Education - Instruction</b>	<b>115,640</b>	<b>107</b>	<b>115,747</b>	<b>115,747</b>	
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of teachers	65,825	18,643	84,468	84,468	
Other salaries for instruction					
General supplies	500	(107)	393	362	31
<b>Total Basic Skills/Remedial - Instruction</b>	<b>66,325</b>	<b>18,536</b>	<b>84,861</b>	<b>84,830</b>	<b>31</b>
<b>Bilingual Education - Instruction</b>					
Salaries of teachers	28,285	1,620	29,905	29,905	
<b>Total Bilingual Education - Instruction</b>	<b>28,285</b>	<b>1,620</b>	<b>29,905</b>	<b>29,905</b>	
<b>Summer School - Instruction</b>					
Salaries of teachers	14,500	(4,296)	10,204	9,234	970
Other salaries for instruction	2,500		2,500	588	1,912
General supplies	200		200	164	36
<b>Total Summer School - Instruction</b>	<b>17,200</b>	<b>(4,296)</b>	<b>12,904</b>	<b>9,986</b>	<b>2,918</b>
<b>School-Sponsored Cocurricular Act - Inst.</b>					
Salaries	35,100		35,100	30,736	4,364
Supplies and materials					
<b>Total School-Sponsored Cocurr. Act. - Inst</b>	<b>35,100</b>		<b>35,100</b>	<b>30,736</b>	<b>4,364</b>
<b>Undistributed Expenditures - Instruction</b>					
Tuition to CSSD & Reg. Day Schools	97,500	29,459	126,959	55,391	71,568
Tuition to Private School for the Disabled	43,565	(43,565)			
<b>Total Undistributed Expenditures - Instruction</b>	<b>141,065</b>	<b>(14,106)</b>	<b>126,959</b>	<b>55,391</b>	<b>71,568</b>

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

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**CAPE MAY CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2018**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Attend. and Social Work					
Purchased professional and technical services	\$ 4,800	\$ -	\$ 4,800	\$ 4,755	\$ 45
Total Undistributed Expenditures - Attendance	4,800		4,800	4,755	45
Undistributed Expenditures - Health Services					
Salaries	80,621	(22,196)	58,425	54,208	4,217
Purchased prof. and technical services	1,800		1,800	1,600	200
Supplies and materials	1,500	1,266	2,766	2,766	
Total Undistributed Expenditures - Health Svcs.	83,921	(20,930)	62,991	58,574	4,417
Undist. Expend. - Speech, OT, PT & Rel. Serv.					
Purchased prof. and educational services	48,301		48,301	48,301	
Supplies and materials	2,500		2,500	2,500	
Total Undst. Expend. - Speech, OT, PT & Rel. Serv.	50,801		50,801	50,801	
Undist. Expend. - Guidance					
Salaries of other professional staff	39,000	(44)	38,956	37,962	994
Supplies and materials	500	62	562	562	
Total Undst. Expend. - Guidance	39,500	18	39,518	38,524	994
Undist. Expend. - Child Study Teams					
Salaries of secretarial and clerical assistants	33,824	(1,034)	32,790	32,790	
Purchased professional/educational services	103,362	13,331	116,693	114,628	2,065
Supplies and materials	1,500	(204)	1,296	1,296	
Total Undst. Expend. - Child Study Teams	138,686	12,093	150,779	148,714	2,065
Undist. Expend. - Improvement of Inst. Services					
Salaries of supervisor of instruction			75,036	75,036	
Salaries of other professional staff	75,036		75,036	75,036	
Salaries of secretarial and clerical assistants	13,402		13,402	13,402	
Supplies and Materials	5,900		5,900	5,431	469
Total Undst. Expend. - Improvement of Inst. Services	94,338		94,338	93,869	469
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	45,722	8,344	54,066	53,482	584
Salaries of technology coordinators	8,500	(8,500)			
Purchased prof/technical services	3,600		3,600	2,462	1,138
Supplies and materials	3,800	156	3,956	3,349	607
Total Undst. Expend. - Educ. Media Serv./Sch. Library	61,622		61,622	59,293	2,329

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

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**CAPE MAY CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2018**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	\$ 75,902	\$ 23,156	\$ 99,058	\$ 99,054	\$ 4
Legal services	6,000	(1,194)	4,806	4,534	272
Audit Fees	13,200	(1,100)	12,100	12,100	
Expenditure & Internal Control Audit Fees	3,000		3,000	3,000	
Architectural/Engineering Services	500	(500)			
Other Purchased Professional Services	2,500	1,987	4,487	4,487	
Communications / telephone	14,960	(8,127)	6,833	3,748	3,085
BOE Other Purchased Services	1,000	(600)	400	212	188
BOE In-House training/meeting supplies	500		500	209	291
Miscellaneous expenditures	5,740	(170)	5,570	5,020	550
BOE membership dues and fees	5,000	(1,392)	3,608	3,608	
<b>Total Undst. Expend. - Supp. Serv. General Admin.</b>	<b>128,302</b>	<b>12,060</b>	<b>140,362</b>	<b>135,972</b>	<b>4,390</b>
Undist. Expend. - Supp. Serv. School Admin.					
Salaries of principals/assist. principals	62,500	7,170	69,670	69,670	
Other purchased services	1,000	(775)	225	225	
Supplies and materials	3,000	132	3,132	2,285	847
Other objects	5,175	(157)	5,018	5,018	
<b>Total Undst. Expend. - Supp. Serv. School Admin.</b>	<b>71,675</b>	<b>6,370</b>	<b>78,045</b>	<b>77,198</b>	<b>847</b>
Undist. Expend. - Central Services					
Salaries	75,308	1,565	76,873	76,873	
Supplies and materials	1,500	(250)	1,250	1,250	
Miscellaneous expenditures	1,900	250	2,150	1,801	349
<b>Total Undst. Expend. - Central Services</b>	<b>78,708</b>	<b>1,565</b>	<b>80,273</b>	<b>79,924</b>	<b>349</b>
Undist. Expend. - Admin. Info. Technology					
Salaries					
Purchased technical services	12,800	(1,468)	11,332	10,084	1,248
<b>Total Undst. Expend. - Admin. Info. Technology</b>	<b>12,800</b>	<b>(1,468)</b>	<b>11,332</b>	<b>10,084</b>	<b>1,248</b>
Undist. Expend. - Required Maint. Sch. Facilities					
Salaries	54,172		54,172	54,076	96
Cleaning, repair, and maintenance services	103,350	(10,106)	93,244	61,165	32,079
Lead Testing of Drinking Water	750		750		750
Supplies and materials	1,000		1,000	642	358
<b>Total Undst. Expend. - Required Maint. Sch. Facilities</b>	<b>159,272</b>	<b>(10,106)</b>	<b>149,166</b>	<b>115,883</b>	<b>33,283</b>
Undist. Expend. - Custodial Services					
Salaries	90,655	(1,636)	89,019	87,965	1,054
Purchased professional & tech. services	856	(316)	540	540	
Insurance	34,340	(184)	34,156	33,214	942
Misc. purchased services	150	500	650	503	147
General supplies	17,000	13,790	30,790	27,711	3,079
Energy (natural gas)	50,000	(8,000)	42,000	19,239	22,761
Energy (electricity)	48,000		48,000	38,148	9,852
Energy (gasoline)	500		500	115	385
Other objects	12,800	4,326	17,126	14,595	2,531
<b>Total Undst. Expend. - Custodial Services</b>	<b>254,301</b>	<b>8,480</b>	<b>262,781</b>	<b>222,030</b>	<b>40,751</b>

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

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**CAPE MAY CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2018**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Undst. Expend. - Oper. & Maint. of Plant Services	\$ 413,573	\$ (1,626)	\$ 411,947	\$ 337,913	\$ 74,034
Undist. Expend. - Student Trans. Services					
Sal. Of Non-Instructional Aides	6,618	(2,900)	3,718	3,437	281
Contr. serv. (other than bet. home & sch.) - vendors	3,200		3,200		3,200
Contr. serv. (bet. home & sch.) - joint agreements	20,322	(6,300)	14,022	8,729	5,293
Contr. serv. (sp ed stds) - vendors	18,700	32,300	51,000	40,367	10,633
Contr. serv. (sp ed stds) - joint agreements	32,000	(32,000)			
Total Undst. Expend. - Student Trans. Services	80,840	(8,900)	71,940	52,533	19,407
Unallocated Benefits - Employee Benefits					
Social security contributions	40,964	7,826	48,790	48,708	82
Other retirement contributions - PERS	27,000	(118)	26,882	26,882	
Other retirement contributions - reg.		5,734	5,734	5,734	
Unemployment compensation	15,000	(3,472)	11,528	11,528	
Workmen's compensation	23,000	8,495	31,495	31,495	
Health benefits	500,867	58,621	559,488	559,279	209
Tuition reimbursement	15,000	(2,470)	12,530	10,654	1,876
Other employee benefits	49,408	(18,895)	30,513	28,361	2,152
Unused sick payments to terminated/retired staff	30,000	(30,000)			
Total Unallocated Benefits - Employee Benefits	701,239	25,721	726,960	722,641	4,319
On-behalf TPAF pension contributions (non-budgeted)				218,647	(218,647)
On-behalf TPAF post retirement medical (non-budgeted)				141,220	(141,220)
On-behalf TPAF - LTDI (non-budgeted)				298	(298)
Reimbursed TPAF social security contributions (non-budgeted)				114,660	(114,660)
Total Undistributed Expenditures - TPAF				474,825	(474,825)
Total Undistributed Expenditures	2,101,870	10,797	2,112,667	2,401,011	(288,344)
Total General Current Expense	3,638,149	(7,230)	3,630,919	3,900,627	(269,708)
<b>EXPENDITURES:</b>					
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Undistributed Expenditures:					
Required Maintenance for School Facilities	15,000		15,000	1,641	13,359
Security	13,931		13,931	497	13,434
Total Equipment	28,931		28,931	2,138	26,793

