

*SCHOOL DISTRICT*

*OF*

*NEPTUNE CITY*

Neptune City Board of Education  
Neptune, New Jersey

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

# NEPTUNE CITY SCHOOL DISTRICT

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## **INTRODUCTORY SECTION**

# Neptune City Board of Education

210 West Sylvania Avenue  
Neptune City, N.J. 07753-6299  
732-775-5319  
FAX 732-775-4335

Christine Oppegaard  
President  
William Folk  
Bd. Sec./Bus. Admin  
Anthony Susino  
Gordon Cousins  
Marissa Smith

Debra Mercora, Ed. D.  
Chief School Administrator

Anthony Susino  
Vice-President  
David Calhoun  
Antonio Lopez  
Michelle Lewis  
Lisa Houllier  
Christina Mordaunt

December 1, 2015

Honorable President and  
Members of the Board of Education  
Neptune City School District  
Monmouth County, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Neptune City School District (District) for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). 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 begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and questioned costs are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:**

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District has a sending-receiving relationship with Neptune Township School District for grades 9-12 that includes regular, vocational and special education for handicapped youngsters. Other opportunities available to high school students are Red Bank Regional High School for Performing Arts, Marine Academy of Science and Technology (MAST), High Technology High School, Academy of Allied Health and Science, Communications High School and Bio-technology High School.

The District completed the 2014-2015 fiscal year with an average daily enrollment of 379 students, which is seventeen students less than the previous year’s average daily enrollment. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment (K-8)

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2015	379	4.3%
2014	396	2.5%
2013	406	2.8%
2012	395	1.5%
2011	389	2.2%

**2) ECONOMIC CONDITION AND OUTLOOK:**

The Borough of Neptune City is located in the southeastern quadrant of Monmouth County and is comprised of 576 acres or approximately .9 square miles. The community is considered fully developed and is predominantly residential.

**3) MAJOR INITIATIVES:**

Free and appropriate public education for all children is a cornerstone of a democratic society that values the worth and dignity of each individual. The primary goal of the Neptune City School District is to offer educational opportunities to each young person that will enable him/her to function politically, economically and socially in a fast changing complex world. To achieve this goal, the District provides a planned program of learning that incorporates lessons and experiences, both in and out of the classroom, into the curriculum. The District appreciates the need for continuous improvement of the instructional program and will strive relentlessly to provide an educational system that assists every pupil to reach his/her potential.

Through the utilization of modern technology and scientific advancements in today’s world, the students have been afforded many opportunities. The integration of technology into the curriculum is being emphasized and achieved. In addition, the District has recognized the advantage of offering a

structured education to children at an early age and has therefore established a tuition based pre-school program for four year olds.

The District has begun a program to educate its students with special needs in the least restrictive environment, their resident district. In keeping with that philosophy, the District has established an integrated Pre-school class.

#### **4) INTERNAL ACCOUNTING CONTROLS:**

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

As a recipient of 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, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

#### **6) ACCOUNTING SYSTEM 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) DEBT ADMINISTRATION:**

At June 30, 2015, the District had outstanding debt of \$6,760,000.00.

**8) CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Financial Statements”, Note 2. The District has adopted a cash management plan 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.

**9) RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds.

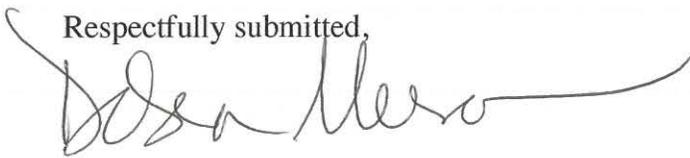
**10) OTHER INFORMATION:**

**A) Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Alvino and Shechter, CPAs, was selected by the Board’s audit committee. 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, as amended by the Single Audit Act Amendments of 1996, and the related OMB Circular A-133 and New Jersey OMB’s Circulars 04-04 and 15-08. The auditor’s report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

**11) ACKNOWLEDGMENTS:**

We would like to express our appreciation to the members of the Neptune City School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

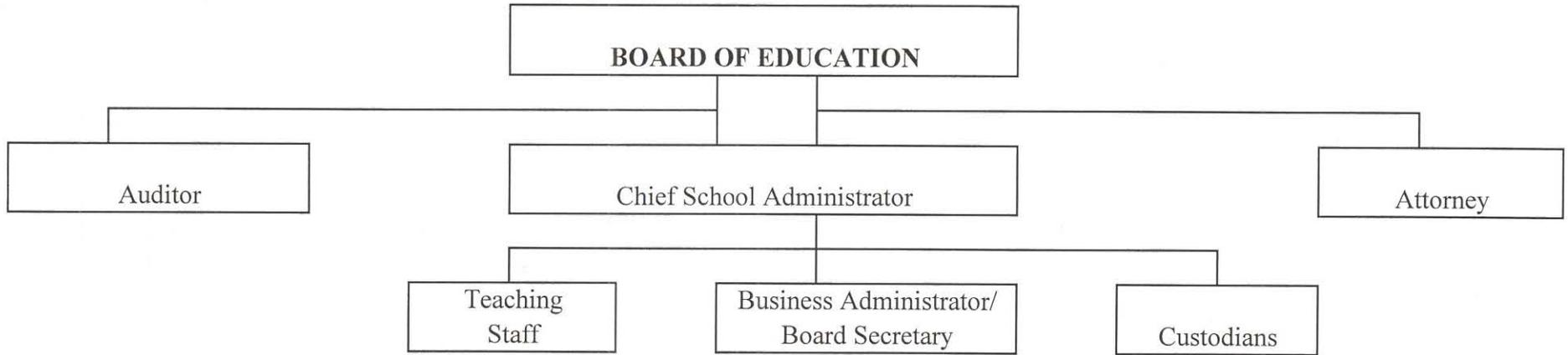


Debra Mercora, Ed. D.  
Chief School Administrator



William Folk  
Board Secretary/Business Administrator

**NEPTUNE CITY BOARD OF EDUCATION  
ORGANIZATIONAL CHART**



# NEPTUNE CITY BOARD OF EDUCATION

## ROSTER OF OFFICIALS JUNE 30, 2015

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Christine Oppegaard - President	2015
Anthony Susino - Vice President	2017
Lisa Houllier	2016
David Calhoun	2017
Antonio Lopez	2015
Michelle Lewis	2017
Christina Mordaunt	2015
Gordon Cousins	2016
<u>Other Officials</u>	
Debra Mercora, Ed. D. - Chief School Administrator/Treasurer	
William Folk - Board Secretary/School Business Administrator	
Sanford D. Brown, Esq. - Solicitor	

# NEPTUNE CITY BOARD OF EDUCATION

## CONSULTANTS AND ADVISORS

### AUDIT FIRM

Allen B. Shechter, CPA, RMA, PSA  
Alvino & Shechter, L.L.C.  
110 Fortunato Place  
Neptune, NJ 07753

### ATTORNEY

Sanford D. Brown  
Law Offices LLC  
257 Monmouth Road  
Bldg. A, Suite 103  
Oakhurst, NJ 07755

### OFFICIAL DEPOSITORIES

Bank of America  
522 Main Street  
Bradley Beach, NJ 07720

Kearny Federal Savings  
300 West Sylvania Avenue  
Neptune City, NJ 07753

**FINANCIAL SECTION**

# ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

110 Fortunato Place

Neptune, New Jersey 07753-3767

VINCENT J. ALVINO, CPA, PSA  
ALLEN B. SHECHTER, CPA, RMA, PSA

Phone: (732) 922-4222  
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**Member**

American Institute of Certified Public Accountants  
New Jersey Society of Certified Public Accountants  
PCPS of the AICPA Division of CPA Firms

## INDEPENDENT AUDITOR'S REPORT

The Honorable President and  
Members of the Board of Education  
Neptune City Board of Education  
County of Monmouth, New Jersey

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Neptune City School District (the "District") in the County of Monmouth, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 District's internal control. Accordingly, we 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.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Neptune City School District, in the County of Monmouth, as of June 30, 2015, 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.

## Emphasis of Matter

### *Change in Accounting Principle*

As discussed in Note 1 to the basic financial statements, in 2015, the District adopted Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement 68). Our opinions are not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

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

## Other Information

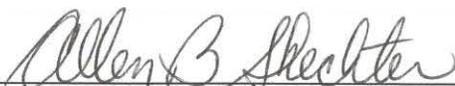
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying introductory section, supplementary information such as the combining and individual non-major fund financial statements section, statistical section, schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedule of expenditures of federal awards and the schedule of 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, we do not express an opinion or provide any assurance on it.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

  
Allen B. Shechter  
Licensed Public School Accountant No. 2183  
Certified Public Accountant

November 30, 2015  
Neptune, New Jersey

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

**NEPTUNE CITY PUBLIC SCHOOL DISTRICT  
NEPTUNE CITY, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**(Unaudited)**

The discussion and analysis of the Neptune City Public School District's financial performance provides an overall review of the school district's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in the Government Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

### **Financial Highlights**

Key financial highlights for the 2014-2015 fiscal year are as follows:

In total, net position increased \$138,092 primarily due to unexpended appropriations.

General revenues were \$8,866,248 which represents 87.2% of revenues for the year. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$1,303,826 or 12.8% of total revenues of \$10,170,074.

The School District had \$10,031,982 in expenses and only \$1,303,826 was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and State of New Jersey and Federal Aid) of \$8,866,248 were adequate to provide for these programs.

The General Fund had \$8,573,846 in revenues and \$8,673,189 in expenditures. The General Fund's balance decreased \$99,343 from June 2014. This decrease was anticipated by the Board of Education.

### **Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Neptune City Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at the specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these

statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District’s most significant funds with all other non-major funds presented in total in one column. In the case of Neptune City Public School District, General Fund is by far the most significant fund.

## **Reporting the School District as a Whole**

### **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during the 2014-2015 fiscal year?” The *Statement of Net Position and the Statement of Activities* helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s net position and changes in the net position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District’s property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the *Statement of Net Position and the Statement of Activities*, the School District is divided into two distinct kinds of activities:

Governmental activities – All of the School District’s programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

## **Reporting the School District’s Most Significant Funds**

### **Fund Financial Statements**

The analysis of the School District’s major funds begins on page 19. Fund financial reports provide detailed information about the School District’s funds. The School District uses many funds to account for a multitude of financial transactions. The School District’s governmental funds are the General Fund, Special Revenue Fund and Capital Projects Fund.

### **Governmental Funds**

The School District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other

financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs, The relationship (or differences) between governmental activities (reported in the *Statement of Net Position and the Statement of Activities*) and the governmental funds is reconciled in the financial statements.

**Enterprise Fund**

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, those statements are essentially the same.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 27 to 48 of this report.

**The School District as a Whole**

Recall that the *Statement of Net Position* provides the perspective of the School District as a whole. Net Position may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's net assets for 2015 and 2014.

**Table 1  
Net Position**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Current and Other Assets	\$1,165,078	\$1,349,818
Capital Assets, Net	<u>\$9,743,045</u>	<u>\$9,947,884</u>
Total Assets	<u>\$10,908,123</u>	<u>\$11,297,702</u>
<b>Deferred Outflows of Resources</b>	<u>208,673</u>	<u>0.00</u>
<b>Liabilities</b>		
Current Liabilities	\$333,230	\$872,598
Long-Term Liabilities	<u>\$8,238,006</u>	<u>\$6,840,875</u>
Total Liabilities	<u>\$8,571,236</u>	<u>\$7,713,473</u>
<b>Deferred Inflows of Resources</b>	<u>\$84,252</u>	<u>\$199</u>
<b>Net Position</b>		
Invested in Capital Assets, Net of Related Debt	\$2,983,045	\$2,762,884
Restricted	\$496,349	\$513,022
Unrestricted (Deficit)	<u>\$(1,018,086)</u>	<u>\$308,124</u>
<b>Total Net Position</b>	<u>\$2,461,308</u>	<u>\$3,584,030</u>

Table 2 shows the changes in net position for the fiscal years 2015 and 2014.

