

**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, 2019**

**Comprehensive Annual
Financial Report**

of the

Cape May City Board of Education

Cape May, New Jersey

For the Fiscal Year Ended June 30, 2019

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

CAPE MAY CITY SCHOOL DISTRICT

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Introductory Section



CAPE MAY CITY BOARD OF EDUCATION

Victoria Zelenak
Superintendent
John Thomas
Business Administrator /
Board Secretary

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

November 8, 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, 2019 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.



"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 2018-2019 school year with an enrollment of 151.2 students, which is 17 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>Year</u>	<u>Student</u> <u>Enrollment</u>	<u>Percent</u> <u>Change</u>
2018-19	151.2	-10.06%
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%

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 fluctuates, dependent on family sizes of Coast Guard active duty members assigned to Cape May on-base housing. A strong educational partnership exists between the Coast Guard, the school and the Housing Authority.

3. MAJOR INITIATIVES:

- K-2 grades: Continue to implement the Go Math program focusing on the technology component Think Central. The STEMscopes program was introduced, which is a robust science, technology, and math system.
- 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. The STEMscopes program was introduced, which is a robust science, technology, and math system.
- Students will be responsible for maintaining records and explaining academic progress as referenced in Charlotte Danielson's Framework for Effective Teaching.
- Continue the implementation of New Jersey Student Learning Standards: Science/NGSS through the use of new curriculum materials and programs.
- School physical security was improved, with the addition of an armed security professional of staff daily when students are present. Security planning and drilling continued.
- The board's policy book was reviewed and a major overhaul and update undertaken by the board, with the assistance of Strauss Esmay.
- The district's Long Range Facility Plan (LRFP) was reviewed, and facility upgrades and maintenance mapped out for the next five years.

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, 2019.

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.

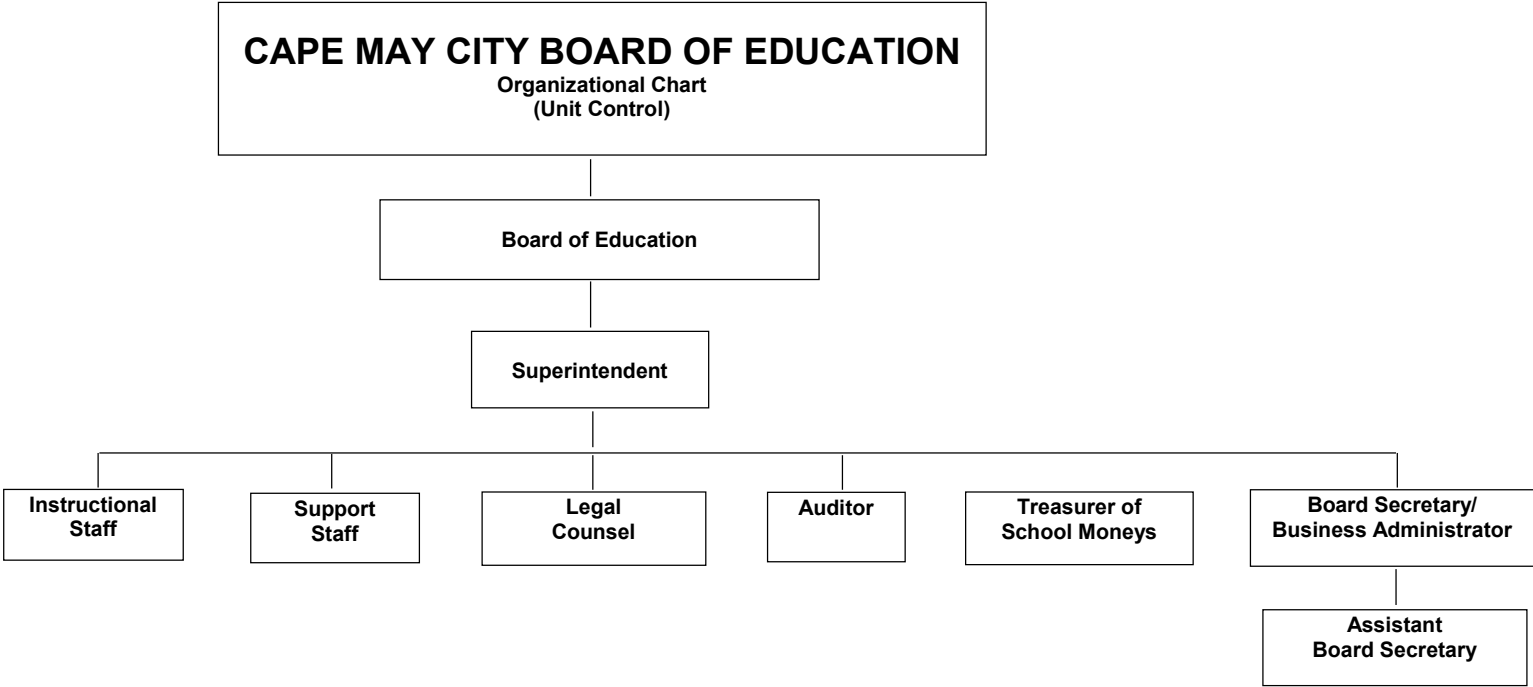
9. OTHER INFORMATION:

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,



John Thomas
Acting Superintendent
Board Secretary/Business Administrator



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

**ROSTER OF OFFICIALS
JUNE 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Dawn Austin - President	2019
Sharon Lee Kustra - Vice-President	2020
Edward Connolly	2019
Shaun Deignan	2020
Anita de Satnick	2019
Mark J. Le Munyon	2021
Joseph McKenna	2021
Larry Reed	2020
Thomas Rippman	2021

Other Officials

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Cape May City School District, in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2019, 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, 2019, 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 November 8, 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
November 8, 2019

INVERSO & STEWART, LLC
Certified Public Accountants

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 American Institute of CPAs
 New Jersey Society of CPAs

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

INDEPENDENT AUDITOR'S REPORT

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America, 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, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated November 8, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey which are described in the accompanying *Schedule of Findings and Questioned Costs and Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* as finding no: 2019-001.

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
November 8, 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, 2019**

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, 2019. 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 \$2,998,792 (*net position*).
- Governmental activities have a deficit unrestricted balance of \$203,616. 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 \$318,163, or an 11.76% 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 \$365,306 resulting in an ending fund balance of \$2,546,399. This increase was largely due to the results of operations in the general fund.
- Business-type activities have an unrestricted balance of \$23,145, 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 decreased by \$63,214, 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 2020. 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 2020.

The assets of the primary government activities exceeded liabilities by \$2,998,792 with a deficit unrestricted balance of \$203,616. The net position of the primary government does not include internal balances.

A net investment of \$1,309,084 in land, improvements, buildings, equipment and vehicles provides the services to the School District's 151 public school students. A balance of \$1,893,324 has been restricted as follows:

Restricted for Future Capital Projects	\$ 963
Restricted for Future Maintenance Projects	200,151
Reserve for Impact Aid	1,100,364
Reserve for Special Revenue (Deficit)	(9,058)
Reserve for Encumbrances	-
Reserve for Future Budget Appropriation	<u>600,904</u>
Total	<u>\$ 1,893,324</u>

**Comparative Summary of Net Position
As of June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		District-Wide	
	2019	2018	2019	2018	2019	2018
ASSETS						
Current assets	\$ 2,647,032	\$ 2,131,966	\$ 68,733	\$ 117,542	\$ 2,715,765	\$ 2,249,508
Capital assets	1,309,084	1,350,142	1,055	1,572	1,310,139	1,351,714
Total assets	<u>3,956,116</u>	<u>3,482,108</u>	<u>69,788</u>	<u>119,114</u>	<u>4,025,904</u>	<u>3,601,222</u>
Deferred Outflows of Resources	<u>230,795</u>	<u>281,750</u>			<u>230,795</u>	<u>281,750</u>
LIABILITIES						
Current liabilities	133,827	(19,437)	45,588	78,553	179,415	59,116
Noncurrent liabilities	761,872	825,086			761,872	825,086
Total liabilities	<u>895,699</u>	<u>805,649</u>	<u>45,588</u>	<u>78,553</u>	<u>941,287</u>	<u>884,202</u>
Deferred Inflows of Resources	<u>292,420</u>	<u>293,941</u>			<u>292,420</u>	<u>293,941</u>
Net Position	<u>\$ 2,998,792</u>	<u>\$ 2,664,268</u>	<u>\$ 24,200</u>	<u>\$ 40,561</u>	<u>\$ 3,022,992</u>	<u>\$ 2,704,829</u>
Net Position Consists of:						
Invested in Capital Assets	\$ 1,309,084	\$ 1,350,142	\$ 1,055	\$ 1,572	\$ 1,310,139	\$ 1,351,714
Restricted Assets	1,893,324	1,839,952			1,893,324	1,839,952
Unrestricted Assets	<u>(203,616)</u>	<u>(525,826)</u>	<u>23,145</u>	<u>38,989</u>	<u>(180,471)</u>	<u>(486,837)</u>
Net Position	<u>\$ 2,998,792</u>	<u>\$ 2,664,268</u>	<u>\$ 24,200</u>	<u>\$ 40,561</u>	<u>\$ 3,022,992</u>	<u>\$ 2,704,829</u>

Governmental Activities

Governmental activities increased the net position of the School District by \$334,524 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 \$364,863.

Business-type Activities

Business-type activities decreased the School District's net position by \$16,361. Operations of the food service fund produced a loss of \$9,511 and the Child Care Program produced a loss of \$6,850 for the current fiscal year.

**Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		District-Wide	
	2019	2018	2019	2018	2019	2018
Revenues:						
Charges for services	\$ -	\$ -	\$ 26,082	\$ 40,460	\$ 26,082	\$ 40,460
Operating grants and contributions	1,654,438	1,933,738	74,786	74,514	1,729,224	2,008,252
Property taxes	1,849,389	1,849,389			1,849,389	1,849,389
State aid	2,422,780	2,100,677			2,422,780	2,100,677
Tuition	16,979	15,611			16,979	15,611
Other revenues	2,727	28,755	49	45	2,776	28,800
Total Revenues	5,946,313	5,928,170	100,917	115,019	6,047,230	6,043,189
Expenses:						
Governmental Activities:						
Instruction	1,763,858	1,735,990			1,763,858	1,735,990
Tuition	102,844	112,400			102,844	112,400
Related services	543,508	462,510			543,508	462,510
Administrative services	213,086	219,245			213,086	219,245
Central Services	102,897	90,008			102,897	90,008
Operations and Maintenance	606,522	396,402			606,522	396,402
Transportation	76,766	52,533			76,766	52,533
Employee benefits	2,199,234	2,383,378			2,199,234	2,383,378
Other	3,074	3,039			3,074	3,039
Business-Type Activities:						
Operations			117,278	135,495	117,278	135,495
Total Expenses	5,611,789	5,455,505	117,278	135,495	5,729,067	5,591,000
Increase (Decrease) in Net Position before transfers	334,524	472,665	(16,361)	(20,476)	318,163	452,189
Transfers						
Change in Net Position	334,524	472,665	(16,361)	(20,476)	318,163	452,189
Net Position July 1	2,664,268	2,191,603	40,561	61,037	2,704,829	2,252,640
Net Position June 30	<u>\$ 2,998,792</u>	<u>\$ 2,664,268</u>	<u>\$ 24,200</u>	<u>\$ 40,561</u>	<u>\$ 3,022,992</u>	<u>\$ 2,704,829</u>

Financial Analysis of the Governmental Funds

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

Governmental Funds - The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, 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 \$2,546,399, an increase of \$365,306 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 \$653,075, and a deficit unreserved fund balance of (\$9,058) for the Special Revenue Fund. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) appropriated as a revenue source in the subsequent year's budget \$600,904; 2) reserved for maintenance \$200,151; 3) reserved for capital \$963; 4) reserved for impact aid \$1,100,364. 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 \$690,841, while total fund balance (budgetary basis) was \$2,593,074. 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 \$4,482,242. Unassigned fund balance (budgetary basis) represents 15.41% of expenditures while total fund balance (budgetary basis) represents 57.85% 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, 2019, totaled \$1,309,084 (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 \$41,575 or a 3.08% decrease.

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

- Depreciation expense for the current fiscal year was \$61,999.
- Fixed asset additions totaling \$20,424.