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

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**CAPE MAY CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2018**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities Acquisition and Construction Services					
Other Purchased Prof and Tech Services	\$ 100,000	\$ (4,154)	\$ 95,846	\$ 55,024	\$ 40,822
Assessment for Debt Service on SDA Funding	3,161	-	3,161	3,161	
Total Facilities Acquisition and Construction Services	<u>103,161</u>	<u>(4,154)</u>	<u>99,007</u>	<u>58,185</u>	<u>40,822</u>
Total Capital Outlay	<u>132,092</u>	<u>(4,154)</u>	<u>127,938</u>	<u>60,323</u>	<u>67,615</u>
Total Expenditures	<u>3,770,241</u>	<u>(11,384)</u>	<u>3,758,857</u>	<u>3,960,950</u>	<u>(202,093)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(673,500)</u>		<u>(673,500)</u>	<u>511,237</u>	<u>1,184,737</u>
Other Financing Sources:					
Operating Transfer Out - Food Service Fund	<u>(19,000)</u>		<u>(19,000)</u>		<u>(19,000)</u>
Total Other Financing Sources	<u>(19,000)</u>		<u>(19,000)</u>		<u>(19,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	<u>(692,500)</u>		<u>(692,500)</u>	<u>511,237</u>	<u>1,203,737</u>
Fund Balance, July 1	<u>1,729,971</u>		<u>1,729,971</u>	<u>1,729,971</u>	
Fund Balance, June 30	<u>\$ 1,037,471</u>	<u>\$ -</u>	<u>\$ 1,037,471</u>	<u>\$ 2,241,208</u>	<u>\$ 1,203,737</u>
Recapitulation of Fund Balance					
Restricted Fund Balance:					
Capital Reserve				\$ 814	
Maintenance Reserve				100,098	
Impact Aid Reserve				700,013	
Committed Fund Balance					
Year End Encumbrances				117,412	
Assigned Fund Balance					
Designated for Subsequent Years Expenditures				930,967	
Unassigned Fund Balance				<u>391,904</u>	
				2,241,208	
Reconciliation on Governmental Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				<u>(50,763)</u>	
Fund Balance per Government Fund (GAAP)				<u>\$ 2,190,445</u>	



**CAPE MAY CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State sources	\$ 95,007	\$ -	\$ 95,007	\$ 95,007	\$ -
Federal sources	129,420	60,449	189,869	189,869	
<b>Total revenues</b>	<b>224,427</b>	<b>60,449</b>	<b>284,876</b>	<b>284,876</b>	
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	171,487	(2,900)	168,587	168,587	
Purchase Prof Tech		3,000	3,000	3,000	
Tuition	45,120	11,889	57,009	57,009	
Other purchased services					
General supplies		9,167	9,167	9,167	
<b>Total instruction</b>	<b>216,607</b>	<b>21,156</b>	<b>237,763</b>	<b>237,763</b>	
Support services:					
Personal services - employee benefits		20,300	20,300	20,300	
Other purchased services	7,820	(840)	6,980	6,980	
Travel					
Supplies and Materials		1,000	1,000	1,000	
<b>Total support services</b>	<b>7,820</b>	<b>20,460</b>	<b>28,280</b>	<b>28,280</b>	
Facilities acquisition and const. serv.:					
Instructional equipment		18,833	18,833	18,833	
<b>Total facilities acquisition and const. serv.:</b>		<b>18,833</b>	<b>18,833</b>	<b>18,833</b>	
<b>Total expenditures</b>	<b>224,427</b>	<b>60,449</b>	<b>284,876</b>	<b>284,876</b>	
<b>Total outflows</b>	<b>224,427</b>	<b>60,449</b>	<b>284,876</b>	<b>284,876</b>	
<b>Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 4,472,187	\$ 284,876
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
The last State aid payment for the prior year is recognized as revenue for GAAP purposes and differs from budgetary basis which recognized this revenue in the prior year.	50,563	6,622
The last State aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognizes this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	(50,763)	(9,501)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 4,471,987	\$ 281,997
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 3,960,950	\$ 284,876
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 3,960,950	\$ 284,876

**Required Supplementary Information - Part III**  
**Schedules Related to Accounting and Reporting**  
**For Pensions and**  
**Other Post Employment Benefits**

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

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0028242867%	0.0028805056%	0.0027185222%	0.0018551999%	0.0039536573%
District's proportionate share of the net pension liability (asset)	\$ 657,449	\$ 853,123	\$ 610,254	\$ 347,344	\$ 755,622
District's covered-employee payroll	237,191	207,887	196,958	183,842	189,026
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	277.18%	410.38%	309.84%	188.94%	399.75%
Plan fiduciary net position as a percentage of the total pension liability	36.78%	31.20%	38.21%	42.74%	40.71%

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

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

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 29,690	\$ 26,882	\$ 25,590	\$ 23,372	\$ 15,294
Contributions in relation to the contractually required contributions	<u>(29,690)</u>	<u>(26,882)</u>	<u>(25,590)</u>	<u>(23,372)</u>	<u>(15,294)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	237,191	207,887	196,958	183,842	189,026
Contributions as a percentage of covered-employee payroll	12.52%	12.93%	12.99%	12.71%	8.09%

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

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

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0141587944%	0.0144438971%	0.0152416614%	0.0152518196%	0.0154010277%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 9,546,370	\$ 11,362,489	\$ 9,633,381	\$ 8,151,601	\$ 7,783,558
<b>Total</b>	<b>\$ 9,546,370</b>	<b>\$ 11,362,489</b>	<b>\$ 9,633,381</b>	<b>\$ 8,151,601</b>	<b>\$ 7,783,558</b>
District's covered-employee payroll	1,600,701	1,511,342	1,409,569	1,458,772	1,499,909
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

**CAPE MAY CITY SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the District**  
**and Changes in the Total OPEB Liability and Related Ratios**  
**Public Employee's Retirement System and Teachers' Pension and Annuity Fund**  
**Current Fiscal Year**

	<u>June 30, 2018</u>
State's proportion of the net OPEB liability (asset) associated with the District	0.02%
District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 9,646,738
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 9,646,738</u>
Plan fiduciary net position as a percentage of the total OPEB Liability	0.00%
	<u>June 30, 2018</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 326,151
Interest	303,793
Changes of assumptions and other inputs	(1,208,100)
Member Contributions	8,228
Benefit payments	<u>(223,439)</u>
<b>Net Change in total OPEB Liability</b>	<b>\$ (793,367)</b>
<b>Total OPEB Liability - beginning</b>	<b>\$ 10,440,105</b>
<b>Total OPEB Liability - ending</b>	<b><u>\$ 9,646,738</u></b>
District's covered-employee payroll	1,837,892
Total OPEB Liability as a percentage of covered-employee payroll	524.88%

This schedule does not contain ten years of information as GASB 75 was implemented during the fiscal year ended June 30, 2018.

**Cape May City School District**  
**Notes to Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2018**

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

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

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

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

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

*Changes of assumptions:* Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active employees. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disables Mortality Table (set back 3 years for males and set forward 1 year for females).

**3. Other Post-Retirement Plan – Public Employees' Retirement System and Teachers' Pension and Annuity Fund**

*Changes of benefit term:* There were none.

*Changes of assumptions:* The discount rate changed from 2.85% as of June 30, 2016 to 3.85% as of June 30, 2017.



Other Supplementary Information

Special Revenue Fund  
Detail Statements

**CAPE MAY CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Statement of Revenues and Expenditures**  
**Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2018**

	<u>No Child Left Behind (N.C.L.B.)</u>			<u>Individuals With Disabilities Act (I.D.E.A.)</u>		<u>Brought Forward E1B</u>	<u>Total</u>
	<u>Title I Current Year</u>	<u>Title II - Part A Current Year</u>	<u>Title IV - Part A Current Year</u>	<u>Part B - Basic Current Year</u>	<u>Part B - Preschool Current Year</u>		
<b>REVENUES:</b>							
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,007	\$ 95,007
Federal sources	93,897	8,025	10,000	57,009	2,105	18,833	189,869
<b>Total Revenues</b>	<u>93,897</u>	<u>8,025</u>	<u>10,000</u>	<u>57,009</u>	<u>2,105</u>	<u>113,840</u>	<u>284,876</u>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers	72,500	1,080				95,007	168,587
Purchase Prof Tech	500		2,500				3,000
Tuition				57,009			57,009
Other Purchased Services							
General Supplies	562		6,500		2,105		9,167
<b>Total instruction</b>	<u>73,562</u>	<u>1,080</u>	<u>9,000</u>	<u>57,009</u>	<u>2,105</u>	<u>95,007</u>	<u>237,763</u>
Support services:							
Personal Services - Employee Benefits	20,300						20,300
Other Purchased Services	35	6,945					6,980
Supplies			1,000				1,000
<b>Total support services</b>	<u>20,335</u>	<u>6,945</u>	<u>1,000</u>				<u>28,280</u>
Facilities acquisition and const. serv.:							
Instructional equipment						18,833	18,833
<b>Total facilities acquisition and const. serv.:</b>						<u>18,833</u>	<u>18,833</u>
<b>Total Expenditures</b>	<u>93,897</u>	<u>8,025</u>	<u>10,000</u>	<u>57,009</u>	<u>2,105</u>	<u>113,840</u>	<u>284,876</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CAPE MAY CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Statement of Revenues and Expenditures**  
**Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2018**