**Table 2**  
**Changes in Net Position**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$57,500	\$78,648
Operating Grants and Contributions	\$1,246,325	\$755,503
Capital Grants and Contributions	\$0	\$0
General Revenues		
Property Taxes	\$6,461,619	\$5,891,628
Grants and Entitlements	\$2,361,027	\$2,338,857
Other	<u>\$43,603</u>	<u>\$24,482</u>
Total Revenues	<u>\$10,170,074</u>	<u>\$9,089,118</u>
<b>Program Expenses</b>		
Instruction	\$3,414,833	\$3,191,575
Support Services		
Pupils and Instructional Staff	\$4,761,345	\$4,371,410
General Administration, School Administration, Business Operations and Maintenance of Facilities	\$1,037,468	\$938,754
Pupil Transportation	\$184,646	\$207,489
Food Service	\$148,438	\$155,832
Other	<u>\$485,252</u>	<u>\$536,743</u>
Total Expenses	<u>\$10,031,982</u>	<u>\$9,401,803</u>
Increase (Decrease) in Net Position Before Other Items	\$138,092	\$(312,685)
Other Decrease	<u>\$0</u>	<u>\$0</u>
<b>Increase (Decrease) in Net Position</b>	<u>\$138,092</u>	<u>\$(312,685)</u>

## Governmental Activities

The unique nature of property taxes in New Jersey may create the need to annually seek voter approval for the School District operations. Effective with the 2012-2013 budget, voter approval is only necessary when seeking to exceed the state imposed property tax levy CAP. Property taxes made up 72.9 percent of revenues for governmental activities for the Neptune City Public School District for the fiscal year 2015. Federal and state grants accounted for another 26.6 percent of revenues.

Program expenses include instruction that comprises 34.0 percent of the total expenses. Support services comprise 59.6 percent of total expenses.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services for the year ended June 30, 2015. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions

Table 3

	<b>Total Cost of Services <u>2015</u></b>	<b>Net Cost of Services <u>2015</u></b>	<b>Total Cost of Services <u>2014</u></b>	<b>Net Cost of Services <u>2014</u></b>
Instruction	\$3,414,833	\$2,548,921	\$3,191,575	\$2,730,682
Support Services				
Pupils and Instructional Staff	\$4,761,345	\$4,546,914	\$4,371,410	\$4,166,913
General Administration, School Administration, Business Operations and Maintenance of Facilities	\$1,037,468	\$976,518	\$938,754	\$916,910
Pupil Transportation	\$184,646	\$184,646	\$207,489	\$207,489
Food Service	\$148,438	\$(14,096)	\$155,832	\$8,916
Other	<u>\$485,252</u>	<u>\$485,253</u>	<u>\$536,743</u>	<u>\$536,743</u>
<b>Total Expenses</b>	<u>\$10,031,982</u>	<u>\$8,728,156</u>	<u>\$9,401,803</u>	<u>\$8,567,653</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and central services include expenses associated with administrative and financial supervision of the district.

Maintenance of facilities activities involves keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

The dependence upon tax revenues is apparent. The community, as a whole, is the primary support for the Neptune City Public School District.

**The School District’s Funds**

Information about the School District’s governmental funds starts on page 19. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$9,547,838 and expenditures of \$9,647,180.

At the end of the current fiscal year, the Board’s governmental funds reported combined ending fund balances of \$866,873. Of this fund balance, \$197,038 is unassigned which is available for spending at the Board’s discretion. The remainder of fund balance is restricted or assigned to indicate that it is not available for spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$33,577), 2) for capital reserve (\$11,316), 3) for excess surplus (\$343,355), 4) for excess surplus designated for subsequent year’s expenditures (\$141,675). Unassigned general fund balance represents 2.3% of total general fund expenditures.

**General Fund Budgeting Highlights**

The School District’s budget is prepared according to the law of the State of New Jersey, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrance. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2015 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems designed to tightly control total program budgets but provide flexibility for program management. Revisions in the budget were made to recognize revenues and expenditures that were not anticipated and to prevent over expenditures in specific expense accounts.

**Capital Assets**

At the end of the 2015 fiscal year, the School District had \$9,729,876 invested in buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2015 balances.

**Table 4**  
**Capital Assets (Net of Depreciation) at June 30**

	<u>2015</u>	<u>2014</u>
Land	\$30,000	\$30,000
Construction in Progress	0	0
Buildings and Improvements	\$9,688,034	\$9,892,581
Machinery and Equipment	\$11,842	\$10,262
Trucks	<u>0</u>	<u>0</u>
Totals	<u>\$9,729,876</u>	<u>\$9,932,843</u>

## **Debt Administration**

At June 30, 2015, the School District had \$6,833,050 as outstanding debt. This amount consisted of compensated absences (\$73,050) and bonds payable (\$6,760,000).

As of June 30, 2015, the School District's legal debt margin was \$7,908,502. For more detailed information, please refer to the *Notes to the Financial Statements*.

## **For the Future**

The Neptune City Public School District is in good financial condition presently. The Borough of Neptune City is primarily a residential community, thus the burden is on the homeowner to fund the taxes needed to operate the school. Other funding sources have increased minimally and future finances will be with challenges. The decrease in Fund Balance available to be utilized in future budgets and level state funding will cause difficulty to comply with the CAP on tax levies as mandated by the State of New Jersey.

The Borough of Neptune City has designated an area in the Eastern section of the Borough as in need of redevelopment. This may affect the School District, however, such effect cannot be accurately projected at this time.

In conclusion, the Neptune City Public School District has committed itself to financial excellence for many years. The School District plans to continue its system of sound financial planning, budgeting and internal controls to meet the challenges of the future.

## **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact William Folk, School Business Administrator/Board Secretary at Neptune City Board of Education, 210 West Sylvania Avenue, Neptune City, NJ 07753.

# **BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	834,991.11	69,531.53	904,522.64
Receivables, Net	211,659.77	36,038.99	247,698.76
Inventory	.00	1,541.00	1,541.00
Restricted Assets:			
Capital Reserve Account - Cash	11,316.01	.00	11,316.01
Capital Assets, Net (Note 5):	<u>9,729,875.82</u>	<u>13,169.26</u>	<u>9,743,045.08</u>
Total Assets	<u>10,787,842.71</u>	<u>120,280.78</u>	<u>10,908,123.49</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Outflows Related to Pensions	<u>208,673.00</u>	<u>.00</u>	<u>208,673.00</u>
<b>LIABILITIES:</b>			
Accounts Payable	122,846.71	12,507.71	135,354.42
Other Payable	36,592.13	728.33	37,320.46
Accrued Interest	128,900.66	.00	128,900.66
Unearned Revenue	31,654.80	.00	31,654.80
Noncurrent Liabilities:			
Due Within One Year	445,000.00	.00	445,000.00
Due Beyond One Year	6,388,050.00	.00	6,388,050.00
Net Pension Liability	<u>1,404,956.00</u>	<u>.00</u>	<u>1,404,956.00</u>
Total Liabilities	<u>8,558,000.30</u>	<u>13,236.04</u>	<u>8,571,236.34</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Inflows Related to Pensions	83,728.00	.00	83,728.00
Deferred Commodities Revenue	<u>.00</u>	<u>523.95</u>	<u>523.95</u>
Total Deferred Inflows of Resources	<u>83,728.00</u>	<u>523.95</u>	<u>84,251.95</u>
<b>NET POSITION:</b>			
Invested in Capital Assets, Net of Related Debt	2,969,875.82	13,169.26	2,983,045.08
Restricted for:			
Debt Service	1.26	.00	1.26
Other Purposes	496,347.77	.00	496,347.77
Unrestricted (Deficit)	<u>(1,111,437.44)</u>	<u>93,351.53</u>	<u>(1,018,085.91)</u>
Total Net Position	<u>\$ 2,354,787.41</u>	<u>106,520.79</u>	<u>2,461,308.20</u>

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

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

Exhibit A-2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes In Net Position</u>		
		<u>Indirect Expense Allocation</u>	<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>GOVERNMENTAL ACTIVITIES:</b>								
Instruction:								
Regular Instruction	1,623,168.54	1,093,744.68	9,900.00	734,112.42	.00	(1,972,900.80)	.00	(1,972,900.80)
Special Education Instruction	355,575.91	258,220.62	.00	121,899.36	.00	(491,897.17)	.00	(491,897.17)
Other Special Instruction	49,723.27	.00	.00	.00	.00	(49,723.27)	.00	(49,723.27)
Other Instruction	34,399.51	.00	.00	.00	.00	(34,399.51)	.00	(34,399.51)
Support Services:								
Tuition	3,852,571.87	.00	.00	.00	.00	(3,852,571.87)	.00	(3,852,571.87)
Student & Instruction Related Services	638,037.35	270,735.39	.00	214,430.47	.00	(694,342.27)	.00	(694,342.27)
General Administration	222,080.46	166,388.24	.00	60,949.68	.00	(327,519.02)	.00	(327,519.02)
School Administrative Services	109,156.65	30,582.90	.00	.00	.00	(139,739.55)	.00	(139,739.55)
Central Services	136,004.89	.00	.00	.00	.00	(136,004.89)	.00	(136,004.89)
Plant Operations and Maintenance	313,747.12	59,507.79	.00	.00	.00	(373,254.91)	.00	(373,254.91)
Pupil Transportation	184,645.73	.00	.00	.00	.00	(184,645.73)	.00	(184,645.73)
Unallocated Employee Benefits	1,879,179.62	(1,879,179.62)	.00	.00	.00	(.00)	.00	(.00)
Interest on Long-Term Debt	280,983.85	.00	.00	.00	.00	(280,983.85)	.00	(280,983.85)
Unallocated Depreciation	204,268.82	.00	.00	.00	.00	(204,268.82)	.00	(204,268.82)
Total Governmental Activities	<u>\$ 9,883,543.59</u>	<u>.00</u>	<u>9,900.00</u>	<u>1,131,391.93</u>	<u>.00</u>	<u>(8,742,251.66)</u>	<u>.00</u>	<u>(8,742,251.66)</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>								
Food Service	<u>148,438.22</u>	<u>.00</u>	<u>47,600.40</u>	<u>114,933.35</u>	<u>.00</u>	<u>.00</u>	<u>14,095.53</u>	<u>14,095.53</u>
Total Business-Type Activities	<u>148,438.22</u>	<u>.00</u>	<u>47,600.40</u>	<u>114,933.35</u>	<u>.00</u>	<u>.00</u>	<u>14,095.53</u>	<u>14,095.53</u>
Total Primary Government	<u>\$10,031,981.81</u>	<u>.00</u>	<u>57,500.40</u>	<u>1,246,325.28</u>	<u>.00</u>	<u>(8,742,251.66)</u>	<u>14,095.53</u>	<u>(8,728,156.13)</u>
<b>GENERAL REVENUES:</b>								
Taxes:								
Property Taxes Levied for General Purposes, Net						5,926,358.00	.00	5,926,358.00
Taxes Levied for Debt Service						535,261.00	.00	535,261.00
State Aid Not Restricted						2,361,027.00	.00	2,361,027.00
Investment Earnings						2,805.70	127.40	2,933.10
Miscellaneous Income						40,669.13	.00	40,669.13
Total General Revenues						<u>8,866,120.83</u>	<u>127.40</u>	<u>8,866,248.23</u>
Change in Net Position						123,869.17	14,222.93	138,092.10
Net Position - Beginning (Restated)						<u>2,230,918.24</u>	<u>92,297.86</u>	<u>2,323,216.10</u>
Net Position - Ending						<u>\$2,354,787.41</u>	<u>106,520.79</u>	<u>2,461,308.20</u>

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

## **FUND FINANCIAL STATEMENTS**

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information fund type.

**NEPTUNE CITY SCHOOL DISTRICT**

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Fund</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	834,989.85	.00	1.26	834,991.11
Interfunds Receivable	22,310.20	.00	.00	22,310.20
Receivables from Other Governments	154,294.77	57,365.00	.00	211,659.77
Restricted Cash and Cash Equivalents	<u>11,316.01</u>	<u>.00</u>	<u>.00</u>	<u>11,316.01</u>
Total Assets	<u>\$1,022,910.83</u>	<u>57,365.00</u>	<u>1.26</u>	<u>1,080,277.09</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
Accounts Payable	122,846.71	.00	.00	122,846.71
Interfunds Payable	33,192.13	25,710.20	.00	58,902.33
Unearned Revenue	<u>.00</u>	<u>31,654.80</u>	<u>.00</u>	<u>31,654.80</u>
Total Liabilities	<u>156,038.84</u>	<u>57,365.00</u>	<u>.00</u>	<u>213,403.84</u>
Fund Balances:				
Restricted for:				
Excess Surplus - Current Year	343,355.10	.00	.00	343,355.10
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	141,675.40	.00	.00	141,675.40
Capital Reserve	11,316.01	.00	.00	11,316.01
Debt Service	.00	.00	1.26	1.26
Assigned for:				
Designated by BOE for Subsequent Year's Expenditures	139,910.60	.00	.00	139,910.60
Other Purposes	33,576.88	.00	.00	33,576.88
Unassigned:				
General Fund	<u>197,038.00</u>	<u>.00</u>	<u>.00</u>	<u>197,038.00</u>
Total Fund Balances	<u>866,871.99</u>	<u>.00</u>	<u>1.26</u>	<u>866,873.25</u>
Total Liabilities and Fund Balances	<u>\$1,022,910.83</u>	<u>57,365.00</u>	<u>1.26</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 governmental funds. The cost of the assets is \$11,909,512.05 and the accumulated depreciation is \$(2,179,636.23) (See Note 5).