Capital Asset (net of accumulated depreciation) June 30, 2019 and 2018

	Governmental Activities		Business-type Activities		District-Wide	
	2019	2018	2019	2018	2019	2018
Land	\$ 540,600	\$ 540,600	\$ -	\$ -	\$ 540,600	\$ 540,600
Building and Building Improvements	677,965	728,408			677,965	728,408
Equipment	90,519	81,134	1,055	1,572	91,574	82,706
Total	\$ 1,309,084	\$ 1,350,142	\$ 1,055	\$ 1,572	\$ 1,310,139	\$ 1,351,714

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 2019-2020 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 2019-2020 budget was adopted based on reduced aid from the State of New Jersey and a slight 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, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 1,224,386	\$ 59,229	\$ 1,283,615
Receivables, net	121,317	6,371	127,688
Inventory		3,133	3,133
Restricted Assets:			
Restricted Cash and Cash Equivalents	1,301,329		1,301,329
Capital Assets, net (Note 5)	1,309,084	1,055	1,310,139
Total Assets	<u>3,956,116</u>	<u>69,788</u>	<u>4,025,904</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	<u>230,795</u>		<u>230,795</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>4,186,911</u>	<u>69,788</u>	<u>4,256,699</u>
LIABILITIES:			
Accounts Payable			
Related to Pensions	33,194		33,194
Other	145,871		145,871
Internal Balances	(45,238)	45,238	
Unearned Revenue		350	350
Noncurrent Liabilities:			
Due beyond one year	<u>761,872</u>		<u>761,872</u>
Total Liabilities	<u>895,699</u>	<u>45,588</u>	<u>941,287</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of resources from pensions	<u>292,420</u>		<u>292,420</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>1,188,119</u>	<u>45,588</u>	<u>1,233,707</u>
NET POSITION:			
Net Investment in Capital Assets	1,309,084	1,055	1,310,139
Restricted for:			
Special Revenue Fund	(9,058)		(9,058)
Capital Projects	963		963
Other Purposes	1,901,419		1,901,419
Unrestricted	<u>(203,616)</u>	<u>23,145</u>	<u>(180,471)</u>
Total Net Position	<u>\$ 2,998,792</u>	<u>\$ 24,200</u>	<u>\$ 3,022,992</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, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 1,479,658	\$ -	\$ 175,500	\$ (1,304,158)	\$ -	\$ (1,304,158)
Special education	120,214		2,077	(118,137)		(118,137)
Other instruction	163,986			(163,986)		(163,986)
Support Services:						
Tuition	102,844		52,131	(50,713)		(50,713)
Student & instruction related services	543,508		8,789	(534,719)		(534,719)
General administrative services	137,774			(137,774)		(137,774)
School administrative services	75,312			(75,312)		(75,312)
Central services	102,897			(102,897)		(102,897)
Plant operations and maintenance	606,522			(606,522)		(606,522)
Pupil transportation	76,766			(76,766)		(76,766)
Employee benefits	2,199,234		1,415,941	(783,293)		(783,293)
Unallocated depreciation and amortization	3,074			(3,074)		(3,074)
Total governmental activities	<u>5,611,789</u>		<u>1,654,438</u>	<u>(3,957,351)</u>		<u>(3,957,351)</u>
Business-type activities:						
Child Care Program	13,420	6,565			(6,855)	(6,855)
Food Service	103,858	19,517	74,786		(9,555)	(9,555)
Total business-type activities	<u>117,278</u>	<u>26,082</u>	<u>74,786</u>		<u>(16,410)</u>	<u>(16,410)</u>
Total primary government	<u>\$ 5,729,067</u>	<u>\$ 26,082</u>	<u>\$ 1,729,224</u>	<u>\$ (3,957,351)</u>	<u>\$ (16,410)</u>	<u>\$ (3,973,761)</u>
General revenues:						
Taxes:						
Property taxes for general purposes				1,849,389		1,849,389
Federal and State Aid not restricted				2,422,780		2,422,780
Tuition Fees				16,979		16,979
Miscellaneous Income				2,727	49	2,776
Transfer						
Total general revenues and transfers				<u>4,291,875</u>	<u>49</u>	<u>4,291,924</u>
Change in Net Position				334,524	(16,361)	318,163
Net Position--July 1				<u>2,664,268</u>	<u>40,561</u>	<u>2,704,829</u>
Net Position--June 30				<u>\$ 2,998,792</u>	<u>\$ 24,200</u>	<u>\$ 3,022,992</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, 2019

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 1,213,190	\$ -	\$ 11,196	\$ -	\$ 1,224,386
Receivables, net	30,629	90,674			121,303
Interfund Receivables, net	156,031				156,031
Restricted Cash and Cash Equivalents	1,301,329				1,301,329
Total Assets	<u>\$ 2,701,179</u>	<u>\$ 90,674</u>	<u>\$ 11,196</u>	<u>\$ -</u>	<u>\$ 2,803,049</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 134,861	\$ -	\$ -	\$ -	\$ 134,861
Interfund Payables, net	11,010	99,732	11,047		121,789
Total liabilities	<u>145,871</u>	<u>99,732</u>	<u>11,047</u>		<u>256,650</u>
Fund Balances:					
Restricted for:					
Capital Reserve	814				814
Maintenance Reserve	200,151				200,151
Impact Aid Reserve	1,100,364				1,100,364
Assigned to:					
Subsequent Year's Expenditures	600,904				600,904
Unassigned	653,075	(9,058)	149		644,166
Total Fund Balances	<u>2,555,308</u>	<u>(9,058)</u>	<u>149</u>		<u>2,546,399</u>
Total Liabilities and Fund Balances	<u>\$ 2,701,179</u>	<u>\$ 90,674</u>	<u>\$ 11,196</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$3,835,822 and the accumulated depreciation is \$2,526,738. 1,309,084

Accounts payable related to the April 1, 2020 required PERS contribution that is not to be liquidated with current financial resources. (33,194)

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	\$ 230,795	
Net Pension Liability	(583,216)	
Deferred Inflows of resources from Pensions	<u>(292,420)</u>	(644,841)

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. (178,656)

Net position of governmental activities \$ 2,998,792

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, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 1,849,389	\$ -	\$ -	\$ -	\$ 1,849,389
Tuition charges	16,979				16,979
Impact Aid reserve - interest	351				351
Maintenance reserve - interest	53				53
Miscellaneous	2,323				2,323
Total revenues-local sources	1,869,095				1,869,095
State sources	1,147,242	91,025			1,238,267
Federal sources	1,830,768	166,959			1,997,727
Total revenues	4,847,105	257,984			5,105,089
EXPENDITURES:					
Current expense:					
Regular instruction	1,250,101	175,500			1,425,601
Special education instruction	118,137	2,077			120,214
Other instruction	163,986				163,986
Support services and undistributed costs:					
Tuition	50,713	52,131			102,844
Student & instruction related services	535,162	8,346			543,508
General administrative services	131,626				131,626
School administrative services	75,312				75,312
Central services	102,897				102,897
Plant operations and maintenance	468,000				468,000
Pupil transportation	76,766				76,766
Unallocated employee benefits	1,359,818	19,487			1,379,305
Capital outlay	149,724				149,724
Total expenditures	4,482,242	257,541			4,739,783
Excess (deficiency) of revenues over (under) expenditures	364,863	443			365,306
Other Financing Sources (Uses):					
Transfers out					
Total other financing sources (uses)					
Net change in fund balance	364,863	443			365,306
Fund balances, July 1	2,190,445	(9,501)	149		2,181,093
Fund balances, June 30	<u>\$ 2,555,308</u>	<u>\$ (9,058)</u>	<u>\$ 149</u>	<u>\$ -</u>	<u>\$ 2,546,399</u>

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, 2019

Total net change in fund balances - governmental funds (from B-2) \$ 365,306

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	\$ (61,482)	
Capital outlay	<u>20,424</u>	(41,058)

Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities. 21,295

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 (+).

(11,019)

Change in position of governmental activities \$ 334,524

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, 2019

	Business-type Activities		
	<u>Child Care Program</u>	<u>Food Service Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 101	\$ 59,128	\$ 59,229
Accounts Receivable	2,641	3,730	6,371
Inventories	-	3,133	3,133
Total Current Assets	<u>2,742</u>	<u>65,991</u>	<u>68,733</u>
Noncurrent Assets:			
Equipment	-	9,964	9,964
Less: Accumulated Depreciation	-	(8,909)	(8,909)
Total Noncurrent Assets	<u>-</u>	<u>1,055</u>	<u>1,055</u>
Total Assets	<u>\$ 2,742</u>	<u>\$ 67,046</u>	<u>\$ 69,788</u>
LIABILITIES			
Current Liabilities:			
Unearned Revenue	\$ -	\$ 350	\$ 350
Interfund Payable	9,513	35,725	45,238
Total Liabilities	<u>9,513</u>	<u>36,075</u>	<u>45,588</u>
NET POSITION			
Net Investment in Capital Assets	-	1,055	1,055
Unrestricted	(6,771)	29,916	23,145
Total Net Position	<u>\$ (6,771)</u>	<u>\$ 30,971</u>	<u>\$ 24,200</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, 2019

	Business-type Activities		
	Enterprise Funds		
	Child Care Program	Food Service Program	Total
Operating revenues:			
Charges for services:			
Daily sales-reimbursable programs	\$ -	\$ 16,121	\$ 16,121
Daily sales-non-reimbursable programs	-	3,379	3,379
Special functions	-	17	17
Program fees	6,565	-	6,565
	<u>6,565</u>	<u>-</u>	<u>6,565</u>
Total operating revenue	<u>6,565</u>	<u>19,517</u>	<u>26,082</u>
Operating expenses:			
Salaries	12,467	60,182	72,649
Employee benefits	953	4,604	5,557
Supplies and materials	-	412	412
Depreciation	-	517	517
Repairs and maintenance	-	2,399	2,399
Miscellaneous	-	956	956
Cost of sales - reimbursable programs	-	33,427	33,427
Cost of sales - nonreimbursable programs	-	1,361	1,361
	<u>13,420</u>	<u>103,858</u>	<u>117,278</u>
Total operating expenses	<u>13,420</u>	<u>103,858</u>	<u>117,278</u>
Operating income (loss)	<u>(6,855)</u>	<u>(84,341)</u>	<u>(91,196)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	-	901	901
Federal sources:			
National school lunch program	-	39,906	39,906
National school breakfast program	-	26,049	26,049
U.S.D.A. commodities	-	7,930	7,930
Local sources:			
Interest revenue	5	44	49
	<u>5</u>	<u>74,830</u>	<u>74,835</u>
Total nonoperating revenues (expenses)	<u>5</u>	<u>74,830</u>	<u>74,835</u>
Net income (loss) before transfers	(6,850)	(9,511)	(16,361)
Operating transfers in	-	-	-
Change in net position	(6,850)	(9,511)	(16,361)
Total net position - July 1, 2018	<u>79</u>	<u>40,482</u>	<u>40,561</u>
Total net position - June 30, 2019	<u>\$ (6,771)</u>	<u>\$ 30,971</u>	<u>\$ 24,200</u>

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

CAPE MAY CITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
for the Fiscal Year Ended June 30, 2019

	Business-type Activities		
	<u>Child Care Program</u>	<u>Food Service Program</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 3,924	\$ 19,788	\$ 23,712
Payments to employees	(12,467)		(12,467)
Payments to suppliers		(129,243)	(129,243)
Net cash used for operating activities	<u>(8,543)</u>	<u>(109,455)</u>	<u>(117,998)</u>
Cash flows from noncapital financing activities:			
Cash received from state and federal reimbursements		67,278	67,278
Net cash provided by non-capital financing activities		<u>67,278</u>	<u>67,278</u>
Cash flows from capital activities:			
Purchases of fixed assets			
Cash flows from investing activities:			
Interest and dividends	5	44	49
Net cash provided by investing activities	<u>5</u>	<u>44</u>	<u>49</u>
Net increase in cash and cash equivalents	(8,538)	(42,133)	(50,671)
Balances - July 1, 2018	8,639	101,261	109,900
Balances - June 30, 2019	<u>\$ 101</u>	<u>\$ 59,128</u>	<u>\$ 59,229</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (6,855)	\$ (84,341)	\$ (91,196)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation		517	517
Federal commodities		7,930	7,930
(Increase) decrease in inventories		358	358
(Increase) decrease in accounts receivable	(2,641)		(2,641)
Increase/(decrease) in interfund payable	953	(34,190)	(33,237)
Increase/(decrease) in unearned revenue		271	271
Total adjustments	<u>(1,688)</u>	<u>(25,114)</u>	<u>(26,802)</u>
Net cash provided by (used for) operating activities	<u>\$ (8,543)</u>	<u>\$ (109,455)</u>	<u>\$ (117,998)</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, 2019

	<u>Unemployment Compensation Insurance Trust</u>	<u>Agency Fund</u>
ASSETS:		
Cash and Cash Equivalents	\$ 4,856	\$ 988
interfund Receivable	<u>10,886</u>	<u>124</u>
Total Assets	<u>15,742</u>	<u>1,112</u>
 LIABILITIES:		
Cash Deficit	-	124
Payroll Deductions Payable	-	974
Accounts Payable	132	-
Interfund Payable	<u>-</u>	<u>14</u>
Total Liabilities	<u>132</u>	<u><u>\$ 1,112</u></u>
 NET POSITION:		
Held in Trust for Unemployment Claims and Other Purposes	<u><u>\$ 15,610</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, 2019

	Unemployment Compensation Insurance Trust
ADDITIONS:	
Contributions:	
Employee contributions	\$ 4,170
Total Contributions	4,170
Investment earnings:	
Interest	2
Total additions	4,172
DEDUCTIONS:	
Unemployment claims	236
Total deductions	236
Change in net position	3,936
Net Position - July 1, 2018	11,674
Net Position - June 30, 2019	\$ 15,610

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, 2019

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, 2019 of 151 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, 2019

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, 2019**

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, 2019

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, 2019

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, 2019

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, 2019 and 2018 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, 2019.