	REAP Current Year	Preschool Education Aid	Total
<b>REVENUES:</b>			
State sources	\$ -	\$ 95,007	\$ 95,007
Federal sources	18,833		18,833
<b>Total Revenues</b>	<b>18,833</b>	<b>95,007</b>	<b>113,840</b>
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of Teachers		95,007	95,007
Tuition			
Other Purchased Services			
General Supplies			
<b>Total instruction</b>		<b>95,007</b>	<b>95,007</b>
Support services:			
Personal Services - Employee Benefits			
Other Purchased Services			
Supplies			
<b>Total support services</b>			
Facilities acquisition and const. serv.:			
Instructional equipment	18,833		18,833
<b>Total facilities acquisition and const. serv.:</b>	<b>18,833</b>		<b>18,833</b>
<b>Total Expenditures</b>	<b>18,833</b>	<b>95,007</b>	<b>113,840</b>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -

**CAPE MAY CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
Statement of Preschool Education Aid  
Budgetary Basis  
for the Fiscal Year Ended June 30, 2018

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of teachers	\$ 95,007	\$ 95,007	\$ -
Other salaries for instruction			
Total Instruction	95,007	95,007	
<b>Support Services:</b>			
Salaries of supervisor of instruction			
Personal Services - Employee Benefits			
Total support services			
Total expenditures	\$ 95,007	\$ 95,007	\$ -

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2017-2018 Preschool Education Allocation	\$ 95,007
Add: Actual Preschool Ed Aid Carryover (June 30, 2017)	
Total Preschool Education Aid Funds Available for 2017-2018	95,007
Less: 2017-2018 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	(95,007)
Available & Unbudgeted Preschool Education Funds as of June 30, 2018	
Add: June 30, 2018 Unexpended Preschool Education Aid	
2017-2018 Preschool Education Aid Carryover	\$ -
2017-2018 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2018-19	\$ -

Capital Projects Fund  
Detail Statements

**CAPE MAY CITY SCHOOL DISTRICT  
Capital Projects Fund  
Summary Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budgetary Basis  
For the Fiscal Year ended June 30, 2018**

**Revenues and Other Financing Sources:**

State Aid - SDA Grant	\$	149
Transfer from capital outlay		
Total revenues and other financing sources		149

**Expenditures and Other Financing (Uses):**

Purchased professional services		
Construction services		
Total expenditures and other financing (uses)		

Excess (deficiency) or revenues over (under) expenditures		149
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Fund Balance - July 1, 2017		
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Fund Balance - June 30, 2018	\$	149
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**CAPE MAY CITY SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Statement of Project Revenues, Expenditures, Project Balance,**  
**and Project Status - Budgetary Basis**  
**Elementary School - Security Upgrade**  
**From Inception and for the Fiscal Year ended June 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
<b>Revenues and Other Financing Sources:</b>				
State sources - SCC Grant	\$ 11,047	\$ 149	\$ 11,196	\$ 11,196
Transfer from capital outlay	16,571		16,571	16,571
Total revenues	27,618	149	27,767	27,767
 <b>Expenditures and Other Financing Uses:</b>				
Purchased professional services	2,998		2,998	2,998
Construction services	24,620		24,620	24,620
	27,618		27,618	27,618
Excess (deficiency) or revenues over (under) expenditures	\$ -	\$ 149	\$ 149	\$ 149
 <b>Additional project information:</b>				
Project Number	0710-050-09-2001			
Grant Date	06/09/10			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$46,250			
Additional Authorized Cost	\$0			
Revised Authorized Cost	\$27,618			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original target completion date	12/31/09			
Revised target completion date	12/31/09			



Proprietary Funds  
Detail Statements

**CAPE MAY CITY SCHOOL DISTRICT**  
**Enterprise Funds**  
Statement of Net Position  
as of June 30, 2018

	Child Care Program	Food Service	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 8,639	\$ 101,261	\$ 109,900
Accounts Receivable:			
State		62	62
Federal		4,089	4,089
Inventories		3,491	3,491
Total Current Assets	<u>8,639</u>	<u>108,903</u>	<u>117,542</u>
Fixed Assets:			
Equipment		9,964	9,964
Less: Accumulated Depreciation		<u>(8,392)</u>	<u>(8,392)</u>
Total Fixed Assets		<u>1,572</u>	<u>1,572</u>
Total Assets	<u>\$ 8,639</u>	<u>\$ 110,475</u>	<u>\$ 119,114</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Unearned Revenue		78	78
Interfund Payable	<u>8,560</u>	<u>69,915</u>	<u>78,475</u>
Total Current Liabilities	<u>8,560</u>	<u>69,993</u>	<u>78,553</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets		1,572	1,572
Unreserved Retained Earnings	<u>79</u>	<u>38,910</u>	<u>38,989</u>
Total Net Position	<u>\$ 79</u>	<u>\$ 40,482</u>	<u>\$ 40,561</u>

**CAPE MAY CITY SCHOOL DISTRICT**  
**Enterprise Funds**  
 Combined Statement of Revenues, Expenses and Changes in Net Position  
 for the Fiscal Year ended June 30, 2018

	Child Care Program	Food Service	Total
<b>OPERATING REVENUES:</b>			
Local sources:			
Daily sales-reimbursable programs	\$ -	\$ 21,695	\$ 21,695
Total-daily sales-reimbursable programs		21,695	21,695
Daily sales non-reimbursable programs		3,976	3,976
Special functions		15	15
Program fees	6,974		6,974
Miscellaneous	7,800		7,800
Total operating revenue	14,774	25,686	40,460
<b>OPERATING EXPENSES:</b>			
Salaries	14,239	35,810	50,049
Employee benefits	1,089	2,739	3,828
Supplies and materials		299	299
Depreciation		553	553
Repairs and Maintenance		3,724	3,724
Other purchased services		38,254	38,254
Miscellaneous		349	349
Cost of Sales - reimbursable programs		36,909	36,909
Cost of Sales - nonreimbursable programs		1,530	1,530
Total operating expenses	15,328	120,167	135,495
Operating income (loss)	(554)	(94,481)	(95,035)
<b>Non-operating revenues:</b>			
State sources:			
State school lunch program		995	995
Federal sources:			
National school lunch program		39,805	39,805
National school breakfast program		25,408	25,408
U.S.D.A. commodities		8,306	8,306
Interest revenue	2	43	45
Total non-operating revenues	2	74,557	74,559
Net income (loss) before transfers	(552)	(19,924)	(20,476)
<b>Other Financing Sources and Uses:</b>			
Operating transfers in			
Change in Net Position	(552)	(19,924)	(20,476)
Net Position - July 1	631	60,406	61,037
Net Position - June 30	\$ 79	\$ 40,482	\$ 40,561

**CAPE MAY CITY SCHOOL DISTRICT**  
**Enterprise Funds**  
**Statement of Cash Flows**  
for the Fiscal Year ended June 30, 2018

	Child Care Program	Food Service	Total
<b>Cash flows from operating activities:</b>			
Cash receipts from customers	\$ 6,974	\$ 24,970	\$ 31,944
Cash payments to employees for services			-
Cash payments to suppliers for goods and services		(34,695)	(34,695)
Net cash used by operating activities	<u>6,974</u>	<u>(9,725)</u>	<u>(2,751)</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers to other funds		(68,441)	(68,441)
Cash received from state and federal reimbursements		69,559	69,559
Net cash provided by noncapital financing activities	<u>-</u>	<u>1,118</u>	<u>1,118</u>
<b>Cash flows from capital financing activities:</b>			
Purchases of fixed assets			-
Net cash used by capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities:</b>			
Interest on investments	2	43	45
Net cash provided by investing activities	<u>2</u>	<u>43</u>	<u>45</u>
Net increase (decrease) in cash and cash equivalents	6,976	(8,564)	(1,588)
Cash and cash equivalents, July 1	<u>1,663</u>	<u>109,825</u>	<u>111,488</u>
Cash and cash equivalents, June 30	<u>\$ 8,639</u>	<u>\$ 101,261</u>	<u>\$ 109,900</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (554)	\$ (94,481)	\$ (95,035)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation		553	553
Federal commodities		8,306	8,306
Change in assets and liabilities:			
(Increase)/decrease in inventory		64	64
(Increase)/decrease in accounts receivable			-
Increase/(decrease) in interfund payable	7,528	76,549	84,077
Increase/(decrease) in unearned revenue		(716)	(716)
Net cash used by operating activities	<u>\$ 6,974</u>	<u>\$ (9,725)</u>	<u>\$ (2,751)</u>

Fiduciary Funds  
Detail Statements

**CAPE MAY CITY SCHOOL DISTRICT**  
**Fiduciary Funds**  
Combining Statement of Net Position  
June 30, 2018

	<u>Agency Funds</u>	<u>Employee Benefit Trust Funds</u>	
	<u>Payroll</u>	<u>Unemployment Compensation Insurance Fund</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 50,321	\$ 11,674	\$ 61,995
<b>TOTAL ASSETS</b>	<b><u>\$ 50,321</u></b>	<b><u>\$ 11,674</u></b>	<b><u>\$ 61,995</u></b>
<b>LIABILITIES</b>			
<b>LIABILITIES:</b>			
Payroll Deductions Payable	25,420		25,420
Accounts Payable			
Interfund Payable	24,901		24,901
<b>Total Liabilities</b>	<b><u>50,321</u></b>		<b><u>50,321</u></b>
<b>NET POSITION</b>			
Reserved for Unemployment Claims		11,674	11,674
<b>Total Net Position</b>	<b><u>\$ -</u></b>	<b><u>\$ 11,674</u></b>	<b><u>\$ 11,674</u></b>