9,729,875.82

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 (See Note 10).

Deferred Outflows of Resources from Pensions	208,673.00	
Net Pension Liability	(1,404,956.00)	
Deferred Inflows of Resources from Pensions	<u>(83,728.00)</u>	(1,280,011.00)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 6)

(6,833,050.00)

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an interest expenditure is reported when due.

(128,900.66)

Net Position of Government Funds \$2,354,787.41

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

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

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Fund</u>
<b>REVENUES:</b>				
Local Sources:				
Local Tax Levy	5,926,358.00	.00	535,261.00	6,461,619.00
Tuition from Individuals	9,900.00	.00	.00	9,900.00
Interest Earned on Capital Reserve	45.17	.00	.00	45.17
Interest Earned on Investments	2,760.53	.00	.00	2,760.53
Miscellaneous	40,669.13	.00	.00	40,669.13
Total - Local Sources	5,979,732.83	.00	535,261.00	6,514,993.83
State Sources	2,594,112.73	.00	178,049.00	2,772,161.73
Federal Sources	.00	260,682.20	.00	260,682.20
Total Revenues	<u>8,573,845.56</u>	<u>260,682.20</u>	<u>713,310.00</u>	<u>9,547,837.76</u>
<b>EXPENDITURES:</b>				
Current:				
Regular Instruction	1,476,496.83	159,444.00	.00	1,635,940.83
Special Education Instruction	355,575.91	.00	.00	355,575.91
Other Special Instruction	49,723.27	.00	.00	49,723.27
Other Instruction	34,399.51	.00	.00	34,399.51
Support Services:				
Tuition	3,852,571.87	.00	.00	3,852,571.87
Student & Instruction Related Services	536,799.15	101,238.20	.00	638,037.35
General Administration	221,541.26	.00	.00	221,541.26
School Administrative Services	109,156.65	.00	.00	109,156.65
Central Services	136,004.89	.00	.00	136,004.89
Plant Operations and Maintenance	313,066.12	.00	.00	313,066.12
Pupil Transportation	184,645.73	.00	.00	184,645.73
Employee Benefits	1,400,407.62	.00	.00	1,400,407.62
Debt Service:				
Principal	.00	.00	425,000.00	425,000.00
Interest and Other Charges	.00	.00	288,309.43	288,309.43
Capital Outlay	2,800.00	.00	.00	2,800.00
Total Expenditures	<u>8,673,188.81</u>	<u>260,682.20</u>	<u>713,309.43</u>	<u>9,647,180.44</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(99,343.25)</u>	<u>.00</u>	<u>.57</u>	<u>(99,342.68)</u>
Net Change in Fund Balances	(99,343.25)	.00	.57	(99,342.68)
Fund Balance - July 1	966,215.24	.00	.69	966,215.93
Fund Balance - June 30	<u>\$ 866,871.99</u>	<u>.00</u>	<u>1.26</u>	<u>866,873.25</u>

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

**NEPTUNE CITY SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2015**

Total net change in fund balances - governmental funds (from B-2) (99,342.68)

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

Capital outlays are reported in 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	(205,766.73)	
Capital Outlay	<u>2,800.00</u>	(202,966.73)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 425,000.00

In the statement of activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. 13,050.00

In the statement of activities, pension expenses are measured by the liability accrued during the year. In the governmental funds, however, expenditures are reported in the amount of financial resources used (paid).

Increase in Pension Expense - PERS		(19,197.00)
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Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due.		<u>7,325.58</u>
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Change in net position of governmental activities		<u>\$123,869.17</u>
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The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Statements of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	<u>Food Service Fund</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	69,531.53
Accounts Receivable:	
State	144.03
Federal	7,851.58
Interfund	24,666.57
Other	3,376.81
Inventories	<u>1,541.00</u>
Total Current Assets	<u>107,111.52</u>
Noncurrent Assets:	
Equipment	71,880.08
Less Accumulated Depreciation	<u>(58,710.82)</u>
Total Noncurrent Assets	<u>13,169.26</u>
Total Assets	<u>120,280.78</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	12,507.71
Prepaid Accounts	<u>728.33</u>
Total Current Liabilities	<u>13,236.04</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred Commodities Revenue	<u>523.95</u>
Total Deferred Inflows of Resources	<u>523.95</u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	13,169.26
Unrestricted	<u>93,351.53</u>
Total Net Position	<u>\$106,520.79</u>

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

**NEPTUNE CITY SCHOOL DISTRICT**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Food Service Fund</u>
<b>OPERATING REVENUES:</b>	
Local Sources:	
Daily Sales - Reimbursable Programs	30,802.03
Daily Sales - Non-Reimbursable Programs	7,281.92
Satellite Sales - Non-Reimbursable Programs	<u>9,516.45</u>
Total Operating Revenues	<u>47,600.40</u>
<b>OPERATING EXPENSES:</b>	
Food Service Costs:	
Cost of Food	70,449.11
Wages	45,046.86
Payroll Taxes and Benefits	6,903.59
Insurance	4,261.32
Supplies	6,375.06
Miscellaneous	2,677.77
Management Fee	<u>8,000.00</u>
	143,713.71
Other Expenses:	
Repairs	974.66
Supplies	1,877.86
Depreciation	<u>1,871.99</u>
Total Operating Expenses	<u>148,438.22</u>
Operating Loss	<u>(100,837.82)</u>
<b>NON-OPERATING REVENUES:</b>	
State Sources:	
State School Lunch Program	1,927.97
Federal Sources:	
National School Lunch Program	89,408.23
School Breakfast Program	12,605.65
Food Distribution Program (Non-Cash)	10,991.50
Interest Earnings	<u>127.40</u>
Total Non-Operating Revenues	<u>115,060.75</u>
Income Before Contributions and Transfers	14,222.93
Operating Transfer In: Board Contribution	<u>.00</u>
Change in Net Position	14,222.93
Total Net Position - July 1 (Adjusted)	<u>92,297.86</u>
Total Net Position - June 30	<u>\$106,520.79</u>

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

**NEPTUNE CITY SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2015**

	<b><u>Food Service Fund</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received from Daily and Satellite Sales	48,520.83
Payments to Food Service Vendor	(171,019.25)
Payments for Other Expenses	<u>(1,984.52)</u>
Net Cash Used for Operating Activities	<u>(124,482.94)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>	
State Reimbursements	2,025.97
Federal Reimbursements	<u>100,950.40</u>
Net Cash Provided by Non-Capital Financing Activities	<u>102,976.37</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest on Investments	<u>127.40</u>
Net Cash Provided by Investing Activities	<u>127.40</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(21,379.17)
Cash and Cash Equivalents - July 1	<u>90,910.70</u>
Cash and Cash Equivalents - June 30	<u>\$ 69,531.53</u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</b>	
Operating Loss	<u>(100,837.82)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities	
Depreciation	1,871.99
Food Distribution Program - Federal Assistance (Non-Cash)	11,316.66
(Increase) Decrease in Inventories	(627.61)
Increase (Decrease) in Accounts Payable	(37,126.59)
(Increase) Decrease in Other Accounts Receivable	192.10
Increase (Decrease) in Prepaid Accounts	<u>728.33</u>
Total Adjustments	<u>(23,645.12)</u>
Net Cash Used for Operating Activities	<u>\$ (124,482.94)</u>

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

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

	<b><u>Unemployment Compensation Trust</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS:</b>		
Cash and Cash Equivalents	126,887.26	3,598.84
Accounts Receivable:		
Payroll Service Vendor	1,924.36	.00
Interfunds	<u>6,464.11</u>	<u>5,461.45</u>
Total Assets	<u>135,275.73</u>	<u>9,060.29</u>
<b>LIABILITIES:</b>		
Accounts Payable	.00	3,052.34
Payroll Deductions and Withholdings	.00	2,682.33
Due to Student Groups	<u>.00</u>	<u>3,325.62</u>
Total Liabilities	<u>.00</u>	<u>9,060.29</u>
<b>NET POSITION:</b>		
Held in Trust for Unemployment Claims and Other Purposes	<u>135,275.73</u>	
Total Net Position	<u>\$135,275.73</u>	

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

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

**Unemployment  
Compensation  
Trust**

**ADDITIONS:**

	Contributions:	
	Plan Member	<u>5,340.24</u>
	Total Contributions	<u>5,340.24</u>
	Investment Earnings:	
	Interest	<u>555.55</u>
	Net Investment Earnings	<u>555.55</u>
	Total Additions	<u>5,895.79</u>

**DEDUCTIONS:**

	Unemployment Claims	<u>20,417.56</u>
	Total Deductions	<u>20,417.56</u>
	Change in Net Position	(14,521.77)
	Net Position - July 1	<u>149,797.50</u>
	Net Position - June 30	<u>\$135,275.73</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Introduction**

The Neptune City School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education of Neptune City 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.

**A. Reporting Entity:**

The Neptune City School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three year-terms. The purpose of the District is to educate students in grades K-8.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the district holds the corporate powers of the organization
- the district appoints a voting majority of the organization's board
- the district is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the district
- there is a fiscal dependency by the organization on the district

Based on the aforementioned criteria, the District has no component units.

**B. New Accounting Standards:**

During fiscal year 2015, the District adopted the following GASB statements:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria.
- GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68 in the accrual-basis financial statements of employers and nonemployer contributing entities.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. New Accounting Standards (Cont'd):**

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB Statement No. 72, *Fair Value Measurement and Application*, will be effective beginning with the year ending June 30, 2016. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements. The District does not expect this Statement to impact its financial statements.
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68, and amendments to certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the year ending June 30, 2016, except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for the year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The District does not expect this Statement to impact its financial statements.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, will be effective beginning with the year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The District does not expect this Statement to impact its financial statements.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The District does not expect this Statement to impact its financial statements.
- GASB Statement No. 76, *The Hierarchy of General Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the year ending June 30, 2016. The objective of this Statement is to identify - in the context of the governmental financial reporting environment - the hierarchy of generally accepted accounting principles. Management is currently evaluating the impact of the adoption of this Statement.

**C. Basis of Presentation, Basis of Accounting:**

The School District's basic financial statements consist of District-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.

**Basis of Presentation:**

*District-Wide Statements:* The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**C. Basis of Presentation, Basis of Accounting (Cont'd):**

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment 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. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB Statement No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

**General Fund:** The general fund is the general operating fund of the District and is used to account for all expendable 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 which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP as it pertains to governmental entities states 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 that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

**Special Revenue Fund:** The special revenue fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Debt Service Fund:** The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

The District reports the following proprietary fund:

**Enterprise (Food Service) Fund:** The enterprise fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (ie. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**C. Basis of Presentation, Basis of Accounting (Cont'd):**

Additionally, the District reports the following fund type:

**Fiduciary Funds:** The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Insurance Trust Fund.

**Basis of Accounting:**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*District-Wide, Proprietary, and Fiduciary Fund Financial Statements:* The District-Wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. 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 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 District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**D. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. The Board voted to adopt P.L. 2001 c.202 effective January 17, 2012, which eliminated the annual voter referendum on budgets which meet the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting except for the special revenue fund as described later. 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. 6:20-2A.2(m)1.

All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and GAAP with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as presented in the Notes to Required Supplementary Information. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at year end.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**D. Budgets/Budgetary Control (Cont'd):**

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting 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.

**E. 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. Open encumbrances in Governmental Funds, other than the Special Revenue Fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and service.

Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation 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.

**F. Assets, Liabilities, and Deferred Outflows/Inflows of Resources, and Net Position:**

**Cash, Cash Equivalents, and Investments:**

Cash and cash equivalents include 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. The Board classifies certificates of deposit which have maturity dates of less than twelve months from date of purchase as investments and are stated at cost.