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, 2019**

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, 2019

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, 2019.

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, 2019

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 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. The adoption of this Statement will not have any effect on the District’s financial reporting.

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. The adoption of this Statement may have an effect on the District’s financial reporting.

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. The adoption of this Statement will not have any effect on the District’s financial reporting.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*. This Statement is designed to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The adoption of this Statement will not have any effect on the District’s financial reporting.

In May 2019, the GASB issued Statement 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation: establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The adoption of this Statement will not have any effect on the District’s financial reporting.

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

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 \$2,637,170 as of June 30, 2019, \$250,000 was insured under FDIC and the remaining balance of 2,387,170 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, 2018 to June 30, 2019 fiscal year is as follows:

Balance – July 1, 2018 and June 30, 2019	\$ <u>814</u>
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The June 30, 2019 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

4. FEDERAL IMPACT AID RESERVE

As permitted by P.L. 2015, c.46 which amended N.J.S.A. 18A:7F-41 a federal impact reserve was established by the Board of Education of the Cape May City School District by transfer of \$400,000 on June 15, 2017. Additionally, by board resolution on June 14, 2018 and June 20, 2019, \$300,00 and \$400,000 were approved increases for the amount of federal impact aid funds – general fund – received during the current fiscal year for use as general fund expenditures in subsequent years.

The activity of the Impact Aid Reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Balances, June 30, 2018	\$ 700,013
Increased by:	
Interest earned	351
Transfer by Resolution	<u>400,000</u>
Balances, June 30, 2019	<u>\$ 1,100,364</u>

Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

5. ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2019 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, 2019 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	\$ 30,629	\$ -	\$ -	\$ 52	\$ 30,681
Federal		90,674		3,678	94,352
Other				2,641	2,641
Total	<u>\$ 30,629</u>	<u>\$ 90,674</u>	<u>\$ -</u>	<u>\$ 6,371</u>	<u>\$ 127,674</u>

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Governmental Activities:				
Land	\$ 540,600	\$ -	\$ -	\$ 540,600
Total Capital Assets not being				
Depreciation	542,700		-	540,600
Building and Improvements	3,037,924	793		3,038,717
Equipment	236,874	19,631		256,505
Total Historical Cost	<u>3,817,498</u>	<u>20,424</u>	<u>-</u>	<u>3,835,822</u>
Less Accumulated Depreciation:				
Building and Improvements	(2,309,516)	(51,236)		(2,360,752)
Equipment	(155,740)	(10,246)		(165,986)
Total Accumulated Depreciation	<u>(2,465,256)</u>	<u>(61,482)</u>	<u>-</u>	<u>(2,526,738)</u>
Governmental Activities Capital				
Assets, Net	<u>\$ 1,352,242</u>	<u>\$ (41,058)</u>	<u>\$ -</u>	<u>\$ 1,309,084</u>
Business-Type Activities:				
Equipment	\$ 9,964	\$ -	\$ -	\$ 9,964
Less - Accumulated Depreciation	<u>(8,392)</u>	<u>(517)</u>	<u>-</u>	<u>(8,909)</u>
Business-Type Activities Capital				
Assets, Net	<u>\$ 1,572</u>	<u>\$ (517)</u>	<u>\$ -</u>	<u>\$ 1,055</u>

Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

6. CAPITAL ASSETS (Continued)

Depreciation expense in the amount of \$61,482 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	\$ 43,038
General Administration	6,148
Plant Operation and Maintenance	9,222
Unallocated	3,074
Total depreciation expense	\$ 61,482

7. INVENTORY

Inventory in the food service fund at June 30, 2019 consisted of the following:

Food	\$ 2,708
Supplies	425
	\$ 3,133

8. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2019, the following changes occurred in long-term obligations:

	Principal Outstanding June 30, 2018	Additions	Reductions	Principal Outstanding June 30, 2019	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 167,637	\$ 11,019	\$ -	\$ 178,656	\$ -
Net Pension Liability	657,449		74,233	583,216	
	\$ 825,086	\$ 11,019	\$ 74,233	\$ 761,872	\$ -

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

9. OPERATING LEASES

At June 30, 2019, the District had operating lease agreements in effect for the following:

Copiers

Total operating lease payments made during the year ended June 30, 2019, and 2018 were \$25,596 and \$17,579 respectively.

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

9. OPERATING LEASES (Continued)

Future minimum lease payments are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2020	\$ 27,132
2021	27,132
2022	27,132
2023	16,101
2024	318
	<u>\$ 97,815</u>

10. 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, 2019

10. PENSION PLANS (Continued)

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

Service retirement benefits of 1/55th 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 1/60th 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, the member contribution rate was 7.50% in State fiscal year 2019. 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.

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, 2019 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, 2018, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2019 was \$158,991 and was paid by April 1, 2019. School District employee contributions to the pension plan during the fiscal year ended June 30, 2019 were \$130,196.

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, 2019, 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 \$537,591 and revenue of \$537,591 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, 2019**

10. 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>06/30/18</u>	<u>06/30/17</u>
Collective deferred outflows of resources	\$ 12,473,998,870	\$ 14,160,879,257
Collective deferred inflows of resources	16,180,773,643	11,800,239,661
Collective net pension liability (Non-Employer – State of New Jersey)	63,617,852,031	67,423,605,859
State's portion of the net pension liability that was associated with the School District	9,221,675	9,546,370
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.0144954202%	.0141587944%

Actuarial assumptions – The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate:	2.25%
Salary Increases:	
2011-2026	1.55- 4.55%
Thereafter	2.00 – 5.45%
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 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, 2019**

10. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	05.00%	05.51%
Cash Equivalents	05.50%	01.00%
U.S. Treasuries	03.00%	01.87%
Investment Grade Credit	10.00%	03.78%
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%	13.08%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 4.86% as of June 30, 2018. 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 3.87% as of June 30, 2018, 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 50% 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 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. 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, 2018, 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 4.86%, 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, 2019**

10. PENSION PLANS (Continued)

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

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	<u>10,899,845</u>	<u>9,221,675</u>	<u>7,830,513</u>
	<u>\$ 10,899,845</u>	<u>\$ 9,221,675</u>	<u>\$ 7,830,513</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 to 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:

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

Service retirement benefits of 1/55th 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 1/60th 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.

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

10. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The member contribution rate was 7.50% in State fiscal year 2019. 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, 2019 was 13.13% 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, 2018, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2019 was \$29,463 and was paid by April 1, 2019. School District employee contributions to the pension plan during the fiscal year ended June 30, 2019 were \$15,807.

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>
2019	\$ 3,682	\$ 24,441	\$ 1,340	\$ 227	\$ 29,690
2018	3,444	21,445	1,275	718	26,882
2017	4,003	20,371	1,216		25,590

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, 2019, the School District reported a liability of \$583,216 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

10. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

For the year ended June 30, 2019, the School District recognized pension expense of \$8,168. At June 30, 2019, the School District reported a liability of \$766,754 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,122	\$ 3,007
Changes of assumptions	96,104	186,482
Net Difference between projected and actual earnings on pension plan investments		5,471
Changes in proportion	90,375	97,460
District contributions subsequent to the measurement date	33,194	
Total	\$ 230,795	\$ 292,420

\$33,194 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, 2019, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net liability in the year ended June 30, 2019.

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 (Inflows) of Resources
2020	\$ 2,791
2021	(6,515)
2022	(44,868)
2023	(26,793)
2024	(19,434)
Total	\$ (94,819)

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

10. 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	-
June 30, 2018	-	5.63
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
June 30, 2018	-	5.63
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	-
June 30, 2018	5.00	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, 2018 and 2017 are as follows:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective deferred outflows of resources	\$ 4,684,852,302	\$ 6,424,455,842
Collective deferred inflows of resources	\$ 7,646,736,226	\$ 5,700,625,981
Collective net pension liability	\$ 19,689,501,539	\$ 23,278,401,588
School District's Proportion	.0029620673%	.0028242867%

Actuarial assumptions – The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018.

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

10. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

Inflation rate: 2.25%
Salary Increases:
 Through 2026: 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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2017 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, 2018) 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, 2019**

10. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	05.00%	05.51%
Cash Equivalents	05.50%	01.00%
U.S. Treasuries	03.00%	01.87%
Investment Grade Credit	10.00%	03.78%
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%	13.08%
	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018, 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 50% 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 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046, 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, 2018, calculated using the discount rate of 5.66%, 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 (4.66%) or 1 percentage point higher (6.66%) than the current rate:

	<u>1% Decrease (4.66%)</u>	<u>Current Discount Rate (5.66%)</u>	<u>1% Increase (6.66%)</u>
School District's proportionate share of the net pension liability	\$ 733,327	\$ 583,216	\$ 457,283

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, 2019**

10. 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>
2019	\$ 4,664
2018	6,434
2017	4,596

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State’s pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, an increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State’s contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been remeasured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year’s \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the remeasured total OPEB liability in Fiscal Year 2017.

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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.

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% based on years of service	2.15 - 4.15% based on age	2.10 - 8.98% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age	3.10 - 9.98% based on age

Preretirement mortality rates were based on the RP-2006 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-2006 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-2006 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, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2011 – June 30, 2014 and July 1, 2010 – June 30, 2013 for TPAF, PFRS, and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Health Care Trend Assumptions - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. 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.

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Discount Rate - The discount rate for June 30, 2018 and 2017 was 3.87%. 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.

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 Nonemployer OPEB Liability

The table below summarizes the State's proportionate share of the change in the total nonemployer OPEB liability associated with the School District:

	Total OPEB Liability
Balance as of June 30, 2017	\$ 9,646,738
Changes for the years'	
Service Cost	272,213
Interest	351,297
Changes of benefit terms	
Differences between expected and actual experience	(805,117)
Changes in assumptions	(952,305)
Gross Benefit Payments	(221,901)
Contributions from the Non-employer	N/A
Contributions from the Member	7,669
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	\$ (1,348,144)
Balance at 06/30/2018	\$ 8,298,594

Sensitivity of the total nonemployer OPEB liability to changes in the discount rate - The following presents the total nonemployer OPEB liability as of June 30, 2018, respectively, associated with the School District, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage -point lower or 1percentage-point higher than the current rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 9,810,627	\$ 8,298,594	\$ 7,096,684

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the total nonemployer OPEB liability to changes in the healthcare cost trend rate - The following presents the total nonemployer OPEB liability as of June 30, 2018, associated with the School District, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage -point lower or 1percentage-point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 10,039,939	\$ 8,298,594	\$ 6,750,208

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2019, the School District recognized \$295,465 in OPEB expense and revenue, in the government-wide financial statements, for the State’s proportionate share of the OPEB Plan’s OPEB Expense, associated with the School District. This expense and revenue was based on the OPEB Plan’s June 30, 2018 measurement date.

In accordance with GASBS No. 75, the School District’s proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District.

At June 30, 2019, the State’s proportionate share of the total nonemployer OPEB liability’s deferred outflows of resources and deferred inflows of resources, associated with the School District, from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 805,564
Changes of assumptions	-	1,860,172
Total	\$ -	\$ 2,665,736

Amounts reported as deferred outflows of resources and deferred inflows of resources related to State’s proportionate share of the total nonemployer OPEB Liability, associated with the School District, will be recognized in OPEB expense as follows:

For the year ended:	
2019	\$ (328,486)
2020	(328,486)
2021	(328,486)
2022	(328,486)
2023	(328,486)
Therafter	(1,023,306)
Total	\$ (2,665,736)

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, 2019**

12. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2019, 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 \$298,614, \$135,450, and \$336, respectively. In addition, \$120,830 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.

13. 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.