**CAPE MAY CITY SCHOOL DISTRICT**  
**Fiduciary Fund**  
 Statement of Changes in Fiduciary Net Position  
 for the Fiscal Year ended June 30, 2018

	<u>Employee Benefit Trust Funds</u> <u>Unemployment Compensation Insurance Fund</u>
<b>REVENUES:</b>	
Local sources:	
Employee contributions	\$ 14,914
Interest on investments	
Total Revenues	14,914
 <b>EXPENDITURES:</b>	
Current Expense:	
Undistributed Expenditures:	
Unemployment claims	\$ 10,970
Total Expenditures	10,970
Excess (deficiency) of revenues over (under) expenditures	3,944
Net Position July 1, 2017	7,730
Net Position June 30, 2018	\$ 11,674

**CAPE MAY CITY SCHOOL DISTRICT**  
**Payroll Agency Fund**  
 Schedule of Receipts and Disbursements  
 for the Fiscal Year ended June 30, 2018

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 31,445	\$ 2,394,722	\$ 2,375,846	\$ 50,321
<b>Total assets</b>	<u>\$ 31,445</u>	<u>\$ 2,394,722</u>	<u>\$ 2,375,846</u>	<u>\$ 50,321</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	\$ 1,099	\$ 939,457	\$ 915,136	\$ 25,420
Net payroll		1,341,433	1,341,433	
Interfund payable	<u>30,346</u>	<u>113,832</u>	<u>119,277</u>	<u>24,901</u>
<b>Total liabilities</b>	<u>\$ 31,445</u>	<u>\$ 2,394,722</u>	<u>\$ 2,375,846</u>	<u>\$ 50,321</u>



**Statistical Section**

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

Exhibit J-1

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 1,990,488	\$ 1,877,400	\$ 1,806,878	\$ 1,713,775	\$ 1,663,528	\$ 1,572,948	\$ 1,494,960	\$ 1,433,367	\$ 1,381,120	\$ 1,350,142
Restricted for:										
Special Revenue	(3,197)	(3,197)	(3,028)	(2,478)	(3,366)	(4,319)	(6,622)	(10,077)	(6,622)	(9,501)
Capital Projects		75,590	75,662	75,688	75,723	75,753	75,784	814	814	963
Other Purposes	526,636	1,290,355	1,065,653	953,568	935,650	606,192	445,963	550,455	1,092,618	1,848,490
Unrestricted	916,389	101,144	222,232	360,364	139,660	(130,992)	(473,567)	(111,385)	(276,327)	(525,826)
<b>Total Governmental Activities Net Position</b>	<b>\$ 3,430,316</b>	<b>\$ 3,341,292</b>	<b>\$ 3,167,397</b>	<b>\$ 3,100,917</b>	<b>\$ 2,811,195</b>	<b>\$ 2,119,582</b>	<b>\$ 1,536,518</b>	<b>\$ 1,863,174</b>	<b>\$ 2,191,603</b>	<b>\$ 2,664,268</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 2,991	\$ 1,943	\$ 1,723	\$ 4,891	\$ 4,338	\$ 3,784	\$ 3,231	\$ 2,678	\$ 2,125	\$ 1,572
Unrestricted	8,127	4,128	2,655	10,084	10,887	3,252	9,772	29,331	58,912	38,989
<b>Total Business-Type Activities Net Position</b>	<b>\$ 11,118</b>	<b>\$ 6,071</b>	<b>\$ 4,378</b>	<b>\$ 14,975</b>	<b>\$ 15,225</b>	<b>\$ 7,036</b>	<b>\$ 13,003</b>	<b>\$ 32,009</b>	<b>\$ 61,037</b>	<b>\$ 40,561</b>
<b>District-Wide:</b>										
Net Investment in Capital Assets	\$ 1,993,479	\$ 1,879,343	\$ 1,808,601	\$ 1,718,666	\$ 1,667,866	\$ 1,576,732	\$ 1,498,191	\$ 1,436,045	\$ 1,383,245	\$ 1,351,714
Restricted:										
Special Revenue	(3,197)	(3,197)	(3,028)	(2,478)	(3,366)	(4,319)	(6,622)	(10,077)	(6,622)	(9,501)
Capital Projects		75,590	75,662	75,688	75,723	75,753	75,784	814	814	963
Other Purposes	526,636	1,290,355	1,065,653	953,568	935,650	606,192	445,963	550,455	1,092,618	1,848,490
Unrestricted	924,516	105,272	224,887	370,448	150,547	(127,740)	(463,795)	(82,054)	(217,415)	(486,837)
<b>Total District Net Position</b>	<b>\$ 3,441,434</b>	<b>\$ 3,271,773</b>	<b>\$ 3,171,775</b>	<b>\$ 3,115,892</b>	<b>\$ 2,826,420</b>	<b>\$ 2,126,618</b>	<b>\$ 1,549,521</b>	<b>\$ 1,895,183</b>	<b>\$ 2,252,640</b>	<b>\$ 2,704,829</b>

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

Exhibit J-2

Fiscal Year Ending June 30,

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses:</b>										
<b>Governmental activities:</b>										
Instruction:										
Regular	\$ 1,212,101	\$ 1,408,535	\$ 1,454,252	\$ 1,320,931	\$ 1,405,163	\$ 1,253,104	\$ 1,312,897	\$ 1,270,164	\$ 1,438,810	\$ 1,462,681
Special education	75,309	156,120	135,315	201,479	174,812	186,529	171,441	203,176	168,574	117,852
Other instruction	113,930	82,984	75,584	161,915	135,795	187,810	157,194	197,190	78,871	155,457
Support Services:										
Tuition	36,060	9,124	2,255		63,881	170,479	89,986	88,431	122,621	112,400
Student & instruction related services	339,277	436,082	377,209	378,733	405,282	417,051	416,911	452,330	470,087	462,510
School administrative services	53,924	52,740	58,973	54,907	54,581	61,758	60,446	61,667	58,878	77,198
General and business administrative services	183,334	182,509	206,649	192,094	178,890	187,707	186,199	186,721	205,117	232,055
Plant operations and maintenance	435,893	449,175	386,030	411,389	397,424	361,714	338,590	396,742	388,374	396,402
Pupil transportation	18,934	60,076	77,806	16,392	63,840	71,543	55,063	53,207	70,351	52,533
Unallocated employee benefits	596,480	634,642	710,531	805,634	914,357	883,052	866,717	908,577	1,123,291	2,383,378
Interest on long-term debt										
Unallocated depreciation	4,727	5,861	4,502	4,322	4,512	7,690	3,899	3,080	2,910	3,039
<b>Total governmental activities expenses</b>	<b>3,069,969</b>	<b>3,477,848</b>	<b>3,489,106</b>	<b>3,547,796</b>	<b>3,798,537</b>	<b>3,788,437</b>	<b>3,659,343</b>	<b>3,821,285</b>	<b>4,127,884</b>	<b>5,455,505</b>
<b>Business-type activities:</b>										
Food service	76,644	97,465	84,647	84,851	81,148	98,066	112,031	105,936	110,228	120,167
Child care program	20,143	18,159	12,692	13,638	18,627	20,806	14,504	18,852	14,831	15,328
<b>Total business-type activities expense</b>	<b>96,787</b>	<b>115,624</b>	<b>97,339</b>	<b>98,489</b>	<b>99,775</b>	<b>118,872</b>	<b>126,535</b>	<b>124,788</b>	<b>125,059</b>	<b>135,495</b>
<b>Total district expenses</b>	<b>\$ 3,166,756</b>	<b>\$ 3,593,472</b>	<b>\$ 3,586,445</b>	<b>\$ 3,646,285</b>	<b>\$ 3,898,312</b>	<b>\$ 3,907,309</b>	<b>\$ 3,785,878</b>	<b>\$ 3,946,073</b>	<b>\$ 4,252,943</b>	<b>\$ 5,591,000</b>
<b>Program Revenues:</b>										
<b>Governmental activities:</b>										
Operating grants and contributions	396,270	475,426	359,720	267,301	457,559	137,419	470,970	563,360	660,564	1,933,738
<b>Total governmental activities program revenues</b>	<b>396,270</b>	<b>475,426</b>	<b>359,720</b>	<b>267,301</b>	<b>457,559</b>	<b>137,419</b>	<b>470,970</b>	<b>563,360</b>	<b>660,564</b>	<b>1,933,738</b>
<b>Business-type activities:</b>										
Charges for services:										
Food service	\$ 20,907	\$ 23,448	\$ 21,283	\$ 20,453	\$ 20,870	\$ 17,981	\$ 17,897	\$ 19,733	\$ 25,988	\$ 25,686
Child care program	18,154	14,132	18,109	18,457	16,894	12,835	20,663	13,483	13,224	14,774
Operating grants and contributions	49,565	71,033	47,893	57,209	52,652	63,850	73,932	93,046	96,329	74,514
Capital grants and contributions										
<b>Total business type activities program revenues</b>	<b>88,626</b>	<b>108,613</b>	<b>87,285</b>	<b>96,119</b>	<b>90,416</b>	<b>94,666</b>	<b>112,492</b>	<b>126,262</b>	<b>135,541</b>	<b>114,974</b>
<b>Total district program revenues</b>	<b>\$ 484,896</b>	<b>\$ 584,039</b>	<b>\$ 447,005</b>	<b>\$ 363,420</b>	<b>\$ 547,975</b>	<b>\$ 232,085</b>	<b>\$ 583,462</b>	<b>\$ 689,622</b>	<b>\$ 796,105</b>	<b>\$ 2,048,712</b>
<b>Net (Expense)/Revenue:</b>										
<b>Governmental activities</b>	<b>\$ (2,673,699)</b>	<b>\$ (3,002,422)</b>	<b>\$ (3,129,386)</b>	<b>\$ (3,280,495)</b>	<b>\$ (3,340,978)</b>	<b>\$ (3,651,018)</b>	<b>\$ (3,188,373)</b>	<b>\$ (3,257,925)</b>	<b>\$ (3,467,320)</b>	<b>\$ (3,521,767)</b>
<b>Business-type activities</b>	<b>(8,161)</b>	<b>(7,011)</b>	<b>(10,054)</b>	<b>(2,370)</b>	<b>(9,359)</b>	<b>(24,206)</b>	<b>(14,043)</b>	<b>1,474</b>	<b>10,482</b>	<b>(20,521)</b>
<b>Total district-wide net expense</b>	<b>\$ (2,681,860)</b>	<b>\$ (3,009,433)</b>	<b>\$ (3,139,440)</b>	<b>\$ (3,282,865)</b>	<b>\$ (3,350,337)</b>	<b>\$ (3,675,224)</b>	<b>\$ (3,202,416)</b>	<b>\$ (3,256,451)</b>	<b>\$ (3,456,838)</b>	<b>\$ (3,542,288)</b>