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

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 depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of 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.

**Interfund Transactions:**

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

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**F. Assets, Liabilities, and Deferred Outflows/Inflows of Resources, and Net Position (Cont'd):**

Interfund Transactions (Cont'd):

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 1992 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. The cost of normal maintenance and repairs is not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.00.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<b>Asset Class</b>	<b>Estimated Useful Lives</b>
School Buildings	50
Building Improvements	20
Land Improvements	20
Office & Computer Equipment	5
Furniture	10
Other Equipment	10
Trucks	5

In the fund financial statements, fixed assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Unearned Revenue:

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-Wide 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. Bonds are recognized as a liability on the fund financial statements when due.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**F. Assets, Liabilities, and Deferred Outflows/Inflows of Resources, and Net Position (Cont'd):**

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-Wide 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. Bonds are recognized as a liability on the fund financial statements when due.

Net Position:

Net position represent the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets.

Fund Balance:

Beginning with the fiscal year 2011, the District implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definition". The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

**Nonspendable** - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

**Restricted** - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

**Committed** - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit these amounts.

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balance first. Moreover, 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.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**F. Assets, Liabilities, and Deferred Outflows/Inflows of Resources, and Net Position (Cont'd):**

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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item, deferred outflows related to pensions that qualify for reporting in this category.

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 and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items, deferred inflows related to pensions and deferred commodities revenue, that qualify for reporting in this category. The latter item is reported in both the district-wide and the propriety funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

Revenues - Exchange and Nonexchange 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 the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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 District, available means within sixty days of the fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. 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 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. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest and tuition.

Operating Revenue and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and pension benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function is reported separately on the Statement of Activities.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**F. Assets, Liabilities, and Deferred Outflows/Inflows of Resources, and Net Position (Cont'd):**

Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The District is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at June 30, 2015, and reported at fair value, are as follows:

<u>Type</u>	<u>Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
<b>Deposits:</b>			
Demand Deposits			915,838.65
<b>Investments:</b>			
None			<u>.00</u>
<b>Total deposits and investments</b>			<b><u>\$915,838.65</u></b>
 <b>Reconciliation of Statement of Net Position</b>			
Current:			
Cash and Cash Equivalents			904,522.64
Restricted:			
Capital Reserve Account			<u>11,316.01</u>
			<b><u>\$915,838.65</u></b>

**Custodial Credit Risk** - Deposits in financial institutions, reported as components of cash, cash equivalents, and investments had a bank balance of \$1,084,295.18 at June 30, 2015. Of the bank balance \$445,889.89 was fully insured by depository insurance and \$638,405.29 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey statutes.

**Investment Interest Rate Risk** - The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Investment Credit Risk** - The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds;
3. Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor.
4. Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located;

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)**

**Investment Credit Risk (Cont'd):**

5. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by school district;
6. Local governments investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
8. Agreements for the repurchase of fully collateralized securities.

**Concentration of Investment Credit Risk** - The District places no limit on the amount it may invest in any one issuer. At June 30, 2015, the District had no investments.

**NOTE 3. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Borough of Neptune City Board of Education by inclusion of \$1.00 on September 26, 2000 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 district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a 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 year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both.. A 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-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning balance, July 1, 2014	\$11,270.84
Interest earnings	45.17
Deposits	
Approved by budget	.00
Withdrawals	
Board resolution	.00
Ending balance, June 30, 2015	<u>\$11,316.01</u>

**NOTE 4. RECEIVABLES**

Receivables at June 30, 2015, consisted of interfund and intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	<b>Governmental Fund Financial Statements</b>	<b>District-Wide Financial Statements</b>
State Aid	154,294.77	154,438.80
Federal Aid	57,365.00	65,216.58
Interfunds	22,310.20	24,666.57
Other	.00	<u>3,376.81</u>
Gross Receivables	233,969.97	247,698.76
Less: Allowance for Uncollectibles	.00	.00
Total Receivables, Net	<u>\$233,969.97</u>	<u>247,698.76</u>

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**NOTE 5. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Transfers or Additions</u>	<u>Transfers or Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	30,000.00	.00	.00	30,000.00
Total	<u>30,000.00</u>	<u>.00</u>	<u>.00</u>	<u>30,000.00</u>
Capital assets being depreciated:				
Site improvements	22,325.00	.00	.00	22,325.00
Building and building improvements	11,453,549.38	.00	.00	11,453,549.38
Machinery and equipment	395,837.67	2,800.00	.00	398,637.67
Truck	5,000.00	.00	.00	5,000.00
Total capital assets being depreciated	<u>11,876,712.05</u>	<u>2,800.00</u>	<u>.00</u>	<u>11,879,512.05</u>
Total at historical cost	<u>11,906,712.05</u>	<u>2,800.00</u>	<u>.00</u>	<u>11,909,512.05</u>
Less accumulated depreciation for:				
Site Improvements	(22,325.00)	(.00)	.00	(22,325.00)
Building and improvements	(1,560,968.73)	(204,546.53)	.00	(1,765,515.26)
Machinery and equipment	(385,575.77)	(1,220.20)	.00	(386,795.97)
Truck	(5,000.00)	(.00)	.00	(5,000.00)
Total accumulated depreciation	<u>(1,973,869.50)</u>	<u>(205,766.73)</u>	<u>.00</u>	<u>(2,179,636.23)</u>
Governmental activity capital assets, net	<u>\$ 9,932,842.55</u>	<u>(202,966.73)</u>	<u>.00</u>	<u>9,729,875.82</u>
<b>Business-Type Activities:</b>				
Capital assets being depreciated:				
Equipment	71,880.08	.00	.00	71,880.08
Less accumulated depreciation	<u>(56,838.83)</u>	<u>(1,871.99)</u>	<u>.00</u>	<u>(58,710.82)</u>
Enterprise fund capital assets, net	<u>\$ 15,041.25</u>	<u>(1,871.99)</u>	<u>.00</u>	<u>13,169.26</u>

**Depreciation expense was charged to the following governmental programs:**

Instruction	277.71
Support Services - Administration	539.20
Operation and Maintenance of Plant Services	681.00
Unallocated	<u>204,268.82</u>
Total	<u>\$205,766.73</u>

**6. LONG-TERM OBLIGATIONS**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

**A. Long-Term Obligation Activity:**

Change in long-term obligations for the year ended June 30, 2015, are as follows:

	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>	<u>Amounts Due Within One Year</u>
Compensated absences	86,100.00	15,075.00	(28,125.00)	73,050.00	.00
Bonds	<u>7,185,000.00</u>	<u>.00</u>	<u>(425,000.00)</u>	<u>6,760,000.00</u>	<u>445,000.00</u>
	<u>\$7,271,100.00</u>	<u>15,075.00</u>	<u>(453,125.00)</u>	<u>6,833,050.00</u>	<u>445,000.00</u>

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**6. LONG-TERM OBLIGATIONS (CONT'D)**

	<u>Government Activities</u>			<u>Principal</u>
	<u>Issue</u> <u>Date</u>	<u>Interest</u> <u>Rates</u>	<u>Date of</u> <u>Maturity</u>	<u>Balance</u> <u>June 30, 2015</u>
Bonds Payable	06/01/2006	4.125% - 4.200%	07/15/2026	<u>6,760,000.00</u>
<b>Total Bonds</b>				<u>\$6,760,000.00</u>

**B. Debt Service Requirements:**

Debt service requirements on serial bonds payable at June 30, 2015 are as follows:

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	445,000.00	270,365.63	715,365.63
2017	460,000.00	251,700.00	711,700.00
2018	480,000.00	232,312.50	712,312.50
2019	500,000.00	212,100.00	712,100.00
2020-2024	2,855,000.00	724,415.64	3,579,415.64
2025-2027	<u>2,020,000.00</u>	<u>128,821.88</u>	<u>2,148,821.88</u>
	<u>\$6,760,000.00</u>	<u>1,819,715.65</u>	<u>8,579,715.65</u>

**NOTE 7. FUND BALANCE APPROPRIATED**

General Fund - Of the \$866,871.99 General Fund fund balance at June 30, 2015, \$343,355.10 has been restricted for excess surplus; \$141,675.40 has been restricted for excess surplus at June 30, 2014 and has been appropriated and included as anticipated revenue for the year ending June 30, 2016; \$11,316.01 has been restricted for the Capital Reserve Account; \$33,576.88 of encumbrances for outstanding purchase orders have been assigned for other purposes; \$139,910.60 has been assigned to be designated for subsequent year's expenditures and included as anticipated revenue for the year ending June 30, 2016; and \$197,038.00 is unassigned.

**NOTE 8. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1997 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is \$343,355.10.

**NOTE 9. CONTINGENT LIABILITIES**

**Grant Programs:**

The School District participates in federal awards and state financial assistance grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**NOTE 10. PENSION PLANS**

**Description of Plans** - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**NOTE 10. PENSION PLANS (CONT'D)**

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund (TPAF) was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

*Summary of Significant Accounting Policies* - For purpose 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.

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$10,556,769 as measured on June 30, 2014 and \$10,909,795 as measured on June 30, 2013.

*For the year ended June 30, 2015, the District recognized pension expense of \$568,053 and revenue of \$568,053 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2015 is based upon changes in the collective net pension liability with a measurement period of June 30, 2013 through June 30, 2014. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2013 and June 30, 2014.*

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>06/30/2013</u>	<u>06/30/2014</u>
Collective deferred outflows of resources	-	\$2,306,623,861
Collective deferred inflows of resources	-	1,763,205,593
Collective net pension liability (Nonemployer-State of New Jersey)	\$50,539,213,484	53,446,745,367
State's portion of the net pension liability that was associated with the district	10,909,795	10,556,769
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.0215867914%	0.0197519398%

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**NOTE 10. PENSION PLANS (CONT'D)**

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

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Ret	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**NOTE 10. PENSION PLANS (CONT'D)**

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

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

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at <http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf15.pdf>.

*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 Pension and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

*Summary of Significant Accounting Policies* - 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.

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

At June 30, 2015, the District reported a liability of \$1,404,956 for its proportionate of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. The District's proportion of the net position liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 and 2013. At June 30, 2014, the District's proportion was 0.00750401% which was an increase of 0.00063628 from its proportion measured as of June 30, 2013.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**NOTE 10. PENSION PLANS (CONT'D)**

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

*For the year ended June 30, 2015, the District recognized pension expense of \$81,059. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:*

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	-	-
Changes of assumptions	44,179	-
Net difference between projected and actual earnings on pension plan investments	-	83,728
Changes in proportion and differences between District contributions and proportionate share of contributions	102,722	-
District contributions subsequent to the measurement date	<u>61,862</u>	<u>-</u>
Total	<u>\$208,763</u>	<u>\$83,728</u>

\$61,862 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (ie. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability measured as of June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<b><u>Year Ended June 30</u></b>
2016	\$22,012
2017	22,012
2018	22,012
2019	22,012
2020	(17,282)
Thereafter	<u>(7,593)</u>
Total	<u>\$ 63,173</u>

	<b><u>06/30/2013</u></b>	<b><u>06/30/2014</u></b>
Collective deferred outflows of resources	-	\$952,194,675
Collective deferred inflows of resources	-	1,479,224,662
Collective net pension liability (Non State - Local Group)	\$19,111,986,911	18,722,735,003
District's portion of net pension liability	1,312,561	1,404,956
District's portion %	0.00686738%	0.00750401%

*Actuarial assumptions* - The total pension liability in the July 1, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	3.01%
Salary Increases	
2012-2013:	2.15%-4.40% based on age
Thereafter:	3.15%-5.40% based on age
Investment Rate of Return:	7.90%

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**NOTE 10. PENSION PLANS (CONT'D)**

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

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

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability measured as of June 30, 2014, calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

	<u>1% Decrease (4.39%)</u>	<u>Current Discount Rate (5.39%)</u>	<u>1% Increase (6.39%)</u>
District's proportionate share of the net pension liability	\$1,767,486	\$1,404,956	\$1,100,526

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2015**

**NOTE 10. PENSION PLANS (CONT'D)**

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

*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 Pension and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

**Defined Contribution Retirement Plan (DCRP)** - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. 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. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

**PERS and TPAF Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. 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.