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>
2018-2019	\$ 2	\$ -	\$ 4,170	\$ 236	\$ 15,610
2017-2018	-	-	14,914	10,970	11,674
2016-2017	1	-	9,726	8,821	7,730

14. 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, 2019**

15. 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, 2019, the liability for compensated absences in the governmental activities fund type was \$178,656.

16. 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, 2020. The following interfund balances were recorded on the various balance sheets as of June 30, 2019:

Fund	Interfunds Receivable	Interfunds Payable
General	\$ 156,031	\$ 11,010
Special Revenue	-	99,732
Capital Projects	-	11,047
Proprietary	-	45,238
Fiduciary	11,010	14
Total	\$ 167,041	\$ 167,041

17. 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, 2019, 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.

18. 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, 2019**

18. 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.

19. DEFICIT UNASSIGNED FUND BALANCE

The School District has a deficit unassigned fund balance of \$9,058 in the Special Revenue Fund as of June 30, 2019 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 \$9,058 in the Special Revenue Fund is equal to or less than the June state aid payment.

20. DEFICIT UNRESTRICTED NET POSITIONS

As of June 30, 2019, a deficit of \$203,616 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 is as follows:

Balances, June 30, 2019:	
Fund Balance - Unassigned	\$ 653,075
Liabilities:	
Net Pension Differences	(678,035)
Compensated Absences	(178,656)
Unrestricted Net Position (Deficit)	<u>\$ (203,616)</u>

21. 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.

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

21. SHARED SERVICES AGREEMENT (Continued)

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.

22. 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, 2019, 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, 2019, the balance in the maintenance reserve account is \$200,151. 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, 2019, the balance in the impact aid reserve is \$1,100,364. Of this amount \$600,000 has been appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2020

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 \$600,904 as an anticipated revenue for the fiscal year ending June 30, 2020.

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, 2019, the fund balance of the general fund was \$653,075.

Special Revenue Fund – As of June 30, 2019, the fund balance of the special revenue fund was a deficit of \$9,058. 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, 2019, 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, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 1,849,389	\$ -	\$ 1,849,389	\$ 1,849,389	\$ -
Tuition - other LEA's within State	16,979		16,979	16,979	
Capital reserve - interest	19		19		(19)
Maintenance reserve - interest	20		20	53	33
Impact aid reserve - interest				351	351
Miscellaneous	1,000		1,000	2,323	1,323
Total local sources	1,867,407		1,867,407	1,869,095	1,688
State sources:					
Special education aid	78,905		78,905	78,905	
Security aid	40,306		40,306	40,306	
Adjustment aid	253,094	(9,444)	243,650	243,650	
Transportation aid	5,993		5,993	5,993	
School choice aid	179,532		179,532	179,532	
Extraordinary Aid				29,759	29,759
Nonpublic Transportation Aid				870	870
On-behalf TPAF pension contributions (non-budgeted)				298,614	298,614
On-behalf TPAF post retirement medical (non-budgeted)				135,450	135,450
On-behalf TPAF - LTDI (non-budgeted)				336	336
Reimbursed TPAF social security contributions (non-budgeted)				120,830	120,830
Total state sources	557,830	(9,444)	548,386	1,134,245	585,859
Federal sources:					
P.L. 103-382 Impact Aid - General	650,000	154,000	804,000	1,799,918	995,918
P.L. 103-382 Impact Aid - Capital	10,000		10,000	30,850	20,850
Total federal sources	660,000	154,000	814,000	1,830,768	1,016,768
TOTAL REVENUES	3,085,237	144,556	3,229,793	4,834,108	1,604,315
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Pre-Kindergarten	53,426	(374)	53,052	51,557	1,495
Kindergarten	184,835	(370)	184,465	184,465	
Grades 1-5	626,018	57,856	683,874	630,296	53,578
Grades 6-8	94,554	1,389	95,943	95,943	
Total Instruction	958,833	58,501	1,017,334	962,261	55,073
Regular Programs - Home Instruction:					
Salaries of Teachers	3,000	(180)	2,820	712	2,108
Supplies		180	180	180	
Total Home Instruction	3,000		3,000	892	2,108

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

(CONTINUED TO NEXT PAGE)

CAPE MAY CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2019

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	\$ 127,530	\$ (9,545)	\$ 117,985	\$ 117,985	\$ -
Purchased technical services	40,600	1,164	41,764	41,764	
Other purchased services	5,549	(4,196)	1,353	1,353	
General supplies	130,482	(7,220)	123,262	103,621	19,641
Textbooks	31,000	420	31,420	16,783	14,637
Miscellaneous Expenditures		118	118		118
Other objects	5,118	1,269	6,387	5,442	945
Total Undistributed Instruction	<u>340,279</u>	<u>(17,990)</u>	<u>322,289</u>	<u>286,948</u>	<u>35,341</u>
Total - Regular Programs - Instruction	<u>1,302,112</u>	<u>40,511</u>	<u>1,342,623</u>	<u>1,250,101</u>	<u>92,522</u>
Special Educ Instruction: Resource Room					
Salaries of teachers	118,962		118,962	117,165	1,797
General supplies	1,000		1,000	972	28
Total Resource Room	<u>119,962</u>		<u>119,962</u>	<u>118,137</u>	<u>1,825</u>
Special Educ Instruction: Autism					
Other salaries for instruction	19,950	(4,658)	15,292		15,292
Total Autism	<u>19,950</u>	<u>(4,658)</u>	<u>15,292</u>		<u>15,292</u>
Total Special Education - Instruction	<u>139,912</u>	<u>(4,658)</u>	<u>135,254</u>	<u>118,137</u>	<u>17,117</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	89,384		89,384	82,129	7,255
General supplies	1,000		1,000	930	70
Total Basic Skills/Remedial - Instruction	<u>90,384</u>		<u>90,384</u>	<u>83,059</u>	<u>7,325</u>
Bilingual Education - Instruction					
Salaries of teachers	29,361	4,658	34,019	34,019	
General supplies	500		500	262	238
Total Bilingual Education - Instruction	<u>29,861</u>	<u>4,658</u>	<u>34,519</u>	<u>34,281</u>	<u>238</u>
Summer School - Instruction					
Salaries of teachers	10,425	1,524	11,949	11,949	
Other salaries for instruction	2,500	(1,524)	976	750	226
General supplies	250		250	197	53
Total Summer School - Instruction	<u>13,175</u>		<u>13,175</u>	<u>12,896</u>	<u>279</u>
School-Sponsored Cocurricular Act - Inst.					
Salaries	29,500	4,250	33,750	33,750	
Total School-Sponsored Cocurr. Act. - Inst	<u>29,500</u>	<u>4,250</u>	<u>33,750</u>	<u>33,750</u>	
Undistributed Expenditures - Instruction					
Tuition to CSSD & Reg. Day Schools	87,165	(11,135)	76,030	50,713	25,317
Tuition to Private School for the Disabled	30,709	(30,709)			
Total Undistributed Expenditures - Instruction	<u>117,874</u>	<u>(41,844)</u>	<u>76,030</u>	<u>50,713</u>	<u>25,317</u>

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

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CAPE MAY CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2019

(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	\$ 5,200	\$ -	\$ 5,200	\$ 5,200	\$ -
Total Undistributed Expenditures - Attendance	5,200		5,200	5,200	
Undistributed Expenditures - Health Services					
Salaries	58,991		58,991	58,720	271
Purchased prof. and technical services	1,800		1,800	1,600	200
Supplies and materials	1,500	375	1,875	1,765	110
Total Undistributed Expenditures - Health Svcs.	62,291	375	62,666	62,085	581
Undist. Expend. - Speech, OT, PT & Rel. Serv.					
Purchased prof. and educational services	49,267		49,267	49,267	
Supplies and materials	1,000	(375)	625	593	32
Total Undst. Expend. - Speech, OT, PT & Rel. Serv.	50,267	(375)	49,892	49,860	32
Undist. Expend. - Other Supp Serv STD - Extra Serv					
Salaries		66,100	66,100	54,526	11,574
Total Undist. Expend. - Other Supp Serv STD - Extra Serv		66,100	66,100	54,526	11,574
Undist. Expend. - Guidance					
Salaries of other professional staff	62,366		62,366	55,800	6,566
Supplies and materials	500		500	288	212
Total Undst. Expend. - Guidance	62,866		62,866	56,088	6,778
Undist. Expend. - Child Study Teams					
Salaries of secretarial and clerical assistants	24,000		24,000	23,465	535
Purchased professional/educational services	117,065	(3,064)	114,001	114,001	
Supplies and materials	1,500		1,500	1,076	424
Total Undst. Expend. - Child Study Teams	142,565	(3,064)	139,501	138,542	959
Undist. Expend. - Improvement of Inst. Services					
Salaries of other professional staff	97,537		97,537	91,273	6,264
Salaries of secretarial and clerical assistants	8,000	1,412	9,412	9,412	
Supplies and Materials	6,000	3,064	9,064	9,064	
Total Undst. Expend. - Improvement of Inst. Services	111,537	4,476	116,013	109,749	6,264
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	47,569	4,887	52,456	52,456	
Salaries of technology coordinators	8,500	(4,887)	3,613		
Purchased prof/technical services	4,200		4,200	2,966	1,234
Supplies and materials	4,120		4,120	3,690	430
Total Undst. Expend. - Educ. Media Serv./Sch. Library	64,389		64,389	59,112	1,664

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, 2019

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	\$ 77,612	\$ (1,959)	\$ 75,653	\$ 75,653	\$ -
Legal services	5,000	3,153	8,153	8,153	
Audit Fees	12,200	100	12,300	12,300	
Expenditure & Internal Control Audit Fees	3,000		3,000	3,000	
Other Purchased Professional Services	5,500	(753)	4,747	4,000	747
Communications / telephone	14,882	11,547	26,429	22,282	4,147
BOE Other Purchased Services	500		500	183	317
BOE In-House training/meeting supplies	500		500	92	408
Miscellaneous expenditures	4,000	600	4,600	2,513	2,087
BOE membership dues and fees	4,000		4,000	3,450	550
Total Undst. Expend. - Supp. Serv. General Admin.	127,194	12,688	139,882	131,626	8,256
Undist. Expend. - Supp. Serv. School Admin.					
Salaries of principals/assist. principals	68,355		68,355	68,355	
Other purchased services	800		800	150	650
Supplies and materials	2,848	3,000	5,848	2,168	3,680
Other objects	4,450	189	4,639	4,639	
Total Undst. Expend. - Supp. Serv. School Admin.	76,453	3,189	79,642	75,312	4,330
Undist. Expend. - Central Services					
Salaries	88,821	4,000	92,821	92,321	500
Supplies and materials	1,000		1,000	939	61
Miscellaneous expenditures	1,349		1,349	1,347	2
Total Undst. Expend. - Central Services	91,170	4,000	95,170	94,607	563
Undist. Expend. - Admin. Info. Technology					
Salaries					
Purchased technical services	7,500	3,200	10,700	8,290	2,410
Total Undst. Expend. - Admin. Info. Technology	7,500	3,200	10,700	8,290	2,410
Undist. Expend. - Required Maint. Sch. Facilities					
Salaries	45,747		45,747	44,922	825
Cleaning, repair, and maintenance services	119,906	33,056	152,962	91,117	61,845
Supplies and materials	2,000		2,000	1,257	743
Total Undst. Expend. - Required Maint. Sch. Facilities	167,653	33,056	200,709	137,296	63,413
Undist. Expend. - Custodial Services					
Salaries	94,168	(439)	93,729	92,286	1,443
Purchased professional & tech. services	550	439	989	989	
Insurance	36,889	(3,207)	33,682	29,996	3,686
Misc. purchased services	500		500	466	34
General supplies	20,207	12,669	32,876	32,047	829
Energy (natural gas)	68,761	(24,579)	44,182	44,182	
Energy (electricity)	47,947	25,561	73,508	73,332	176
Energy (gasoline)	685	(500)	185	130	55
Other objects	20,334	(500)	19,834	16,319	3,515
Total Undst. Expend. - Custodial Services	290,041	9,444	299,485	289,747	9,738