(Continued)

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

Exhibit J-2

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 1,483,921	\$ 1,483,921	\$ 1,483,921	\$ 1,483,921	\$ 1,483,921	\$ 1,513,599	\$ 1,574,143	\$ 1,731,557	\$ 1,804,282	\$ 1,849,389
Unrestricted grants and contributions	1,996,252	1,374,538	1,390,853	1,655,773	1,532,289	1,418,777	1,708,647	1,822,464	1,987,533	2,100,528
Investment earnings	25,600	30,016	23,488	26	35	1,767	63	30	23	21
Miscellaneous income	27,551	26,866	65,572	87,240	1,867	41,262	68,288	48,030	22,411	44,494
Transfers	(9,228)	(1,943)	(8,343)	(12,945)	(9,599)	(16,000)	(20,000)	(17,500)	(18,500)	
<b>Total governmental activities</b>	<b>3,524,096</b>	<b>2,913,398</b>	<b>2,955,491</b>	<b>3,214,015</b>	<b>3,008,513</b>	<b>2,959,405</b>	<b>3,331,141</b>	<b>3,584,581</b>	<b>3,795,749</b>	<b>3,994,432</b>
Business-type activities:										
Investment earnings	64	21	18	22	10	17	10	32	46	45
Transfers	9,228	1,943	8,343	12,945	9,599	16,000	20,000	17,500	18,500	
<b>Total business-type activities</b>	<b>9,292</b>	<b>1,964</b>	<b>8,361</b>	<b>12,967</b>	<b>9,609</b>	<b>16,017</b>	<b>20,010</b>	<b>17,532</b>	<b>18,546</b>	<b>45</b>
<b>Total district-wide</b>	<b>\$ 3,533,388</b>	<b>\$ 2,915,362</b>	<b>\$ 2,963,852</b>	<b>\$ 3,226,982</b>	<b>\$ 3,018,122</b>	<b>\$ 2,975,422</b>	<b>\$ 3,351,151</b>	<b>\$ 3,602,113</b>	<b>\$ 3,814,295</b>	<b>\$ 3,994,477</b>
<b>Change in Net Position:</b>										
Governmental activities	\$ 850,397	\$ (89,024)	\$ (173,895)	\$ (66,480)	\$ (332,465)	\$ (691,613)	\$ 142,768	\$ 326,656	\$ 328,429	\$ 472,665
Business-type activities	1,131	(5,047)	(1,693)	10,597	250	(8,189)	5,967	19,006	29,028	(20,476)
<b>Total district-wide</b>	<b>\$ 851,528</b>	<b>\$ (94,071)</b>	<b>\$ (175,588)</b>	<b>\$ (55,883)</b>	<b>\$ (332,215)</b>	<b>\$ (699,802)</b>	<b>\$ 148,735</b>	<b>\$ 345,662</b>	<b>\$ 357,457</b>	<b>\$ 452,189</b>

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

**Exhibit J-3**

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund:</b>										
Reserved for:										
Encumbrances	\$ 3,552	\$ -	\$ 9,042	\$ 2,916	\$ 650	\$ -	\$ -	\$ -	\$ -	\$ -
Capital reserve	75,314	75,590	75,662	75,688	75,723	75,753	75,784	814	814	814
Maintenance reserve			200,000	200,000	150,000	50,028	48	68	88	100,098
Emergency reserve			50,000	50,000	50,000	50,000	50,000	13,049	13,931	-
Impact Aid reserve									400,003	700,013
Unreserved - designated for subsequent year's expenditures	447,770	1,290,355	806,611	700,652	735,000	506,164	395,915	537,338	678,596	930,967
Unreserved	<u>1,062,878</u>	<u>252,935</u>	<u>419,830</u>	<u>534,895</u>	<u>283,809</u>	<u>(28,768)</u>	<u>346,922</u>	<u>699,046</u>	<u>585,976</u>	<u>341,141</u>
<b>Total general fund</b>	<b><u>\$ 1,589,514</u></b>	<b><u>\$ 1,618,880</u></b>	<b><u>\$ 1,561,145</u></b>	<b><u>\$ 1,564,151</u></b>	<b><u>\$ 1,295,182</u></b>	<b><u>\$ 653,177</u></b>	<b><u>\$ 868,669</u></b>	<b><u>\$ 1,250,315</u></b>	<b><u>\$ 1,679,408</u></b>	<b><u>\$ 2,073,033</u></b>
<b>All Other Governmental Funds</b>										
Reserved:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,412
Unreserved, reported in:										
Special revenue fund	(3,197)	(3,197)	(3,028)	(2,478)	(3,366)	(4,319)	(6,622)	(10,077)	(6,622)	(9,501)
Capital projects fund										149
Debt service fund										
<b>Total all other governmental funds</b>	<b><u>\$ (3,197)</u></b>	<b><u>\$ (3,197)</u></b>	<b><u>\$ (3,028)</u></b>	<b><u>\$ (2,478)</u></b>	<b><u>\$ (3,366)</u></b>	<b><u>\$ (4,319)</u></b>	<b><u>\$ (6,622)</u></b>	<b><u>\$ (10,077)</u></b>	<b><u>\$ (6,622)</u></b>	<b><u>\$ 108,060</u></b>

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

**Exhibit J-4**

	2009	Fiscal Year Ending June 30,		2012	2013	2014	2015	2016	2017	2018
		2010	2011							
<b>Revenues</b>										
Tax levy	\$ 1,483,921	\$ 1,483,921	\$ 1,483,921	\$ 1,483,921	\$ 1,483,921	\$ 1,513,599	\$ 1,574,143	\$ 1,731,557	\$ 1,804,282	\$ 1,849,389
Tuition charges	25,600	30,016	23,488	48,564	25,934	38,136	68,063	41,996	21,911	15,611
Interest earnings	10,165	7,299	5,393	1,806	35	1,767	63	50	23	21
Miscellaneous	17,386	19,567	60,179	36,896	18,676	3,126	225	6,014	500	28,734
State sources	758,568	666,747	585,765	674,332	783,053	790,233	846,276	1,005,437	1,034,524	1,127,695
Federal sources	1,633,954	1,194,264	1,164,808	1,248,742	1,206,795	765,963	1,333,341	1,380,387	1,613,573	1,732,683
<b>Total revenue</b>	<b>3,929,594</b>	<b>3,401,814</b>	<b>3,323,554</b>	<b>3,494,261</b>	<b>3,518,414</b>	<b>3,112,824</b>	<b>3,822,111</b>	<b>4,165,441</b>	<b>4,474,813</b>	<b>4,754,133</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	1,166,203	1,321,171	1,345,430	1,283,491	1,372,372	1,231,623	1,220,649	1,253,365	1,400,210	1,407,061
Special education instruction	75,309	156,120	135,315	201,479	174,812	186,529	171,441	203,176	168,574	117,852
Other instruction	113,930	82,984	75,584	161,915	135,795	187,810	157,194	154,075	78,871	155,457
<b>Support Services:</b>										
Tuition	36,060	9,124	2,255	-	63,881	170,479	89,986	88,431	122,621	112,400
Student & instruction related services	339,277	436,082	377,209	378,733	405,282	417,051	416,911	452,330	470,087	462,510
General and business admin. services	93,852	86,664	103,682	84,269	87,922	103,930	100,239	100,218	111,109	135,972
School administrative services	53,924	52,740	58,973	54,907	54,581	61,758	60,446	61,667	58,878	77,198
Central Services	80,027	84,122	93,965	99,181	81,943	74,719	78,161	80,344	88,190	90,008
Plant operations and maintenance	340,553	369,615	367,561	356,221	358,351	348,127	323,731	284,342	326,226	337,913
Pupil transportation	18,934	60,076	77,806	16,392	63,840	71,543	55,063	53,207	70,351	52,533
Unallocated employee benefits	596,480	634,642	710,531	805,634	914,357	883,052	911,940	935,434	1,069,288	1,217,766
<b>Capital outlay</b>	<b>81,157</b>	<b>77,165</b>	<b>24,466</b>	<b>35,538</b>	<b>65,536</b>	<b>3,161</b>	<b>3,161</b>	<b>103,161</b>	<b>59,360</b>	<b>79,156</b>
<b>Debt service:</b>										
Principal										
Interest and other charges										
<b>Total expenditures</b>	<b>2,995,706</b>	<b>3,370,505</b>	<b>3,372,777</b>	<b>3,477,760</b>	<b>3,778,672</b>	<b>3,739,782</b>	<b>3,588,922</b>	<b>3,769,750</b>	<b>4,023,765</b>	<b>4,245,826</b>
Excess (Deficiency) of revenues over (under) expenditures	933,888	31,309	(49,223)	16,501	(260,258)	(626,958)	233,189	395,691	451,048	508,307
<b>Other Financing Sources (Uses):</b>										
Transfers in		16,571								
Transfers out	(9,228)	(18,514)	(8,343)	(12,945)	(9,599)	(16,000)	(20,000)	(17,500)	(18,500)	
<b>Total other financing sources (uses)</b>	<b>(9,228)</b>	<b>(1,943)</b>	<b>(8,343)</b>	<b>(12,945)</b>	<b>(9,599)</b>	<b>(16,000)</b>	<b>(20,000)</b>	<b>(17,500)</b>	<b>(18,500)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 924,660</b>	<b>\$ 29,366</b>	<b>\$ (57,566)</b>	<b>\$ 3,556</b>	<b>\$ (269,857)</b>	<b>\$ (642,958)</b>	<b>\$ 213,189</b>	<b>\$ 378,191</b>	<b>\$ 432,548</b>	<b>\$ 508,307</b>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