**Significant Legislation** - Chapter 78, P.L. 2011, effective June 28, 2011, made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011, (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011, (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**NOTE 10. PENSION PLANS (CONT'D)**

**Significant Legislation (Cont'd)**

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**Contribution Requirements** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**Three-Year Trend Information for PERS**

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
6/30/15	61,862	100%
6/30/14	51,747	100%
6/30/13	45,627	100%

**Three-Year Trend Information for TPAF (Paid on-behalf of the District)**

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
6/30/15	108,478	100%
6/30/14	83,559	100%
6/30/13	157,721	100%

During the fiscal year ended June 30, 2015, the State of New Jersey did contribute \$172,209.00 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$130,447.73 during the year ended June 30, 2015, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in the fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**NOTE 11. POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

GASB Statement No. 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District does not provide post-employment benefits other than pension. Healthcare provided to eligible TPAF and PERS board of education retirees through the NJ State Health Benefits Program are paid by the State of New Jersey and as such, no district OPEB liability exists.

**NOTE 12. COMPENSATED ABSENCES**

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

District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. Upon retirement and who have not less than twenty (20) years of service in the District, the District shall pay the employee for unused sick leave in accordance with the Districts' agreements with the various employee unions.

The entire liability for compensated absences is reported in the District-Wide Statements of Net Position.

**NOTE 13. DEFERRED COMPENSATION**

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

AXA Equitable  
Syracusa Benefits Program

**14. RISK MANAGEMENT**

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

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

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**14. RISK MANAGEMENT (CONT'D)**

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the 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 District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	555.55	5,340.24	20,417.56	135,275.73
2013-2014	584.33	5,441.83	12,515.88	149,797.50
2012-2013	671.13	5,364.20	30,904.88	156,287.22

**NOTE 15. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund balances at June 30, 2015 consisted of the following individual fund receivable and payables:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Special Revenue Fund	22,310.20	.00
Unemployment Compensation Trust	.00	6,464.11**
Food Service Fund	.00	24,666.57**
Agency Fund	.00	2,061.45**
Special Revenue Fund:		
General Fund	.00	22,310.20
Agency Fund	.00	3,400.00**
Food Service Fund:		
General Fund	24,666.57*	.00
Unemployment Compensation Trust:		
General Fund	6,464.11	.00
Agency Fund:		
Special Revenue Fund	3,400.00	.00
General Fund	<u>2,061.45</u>	<u>.00</u>
	<u>\$58,902.33</u>	<u>58,902.33</u>

All of the above interfunds represent short-term loans.

\*Reported as a receivable on the District-Wide statement of net position.

\*\*Reported as a payable on the District-Wide statement of net position.

The District had no operating transfers during the year ended June 30, 2015.

**NOTE 16. INVENTORY**

Inventory in the Food Service Fund at June 30, 2015 consisted of the following:

Food	888.05
Supplies	<u>652.95</u>
	<u>\$1,541.00</u>

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**NOTE 17. RETROACTIVE RESTATEMENT OF NET POSITION**

Restatement of Prior Period:

The District adopted GASB No. 68 - *Accounting and Financial Reporting for Pensions - An amendment of GASB No. 27* during the 2015 fiscal year as required by the pronouncement. The pronouncement requires the district to record its proportional share of the State of New Jersey's net pension liability on the face of its financial statements as of June 30, 2015 and to record related pension expense in accordance with the pronouncement. In order to correctly reflect pension expense in accordance with GASB No. 68, the beginning Net Position of the district was adjusted to reflect the beginning balance of the net pension liability. Since the measurement date of the net pension liability is June 30, 2014 (as described in Note 12), the restatement adjustments to Net Position relate to the beginning net pension liability measured as of June 30, 2013. Also, in accordance with GASB No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*, the district restated its Net Position for pension contributions made after the beginning net pension liability measurement date of June 30, 2013 (deferred outflows).

**Governmental Activities Net Position:**

Net Position (per A-1), June 30, 2014	\$3,491,732.24
Restatement of Net Pension Liability	(1,312,561.00)
Restatement of Deferred Outflows-Pension	<u>51,747.00</u>
Net Position (per A-1), June 30, 2015, as Restated	<u>\$ 2,230,918.24</u>