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, 2019

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Security					
Salaries	\$ 45,000	\$ (318)	\$ 44,682	\$ 39,139	\$ 5,543
Purchased professional & tech. services	500	350	850	850	
General Supplies	1,000	(32)	968	968	
Total Security	<u>46,500</u>		<u>46,500</u>	<u>40,957</u>	<u>5,543</u>
Total Undst. Expend. - Oper. & Maint. of Plant Services	<u>504,194</u>	<u>42,500</u>	<u>546,694</u>	<u>468,000</u>	<u>78,694</u>
Undist. Expend. - Student Trans. Services					
Sal. Of Non-Instructional Aides	6,000		6,000	6,000	
Contr. serv. - Aid in Lieu -nonpublic	12,000	7,550	19,550	5,034	14,516
Contr. serv. - Aid in Lieu -choice	3,000	1,000	4,000	4,000	
Contr. serv. (other than bet. home & sch.) - vendors	4,974		4,974	3,774	1,200
Contr. serv. (bet. home & sch.) - joint agreements	4,533		4,533	3,833	700
Contr. serv. (sp ed stds) - vendors	27,633		27,633	25,276	2,357
Contr. serv. (sp ed stds) - joint agreements	32,000		32,000	28,849	3,151
Total Undst. Expend. - Student Trans. Services	<u>90,140</u>	<u>8,550</u>	<u>98,690</u>	<u>76,766</u>	<u>21,924</u>
Unallocated Benefits - Employee Benefits					
Social security contributions	44,000	(449)	43,551	43,551	
Other retirement contributions - PERS	33,427	(2,723)	30,704	30,704	
Other retirement contributions - reg.		6,407	6,407	6,407	
Unemployment compensation	15,000	(9,194)	5,806	2,241	3,565
Workmen's compensation	36,000	1,326	37,326	37,326	
Health benefits	682,372		682,372	640,351	42,021
Tuition reimbursement		1,456	1,456	1,456	
Other employee benefits	52,323		52,323	42,552	9,771
Total Unallocated Benefits - Employee Benefits	<u>863,122</u>	<u>(3,177)</u>	<u>859,945</u>	<u>804,588</u>	<u>55,357</u>
On-behalf TPAF pension contributions (non-budgeted)				298,614	(298,614)
On-behalf TPAF post retirement medical (non-budgeted)				135,450	(135,450)
On-behalf TPAF - LTDI (non-budgeted)				336	(336)
Reimbursed TPAF social security contributions (non-budgeted)				120,830	(120,830)
Total Undistributed Expenditures - TPAF				<u>555,230</u>	<u>(555,230)</u>
Total Undistributed Expenditures	<u>2,376,762</u>	<u>96,618</u>	<u>2,473,380</u>	<u>2,800,294</u>	<u>(330,527)</u>
Total General Current Expense	<u>3,981,706</u>	<u>141,379</u>	<u>4,123,085</u>	<u>4,332,518</u>	<u>(213,046)</u>
EXPENDITURES:					
CAPITAL OUTLAY:					
Equipment:					
Undistributed Expenditures:					
Required Maintenance for School Facilities	22,336		22,336	22,011	325
Security	13,434		13,434	13,434	
Equipment	7,941	3,177	11,118	11,118	
Total Equipment	<u>43,711</u>	<u>3,177</u>	<u>46,888</u>	<u>46,563</u>	<u>325</u>

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

(CONTINUED TO NEXT PAGE)

CAPE MAY CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2019

(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	\$ -	\$ 100,000	\$ 100,000	\$ -
Assessment for Debt Service on SDA Funding	3,161	-	3,161	3,161	-
Total Facilities Acquisition and Construction Services	<u>103,161</u>		<u>103,161</u>	<u>103,161</u>	
Total Capital Outlay	<u>146,872</u>	<u>3,177</u>	<u>150,049</u>	<u>149,724</u>	<u>325</u>
Total Expenditures	<u>4,128,578</u>	<u>144,556</u>	<u>4,273,134</u>	<u>4,482,242</u>	<u>(209,108)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(1,043,341)</u>		<u>(1,043,341)</u>	<u>351,866</u>	<u>1,395,207</u>
Other Financing Sources:					
Operating Transfer Out - Food Service Fund	<u>(5,000)</u>		<u>(5,000)</u>		<u>(5,000)</u>
Total Other Financing Sources	<u>(5,000)</u>		<u>(5,000)</u>		<u>(5,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	<u>(1,048,341)</u>		<u>(1,048,341)</u>	<u>351,866</u>	<u>1,400,207</u>
Fund Balance, July 1	<u>2,241,208</u>		<u>2,241,208</u>	<u>2,241,208</u>	
Fund Balance, June 30	<u>\$ 1,192,867</u>	<u>\$ -</u>	<u>\$ 1,192,867</u>	<u>\$ 2,593,074</u>	<u>\$ 1,400,207</u>
Recapitulation of Fund Balance					
Restricted Fund Balance:					
Capital Reserve				\$ 814	
Maintenance Reserve				200,151	
Impact Aid Reserve				1,100,364	
Assigned Fund Balance					
Designated for Subsequent Years Expenditures				600,904	
Unassigned Fund Balance				<u>690,841</u>	
				2,593,074	
Reconciliation on Governmental Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				<u>(37,766)</u>	
Fund Balance per Government Fund (GAAP)				<u>\$ 2,555,308</u>	

CAPE MAY CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$ 90,582	\$ -	\$ 90,582	\$ 90,582	\$ -
Federal sources	136,829	30,130	166,959	166,959	
Total revenues	<u>227,411</u>	<u>30,130</u>	<u>257,541</u>	<u>257,541</u>	
EXPENDITURES:					
Instruction:					
Salaries of teachers	165,700		165,700	165,700	
Purchase Prof Tech		1,800	1,800	1,800	
Tuition	47,291	4,840	52,131	52,131	
General supplies	8,000	2,077	10,077	10,077	
Total instruction	<u>220,991</u>	<u>8,717</u>	<u>229,708</u>	<u>229,708</u>	
Support services:					
Personal services - employee benefits		19,487	19,487	19,487	
Other purchased services	6,420	1,726	8,146	8,146	
Supplies and Materials		200	200	200	
Total support services	<u>6,420</u>	<u>21,413</u>	<u>27,833</u>	<u>27,833</u>	
Facilities acquisition and const. serv.:					
Instructional equipment					
Total facilities acquisition and const. serv.:					
Total expenditures	<u>227,411</u>	<u>30,130</u>	<u>257,541</u>	<u>257,541</u>	
Total outflows	<u>227,411</u>	<u>30,130</u>	<u>257,541</u>	<u>257,541</u>	
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 4,834,108	\$ 257,541
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.	50,763	9,501
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)	(37,766)	(9,058)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 4,847,105	\$ 257,984
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 4,482,242	\$ 257,541
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	\$ 4,482,242	\$ 257,541

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 Six Fiscal Years

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0029620673%	0.0028242867%	0.0028805056%	0.0027185222%	0.0018551999%	0.0039536573%
District's proportionate share of the net pension liability (asset)	\$ 583,216	\$ 657,449	\$ 853,123	\$ 610,254	\$ 347,344	\$ 755,622
District's covered-employee payroll	191,765	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	304.13%	277.18%	410.38%	309.84%	188.94%	399.75%
Plan fiduciary net position as a percentage of the total pension liability	40.45%	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 Six Fiscal Years

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 33,194	\$ 29,463	\$ 26,164	\$ 25,590	\$ 23,372	\$ 15,294
Contributions in relation to the contractually required contributions	<u>(33,194)</u>	<u>(29,463)</u>	<u>(26,164)</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>	<u>\$ -</u>
District's covered-employee payroll	237,191	237,191	207,887	196,958	183,842	189,026
Contributions as a percentage of covered-employee payroll	13.99%	12.42%	12.59%	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 Six Fiscal Years

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0144954202%	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	<u>\$ 9,221,675</u>	<u>\$ 9,546,370</u>	<u>\$ 11,362,489</u>	<u>\$ 9,633,381</u>	<u>\$ 8,151,601</u>	<u>\$ 7,783,558</u>
Total	<u><u>\$ 9,221,675</u></u>	<u><u>\$ 9,546,370</u></u>	<u><u>\$ 11,362,489</u></u>	<u><u>\$ 9,633,381</u></u>	<u><u>\$ 8,151,601</u></u>	<u><u>\$ 7,783,558</u></u>
District's covered-employee payroll	1,715,479	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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.49%	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
Last Two Fiscal Years

	June 30, 2019	June 30, 2018
	<u> </u>	<u> </u>
State's proportion of the net OPEB liability (asset) associated with the District	0.02%	0.02%
District's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 8,298,594	\$ 9,646,738
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 8,298,594</u>	<u>\$ 9,646,738</u>
Plan fiduciary net position as a percentage of the total OPEB Liability	0.00%	0.00%
	<u> </u>	<u> </u>
	June 30, 2018	June 30, 2018
	<u> </u>	<u> </u>
Total OPEB Liability		
Service Cost	\$ 272,213	\$ 326,151
Interest	351,297	303,793
Difference between expected and actual experiences	(805,117)	
Changes of assumptions	(952,305)	(1,208,100)
Member Contributions	7,669	8,228
Benefit payments	<u>(221,901)</u>	<u>(223,439)</u>
Net Change in total OPEB Liability	\$ (1,348,144)	\$ (793,367)
Total OPEB Liability - beginning	<u>\$ 9,646,738</u>	<u>\$ 10,440,105</u>
Total OPEB Liability - ending	<u>\$ 8,298,594</u>	<u>\$ 9,646,738</u>
District's covered-employee payroll	1,907,244	1,837,892
Total OPEB Liability as a percentage of covered-employee payroll	435.11%	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
Pension Schedules
For the Fiscal Year Ended June 30, 2019

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

Changes of benefit term: There were none.

Changes of assumptions: For 2018, the discount rate changed to 4.86% and the long-term rate of return remained at 7.00%. For 2017, the discount rate changed to 4.25% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.22% and the long-term rate of return changed to 7.65% from 7.90%. Also, for 2016, demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012 – June 30, 2015 experience study. For 2015, the discount rate changed to 4.13%. For 2013, the discount rate was 4.68%

2. Public Employees' Retirement System (PERS)

Changes of benefit term: There were none.

Changes of assumptions: For 2018, the discount rate changed to 5.66% and the long-term rate of return remained at 7.00%. For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98% and the long-term rate of return changed to 7.65% from 7.90%. Also, for 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 – June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further salary increases were assumed to increase between 1.65% and 4.15% (based on age) through year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90% and the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(1)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%

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: In 2018 the discount rate changed to 3.87% from 3.85% as of June 30, 2017. In 2018, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions. The discount rate was 2.85% as of June 30, 2016.

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, 2019

	No Child Left Behind (N.C.L.B.)			Individuals With Disabilities Act (I.D.E.A.)		Preschool Education Aid	Total
	Title I Current Year	Title II - Part A Current Year	Title IV - Part A Current Year	Part B - Basic Current Year	Part B - Preschool Current Year		
REVENUES:							
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,582	\$ 90,582
Federal sources	94,605	8,146	10,000	52,131	2,077	-	166,959
Total Revenues	94,605	8,146	10,000	52,131	2,077	90,582	257,541
EXPENDITURES:							
Instruction:							
Salaries of Teachers	75,118					90,582	165,700
Purchase Prof Tech			1,800				1,800
Tuition				52,131			52,131
Other Purchased Services							
General Supplies			8,000		2,077		10,077
Total instruction	75,118		9,800	52,131	2,077	90,582	229,708
Support services:							
Personal Services - Employee Benefits	19,487						19,487
Other Purchased Services		8,146					8,146
Supplies			200				200
Total support services	19,487	8,146	200				27,833
Facilities acquisition and const. serv.:							
Instructional equipment							
Total facilities acquisition and const. serv.:							
Total Expenditures	94,605	8,146	10,000	52,131	2,077	90,582	257,541
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, 2019

<u>District-Wide Total</u>			
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 90,582	\$ 90,582	\$ -
Other salaries for instruction			
Total Instruction	90,582	90,582	
Support Services:			
Salaries of supervisor of instruction			
Personal Services - Employee Benefits			
Total support services			
Total expenditures	\$ 90,582	\$ 90,582	\$ -

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2018-2019 Preschool Education Allocation	\$ 90,582
Add: Actual Preschool Ed Aid Carryover (June 30, 2018)	
Total Preschool Education Aid Funds Available for 2018-2019	90,582
Less: 2018-2019 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	(90,582)
Available & Unbudgeted Preschool Education Funds as of June 30, 2019	
Add: June 30, 2019 Unexpended Preschool Education Aid	
2018-2019 Preschool Education Aid Carryover	\$ -
2018-2019 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2019-20	\$ -

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, 2019**

Revenues and Other Financing Sources:

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

Expenditures and Other Financing (Uses):

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

Excess (deficiency) or revenues over (under) expenditures	-
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Fund Balance - July 1, 2018	149
-----------------------------	-----