**Exhibit J-5**

<u>Fiscal Year Ending June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Donations</u>	<u>Building Use</u>	<u>Refund of Prior Year Expenditures</u>	<u>Miscellaneous</u>	<u>Total</u>
2009	\$ 10,165	\$ 25,600	\$ -	\$ 17,175	\$ -	\$ 211	\$ 53,151
2010	7,023	30,016		16,825	2,742		56,606
2011	5,321	23,488		16,603	43,576		88,988
2012	1,780	48,564		17,135	18,393	1,368	87,240
2013	714	25,934		16,624	77	1,296	44,645
2014	1,767	38,136		225	2,901		43,029
2015	63	68,063		225			68,351
2016	411	41,996		3,725		1,928	48,060
2017	523	21,911					22,434
2018	773	15,611		225	19,000	8,757	44,366
	<u>\$ 28,540</u>	<u>\$ 339,319</u>	<u>\$ -</u>	<u>\$ 88,762</u>	<u>\$ 86,689</u>	<u>\$ 13,560</u>	<u>\$ 556,870</u>

**Source: District records**

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2009	\$ 41,928,800	\$ 1,722,295,200	\$ 352,884,200	\$ 121,649,800	\$ 2,238,758,000	\$ 765,569	\$ 2,239,523,569	\$ 327,747,900	\$ 0.067	\$ 2,782,533,630
2010	57,139,000	2,138,841,000	453,981,300	148,999,800	2,798,961,100	952,965	2,799,914,065	420,382,900	0.053	2,793,454,421
2011	58,125,700	2,149,223,600	439,858,800	143,882,000	2,791,090,100	796,181	2,791,886,281	420,630,400	0.054	2,848,404,511
2012	57,451,900	2,160,163,500	435,731,100	143,061,100	2,796,407,600	750,281	2,797,157,881	419,138,600	0.054	2,904,884,781
2013	53,163,900	2,168,319,400	435,863,300	139,510,400	2,796,857,000	815,630	2,797,672,630	429,768,200	0.054	2,812,671,567
2014	53,288,200	2,173,873,900	431,761,000	135,723,600	2,794,646,700	589,060	2,795,235,760	431,981,900	0.057	2,738,737,239
2015	64,370,700	2,177,186,500	430,297,700	133,612,100	2,805,467,000	621,231	2,806,088,231	433,484,900	0.062	2,742,474,025
2016	62,194,300	2,187,231,000	429,579,600	133,420,700	2,812,425,600	625,355	2,813,050,955	433,758,300	0.065	2,711,154,162
2017	61,236,100	2,193,506,400	427,044,200	131,838,600	2,813,625,300	612,446	2,814,237,746	433,571,800	0.066	2,814,237,746
2018	66,574,600	2,214,046,300	431,678,400	130,479,000	2,842,778,300	628,331	2,843,406,631	432,997,700	0.066	2,871,036,576

Source: Municipal Tax Assessor

Note:

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

Reassessment occurs when ordered by the County Board of Taxation

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



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

**Exhibit J-7**

Fiscal Year Ended June 30,	Cape May City School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Regional School District	City of Cape May	Cape May County	
2009	\$ 0.067		\$ 0.067	\$ 0.215	\$ 0.320	\$ 0.251	\$ 0.853
2010	0.053		0.053	0.196	0.277	0.214	0.740
2011	0.054		0.054	0.220	0.283	0.227	0.784
2012	0.054		0.054	0.237	0.294	0.242	0.827
2013	0.054		0.054	0.226	0.310	0.248	0.838
2014	0.057		0.057	0.234	0.329	0.245	0.865
2015	0.062		0.062	0.215	0.339	0.249	0.865
2016	0.065		0.065	0.178	0.340	0.249	0.832
2017	0.066		0.066	0.210	0.340	0.268	0.884
2018	0.066		0.066	0.243	0.350	0.272	0.931

**Source: Municipal Tax Collector**

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

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

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

**Exhibit J-8**

Taxpayer	2018	
	Taxable Assessed Value	% of Total District Net Assessed Value
Congress Hall LLC	\$ 28,418,200	1.00%
Oceanfront Properties LLC	25,310,200	0.89%
ADIS Inc.	21,787,600	0.77%
Ocean Club Hotel CM, LLC	13,000,000	0.46%
Cape Coachman Realty, LLC	11,989,500	0.42%
Kejzman Hospitality, LLC	11,473,100	0.40%
Montreal Inn	10,089,700	0.35%
Osprey Landing Development Co. LLC	9,223,900	0.32%
Individual #1	8,812,600	0.31%
Palavest, LLC	8,292,801	0.29%
<b>Total</b>	<b>\$ 148,397,601</b>	<b>5.29%</b>

Taxpayer	2009	
	Taxable Assessed Value	% of Total District Net Assessed Value
Congress Hall LLC	\$ 22,972,500	1.03%
Oceanfront Properties LLC	20,379,500	0.91%
ADIS Inc.	15,021,600	0.67%
Statt Corporation	10,451,900	0.47%
Sandpiper Beach Associates, LLC	9,391,100	0.42%
CIRJ Inc.	8,330,200	0.37%
Montreal Inn	7,889,700	0.35%
Keystone Enterprises Inc.	7,755,800	0.35%
JPR Enterprises	7,357,800	0.33%
Cape Motels Inc.	6,875,600	0.31%
<b>Total</b>	<b>\$ 116,425,700</b>	<b>5.20%</b>

Source: Municipal Tax Assessor

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

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 1,483,921	\$ 1,483,921	100.00%	-
2010	1,483,921	1,483,921	100.00%	-
2011	1,483,921	1,483,921	100.00%	-
2012	1,483,921	1,483,921	100.00%	-
2013	1,483,921	1,483,921	100.00%	-
2014	1,513,599	1,513,599	100.00%	-
2015	1,574,143	1,574,143	100.00%	-
2016	1,731,557	1,731,557	100.00%	-
2017	1,804,282	1,804,282	100.00%	-
2018	1,849,389	1,849,389	100.00%	-

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

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

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Unfunded Pension Liability	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	-
2010	-	-	-	-	-	-	0.00%	-
2011	-	-	-	-	-	-	0.00%	-
2012	-	-	-	-	-	-	0.00%	-
2013	-	-	-	-	-	-	0.00%	-
2014	-	-	-	-	-	-	0.00%	-
2015	-	-	-	-	-	-	0.00%	-
2016	-	-	-	-	-	-	0.00%	-
2017	-	-	-	-	-	-	0.00%	-
2018	-	-	-	-	-	-	0.00%	-

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

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

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

**Exhibit J-11**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	None	None	None	0.00%	-
2010	None	None	None	0.00%	-
2011	None	None	None	0.00%	-
2012	None	None	None	0.00%	-
2013	None	None	None	0.00%	-
2014	None	None	None	0.00%	-
2015	None	None	None	0.00%	-
2016	None	None	None	0.00%	-
2017	None	None	None	0.00%	-
2018	None	None	None	0.00%	-

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

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

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

**Cape May City School District  
Ratios of Overlapping Governmental Activities Debt  
As of December 31, 2017**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
City of Cape May	\$ 45,728,113	100.000%	\$ 45,728,113
Lower Cape May Regional School Debt	9,862,000	39.516%	3,897,027
County of Cape May - City's Share	226,578,595	5.847%	<u>13,248,050</u>
Subtotal, overlapping debt			62,873,190
<b>Cape May City School District Direct Debt</b>			<u>-</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 62,873,190</u></u>