**NOTE 18. SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2015 and November 30, 2015, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	5,566,358.00	360,000.00	5,926,358.00	5,926,358.00	0.00
Tuition from Individuals	27,500.00	0.00	27,500.00	9,900.00	(17,600.00)
Interest Earned on Capital Reserve Funds	0.00	0.00	0.00	45.17	45.17
Miscellaneous	7,000.00	0.00	7,000.00	43,429.66	36,429.66
Total - Local Sources	<u>5,600,858.00</u>	<u>360,000.00</u>	<u>5,960,858.00</u>	<u>5,979,732.83</u>	<u>18,874.83</u>
<b>State Sources:</b>					
Equalization Aid	1,564,270.00	0.00	1,564,270.00	1,564,270.00	0.00
Special Education Categorical Aid	344,076.00	0.00	344,076.00	344,076.00	0.00
Security Aid	28,851.00	0.00	28,851.00	28,851.00	0.00
Transportation Aid	25,030.00	0.00	25,030.00	25,030.00	0.00
Under Adequacy Aid	64,701.00	0.00	64,701.00	64,701.00	0.00
Extraordinary Special Education Costs Aid	120,000.00	0.00	120,000.00	147,712.00	27,712.00
PARCC Readiness Aid	6,050.00	0.00	6,050.00	6,050.00	0.00
Per Pupil Growth Aid	6,050.00	0.00	6,050.00	6,050.00	0.00
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	0.00	0.00	0.00	172,209.00	172,209.00
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	0.00	0.00	0.00	108,478.00	108,478.00
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	0.00	0.00	0.00	130,447.73	130,447.73
Total State Sources	<u>2,159,028.00</u>	<u>0.00</u>	<u>2,159,028.00</u>	<u>2,597,874.73</u>	<u>438,846.73</u>
<b>Total Revenues</b>	<u>7,759,886.00</u>	<u>360,000.00</u>	<u>8,119,886.00</u>	<u>8,577,607.56</u>	<u>457,721.56</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Preschool - Salaries of Teachers	45,650.00	0.00	45,650.00	45,545.00	105.00
Kindergarten - Salaries of Teachers	150,400.00	2,400.00	152,800.00	151,730.46	1,069.54
Grades 1-5 - Salaries of Teachers	680,400.00	61,009.00	741,409.00	740,013.98	1,395.02
Grades 6-8 - Salaries of Teachers	503,500.00	(43,969.00)	459,531.00	416,648.11	42,882.89
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	3,000.00	1,000.00	4,000.00	3,280.44	719.56
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	63,000.00	(10,600.00)	52,400.00	42,025.69	10,374.31
Purchased Professional-Educational Services	3,000.00	0.00	3,000.00	2,036.60	963.40
Other Purchased Services (400-500 series)	20,500.00	2,500.00	23,000.00	22,260.13	739.87
General Supplies	57,971.00	33,500.00	91,471.00	41,173.22	50,297.78
Textbooks	15,000.00	(14,400.00)	600.00	317.23	282.77
Other Objects	15,000.00	(500.00)	14,500.00	11,465.97	3,034.03
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>1,557,421.00</u>	<u>30,940.00</u>	<u>1,588,361.00</u>	<u>1,476,496.83</u>	<u>111,864.17</u>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning and/or Language Disabilities:</b>					
Salaries of Teachers	100,750.00	2,000.00	102,750.00	88,566.30	14,183.70
Other Salaries for Instruction	56,500.00	0.00	56,500.00	47,537.30	8,962.70
General Supplies	500.00	0.00	500.00	0.00	500.00
<b>Total Learning and/or Language Disabilities</b>	<u>157,750.00</u>	<u>2,000.00</u>	<u>159,750.00</u>	<u>136,103.60</u>	<u>23,646.40</u>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	175,000.00	60,500.00	235,500.00	213,495.57	22,004.43
General Supplies	1,000.00	0.00	1,000.00	0.00	1,000.00
<b>Total Resource Room/Resource Center</b>	<u>176,000.00</u>	<u>60,500.00</u>	<u>236,500.00</u>	<u>213,495.57</u>	<u>23,004.43</u>
<b>Preschool Disabilities - Part-Time:</b>					
Salaries of Teachers	7,750.00	(2,500.00)	5,250.00	3,121.44	2,128.56
Other Salaries for Instruction	1,700.00	1,200.00	2,900.00	2,855.30	44.70
General Supplies	200.00	0.00	200.00	0.00	200.00
<b>Total Preschool Disabilities - Part-Time</b>	<u>9,650.00</u>	<u>(1,300.00)</u>	<u>8,350.00</u>	<u>5,976.74</u>	<u>2,373.26</u>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<u>343,400.00</u>	<u>61,200.00</u>	<u>404,600.00</u>	<u>355,575.91</u>	<u>49,024.09</u>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	1,000.00	0.00	1,000.00	0.00	1,000.00
<b>Total Basic Skills/Remedial - Instruction</b>	<u>1,000.00</u>	<u>0.00</u>	<u>1,000.00</u>	<u>0.00</u>	<u>1,000.00</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>EXPENDITURES (Continued):</b>					
<b>Current Expense (Continued):</b>					
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	29,950.00	19,760.00	49,710.00	49,181.52	528.48
General Supplies	800.00	0.00	800.00	541.75	258.25
<b>Total Bilingual Education - Instruction</b>	<b>30,750.00</b>	<b>19,760.00</b>	<b>50,510.00</b>	<b>49,723.27</b>	<b>786.73</b>
<b>School-Spon. Cocurricular Actvts. - Inst.</b>					
Salaries	0.00	16,125.00	16,125.00	12,818.49	3,306.51
Supplies and Materials	0.00	1,500.00	1,500.00	67.50	1,432.50
Other Objects	0.00	575.00	575.00	335.00	240.00
<b>Total School-Spon. Cocurricular Actvts. - Inst.</b>	<b>0.00</b>	<b>18,200.00</b>	<b>18,200.00</b>	<b>13,220.99</b>	<b>4,979.01</b>
<b>School-Spon. Cocurricular Athletics - Inst.</b>					
Salaries	0.00	20,750.00	20,750.00	15,646.52	5,103.48
Purchased Services (300-500 series)	0.00	6,100.00	6,100.00	4,396.00	1,704.00
Supplies and Materials	0.00	4,000.00	4,000.00	236.00	3,764.00
Other Objects	0.00	2,250.00	2,250.00	900.00	1,350.00
<b>Total School-Spon. Cocurricular Athletics - Inst.</b>	<b>0.00</b>	<b>33,100.00</b>	<b>33,100.00</b>	<b>21,178.52</b>	<b>11,921.48</b>
<b>TOTAL INSTRUCTION AND AT-RISK PROGRAMS</b>	<b>1,932,571.00</b>	<b>163,200.00</b>	<b>2,095,771.00</b>	<b>1,916,195.52</b>	<b>179,575.48</b>
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Other LEAs Within the State - Regular	1,853,300.00	80,000.00	1,933,300.00	1,932,833.35	466.65
Tuition to Other LEAs Within the State - Special	486,000.00	(6,100.00)	479,900.00	479,850.00	50.00
Tuition to County Voc. School Dist. - Regular	60,000.00	5,700.00	65,700.00	65,551.00	149.00
Tuition to County Voc. School Dist. - Special	41,600.00	2,200.00	43,800.00	43,615.00	185.00
Tuition to CSSD & Reg. Day Schools	69,000.00	(13,100.00)	55,900.00	55,581.70	318.30
Tuition to Private Schools for the Disabled - Within State	1,193,500.00	96,500.00	1,290,000.00	1,242,834.82	47,165.18
Tuition State Facilities	32,306.00	0.00	32,306.00	32,306.00	0.00
<b>Total Undistributed Expenditures - Instruction:</b>	<b>3,735,706.00</b>	<b>165,200.00</b>	<b>3,900,906.00</b>	<b>3,852,571.87</b>	<b>48,334.13</b>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>					
Salaries	20,960.00	0.00	20,960.00	17,538.22	3,421.78
Purchased Professional and Technical Services	2,000.00	0.00	2,000.00	0.00	2,000.00
Supplies and Materials	200.00	0.00	200.00	0.00	200.00
Other Objects	200.00	0.00	200.00	0.00	200.00
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>	<b>23,360.00</b>	<b>0.00</b>	<b>23,360.00</b>	<b>17,538.22</b>	<b>5,821.78</b>
<b>Undist. Expend. - Health Services</b>					
Salaries	49,400.00	7,800.00	57,200.00	56,947.13	252.87
Purchased Professional and Technical Services	6,700.00	0.00	6,700.00	6,700.00	0.00
Supplies and Materials	2,000.00	(1,000.00)	1,000.00	710.02	289.98
Other Objects	800.00	0.00	800.00	115.00	685.00
<b>Total Undistributed Expenditures - Health Services</b>	<b>58,900.00</b>	<b>6,800.00</b>	<b>65,700.00</b>	<b>64,472.15</b>	<b>1,227.85</b>
<b>Undist. Expend. - Speech/Occupational Therapy, Physical Therapy &amp; Related Serv.</b>					
Salaries	116,500.00	20,000.00	136,500.00	136,448.88	51.12
Purchased Professional - Educational Services	50,500.00	9,000.00	59,500.00	57,389.60	2,110.40
Supplies and Materials	1,000.00	0.00	1,000.00	0.00	1,000.00
<b>Total Undist. Expend. - Speech/Occ Therapy, PT &amp; Related Serv.</b>	<b>168,000.00</b>	<b>29,000.00</b>	<b>197,000.00</b>	<b>193,838.48</b>	<b>3,161.52</b>
<b>Other Support Services - Students - Extraordinary</b>					
Purchased Professional - Educational Services	95,000.00	33,000.00	128,000.00	127,742.28	257.72
<b>Total Support Services - Students - Extraordinary</b>	<b>95,000.00</b>	<b>33,000.00</b>	<b>128,000.00</b>	<b>127,742.28</b>	<b>257.72</b>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>EXPENDITURES (Continued):</b>					
<b>Current Expense (Continued):</b>					
<b>Undist. Expend. - Child Study Teams</b>					
Salaries of Other Professional Staff	112,400.00	1,000.00	113,400.00	112,932.51	467.49
Salaries of Secretarial and Clerical Assistants	9,600.00	0.00	9,600.00	9,417.08	182.92
Purchased Professional - Educational Services	1,600.00	300.00	1,900.00	1,896.25	3.75
Other Purchased Prof. and Tech. Services	2,000.00	0.00	2,000.00	1,865.09	134.91
Supplies and Materials	2,300.00	(2,000.00)	300.00	292.83	7.17
<b>Total Undist. Expend. - Child Study Teams</b>	<b>127,900.00</b>	<b>(700.00)</b>	<b>127,200.00</b>	<b>126,403.76</b>	<b>796.24</b>
<b>Undist. Expend. - Edu. Media Serv./Sch. Library</b>					
Supplies and Materials	1,000.00	(1,000.00)	0.00	0.00	0.00
<b>Total Undist. Expend. - Edu. Media Serv./Sch. Library</b>	<b>1,000.00</b>	<b>(1,000.00)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Undist. Expend. - Instructional Staff Training Serv.</b>					
Other Purchased Services (400-500 series)	3,500.00	3,600.00	7,100.00	6,804.26	295.74
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<b>3,500.00</b>	<b>3,600.00</b>	<b>7,100.00</b>	<b>6,804.26</b>	<b>295.74</b>
<b>Undist. Expend. - Supp. Serv. - General Admin.</b>					
Salaries	127,500.00	20,100.00	147,600.00	147,522.50	77.50
Legal Services	12,000.00	3,000.00	15,000.00	14,058.00	942.00
Audit Fees	13,600.00	0.00	13,600.00	13,600.00	0.00
Other Purchased Professional Services	6,000.00	(1,600.00)	4,400.00	4,377.50	22.50
Purchased Technical Services	8,000.00	(3,500.00)	4,500.00	4,245.00	255.00
Communications/Telephone	12,000.00	400.00	12,400.00	12,343.61	56.39
BOE Other Purchased Services	2,900.00	(2,500.00)	400.00	0.00	400.00
Miscellaneous Purchased Services (400-500 series other than 530/585)	9,000.00	1,500.00	10,500.00	9,653.56	846.44
General Supplies	6,000.00	(5,000.00)	1,000.00	235.39	764.61
Miscellaneous Expenditures	12,600.00	(500.00)	12,100.00	11,526.58	573.42
BOE Membership Dues and Fees	5,000.00	(1,000.00)	4,000.00	3,979.12	20.88
<b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>	<b>214,600.00</b>	<b>10,900.00</b>	<b>225,500.00</b>	<b>221,541.26</b>	<b>3,958.74</b>
<b>Undist. Expend. - Support Serv. - School Admin.</b>					
Salaries of Secretarial and Clerical Assistants	70,100.00	10,300.00	80,400.00	79,771.44	628.56
Supplies and Materials	2,000.00	(1,000.00)	1,000.00	296.75	703.25
Other Objects	15,000.00	14,114.00	29,114.00	29,088.46	25.54
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>	<b>87,100.00</b>	<b>23,414.00</b>	<b>110,514.00</b>	<b>109,156.65</b>	<b>1,357.35</b>
<b>Undistributed Expenditures - Central Services</b>					
Salaries	127,500.00	0.00	127,500.00	127,500.00	0.00
Purchased Professional Services	10,000.00	(2,500.00)	7,500.00	6,865.89	634.11
Supplies and Materials	2,000.00	(1,900.00)	100.00	0.00	100.00
Miscellaneous Expenditures	2,700.00	(1,000.00)	1,700.00	1,639.00	61.00
<b>Total Undistributed Expenditures - Central Services</b>	<b>142,200.00</b>	<b>(5,400.00)</b>	<b>136,800.00</b>	<b>136,004.89</b>	<b>795.11</b>
<b>Undistributed Expenditures - Admin. Info. Tech.</b>					
Purchased Technical Services	3,000.00	(2,900.00)	100.00	0.00	100.00
<b>Total Undistributed Expenditures - Admin. Info. Tech.</b>	<b>3,000.00</b>	<b>(2,900.00)</b>	<b>100.00</b>	<b>0.00</b>	<b>100.00</b>
<b>Undist. Expend. -Required Maintenance for School Facilities</b>					
Salaries	40,800.00	100.00	40,900.00	40,856.64	43.36
Cleaning, Repair, and Maintenance Services	5,000.00	(4,700.00)	300.00	165.00	135.00
<b>Total Undist. Expend. -Required Maintenance for School Facilities</b>	<b>45,800.00</b>	<b>(4,600.00)</b>	<b>41,200.00</b>	<b>41,021.64</b>	<b>178.36</b>
<b>Undist. Expend. - Other Operation &amp; Maintenance of Plant Services</b>					
Salaries	120,500.00	2,000.00	122,500.00	114,361.53	8,138.47
Cleaning, Repair and Maintenance Services	30,500.00	(3,400.00)	27,100.00	22,352.81	4,747.19
Other Purchased Property Services	5,000.00	0.00	5,000.00	4,876.67	123.33
Insurance	34,000.00	(5,000.00)	29,000.00	28,105.83	894.17
General Supplies	18,000.00	(3,100.00)	14,900.00	11,232.26	3,667.74
Energy (Natural Gas)	36,000.00	(5,000.00)	31,000.00	30,249.68	750.32
Energy (Electricity)	72,000.00	(18,000.00)	54,000.00	54,000.00	0.00
Other Objects	12,500.00	0.00	12,500.00	6,865.70	5,634.30
<b>Total Undist. Expend. - Other Operation &amp; Maintenance of Plant Serv.</b>	<b>328,500.00</b>	<b>(32,500.00)</b>	<b>296,000.00</b>	<b>272,044.48</b>	<b>23,955.52</b>
<b>Total Undist. Expend. - Oper. &amp; Maint. Of Plant Services</b>	<b>374,300.00</b>	<b>(37,100.00)</b>	<b>337,200.00</b>	<b>313,066.12</b>	<b>24,133.88</b>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>EXPENDITURES (Continued):</b>					
<b>Current Expense (Continued):</b>					
<b>Undist. Expend. - Student Transportation Serv.</b>					
Contract Services (Other than Between Home & School) - Vendors	4,000.00	14,500.00	18,500.00	11,530.00	6,970.00
Contract Services - (Between Home and Sch) - Joint Agrmts	85,000.00	(20,000.00)	65,000.00	47,574.05	17,425.95
Contr Serv (Spl. Ed. Students) - Vendors	7,000.00	(3,000.00)	4,000.00	0.00	4,000.00
Contr Serv (Spl. Ed. Students) - Joint Agrmt	135,000.00	0.00	135,000.00	125,541.68	9,458.32
<b>Total Undist. Expend. - Student Transportation Serv.</b>	<u>231,000.00</u>	<u>(8,500.00)</u>	<u>222,500.00</u>	<u>184,645.73</u>	<u>37,854.27</u>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	73,000.00	6,000.00	79,000.00	74,558.68	4,441.32
Other Retirement Contributions - PERS	62,000.00	0.00	62,000.00	61,862.00	138.00
Unemployment Compensation	5,000.00	0.00	5,000.00	0.00	5,000.00
Workmen's Compensation	35,000.00	2,000.00	37,000.00	27,521.95	9,478.05
Health Benefits	950,000.00	(16,800.00)	933,200.00	825,330.26	107,869.74
Tuition Reimbursement	3,000.00	0.00	3,000.00	0.00	3,000.00
<b>TOTAL UNALLOCATED BENEFITS</b>	<u>1,128,000.00</u>	<u>(8,800.00)</u>	<u>1,119,200.00</u>	<u>989,272.89</u>	<u>129,927.11</u>
On-behalf TPAF Pension Contributions (non-budgeted)	0.00	0.00	0.00	108,478.00	(108,478.00)
On-behalf TPAF OPEB (Post Retire. Medical) Contrib.(non-budgeted)	0.00	0.00	0.00	172,209.00	(172,209.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)	0.00	0.00	0.00	130,447.73	(130,447.73)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>411,134.73</u>	<u>(411,134.73)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<u>1,128,000.00</u>	<u>(8,800.00)</u>	<u>1,119,200.00</u>	<u>1,400,407.62</u>	<u>(281,207.62)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>6,393,566.00</u>	<u>207,514.00</u>	<u>6,601,080.00</u>	<u>6,754,193.29</u>	<u>(153,113.29)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>8,326,137.00</u>	<u>370,714.00</u>	<u>8,696,851.00</u>	<u>8,670,388.81</u>	<u>26,462.19</u>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
Undistributed Expenditures - Instruction	5,000.00	0.00	5,000.00	0.00	5,000.00
Undistributed Expenditures - General Administration	3,000.00	0.00	3,000.00	0.00	3,000.00
Undistributed Expenditures- Custodial Services	3,000.00	0.00	3,000.00	2,800.00	200.00
<b>Total Equipment</b>	<u>11,000.00</u>	<u>0.00</u>	<u>11,000.00</u>	<u>2,800.00</u>	<u>8,200.00</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>11,000.00</u>	<u>0.00</u>	<u>11,000.00</u>	<u>2,800.00</u>	<u>8,200.00</u>
Transfer of Funds to Charter Schools	32,305.00	0.00	32,305.00	0.00	32,305.00
<b>TOTAL EXPENDITURES</b>	<u>8,369,442.00</u>	<u>370,714.00</u>	<u>8,740,156.00</u>	<u>8,673,188.81</u>	<u>66,967.19</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(609,556.00)</u>	<u>(10,714.00)</u>	<u>(620,270.00)</u>	<u>(95,581.25)</u>	<u>524,688.75</u>
<b>Fund Balance, July 1</b>	1,163,127.24	0.00	1,163,127.24	1,163,127.24	0.00
<b>Fund Balance, June 30</b>	<u>553,571.24</u>	<u>(10,714.00)</u>	<u>542,857.24</u>	<u>1,067,545.99</u>	<u>524,688.75</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve				11,316.01	
Excess Surplus - Designated for Subsequent Year's Expenditures				141,675.40	
Excess Surplus - Current Year				343,355.10	
<b>Assigned Fund Balance:</b>					
Year-End Encumbrances				33,576.88	
Designated for Subsequent Year's Expenditures				139,910.60	
<b>Unassigned Fund Balance</b>				<u>397,712.00</u>	
				1,067,545.99	
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>					
Last Two State Aid Payments not recognized on GAAP basis				(200,674.00)	
Fund Balance per Governmental Funds (GAAP)				<u>866,871.99</u>	