Fund Balance - June 30, 2019	\$ 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, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SCC Grant	\$ 11,196	\$ -	\$ 11,196	\$ 11,196
Transfer from capital outlay	16,571		16,571	16,571
	<u>27,767</u>	<u>-</u>	<u>27,767</u>	<u>27,767</u>
Total revenues				
Expenditures and Other Financing Uses:				
Purchased professional services	2,998		2,998	2,998
Construction services	24,620		24,620	24,620
	<u>27,618</u>	<u>-</u>	<u>27,618</u>	<u>27,618</u>
Excess (deficiency) or revenues over (under) expenditures				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149</u>	<u>\$ 149</u>
Additional project information:				
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	\$ -			
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, 2019

	Child Care Program	Food Service	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 101	\$ 59,128	\$ 59,229
Accounts Receivable:			
State	-	52	52
Federal	-	3,678	3,678
Other	2,641	-	2,641
Inventories	-	3,133	3,133
Total Current Assets	<u>2,742</u>	<u>65,991</u>	<u>68,733</u>
Fixed Assets:			
Equipment	-	9,964	9,964
Less: Accumulated Depreciation	<u>-</u>	<u>(8,909)</u>	<u>(8,909)</u>
Total Fixed Assets	<u>-</u>	<u>1,055</u>	<u>1,055</u>
Total Assets	<u>\$ 2,742</u>	<u>\$ 67,046</u>	<u>\$ 69,788</u>
LIABILITIES:			
Current liabilities:			
Unearned Revenue	\$ -	\$ 350	\$ 350
Interfund Payable	<u>9,513</u>	<u>35,725</u>	<u>45,238</u>
Total Current Liabilities	<u>9,513</u>	<u>36,075</u>	<u>45,588</u>
NET POSITION:			
Net Investment in Capital Assets	-	1,055	1,055
Unreserved Retained Earnings	<u>(6,771)</u>	<u>29,916</u>	<u>23,145</u>
Total Net Position	<u>\$ (6,771)</u>	<u>\$ 30,971</u>	<u>\$ 24,200</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, 2019

	Child Care Program	Food Service	Total
OPERATING REVENUES:			
Local sources:			
Daily sales-reimbursable programs	\$ -	\$ 16,121	\$ 16,121
Total-daily sales-reimbursable programs		16,121	16,121
Daily sales non-reimbursable programs		3,379	3,379
Special functions		17	17
Program fees	6,565		6,565
Total operating revenue	6,565	19,517	26,082
OPERATING EXPENSES:			
Salaries	12,467	60,182	72,649
Employee benefits	953	4,604	5,557
Supplies and materials		412	412
Depreciation		517	517
Repairs and Maintenance		2,399	2,399
Miscellaneous		956	956
Cost of Sales - reimbursable programs		33,427	33,427
Cost of Sales - nonreimbursable programs		1,361	1,361
Total operating expenses	13,420	103,858	117,278
Operating income (loss)	(6,855)	(84,341)	(91,196)
Non-operating revenues:			
State sources:			
State school lunch program		901	901
Federal sources:			
National school lunch program		39,906	39,906
National school breakfast program		26,049	26,049
U.S.D.A. commodities		7,930	7,930
Interest revenue	5	44	49
Total non-operating revenues	5	74,830	74,835
Net income (loss) before transfers	(6,850)	(9,511)	(16,361)
Other Financing Sources and Uses:			
Operating transfers in			
Change in Net Position	(6,850)	(9,511)	(16,361)
Net Position - July 1	79	40,482	40,561
Net Position - June 30	\$ (6,771)	\$ 30,971	\$ 24,200

CAPE MAY CITY SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
for the Fiscal Year ended June 30, 2019

	Child Care Program	Food Service	Total
Cash flows from operating activities:			
Cash receipts from customers	\$ 3,924	\$ 19,788	\$ 23,712
Cash payments to employees for services	(12,467)	-	(12,467)
Cash payments to suppliers for goods and services	-	(129,243)	(129,243)
Net cash used by operating activities	<u>(8,543)</u>	<u>(109,455)</u>	<u>(117,998)</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	-	-	-
Cash received from state and federal reimbursements	-	67,278	67,278
Net cash provided by noncapital financing activities	<u>-</u>	<u>67,278</u>	<u>67,278</u>
Cash flows from capital financing activities:			
Purchases of fixed assets	-	-	-
Net cash used by capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest on investments	5	44	49
Net cash provided by investing activities	<u>5</u>	<u>44</u>	<u>49</u>
Net increase (decrease) in cash and cash equivalents	(8,538)	(42,133)	(50,671)
Cash and cash equivalents, July 1	<u>8,639</u>	<u>101,261</u>	<u>109,900</u>
Cash and cash equivalents, June 30	<u>\$ 101</u>	<u>\$ 59,128</u>	<u>\$ 59,229</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (6,855)	\$ (84,341)	\$ (91,196)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation	-	517	517
Federal commodities	-	7,930	7,930
Change in assets and liabilities:			
(Increase)/decrease in inventory	-	358	358
(Increase)/decrease in accounts receivable	(2,641)	-	(2,641)
Increase/(decrease) in interfund payable	953	(34,190)	(33,237)
Increase/(decrease) in unearned revenue	-	271	271
Net cash used by operating activities	<u>\$ (8,543)</u>	<u>\$ (109,455)</u>	<u>\$ (117,998)</u>

Fiduciary Funds
Detail Statements

CAPE MAY CITY SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Net Position
for the Fiscal Year Ended June 30, 2019

	<u>Agency Funds</u>	<u>Employee Benefit Trust Funds</u>	
	<u>Payroll</u>	<u>Unemployment Compensation Insurance Fund</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 988	\$ 4,856	\$ 5,844
Interfund Receivable	124	10,886	11,010
TOTAL ASSETS	<u>\$ 1,112</u>	<u>\$ 15,742</u>	<u>\$ 16,854</u>
LIABILITIES			
LIABILITIES:			
Cash Deficit	\$ 124	\$ -	\$ 124
Payroll Deductions Payable	974		974
Accounts Payable		132	132
Interfund Payable	14		14
Total Liabilities	<u>1,112</u>	<u>132</u>	<u>1,244</u>
NET POSITION			
Reserved for Unemployment Claims		15,610	15,610
Total Net Position	<u>\$ -</u>	<u>\$ 15,610</u>	<u>\$ 15,610</u>

CAPE MAY CITY SCHOOL DISTRICT
Fiduciary Fund
Statement of Changes in Fiduciary Net Position
for the Fiscal Year Ended June 30, 2019

	<u>Employee Benefit Trust Funds</u> <u>Unemployment Compensation Insurance Fund</u>
REVENUES:	
Local sources:	
Employee contributions	\$ 4,170
Interest on investments	<u>2</u>
Total Revenues	<u>4,172</u>
 EXPENDITURES:	
Current Expense:	
Undistributed Expenditures:	
Unemployment claims	<u>236</u>
Total Expenditures	<u>236</u>
Excess (deficiency) of revenues over (under) expenditures)	3,936
Net Position July 1, 2018	<u>11,674</u>
Net Position June 30, 2019	<u><u>\$ 15,610</u></u>

CAPE MAY CITY SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
for the Fiscal Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
ASSETS:				
Cash and cash equivalents	\$ 50,321	\$ 2,447,490	\$ 2,496,823	\$ 988
Total assets	<u>\$ 50,321</u>	<u>\$ 2,447,490</u>	<u>\$ 2,496,823</u>	<u>\$ 988</u>
LIABILITIES:				
Payroll deductions and withholdings	\$ - 25,420	\$ 124 931,512	\$ - 955,958	\$ 124 974
Net payroll		1,401,296	1,401,296	-
Interfund payable	24,901	114,682	139,569	14
Total liabilities	<u>\$ 50,321</u>	<u>\$ 2,447,490</u>	<u>\$ 2,496,823</u>	<u>\$ 988</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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
Net Investment in Capital Assets	\$ 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	\$ 1,309,084
Restricted for:										
Special Revenue	(3,197)	(3,028)	(2,478)	(3,366)	(4,319)	(6,622)	(10,077)	(6,622)	(9,501)	(9,058)
Capital Projects	75,590	75,662	75,688	75,723	75,753	75,784	814	814	963	963
Other Purposes	1,290,355	1,065,653	953,568	935,650	606,192	445,963	550,455	1,092,618	1,848,490	1,901,419
Unrestricted	101,144	222,232	360,364	139,660	(130,992)	(473,567)	(111,385)	(276,327)	(525,826)	(203,616)
Total Governmental Activities Net Position	<u>\$ 3,341,292</u>	<u>\$ 3,167,397</u>	<u>\$ 3,100,917</u>	<u>\$ 2,811,195</u>	<u>\$ 2,119,582</u>	<u>\$ 1,536,518</u>	<u>\$ 1,863,174</u>	<u>\$ 2,191,603</u>	<u>\$ 2,664,268</u>	<u>\$ 2,998,792</u>
Business-Type Activities:										
Net Investment in Capital Assets	\$ 1,943	\$ 1,723	\$ 4,891	\$ 4,338	\$ 3,784	\$ 3,231	\$ 2,678	\$ 2,125	\$ 1,572	\$ 1,055
Unrestricted	4,128	2,655	10,084	10,887	3,252	9,772	29,331	58,912	38,989	23,145
Total Business-Type Activities Net Position	<u>\$ 6,071</u>	<u>\$ 4,378</u>	<u>\$ 14,975</u>	<u>\$ 15,225</u>	<u>\$ 7,036</u>	<u>\$ 13,003</u>	<u>\$ 32,009</u>	<u>\$ 61,037</u>	<u>\$ 40,561</u>	<u>\$ 24,200</u>
District-Wide:										
Net Investment in Capital Assets	\$ 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	\$ 1,310,139
Restricted:										
Special Revenue	(3,197)	(3,028)	(2,478)	(3,366)	(4,319)	(6,622)	(10,077)	(6,622)	(9,501)	(9,058)
Capital Projects	75,590	75,662	75,688	75,723	75,753	75,784	814	814	963	963
Other Purposes	1,290,355	1,065,653	953,568	935,650	606,192	445,963	550,455	1,092,618	1,848,490	1,901,419
Unrestricted	105,272	224,887	370,448	150,547	(127,740)	(463,795)	(82,054)	(217,415)	(486,837)	(180,471)
Total District Net Position	<u>\$ 3,271,773</u>	<u>\$ 3,171,775</u>	<u>\$ 3,115,892</u>	<u>\$ 2,826,420</u>	<u>\$ 2,126,618</u>	<u>\$ 1,549,521</u>	<u>\$ 1,895,183</u>	<u>\$ 2,252,640</u>	<u>\$ 2,704,829</u>	<u>\$ 3,022,992</u>