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

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized valuation basis	
	2015	\$ 2,691,611,820
	2016	2,851,780,166
	2017	2,828,616,970
	<b>[A]</b>	<u>\$ 8,372,008,956</u>
Average equalized valuation of taxable property	<b>[A/3]</b>	\$ 2,790,669,652
Debt limit (2.5% of average equalized valuation)	<b>[B]</b>	69,766,741
Net bonded school debt	<b>[C]</b>	-
Legal debt margin	<b>[B-C]</b>	<u>\$ 69,766,741</u>

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 65,420,810	\$ 68,008,390	\$ 69,524,581	\$ 70,762,990	\$ 71,028,034	\$ 70,080,555	\$ 68,701,450	\$ 67,816,494	\$ 68,853,741	\$ 69,766,741
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 65,420,810</u>	<u>\$ 68,008,390</u>	<u>\$ 69,524,581</u>	<u>\$ 70,762,990</u>	<u>\$ 71,028,034</u>	<u>\$ 70,080,555</u>	<u>\$ 68,701,450</u>	<u>\$ 67,816,494</u>	<u>\$ 68,853,741</u>	<u>\$ 69,766,741</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

**Exhibit J-14**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2009	3,699	\$ 160,507,008	\$ 43,392	12.2%
2010	3,604	160,010,392	44,398	12.8%
2011	3,580	167,286,240	46,728	13.4%
2012	3,568	172,894,576	48,457	14.4%
2013	3,543	174,492,750	49,250	14.6%
2014	3,524	178,702,040	50,710	12.9%
2015	3,504	186,444,336	53,209	12.5%
2016	3,488	191,369,120	54,865	11.2%
2017	3,480	e	e	10.3%
2018	e	e	e	e

**Source:**

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



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

**Exhibit J-16**

<b>Function/Program</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Instruction										
Regular	18.9	17.2	13.9	14.6	14.6	15.6	15.6	16.6	17.6	18.2
Special education	1.0	0.8	0.7	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Other special education	5.8	7.8	4.5	2.9	2.9	2.9	2.9	2.9	2.9	2.9
Other instruction	1.6	1.7	4.7	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Support Services:										
Student & instruction related services	1.3	1.7	2.7	2.5	2.0	2.0	2.0	2.0	2.0	2.5
School administrative services	1.0	1.0	1.8	0.5	0.5	0.5	0.5	0.5	0.5	0.5
General and business administrative services	0.5	1.3	2.5	2.0	2.1	2.1	2.1	2.1	2.1	2.1
Plant operations and maintenance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Pupil transportation	0.3	0.3								
Business and other support services	0.4	0.8								
Special Schools	0.0	0.0	0.3							
Food Service	1.9	1.0	1.0	1.0	1.6	1.6	1.6	1.6	1.6	1.6
<b>Total</b>	<b>35.7</b>	<b>36.6</b>	<b>35.1</b>	<b>32.4</b>	<b>32.6</b>	<b>33.6</b>	<b>33.6</b>	<b>34.6</b>	<b>35.6</b>	<b>36.7</b>

**Source:** District Personnel Records

Cape May City School District  
Operating Statistics,  
Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary				
2009	169	2,914,549	17,245.85	-17.01%	18.9	11.80	169.4	156.7	11.96%	92.50%
2010	176	3,293,340	18,712.16	8.50%	17.2	10.34	175.9	163.2	3.84%	92.78%
2011	153	3,348,311	21,884.39	16.95%	18.4	8.32	153.2	142.4	-12.91%	92.95%
2012	149	3,442,222	23,102.16	5.56%	21.7	6.63	143.9	134.3	-6.07%	93.33%
2013	142	3,713,136	26,148.85	13.19%	21.7	6.54	133.6	125.3	-7.15%	93.79%
2014	160	3,736,621	23,353.88	-10.69%	21.7	7.34	160.2	151.5	26.60%	94.57%
2015	175	3,585,761	20,490.06	-12.26%	21.7	8.06	175.2	165.2	9.36%	94.29%
2016	188	3,666,589	19,503.13	-4.82%	22.7	8.29	188.1	178.4	7.36%	94.82%
2017	197	3,964,405	20,123.88	3.18%	22.7	8.67	196.8	187.4	4.63%	95.22%
2018	176	4,166,670	23,674.26	17.64%	21.7	7.74	168.1	158.6	-14.57%	94.31%

Sources: District records

Note: Enrollment based on average daily enrollment.

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

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

**Exhibit J-18**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>District Building</b>										
<b>Elementary</b>										
Cape May City Elementary (1967)										
Square Feet	32,412	32,412	32,412	32,412	32,412	32,412	32,412	32,412	32,412	32,412
Capacity (students)	275	275	275	275	275	275	275	275	275	275
Enrollment	169	176	153	144	134	160	175	188	197	168

Number of Schools at June 30, 2018  
 Elementary = 1

**Source:** District Facilities Office  
 Note: Year of original construction is shown in parentheses. Enrollment is based on average daily enrollment.

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

Exhibit J-19

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
* School Facilities											
Cape May City Elementary	\$ 121,023	\$ 131,943	\$ 105,404	\$ 122,351	\$ 123,542	\$ 135,364	\$ 132,526	\$ 104,586	\$ 127,018	\$ 115,883	\$ 1,219,640
Project # (s)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total School Facilities	<u>\$ 121,023</u>	<u>\$ 131,943</u>	<u>\$ 105,404</u>	<u>\$ 122,351</u>	<u>\$ 123,542</u>	<u>\$ 135,364</u>	<u>\$ 132,526</u>	<u>\$ 104,586</u>	<u>\$ 127,018</u>	<u>\$ 115,883</u>	<u>\$ 1,219,640</u>

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

Source: District records

**Cape May City School District  
Insurance Schedule  
June 30, 2018**

**Exhibit J-20**

	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Board Association Insurance Group -		
School Package Policy -		
Blanket Real and Personal Property	\$ 9,993,556	\$ 1,000
Blanket Extra Expense	50,000,000	1,000
Employee Dishonesty	25,000	500
Environmental	1,000,000	25,000
Electronic Data Processing	80,000	1,000
Errors & Omissions	4,000,000	5,000
General Liability	5,000,000	
Business Auto	5,000,000	
Workers Compensation	2,000,000	
National Union Insurance Company -		
Student Accident	1,000,000	
Group Accident	500,000	50
New Jersey School Board Association Insurance Group -		
Public Officials Bond		
Business Administrator/Board Secretary	75,000	500

Source: District records

**Single Audit Section**

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

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 American Institute of CPAs  
 New Jersey Society of CPAs

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

**INDEPENDENT AUDITOR'S REPORT**

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

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

I have audited Cape May City School District's (School District), in the County of Cape May, State of New Jersey compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2018. The School District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

### Opinion on Each Major Federal and State Program

In my opinion, the Cape May City School District, in the County of Cape May, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2018.

### Report on Internal Control Over Compliance

Management of the Cape May City 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 my audit of compliance, I considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and 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, I do not express an opinion on the effectiveness of the Cape May City School District's internal control over compliance.

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

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

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

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



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant No. CS001095

Marlton, New Jersey  
January 31, 2019



CAPE MAY CITY SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period	June 30, 2017			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	June 30, 2018		
						Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
<b>U.S. Department of Education</b>															
<b>General Fund:</b>															
Impact Aid	84.041	S041B173047	40-NJ-2018-0208	\$ 1,342,231	07/01/17-06/30/18	\$ -	\$ -	\$ -	\$ -	\$ 1,342,231	\$(1,342,231)	\$ -	\$ -	\$ -	\$ -
Impact Aid	84.041	S041B153047	40-NJ-2016-0208	176,541	07/01/15-06/30/16	-	-	-	-	176,541	(176,541)	-	-	-	-
Department of Defense	12.558	57NJ201610146	40-NJ-2017-0208	24,042	07/01/16-06/30/17	-	-	-	-	24,042	(24,042)	-	-	-	-
Total General Fund						-	-	-	-	1,542,814	(1,542,814)	-	-	-	-
<b>U.S. Department of Education</b>															
<b>Special Revenue Fund:</b>															
<b>Every Student Succeeds Act (ESSA)</b>															
Title I	84.010	S010A170030	ESSA-0710-18	93,897	07/01/17-06/30/18					69,732	(93,897)		(24,165)		
Title II A	84.367	S367A170029	ESSA-0710-18	8,025	07/01/17-06/30/18					7,627	(8,025)		(398)		
Title IV	84.424	S424A170029	ESSA-0710-18	10,000	07/01/17-06/30/18					2,493	(10,000)		(7,507)		
<b>Individuals With Disabilities Act (I.D.E.A.)</b>															
Part B - Basic	84.027	H027A170100	IDEA-0710-18	57,009	07/01/17-06/30/18					42,038	(57,009)		(14,971)		
Part B - Basic	84.027	H027A160100	IDEA-0710-17	54,292	07/01/16-06/30/17	(40,420)				40,420			-		
Part B - Preschool	84.173	H173A170114	IDEA-0710-18	2,105	07/01/17-06/30/18					2,105	(2,105)				
Rural Education Achievement Program	84.358	S358A170232	REAP-0710-18	18,833	07/01/17-06/30/18						(18,833)		(18,833)		
Total Special Revenue Fund						(40,420)	-	-	-	164,415	(189,869)	-	(65,874)	-	-
<b>U.S. Department of Agriculture</b>															
<b>Enterprise Fund:</b>															
Food Distribution Program	10.565	181NJ304N1099	N/A	8,306	07/01/17-06/30/18					8,306	(8,306)				
School Breakfast Program	10.553	181NJ304N1099	N/A	25,408	07/01/17-06/30/18					23,857	(25,408)		(1,551)		
School Breakfast Program	10.553	171NJ304N1099	N/A	32,016	07/01/16-06/30/17	(5,326)				5,326					
National School Lunch Program	10.555	181NJ304N1099	N/A	39,805	07/01/17-06/30/18					37,267	(39,805)		(2,538)		
National School Lunch Program	10.555	171NJ304N1099	N/A	52,697	07/01/16-06/30/17	(8,618)				8,618					
Total Enterprise Fund						(13,944)	-	-	-	83,374	(73,519)	-	(4,089)	-	-
Total Federal Awards						\$ (54,364)	\$ -	\$ -	\$ -	\$ 1,790,603	\$(1,806,202)	\$ -	\$( 69,963)	\$ -	\$ -