**NEPTUNE CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Federal Sources	248,860.00	56,393.00	305,253.00	292,337.00	12,916.00
Total Revenues	248,860.00	56,393.00	305,253.00	292,337.00	12,916.00
<b>EXPENDITURES:</b>					
Instruction					
Salaries of Teachers	93,860.00	(2,110.00)	91,750.00	91,750.00	.00
Tuition	40,000.00	3,830.00	43,830.00	43,830.00	.00
General Supplies	.00	36,780.00	36,780.00	23,864.00	12,916.00
Total Instruction	133,860.00	38,500.00	172,360.00	159,444.00	12,916.00
Support Services					
Salaries of Other Professional Staff	75,000.00	(20,200.00)	54,800.00	54,800.00	.00
Salaries of Secretarial & Clerical Asst.	.00	15,000.00	15,000.00	15,000.00	.00
Other Salaries	.00	11,000.00	11,000.00	11,000.00	.00
Personal Services - Employee Benefits	40,000.00	12,093.00	52,093.00	52,093.00	.00
Total Support Services	115,000.00	17,893.00	132,893.00	132,893.00	.00
Total Expenditures	248,860.00	56,393.00	305,253.00	292,337.00	12,916.00
Total Outflows	248,860.00	56,393.00	302,253.00	292,337.00	12,916.00
Excess of Revenues Over Expenditures	\$ .00	.00	.00	.00	.00

**NOTES TO THE REQUIRED SUPPLEMENTARY  
INFORMATION - PART II**

**NEPTUNE CITY SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2015**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	8,577,607.56	292,337.00
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2014	.00	.00
Encumbrances, June 30, 2015	.00	(31,654.80)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	196,912.00	.00
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(200,674.00)</u>	<u>(.00)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>8,573,845.56</u>	<u>260,682.20</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	8,673,188.81	292,337.00
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2014	.00	.00
Encumbrances, June 30, 2015	.00	(31,654.80)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfers (outflows) to general fund.	<u>.00</u>	<u>.00</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$8,673,188.81</u>	<u>260,682.20</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**NEPTUNE SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Position Liability - PERS**  
**Last Ten Fiscal Years\***

Public Employees' Retirement System (PERS)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
District's proportion of the net pension liability (asset)	0.00750401%	0.00686774%								
District's proportionate share of the net pension liability (asset)	<u>\$ 206,649</u>	<u>\$ 197,923</u>								
District's covered-employee payroll	\$77,964	\$77,408								
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	265.06%	255.69%								
Plan fiduciary net position as a percentage of the total pension liability (local)	52.08%	48.72%								

\* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

NEPTUNE SCHOOL DISTRICT  
Schedule of District's Contribution - PERS  
Last Ten Fiscal Years\*

Public Employees' Retirement System (PERS)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Contractually required contribution	\$ 61,862	\$ 51,747								
Contribution in relation to the contractually required contribution	<u>(61,862)</u>	<u>(51,747)</u>								
Contribution deficiency (excess)	<u>-</u>	<u>-</u>								
District's covered-employee payroll	\$ 77,964	\$ 77,408								
Contributions as a percentage of covered-employee payroll	79.35%	66.85%								

\* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**NEPTUNE SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF**  
**Last Ten Fiscal Years\***

Teachers' Pension and Annuity Fund (TPAF)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
District's proportion of the net pension liability (asset) **	N/A	N/A								
District's proportionate share of the net pension liability (asset) **	N/A	N/A								
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 10,556,769</u>	<u>\$ 10,909,795</u>								
Total	<u><u>\$ 10,556,769</u></u>	<u><u>\$ 10,909,795</u></u>								
District's covered-employee payroll	\$ 1,244,950	\$ 1,200,702								
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A								
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%								

\* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

\*\* Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the district (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the district.

**NOTES TO THE REQUIRED SUPPLEMENTARY  
INFORMATION - PART III**

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III**  
**PENSION SCHEDULES**  
**June 30, 2015**

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

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

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

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

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

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

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Title II Part A</u> <u>Teacher and</u> <u>Principal</u> <u>Training</u>	<u>Title I</u> <u>Part A</u>	<u>IDEA Part B</u> <u>Basic</u>	<u>IDEA Part B</u> <u>Preschool</u>	<u>Totals</u> <u>2015</u>
	<u>2014-15</u>	<u>2014-15</u>	<u>2014-15</u>	<u>2014-15</u>	
<b>REVENUES:</b>					
Federal Sources	26,351.00	119,407.00	140,868.00	5,711.00	292,337.00
<b>Total Revenues</b>	<u>26,351.00</u>	<u>119,407.00</u>	<u>140,868.00</u>	<u>5,711.00</u>	<u>292,337.00</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	20,800.00	66,450.00	.00	4,500.00	91,750.00
Tuition to Other LEA's Within the State - Regular	.00	.00	43,830.00	.00	43,830.00
General Supplies	<u>143.00</u>	<u>23,680.00</u>	<u>.00</u>	<u>41.00</u>	<u>23,864.00</u>
<b>Total Instruction</b>	<u>20,943.00</u>	<u>90,130.00</u>	<u>43,830.00</u>	<u>4,541.00</u>	<u>159,444.00</u>
<b>Support Services:</b>					
Salaries of Other Professional Staff	.00	.00	54,800.00	.00	54,800.00
Salaries of Secretarial & Clerical Assistants	.00	.00	15,000.00	.00	15,000.00
Other Salaries	.00	.00	11,000.00	.00	11,000.00
Personal Services - Employee Benefits	<u>5,408.00</u>	<u>29,277.00</u>	<u>16,238.00</u>	<u>1,170.00</u>	<u>52,093.00</u>
<b>Total Support Services</b>	<u>5,408.00</u>	<u>29,277.00</u>	<u>97,038.00</u>	<u>1,170.00</u>	<u>132,893.00</u>
<b>Total Expenditures</b>	<u>26,351.00</u>	<u>119,407.00</u>	<u>140,868.00</u>	<u>5,711.00</u>	<u>292,337.00</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ .00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>

## **FIDUCIARY FUNDS DETAIL STATEMENTS**

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

**Student Activity Fund** - This agency fund is used to account for student funds held at the schools.

**Payroll Fund** - This agency fund is used to account for payroll transactions of the school district.

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

	Trust	Agency		Total
	Unemployment Compensation	Student Activity	Payroll	Agency Fund
<b>ASSETS:</b>				
Cash and Cash Equivalents	126,887.26	916.51	2,682.33	3,598.84
Accounts Receivable:				
Payroll Service Vendor	1,924.36	.00	.00	.00
Interfunds	6,464.11	5,461.45	.00	5,461.45
Total Assets	<u>135,275.73</u>	<u>6,377.96</u>	<u>2,682.33</u>	<u>9,060.29</u>
<b>LIABILITIES:</b>				
Account Payable	.00	3,052.34	.00	3,052.34
Payroll Deductions and Withholdings	.00	.00	2,682.33	2,682.33
Due to Student Groups	.00	3,325.62	.00	3,325.62
Total Liabilities	<u>.00</u>	<u>6,377.96</u>	<u>2,682.33</u>	<u>9,060.29</u>
<b>NET POSITION:</b>				
Held in Trust for Unemployment Claims and Other Purposes	<u>135,275.73</u>			
Total Net Position	<u>\$135,275.73</u>			

**NEPTUNE CITY SCHOOL DISTRICT**  
**Schedule of Receipts and Disbursements**  
**Student Activity Agency Fund**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
Woodrow Wilson School	3,881.40	18,478.05	21,442.94	916.51
Total	<u>\$3,881.40</u>	<u>18,478.05</u>	<u>21,442.94</u>	<u>916.51</u>

**NEPTUNE CITY SCHOOL DISTRICT**  
**Schedule of Receipts and Disbursements**  
**Payroll Agency Fund**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
Payroll Deductions and Withholdings	1,402.96	1,439,010.87	1,437,731.50	2,682.33
Total	<u>\$1,402.96</u>	<u>1,439,010.87</u>	<u>1,437,731.50</u>	<u>2,682.33</u>

## **LONG-TERM DEBT SCHEDULES**

The Long-Term Debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Bonds Payable**  
**Year Ended June 30, 2015**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>					
School District Bonds	June 1, 2006	\$9,772,000.00	07/15/2014	425,000.00	4.125%	<u>\$7,185,000.00</u>	<u>.00</u>	<u>425,000.00</u>	<u>6,760,000.00</u>
			07/15/2015	445,000.00	4.125%				
			07/15/2016	460,000.00	4.125%				
			07/15/2017	480,000.00	4.125%				
			07/15/2018	500,000.00	4.125%				
			07/15/2019	525,000.00	4.125%				
			07/15/2020	545,000.00	4.125%				
			07/15/2021	570,000.00	4.125%				
			07/15/2022	595,000.00	4.125%				
			07/15/2023	620,000.00	4.125%				
			07/15/2024	645,000.00	4.125%				
			07/15/2025	675,000.00	4.150%				
			07/15/2026	700,000.00	4.200%				

**NEPTUNE CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	535,261.00	.00	535,261.00	535,261.00	.00
State Sources:					
Debt Service Aid Type II	178,049.00	.00	178,049.00	178,049.00	.00
Total State Sources	178,049.00	.00	178,049.00	178,049.00	.00
Total Revenues	713,310.00	.00	713,310.00	713,310.00	.00
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	288,310.00	.00	288,310.00	288,309.43	.57
Redemption of Principal	425,000.00	.00	425,000.00	425,000.00	.00
Total Regular Debt Service	713,310.00	.00	713,310.00	713,309.43	.57
Total Expenditures	713,310.00	.00	713,310.00	713,309.43	.57
Excess (Deficiency) of Revenues Under Expenditures	.00	.00	.00	.57	.57
Fund Balance - July 1	.69	.00	.69	.69	.00
Fund Balance - June 30	\$ .69	.00	.69	1.26	.57

**STATISTICAL SECTION (Unaudited)**

Neptune City Board of Education  
 Net Assets by Component  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*  
 Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Invested in capital assets, net of related debt	\$ 141,363	\$ 137,998	\$ 133,631	\$ 129,765	\$ 1,471,503	\$ 1,876,435	\$ 2,234,516	\$ 2,522,664	\$ 2,747,843	\$ 2,969,876
Restricted	1,991,089	2,341,270	2,300,669	1,766,766	1,404,602	1,610,577	1,379,441	860,533	513,022	496,349
Unrestricted	700,623	630,588	1,042,258	1,446,682	127,228	126,100	168,152	412,500	230,867	(1,111,438)
Total governmental activities net position	<u>\$ 2,833,075</u>	<u>\$ 3,109,856</u>	<u>\$ 3,476,558</u>	<u>\$ 3,343,213</u>	<u>\$ 3,003,333</u>	<u>\$ 3,613,112</u>	<u>\$ 3,782,109</u>	<u>\$ 3,795,697</u>	<u>\$ 3,491,732</u>	<u>\$ 2,354,787</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 3,667	\$ 2,590	\$ 1,513	\$ 792	\$ 1,591	\$ 1,310	\$ 1,030	\$ 16,934	\$ 15,041	\$ 13,169
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	15,403	19,177	21,573	30,860	47,768	69,951	94,433	83,961	77,257	93,352
Total business-type activities net position	<u>\$ 19,070</u>	<u>\$ 21,767</u>	<u>\$ 23,086</u>	<u>\$ 31,652</u>	<u>\$ 49,359</u>	<u>\$ 71,261</u>	<u>\$ 95,463</u>	<u>\$ 100,895</u>	<u>\$ 92,298</u>	<u>\$ 106,521</u>
District-wide										
Invested in capital assets, net of related debt	\$ 145,030	\$ 140,588	\$ 135,144	\$ 130,557	\$ 1,473,094	\$ 1,877,745	\$ 2,235,546	\$ 2,539,598	\$ 2,762,884	\$ 2,983,045
Restricted	1,991,089	2,341,270	2,300,669	1,766,766	1,404,602	1,610,577	1,379,441	860,533	513,022	496,349
Unrestricted	716,026	649,765	1,063,831	1,477,542	174,996	196,051	262,585	496,461	308,124	(1,018,086)
Total district net position	<u>\$ 2,852,145</u>	<u>\$ 3,131,623</u>	<u>\$ 3,499,644</u>	<u>\$ 3,374,865</u>	<u>\$ 3,052,692</u>	<u>\$ 3,684,373</u>	<u>\$ 3,877,572</u>	<u>\$ 3,896,592</u>	<u>\$ 3,584,030</u>	<u>\$ 2,461,308</u>