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 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	\$ 1,479,658
Special education	156,120	135,315	201,479	174,812	186,529	171,441	203,176	168,574	117,852	120,214
Other instruction	82,984	75,584	161,915	135,795	187,810	157,194	197,190	78,871	155,457	163,986
Support Services:										
Tuition	9,124	2,255		63,881	170,479	89,986	88,431	122,621	112,400	102,844
Student & instruction related services	436,082	377,209	378,733	405,282	417,051	416,911	452,330	470,087	462,510	543,508
School administrative services	52,740	58,973	54,907	54,581	61,758	60,446	61,667	58,878	77,198	75,312
General and business administrative services	182,509	206,649	192,094	178,890	187,707	186,199	186,721	205,117	232,055	240,671
Plant operations and maintenance	449,175	386,030	411,389	397,424	361,714	338,590	396,742	388,374	396,402	606,522
Pupil transportation	60,076	77,806	16,392	63,840	71,543	55,063	53,207	70,351	52,533	76,766
Unallocated employee benefits	634,642	710,531	805,634	914,357	883,052	866,717	908,577	1,123,291	2,383,378	2,199,234
Interest on long-term debt										
Unallocated depreciation	5,861	4,502	4,322	4,512	7,690	3,899	3,080	2,910	3,039	3,074
Total governmental activities expenses	<u>3,477,848</u>	<u>3,489,106</u>	<u>3,547,796</u>	<u>3,798,537</u>	<u>3,788,437</u>	<u>3,659,343</u>	<u>3,821,285</u>	<u>4,127,884</u>	<u>5,455,505</u>	<u>5,611,789</u>
Business-type activities:										
Food service	97,465	84,647	84,851	81,148	98,066	112,031	105,936	110,228	120,167	103,858
Child care program	18,159	12,692	13,638	18,627	20,806	14,504	18,852	14,831	15,328	13,420
Total business-type activities expense	<u>115,624</u>	<u>97,339</u>	<u>98,489</u>	<u>99,775</u>	<u>118,872</u>	<u>126,535</u>	<u>124,788</u>	<u>125,059</u>	<u>135,495</u>	<u>117,278</u>
Total district expenses	<u>\$ 3,593,472</u>	<u>\$ 3,586,445</u>	<u>\$ 3,646,285</u>	<u>\$ 3,898,312</u>	<u>\$ 3,907,309</u>	<u>\$ 3,785,878</u>	<u>\$ 3,946,073</u>	<u>\$ 4,252,943</u>	<u>\$ 5,591,000</u>	<u>\$ 5,729,067</u>
Program Revenues:										
Governmental activities:										
Operating grants and contributions	475,426	359,720	267,301	457,559	137,419	470,970	563,360	660,564	1,933,738	1,654,438
Total governmental activities program revenues	<u>475,426</u>	<u>359,720</u>	<u>267,301</u>	<u>457,559</u>	<u>137,419</u>	<u>470,970</u>	<u>563,360</u>	<u>660,564</u>	<u>1,933,738</u>	<u>1,654,438</u>
Business-type activities:										
Charges for services:										
Food service	\$ 23,448	\$ 21,283	\$ 20,453	\$ 20,870	\$ 17,981	\$ 17,897	\$ 19,733	\$ 25,988	\$ 25,686	\$ 19,517
Child care program	14,132	18,109	18,457	16,894	12,835	20,663	13,483	13,224	14,774	6,565
Operating grants and contributions	71,033	47,893	57,209	52,652	63,850	73,932	93,046	96,329	74,514	74,786
Capital grants and contributions										
Total business type activities program revenues	<u>108,613</u>	<u>87,285</u>	<u>96,119</u>	<u>90,416</u>	<u>94,666</u>	<u>112,492</u>	<u>126,262</u>	<u>135,541</u>	<u>114,974</u>	<u>100,868</u>
Total district program revenues	<u>\$ 584,039</u>	<u>\$ 447,005</u>	<u>\$ 363,420</u>	<u>\$ 547,975</u>	<u>\$ 232,085</u>	<u>\$ 583,462</u>	<u>\$ 689,622</u>	<u>\$ 796,105</u>	<u>\$ 2,048,712</u>	<u>\$ 1,755,306</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (3,002,422)	\$ (3,129,386)	\$ (3,280,495)	\$ (3,340,978)	\$ (3,651,018)	\$ (3,188,373)	\$ (3,257,925)	\$ (3,467,320)	\$ (3,521,767)	\$ (3,957,351)
Business-type activities	(7,011)	(10,054)	(2,370)	(9,359)	(24,206)	(14,043)	1,474	10,482	(20,521)	(16,410)
Total district-wide net expense	<u>\$ (3,009,433)</u>	<u>\$ (3,139,440)</u>	<u>\$ (3,282,865)</u>	<u>\$ (3,350,337)</u>	<u>\$ (3,675,224)</u>	<u>\$ (3,202,416)</u>	<u>\$ (3,256,451)</u>	<u>\$ (3,456,838)</u>	<u>\$ (3,542,288)</u>	<u>\$ (3,973,761)</u>

(Continued)

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

Exhibit J-2

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 1,849,389
Unrestricted grants and contributions	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	2,422,780
Investment earnings	30,016	23,488	26	35	1,767	63	30	23	21	
Miscellaneous income	26,866	65,572	87,240	1,867	41,262	68,288	48,030	22,411	44,494	19,706
Transfers	(1,943)	(8,343)	(12,945)	(9,599)	(16,000)	(20,000)	(17,500)	(18,500)		
Total governmental activities	<u>2,913,398</u>	<u>2,955,491</u>	<u>3,214,015</u>	<u>3,008,513</u>	<u>2,959,405</u>	<u>3,331,141</u>	<u>3,584,581</u>	<u>3,795,749</u>	<u>3,994,432</u>	<u>4,291,875</u>
Business-type activities:										
Investment earnings	21	18	22	10	17	10	32	46	45	49
Transfers	1,943	8,343	12,945	9,599	16,000	20,000	17,500	18,500		
Total business-type activities	<u>1,964</u>	<u>8,361</u>	<u>12,967</u>	<u>9,609</u>	<u>16,017</u>	<u>20,010</u>	<u>17,532</u>	<u>18,546</u>	<u>45</u>	<u>49</u>
Total district-wide	<u>\$ 2,915,362</u>	<u>\$ 2,963,852</u>	<u>\$ 3,226,982</u>	<u>\$ 3,018,122</u>	<u>\$ 2,975,422</u>	<u>\$ 3,351,151</u>	<u>\$ 3,602,113</u>	<u>\$ 3,814,295</u>	<u>\$ 3,994,477</u>	<u>\$ 4,291,924</u>
Change in Net Position:										
Governmental activities	\$ (89,024)	\$ (173,895)	\$ (66,480)	\$ (332,465)	\$ (691,613)	\$ 142,768	\$ 326,656	\$ 328,429	\$ 472,665	\$ 334,524
Business-type activities	(5,047)	(1,693)	10,597	250	(8,189)	5,967	19,006	29,028	(20,476)	(16,361)
Total district-wide	<u>\$ (94,071)</u>	<u>\$ (175,588)</u>	<u>\$ (55,883)</u>	<u>\$ (332,215)</u>	<u>\$ (699,802)</u>	<u>\$ 148,735</u>	<u>\$ 345,662</u>	<u>\$ 357,457</u>	<u>\$ 452,189</u>	<u>\$ 318,163</u>

**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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Reserved for:										
Encumbrances	\$ -	\$ 9,042	\$ 2,916	\$ 650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital reserve	75,590	75,662	75,688	75,723	75,753	75,784	814	814	814	814
Maintenance reserve		200,000	200,000	150,000	50,028	48	68	88	100,098	200,151
Emergency reserve		50,000	50,000	50,000	50,000	50,000	13,049	13,931	-	-
Impact Aid reserve								400,003	700,013	1,100,364
Unreserved - designated for subsequent year's expenditures	1,290,355	806,611	700,652	735,000	506,164	395,915	537,338	678,596	930,967	600,904
Unreserved	252,935	419,830	534,895	283,809	(28,768)	346,922	699,046	585,976	341,141	653,075
Total general fund	\$ 1,618,880	\$ 1,561,145	\$ 1,564,151	\$ 1,295,182	\$ 653,177	\$ 868,669	\$ 1,250,315	\$ 1,679,408	\$ 2,073,033	\$ 2,555,308
All Other Governmental Funds										
Reserved:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,412	\$ -
Unreserved, reported in:										
Special revenue fund	(3,197)	(3,028)	(2,478)	(3,366)	(4,319)	(6,622)	(10,077)	(6,622)	(9,501)	(9,058)
Capital projects fund									149	149
Debt service fund										
Total all other governmental funds	\$ (3,197)	\$ (3,028)	\$ (2,478)	\$ (3,366)	\$ (4,319)	\$ (6,622)	\$ (10,077)	\$ (6,622)	\$ 108,060	\$ (8,909)

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

Exhibit J-4

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax levy	\$ 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	\$ 1,849,389
Tuition charges	30,016	23,488	48,564	25,934	38,136	68,063	41,996	21,911	15,611	16,979
Interest earnings	7,299	5,393	1,806	35	1,767	63	50	23	21	404
Miscellaneous	19,567	60,179	36,896	18,676	3,126	225	6,014	500	28,734	2,323
State sources	666,747	585,765	674,332	783,053	790,233	846,276	1,005,437	1,034,524	1,127,695	1,238,267
Federal sources	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	1,997,727
Total revenue	3,401,814	3,323,554	3,494,261	3,518,414	3,112,824	3,822,111	4,165,441	4,474,813	4,754,133	5,105,089
Expenditures										
Instruction										
Regular Instruction	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	1,425,601
Special education instruction	156,120	135,315	201,479	174,812	186,529	171,441	203,176	168,574	117,852	120,214
Other instruction	82,984	75,584	161,915	135,795	187,810	157,194	154,075	78,871	155,457	163,986
Support Services:										
Tuition	9,124	2,255	-	63,881	170,479	89,986	88,431	122,621	112,400	102,844
Student & instruction related services	436,082	377,209	378,733	405,282	417,051	416,911	452,330	470,087	462,510	543,508
General and business admin. services	86,664	103,682	84,269	87,922	103,930	100,239	100,218	111,109	135,972	131,626
School administrative services	52,740	58,973	54,907	54,581	61,758	60,446	61,667	58,878	77,198	75,312
Central Services	84,122	93,965	99,181	81,943	74,719	78,161	80,344	88,190	90,008	102,897
Plant operations and maintenance	369,615	367,561	356,221	358,351	348,127	323,731	284,342	326,226	337,913	468,000
Pupil transportation	60,076	77,806	16,392	63,840	71,543	55,063	53,207	70,351	52,533	76,766
Unallocated employee benefits	634,642	710,531	805,634	914,357	883,052	911,940	935,434	1,069,288	1,217,766	1,379,305
Capital outlay	77,165	24,466	35,538	65,536	3,161	3,161	103,161	59,360	79,156	149,724
Debt service:										
Principal										
Interest and other charges										
Total expenditures	3,370,505	3,372,777	3,477,760	3,778,672	3,739,782	3,588,922	3,769,750	4,023,765	4,245,826	4,739,783
Excess (Deficiency) of revenues over (under) expenditures	31,309	(49,223)	16,501	(260,258)	(626,958)	233,189	395,691	451,048	508,307	365,306
Other Financing Sources (Uses):										
Transfers in	16,571									
Transfers out	(18,514)	(8,343)	(12,945)	(9,599)	(16,000)	(20,000)	(17,500)	(18,500)		
Total other financing sources (uses)	(1,943)	(8,343)	(12,945)	(9,599)	(16,000)	(20,000)	(17,500)	(18,500)	-	-
Net change in fund balances	\$ 29,366	\$ (57,566)	\$ 3,556	\$ (269,857)	\$ (642,958)	\$ 213,189	\$ 378,191	\$ 432,548	\$ 508,307	\$ 365,306
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>Building Use</u>	<u>Refund of Prior Year Expenditures</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2019	978	16,979	662	1,032	55	19,706
	<u>\$ 19,353</u>	<u>\$ 330,698</u>	<u>\$ 72,249</u>	<u>\$ 87,721</u>	<u>\$ 13,404</u>	<u>\$ 523,425</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
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
2019	69,618,400	2,230,627,200	432,392,700	127,325,200	2,859,963,500		2,859,963,500	431,388,400	0.066	2,964,429,051

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 Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Regional School District	City of Cape May	Cape May County	
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
2019	0.066		0.066	0.275	0.363	0.283	0.987

Source: Municipal Tax Collector

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

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

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

Exhibit J-8

Taxpayer	2019		Taxpayer	2010	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Congress Hall, LLC	\$ 28,418,200	0.99%	Congress Hall LLC	\$ 28,412,795	1.01%
ADIS Inc.	25,967,400	0.91%	Oceanfront Properties LLC	25,304,795	0.90%
Oceanfront Properties, LLC	25,310,200	0.88%	ADIS Inc.	20,878,501	0.75%
Pella, LLC	13,256,800	0.46%	Ocean Club Hotel CM, LLC	12,500,000	0.45%
Ocean Club Hotel CM, LLC	13,000,000	0.45%	Cape Coachman Realty, LLC	11,989,500	0.43%
Cape Coachman Realty, LLC	11,989,500	0.42%	Osprey Landing Development Co. LLC	11,780,300	0.42%
Kejzman Hospitality, LLC	11,476,100	0.40%	Kejzman Enterprises, LLC	11,473,100	0.41%
Montreal Inn	10,089,700	0.35%	Montreal Inn	10,089,700	0.36%
Spicer Creek Homes, LLC	88,331,200	3.09%	Keystone Inc.	9,837,735	0.35%
Individual #1	8,812,600	0.31%	Individual #1	8,812,600	0.31%
Total	\$ 236,651,700	8.43%		\$ 151,079,026	5.40%

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 ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2019	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 ^a	Per Capita ^b
	General Obligation Bonds	Unfunded Pension Liability	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
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%	-
2019	-	-	-	-	-	-	0.00%	-

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

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

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

Exhibit J-11

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
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%	-
2019	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, 2018**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
City of Cape May	\$ 45,341,221	100.000%	\$ 45,341,221
Lower Cape May Regional School Debt	9,017,000	39.529%	3,564,312
County of Cape May - City's Share	336,536,298	5.685%	<u>19,132,089</u>
Subtotal, overlapping debt			68,037,622
Cape May City School District Direct Debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 68,037,622</u></u>

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

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2019

	Equalized valuation basis	
	2016	\$ 2,851,780,166
	2017	2,828,616,970
	2018	2,934,935,267
	[A]	<u>\$ 8,615,332,403</u>
Average equalized valuation of taxable property	[A/3]	\$ 2,871,777,468
Debt limit (2.5% of average equalized valuation)	[B]	71,794,437
Net bonded school debt	[C]	-
Legal debt margin	[B-C]	<u>\$ 71,794,437</u>