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

CAPE MAY CITY SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2018

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2017				Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Paid to Grantor	Adjustments	June 30, 2018									
				Accounts Receivable	Deferred Revenue	Due to Grantor at	Due to Grantor at						(Accounts Receivable)	Deferred Revenue	Due to Grantor at							
<b>State Department of Education</b>																						
<b>General Fund:</b>																						
Reimbursement of Nonpublic Transportation Aid	17-103190	\$ 1,496	07/1/16 - 06/30/17	\$ (1,496)	\$ -	\$ -	\$ -	\$ -	\$ 1,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -							
Transportation Aid	18-495-034-5120-014	5,993	07/1/17 - 06/30/18						5,448	(5,993)			(545)									
Transportation Aid	17-495-034-5120-014	5,993	07/1/16 - 06/30/17	(546)					546													
Special Education Categorical Aid	18-495-034-5120-089	78,905	07/1/17 - 06/30/18						71,725	(78,905)			(7,180)									
Special Education Categorical Aid	17-495-034-5120-089	78,905	07/1/16 - 06/30/17	(7,184)					7,184													
Security Aid	18-495-034-5120-084	40,306	07/1/17 - 06/30/18						25,191	(40,306)			(15,115)									
Security Aid	17-495-034-5120-084	40,306	07/1/16 - 06/30/17	(3,669)					3,669													
Adjustment Aid	18-495-034-5120-085	262,174	07/1/17 - 06/30/18						238,316	(262,174)			(23,858)									
Adjustment Aid	17-495-034-5120-085	273,558	07/1/16 - 06/30/17	(24,906)					24,906													
School Choice Aid	18-495-034-5120-068	166,092	07/1/17 - 06/30/18						162,424	(166,092)			(3,668)									
School Choice Aid	17-495-034-5120-068	152,251	07/1/16 - 06/30/17	(13,861)					13,861													
PARCC Readiness Aid	18-495-034-5120-098	1,330	07/1/17 - 06/30/18						1,209	(1,330)			(121)									
PARCC Readiness Aid	17-495-034-5120-098	1,330	07/1/16 - 06/30/17	(121)					121													
Per Pupil Growth Aid	18-495-034-5120-097	1,330	07/1/17 - 06/30/18						1,209	(1,330)			(121)									
Per Pupil Growth Aid	17-495-034-5120-097	1,330	07/1/16 - 06/30/17	(121)					121													
Professional Learning Community Aid	18-495-034-5120-101	1,700	07/1/17 - 06/30/18						1,545	(1,700)			(155)									
Professional Learning Community Aid	17-495-034-5120-101	1,700	07/1/16 - 06/30/17	(155)					155													
Extraordinary Aid	18-495-034-5120-044	2,951	07/1/17 - 06/30/18							(2,951)			(2,951)									
Extraordinary Aid	17-495-034-5120-044	3,986	07/1/16 - 06/30/17	(3,986)					3,986													
On Behalf TPAF - Pension Contributions	18-495-034-5094-002	218,647	07/1/17 - 06/30/18						218,647	(218,647)												
On Behalf TPAF Post Retirement	18-495-034-5094-001	141,220	07/1/17 - 06/30/18						141,220	(141,220)												
On Behalf - LTDI	18-495-034-5094-004	298	07/1/17 - 06/30/18						298	(298)												
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	114,660	07/1/17 - 06/30/18						114,660	(114,660)												
<b>Total General Fund</b>				<b>(56,045)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,037,937</b>	<b>(1,035,606)</b>	<b>-</b>	<b>-</b>	<b>(53,714)</b>	<b>-</b>	<b>-</b>							
<b>Special Revenue Fund</b>																						
Preschool Education Aid - Current Year	18-495-034-5120-086	95,007	07/1/17 - 06/30/18						85,506	(95,007)			(9,501)									
Preschool Education Aid - Prior Year	17-495-034-5120-086	66,217	07/1/16 - 06/30/17	(6,622)					6,622													
<b>Total Special Revenue Fund</b>				<b>(6,622)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>92,128</b>	<b>(95,007)</b>	<b>-</b>	<b>-</b>	<b>(9,501)</b>	<b>-</b>	<b>-</b>							
<b>New Jersey Schools Development Authority</b>																						
<b>Capital Projects Fund</b>																						
Cape May City Elementary School	0710-050-09-2001	11,047	07/1/09 - 06/30/10	(11,047)					11,196	(149)			-									
<b>Total Capital Projects Fund</b>				<b>(11,047)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,196</b>	<b>(149)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>							
<b>State Department of Agriculture</b>																						
<b>Enterprise Fund:</b>																						
State School Lunch Program	18-100-010-3350-023	995	07/1/17 - 06/30/18						933	(995)			(62)									
State School Lunch Program	17-100-010-3350-023	1,182	07/1/16 - 06/30/17	(193)					193													
<b>Total Enterprise Fund</b>				<b>(193)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,126</b>	<b>(995)</b>	<b>-</b>	<b>-</b>	<b>(62)</b>	<b>-</b>	<b>-</b>							
<b>Total State Financial Assistance</b>				<b>\$ (73,907)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,142,387</b>	<b>\$ (1,131,757)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (63,277)</b>	<b>\$ -</b>	<b>\$ -</b>							
<b>Less: State Financial Assistance Not Subject to Major Program Determination</b>																						
On-Behalf TPAF Contribution - Pension (Non-Budgeted)										(218,647)												
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted)										(141,220)												
On-Behalf TPAF Contribution - LTDI (Non-Budgeted)										(298)												
<b>Total State Financial Assistance Subject to Major Program Determination</b>										<b>\$ (771,592)</b>												

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

**Cape May City School District  
Notes to the Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2018**

**I. GENERAL**

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

**2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The school district has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is (\$200) in the general fund and (\$2,879) in 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.

<b>General Fund</b>	\$ 1,542,814	\$ 1,035,418	\$ 2,578,232
<b>Special Revenue Fund</b>	189,869	92,128	281,997
<b>Capital Projects Fund</b>		149	149
<b>Food Service Fund</b>	<u>73,519</u>	<u>995</u>	<u>74,514</u>
<b>Total Awards &amp; Financial Assistance</b>	<u>\$ 1,806,202</u>	<u>\$ 1,128,690</u>	<u>\$ 2,934,892</u>

**Cape May City School District  
Notes to the Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2018  
(Continued)**

**4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2018. TPAF Social Security Contributions represents the amount reimbursed by the State for the School District's share of social security contributions for TPAF members for the year ended June 30, 2018.

**6. MAJOR PROGRAMS**

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

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

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

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weaknesses identified?            yes     X     no
- 2) Significant deficiencies identified that are not considered to be a material weakness?            yes     X     none reported

Noncompliance material to basic financial statements noted?            yes     X     no

**Federal Awards**

Internal Control over major programs:

- 1) Material weakness(es) identified?            yes     X     no
- 2) Significant deficiencies identified that are not considered to be a material weakness?            yes     X     none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)?            yes     X     no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.041</u>	<u>S041B170347</u>	<u>Impact Aid</u>
<u>                  </u>	<u>                  </u>	<u>                  </u>
<u>                  </u>	<u>                  </u>	<u>                  </u>
<u>                  </u>	<u>                  </u>	<u>                  </u>
<u>                  </u>	<u>                  </u>	<u>                  </u>
<u>                  </u>	<u>                  </u>	<u>                  </u>
<u>                  </u>	<u>                  </u>	<u>                  </u>
<u>                  </u>	<u>                  </u>	<u>                  </u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?     X     yes            no

CAPE MAY CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

**State Awards Section**

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes            no

Internal Control over major programs:

1) Material weakness(es) identified?            yes X no

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

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 as applicable?            yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>18-495-034-5120-068</u>	<u>State Aid Public Cluster: School Choice Aid</u>
<u>18-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>18-495-034-5120-084</u>	<u>Security Aid</u>
<u>18-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>18-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>18-495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>18-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>

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

**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 Office of School Finance, Department of Education, State of New Jersey.

No findings identified.

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

**Section 3 -- Schedule of Federal Awards and 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 federal and state 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) and New Jersey Circular 15-08-OMB.

**FEDERAL AWARDS:**

No findings and/or questioned costs identified.

**STATE AWARDS:**

No findings and/or questioned costs identified.



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

This section identifies the status of prior year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *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 New Jersey Circular 15-08-OMB.

**FINANCIAL STATEMENT FINDINGS**

There were no prior year audit findings

**FEDERAL AWARDS**

**Finding #2017-001**

Four students reported with disabilities did not have required active individual education plans.

**Current Status**

The finding has been corrected.

**STATE AWARDS**

There were no prior year audit findings