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 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	\$ 71,794,437
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$ 71,794,437</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 ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2010	3,613	\$ 161,392,710	\$ 44,670	12.8%
2011	3,587	168,198,017	46,891	13.4%
2012	3,573	173,972,943	48,691	14.4%
2013	3,547	175,374,321	49,443	14.6%
2014	3,528	181,064,016	51,322	12.9%
2015	3,506	189,257,386	53,981	12.5%
2016	3,490	195,003,750	55,875	11.2%
2017	3,477	202,792,548	58,324	10.3%
2018	3,448	e	e	9.6%
2019	e	e	e	e

Source:

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

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

Exhibit J-16

<u>Function/Program</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>	<u>2019</u>
Instruction										
Regular	17.2	13.9	14.6	14.6	15.6	15.6	16.6	17.6	18.2	18.2
Special education	0.8	0.7	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Other special education	7.8	4.5	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
Other instruction	1.7	4.7	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Support Services:										
Student & instruction related services	1.7	2.7	2.5	2.0	2.0	2.0	2.0	2.0	2.5	2.5
School administrative services	1.0	1.8	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
General and business administrative services	1.3	2.5	2.0	2.1	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									
Business and other support services	0.8									
Special Schools	0.0	0.3								
Food Service	1.0	1.0	1.0	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Total	<u>36.6</u>	<u>35.1</u>	<u>32.4</u>	<u>32.6</u>	<u>33.6</u>	<u>33.6</u>	<u>34.6</u>	<u>35.6</u>	<u>36.7</u>	<u>36.7</u>

Source: District Personnel Records

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

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
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	8.11		168.1	158.6	-14.57%	94.31%
2019	153	4,590,059	30,000.39	26.72%	21.7	7.05		151.2	142.1	-10.05%	93.94%

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>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>	<u>2019</u>
<u>District Building</u>										
<u>Elementary</u>										
Cape May City Elementary (1967)										
Square Feet	32,412	32,412	32,412	32,412	32,412	32,412	32,412	32,412	32,412	32,412
Capacity (students)	275	275	275	275	275	275	275	275	275	275
Enrollment	176	153	144	134	160	175	188	197	168	151

Number of Schools at June 30, 2019
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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
* School Facilities											
Cape May City Elementary	\$ 131,943	\$ 105,404	\$ 122,351	\$ 123,542	\$ 135,364	\$ 132,526	\$ 104,586	\$ 127,018	\$ 115,883	\$ 137,296	\$ 1,235,913
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>\$ 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>\$ 137,296</u>	<u>\$ 1,235,913</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, 2019**

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
Blanket Valuable Papers & Records	10,000,000	1,000
Limited Builders Risk	10,000,000	1,000
Employee Dishonesty	25,000	500
Environmental	1,000,000	25,000
Electronic Data Processing	80,000	1,000
Equipment Breakdown	100,000,000	1,000
Errors & Omissions	4,000,000	5,000
General Liability	5,000,000	
Business Auto	5,000,000	
Workers Compensation	2,000,000	
Faithful Performance	25,000	500
Forgery & Alteration	25,000	500
Money & Securities	25,000	500
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

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 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, 2019. 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, 2019.

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
November 8, 2019

CAPE MAY CITY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2019

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, 2018			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	June 30, 2019		
						Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
U.S. Department of Education															
<u>General Fund:</u>															
Impact Aid	84.041	S041B183047	40-NJ-2019-0208	\$ 1,335,867	07/01/18-06/30/19	\$ -	\$ -	\$ -	\$ -	\$ 1,335,867	\$(1,335,867)	\$ -	\$ -	\$ -	\$ -
Impact Aid	84.041	S041B173047	40-NJ-2018-0208	305,634	07/01/17-06/30/18	-	-	-	-	305,634	(305,634)	-	-	-	-
Impact Aid	84.041	S041B153047	40-NJ-2016-0208	158,417	07/01/15-06/30/16	-	-	-	-	158,417	(158,417)	-	-	-	-
Department of Defense	12.558	57NJ201610146	40-NJ-2017-0208	30,850	07/01/16-06/30/17	-	-	-	-	30,850	(30,850)	-	-	-	-
Total General Fund						-	-	-	-	1,830,768	(1,830,768)	-	-	-	-
U.S. Department of Education															
<u>Special Revenue Fund:</u>															
<u>Every Student Succeeds Act (ESSA)</u>															
Title I	84.010	S010A190030	ESSA-0710-19	94,605	07/01/18-06/30/19					46,803	(94,605)		(47,802)		
Title I	84.010	S010A180030	ESSA-0710-18	93,897	07/01/17-06/30/18	(24,165)				24,165	-		-		
Title IIA	84.367	S367A190029	ESSA-0710-19	8,146	07/01/18-06/30/19					1,746	(8,146)		(6,400)		
Title IIA	84.367	S367A180029	ESSA-0710-18	8,025	07/01/17-06/30/18	(398)				398	-		-		
Title IV	84.424	S424A190029	ESSA-0710-19	10,000	07/01/18-06/30/19					1,041	(10,000)		(8,959)		
Title IV	84.424	S424A180029	ESSA-0710-18	10,000	07/01/17-06/30/18	(7,507)				7,507	-		-		
<u>Individuals With Disabilities Act (I.D.E.A.)</u>															
Part B - Basic	84.027	H027A190100	IDEA-0710-19	52,131	07/01/18-06/30/19					25,425	(52,131)		(26,706)		
Part B - Basic	84.027	H027A180100	IDEA-0710-18	57,009	07/01/17-06/30/18	(14,971)				14,971	-		-		
Part B - Preschool	84.173	H173A170114	IDEA-0710-19	2,077	07/01/18-06/30/19					1,270	(2,077)		(807)		
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						(65,874)	-	-	-	142,159	(166,959)	-	(90,674)	-	-
U.S. Department of Agriculture															
<u>Enterprise Fund:</u>															
Food Distribution Program	10.565	181NJ304N1099	N/A	7,930	07/01/18-06/30/19					7,930	(7,930)				
School Breakfast Program	10.553	181NJ304N1099	N/A	26,049	07/01/18-06/30/19					24,643	(26,049)		(1,406)		
School Breakfast Program	10.553	171NJ304N1099	N/A	25,408	07/01/17-06/30/18	(1,551)				1,551	-		-		
National School Lunch Program	10.555	181NJ304N1099	N/A	39,906	07/01/18-06/30/19					37,634	(39,906)		(2,272)		
National School Lunch Program	10.555	171NJ304N1099	N/A	39,805	07/01/17-06/30/18	(2,538)				2,538	-		-		
Total Enterprise Fund						(4,089)	-	-	-	74,296	(73,885)	-	(3,678)	-	-
Total Federal Awards						\$ (69,963)	\$ -	\$ -	\$ -	\$ 2,047,223	\$(2,071,612)	\$ -	\$ (94,352)	\$ -	\$ -

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, 2019

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2018				Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Paid to Grantor	Adjustments	June 30, 2019		
				Accounts Receivable	Deferred Revenue	Due to Grantor at	Due to Grantor at						(Accounts Receivable)	Deferred Revenue	Due to Grantor at
State Department of Education															
<u>General Fund:</u>															
Reimbursement of Nonpublic Transportation Aid	18-103190	\$ 870	07/1/18 - 06/30/19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (870)	\$ -	\$ -	\$ (870)	\$ -	\$ -
Transportation Aid	19-495-034-5120-014	5,993	07/1/18 - 06/30/19						5,580	(5,993)			(413)		
Transportation Aid	18-495-034-5120-014	5,993	07/1/17 - 06/30/18	(545)					545						
Special Education Categorical Aid	19-495-034-5120-089	78,905	07/1/18 - 06/30/19						73,471	(78,905)			(5,434)		
Special Education Categorical Aid	18-495-034-5120-089	78,905	07/1/17 - 06/30/18	(7,180)					7,180						
Security Aid	19-495-034-5120-084	40,306	07/1/18 - 06/30/19						37,530	(40,306)			(2,776)		
Security Aid	18-495-034-5120-084	40,306	07/1/17 - 06/30/18	(15,115)					15,115						
Adjustment Aid	19-495-034-5120-085	243,650	07/1/18 - 06/30/19						226,871	(243,650)			(16,779)		
Adjustment Aid	18-495-034-5120-085	262,174	07/1/17 - 06/30/18	(23,858)					23,858						
School Choice Aid	19-495-034-5120-068	179,532	07/1/18 - 06/30/19						167,168	(179,532)			(12,364)		
School Choice Aid	18-495-034-5120-068	166,092	07/1/17 - 06/30/18	(3,668)					3,668						
PARCC Readiness Aid	18-495-034-5120-098	1,330	07/1/17 - 06/30/18	(121)					121						
Per Pupil Growth Aid	17-495-034-5120-097	1,330	07/1/16 - 06/30/17	(121)					121						
Professional Learning Community Aid	17-495-034-5120-101	1,700	07/1/16 - 06/30/17	(155)					155						
Extraordinary Aid	19-495-034-5120-044	29,759	07/1/18 - 06/30/19							(29,759)			(29,759)		
Extraordinary Aid	18-495-034-5120-044	2,963	07/1/17 - 06/30/18	(2,963)					2,963						
On Behalf TPAF - Pension Contributions	19-495-034-5094-002	298,614	07/1/18 - 06/30/19						298,614	(298,614)					
On Behalf TPAF Post Retirement	19-495-034-5094-001	135,450	07/1/18 - 06/30/19						135,450	(135,450)					
On Behalf - LTDI	19-495-034-5094-004	336	07/1/18 - 06/30/19						336	(336)					
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	120,830	07/1/18 - 06/30/19						120,830	(120,830)					
Total General Fund				(53,726)	-	-	-	-	1,119,576	(1,134,245)	-	-	(68,395)	-	-
<u>Special Revenue Fund</u>															
Preschool Education Aid - Current Year	19-495-034-5120-086	90,582	07/1/18 - 06/30/19						81,524	(90,582)			(9,058)		
Preschool Education Aid - Prior Year	18-495-034-5120-086	95,007	07/1/17 - 06/30/18	(9,501)					9,501						
Total Special Revenue Fund				(9,501)	-	-	-	-	91,025	(90,582)	-	-	(9,058)	-	-
State Department of Agriculture															
<u>Enterprise Fund:</u>															
State School Lunch Program	19-100-010-3350-023	901	07/1/18 - 06/30/19						849	(901)			(52)		
State School Lunch Program	18-100-010-3350-023	995	07/1/17 - 06/30/18	(62)					62						
Total Enterprise Fund				(62)	-	-	-	-	911	(901)	-	-	(52)	-	-
Total State Financial Assistance				<u>\$ (63,289)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,211,512</u>	<u>\$ (1,225,728)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (77,505)</u>	<u>\$ -</u>	<u>\$ -</u>
Less: State Financial Assistance Not Subject to Major Program Determination															
On-Behalf TPAF Contribution - Pension (Non-Budgeted)										(298,614)					
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted)										(135,450)					
On-Behalf TPAF Contribution - LTDI (Non-Budgeted)										(336)					
Total State Financial Assistance Subject to Major Program Determination										<u>\$ (791,328)</u>					

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

**Cape May City School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2019**

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 \$12,997 in the general fund and \$443 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.

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 1,830,768	\$ 1,147,242	\$ 2,978,010
Special Revenue Fund	166,959	91,025	257,984
Food Service Fund	<u>73,885</u>	<u>901</u>	<u>74,786</u>
Total Awards & Financial Assistance	<u>\$ 2,071,612</u>	<u>\$ 1,239,168</u>	<u>\$ 3,310,780</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, 2019
(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, 2019. 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, 2019.

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, 2019

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? X yes 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>S041B180347</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>

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, 2019

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>19-495-034-5120-068</u>	State Aid Public Cluster: <u>School Choice Aid</u>
<u>19-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>19-495-034-5120-084</u>	<u>Security Aid</u>
<u>19-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

**CAPE MAY CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

Finding No. 2019-001

Criteria or specific requirement:

New Jersey Department of Education regulations do not permit deficits in any fund.

Condition:

The child care program had a deficit fund balance as of June 30, 2019.

Context:

The deficit was \$6,771 as of June 30, 2019.

Effect:

Noncompliance with state regulations.

Cause:

Salaries and benefits exceeded program revenue.

Recommendation:

That the District establish a plan to eliminate the deficit fund balance.

View of Responsible Officials and Planned Corrective Action:

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

**CAPE MAY CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**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

There were no prior year audit findings

STATE AWARDS

There were no prior year audit findings