Source: CAFR Schedule A-1

Neptune City Board of Education  
 Changes in Net Assets/Net Position  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 2,300,581	\$ 2,497,925	\$ 2,393,370	\$ 2,418,256	\$ 2,670,350	\$ 2,262,074	\$ 2,437,829	\$ 2,546,270	\$ 2,499,454	\$ 2,716,913
Special education	281,519	336,860	350,189	366,030	402,900	488,776	471,375	579,817	526,615	613,797
Other special education	-	-	-	-	122,621	134,976	145,485	72,210	123,593	49,723
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	131,132	148,172	149,143	188,019	46,772	42,138	43,373	44,692	41,913	34,400
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	1,812,601	2,076,627	2,217,374	2,588,579	2,427,076	2,315,945	2,930,650	3,221,975	3,536,811	3,852,571
Student & instruction related services	508,594	663,179	637,080	657,549	656,765	709,150	722,105	712,864	834,599	908,773
General/Business administrative services	384,546	424,977	490,816	310,608	289,810	429,743	328,353	311,473	303,208	388,469
School administrative services	218,628	242,620	245,923	206,921	260,287	115,787	245,936	261,519	249,402	275,744
Plant operations and maintenance	309,479	308,618	326,933	379,282	375,886	375,289	360,739	359,534	386,144	373,255
Pupil transportation	224,286	265,183	288,782	302,395	264,153	198,846	197,187	222,790	207,490	184,646
Special Schools	-	-	-	-	-	-	-	-	-	-
Charter Schools	-	-	-	-	-	45,776	21,491	25,629	34,957	-
Interest on long-term debt	33,591	402,910	389,779	375,430	360,991	346,159	330,716	314,654	297,774	280,984
Unallocated depreciation	575	1,565	1,566	1,566	1,566	1,566	1,566	102,120	204,012	204,269
Total governmental activities expenses	6,205,532	7,368,636	7,490,955	7,794,635	7,879,177	7,466,225	8,236,805	8,775,547	9,245,972	9,883,544
Business-type activities:										
Food service	120,041	118,535	118,334	129,069	133,149	128,335	135,108	143,865	155,832	148,438
Child Care	-	-	-	-	-	-	-	-	-	-
Total business-type activities expense	120,041	118,535	118,334	129,069	133,149	128,335	135,108	143,865	155,832	148,438
Total district expenses	\$6,325,573	\$7,487,171	\$7,609,289	\$7,923,704	\$8,012,326	\$7,594,560	\$8,371,913	\$8,919,412	\$9,401,804	\$10,031,982
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	-	-	-	-	-	-	-	-	29,518	9,900
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Business and other support services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	319,411	312,745	652,179	733,357	657,717	1,131,392
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	-	-	-	-	319,411	312,745	652,179	733,357	687,235	1,141,292

Neptune City Board of Education  
Changes in Net Assets/Net Position  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

Exhibit J-3  
(Continued)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Business-type activities:</b>										
Charges for services										
Food service	64,860	69,804	62,202	70,381	75,807	79,019	68,627	52,413	49,131	47,601
Child care	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	51,565	48,208	53,909	63,677	74,969	71,054	90,431	96,642	97,786	114,933
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	116,425	118,012	116,111	134,058	150,776	150,073	159,058	149,055	146,917	162,534
Total district program revenues	\$ 116,425	\$ 118,012	\$ 116,111	\$ 134,058	\$ 150,776	\$ 150,073	\$ 159,058	\$ 149,055	\$ 146,917	\$ 162,534
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (6,205,532)	\$ (7,368,636)	\$ (7,490,955)	\$ (7,794,635)	\$ (7,559,766)	\$ (7,153,480)	\$ (7,584,626)	\$ (8,042,190)	\$ (8,558,737)	\$ (8,742,252)
Business-type activities	(3,616)	(523)	(2,223)	4,989	17,627	21,738	23,950	5,190	(8,915)	14,096
Total district-wide net expense	\$ (6,209,148)	\$ (7,369,159)	\$ (7,493,178)	\$ (7,789,646)	\$ (7,542,139)	\$ (7,131,742)	\$ (7,560,676)	\$ (8,037,000)	\$ (8,567,652)	\$ (8,728,156)
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Property taxes levied for general purposes, net	\$ 4,435,381	\$ 4,406,498	\$ 4,492,518	\$ 4,646,313	\$ 4,646,327	\$ 4,917,380	\$ 5,033,670	\$ 5,197,941	\$ 5,354,700	\$ 5,926,358
Taxes levied for debt service		250,000	297,242	10,965	334,300	528,109	534,324	534,105	536,928	535,261
Unrestricted grants and contributions	2,212,439	2,416,942	2,757,424	2,871,885	2,197,984	2,306,551	2,186,821	2,282,208	2,338,857	2,361,027
Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	-
Investment earnings	92,442	564,667	303,355	80,967	17,749	6,295	6,382	4,658	3,316	2,806
Miscellaneous income	203,000	10,310	10,478	54,652	23,527	4,924	7,468	36,867	20,971	40,669
Transfers	(3,000)	(3,000)	(3,360)	(3,491)	-	-	-	-	-	-
Total governmental activities	6,940,262	7,645,417	7,857,657	7,661,291	7,219,887	7,763,259	7,768,665	8,055,779	8,254,772	8,866,121
<b>Business-type activities:</b>										
Investment earnings	176	220	181	86	79	166	252	241	195	127
Transfers	3,000	3,000	3,360	3,491	-	-	-	-	-	-
Total business-type activities	3,176	3,220	3,541	3,577	79	166	252	241	195	127
Total district-wide	\$ 6,943,438	\$ 7,648,637	\$ 7,861,198	\$ 7,664,868	\$ 7,219,966	\$ 7,763,425	\$ 7,768,917	\$ 8,056,020	\$ 8,254,967	\$ 8,866,248
<b>Change in Net Position</b>										
Governmental activities	\$ 734,730	\$ 276,781	\$ 366,702	\$ (133,344)	\$ (339,879)	\$ 609,779	\$ 184,039	\$ 13,589	\$ (303,965)	\$ 123,869
Business-type activities	(440)	2,697	1,318	8,566	17,706	21,904	24,202	5,431	(8,720)	14,223
Total district	\$ 734,290	\$ 279,478	\$ 368,020	\$ (124,778)	\$ (322,173)	\$ 631,683	\$ 208,241	\$ 19,020	\$ (312,685)	\$ 138,092

Source: CAFR Schedule A-2

Neptune City Board of Education  
Fund Balances - Governmental Funds  
Last Ten Years  
*(modified accrual basis of accounting)*  
Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved/Restricted	\$ 2,321,082	\$ 2,153,344	\$ 1,933,373	\$ 1,851,123	\$ 1,403,619	\$ 1,606,218	\$ 1,377,712	\$ 860,533	\$ 513,021	\$ 496,347
Unreserved/Assigned/Unassigned	140,232	244,071	359,660	399,801	336,146	362,788	388,047	635,458	453,194	370,525
Total general fund	<u>\$ 2,461,314</u>	<u>\$ 2,397,415</u>	<u>\$ 2,293,033</u>	<u>\$ 2,250,924</u>	<u>\$ 1,739,765</u>	<u>\$ 1,969,006</u>	<u>\$ 1,765,759</u>	<u>\$ 1,495,991</u>	<u>\$ 966,215</u>	<u>\$ 866,872</u>
All Other Governmental Funds										
Reserved/Restricted	\$ 547,713	\$ 6,439,890	\$ 962,103	\$ 15,500	\$ -	\$ 4,359	\$ -	\$ -	\$ 1	\$ 1
Unreserved/Assigned/Unassigned, reported in:										
Special Revenue Fund	(1,692)	(1,692)	(1,692)	-	-	-	-	-	-	-
Capital Projects Fund	9,287,047	1,104,605	767,260	122,793	56,896	-	1,534	1,534	-	-
Debt Service Fund	37,498	541,112	638,692	178,476	7,456	-	195	195	-	-
Permanent Fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 9,870,566</u>	<u>\$ 8,083,915</u>	<u>\$ 2,366,363</u>	<u>\$ 316,769</u>	<u>\$ 64,352</u>	<u>\$ 4,359</u>	<u>\$ 1,729</u>	<u>\$ 1,729</u>	<u>\$ 1</u>	<u>\$ 1</u>

Source: CAFR Schedule B-1

Neptune City Board of Education  
 Changes in Fund Balances - Governmental Funds  
 Last Ten Fiscal Years  
 Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Tax levy	\$ 4,435,381	\$ 4,656,498	\$ 4,789,760	\$ 4,657,278	\$ 4,980,627	\$ 5,445,489	\$ 5,567,994	\$ 5,732,046	\$ 5,891,628	\$ 6,461,619
Tuition charges	-	-	-	-	-	-	-	-	29,518	9,900
Interest earnings	92,442	564,668	303,355	80,967	17,749	6,295	6,382	4,658	3,316	2,806
Miscellaneous	203,000	10,310	10,478	54,652	23,527	4,924	7,468	36,867	20,971	40,669
State sources	1,942,011	2,152,908	2,533,250	2,575,950	1,793,802	2,319,944	2,477,291	2,723,294	2,702,925	2,772,162
Federal sources	270,428	264,033	224,173	295,934	723,593	299,352	361,709	292,271	293,649	260,682
<b>Total revenue</b>	<b>6,943,262</b>	<b>7,648,417</b>	<b>7,861,016</b>	<b>7,664,781</b>	<b>7,539,297</b>	<b>8,076,004</b>	<b>8,420,844</b>	<b>8,789,136</b>	<b>8,942,007</b>	<b>9,547,838</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	1,662,758	1,659,772	1,663,033	1,675,306	1,950,317	1,669,272	1,641,101	1,692,057	1,730,999	1,635,941
Special education instruction	166,962	211,460	231,891	250,899	274,413	268,657	279,859	376,483	350,064	355,576
Other special instruction	-	-	-	-	-	-	-	-	123,593	49,723
Vocational education	-	-	-	-	-	-	-	-	-	-
Other instruction	131,132	148,172	149,143	188,019	169,392	177,114	188,858	116,902	41,913	34,400
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
<b>Support Services:</b>										
Tuition	1,812,601	2,076,627	2,217,374	2,588,579	2,427,076	2,315,945	2,930,651	3,221,975	3,536,811	3,852,572
Student & instruction related services	430,178	547,480	524,077	557,137	536,465	572,197	605,515	582,097	623,980	638,037
General administrative services	301,975	313,110	368,906	204,906	194,561	199,013	214,501	192,174	193,048	221,541
School Administrative services	156,795	172,166	179,951	209,769	231,469	227,083	235,247	234,431	224,020	245,162
Business administrative services	-	-	-	-	-	-	-	-	-	-
Plant operations and maintenance	275,091	265,814	293,593	331,325	333,559	332,475	312,171	307,145	332,406	313,066
Pupil transportation	224,286	265,182	288,782	302,395	264,153	198,846	197,186	222,790	207,490	184,646
Unallocated employee benefits	976,162	1,294,673	1,199,179	1,121,539	1,122,459	1,134,116	1,285,262	1,374,269	1,335,910	1,400,408
Special Schools	-	-	-	-	-	-	-	-	-	-
Charter Schools	-	-	-	-	-	45,776	21,491	25,629	34,957	-
Capital outlay	303,620	2,290,266	5,815,132	1,591,070	81,397	53,291	2,070	2,650	21,060	2,800
Debt service:	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	350,000	350,000	360,000	375,000	390,000	410,000	425,000
Interest and other charges	21,617	251,246	748,529	382,050	367,613	352,969	337,809	322,031	305,531	288,309
<b>Total expenditures</b>	<b>6,463,177</b>	<b>9,495,968</b>	<b>13,679,590</b>	<b>9,752,994</b>	<b>8,302,874</b>	<b>7,906,754</b>	<b>8,626,721</b>	<b>9,060,633</b>	<b>9,471,782</b>	<b>9,647,181</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>480,085</b>	<b>(1,847,551)</b>	<b>(5,818,574)</b>	<b>(2,088,213)</b>	<b>(763,577)</b>	<b>169,250</b>	<b>(205,877)</b>	<b>(271,497)</b>	<b>(529,775)</b>	<b>(99,343)</b>
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)	-	-	-	-	-	-	-	-	-	-
Bond proceeds	9,772,000	-	-	-	-	-	-	-	-	-
Proceeds of refunding debt	-	-	-	-	-	-	-	-	-	-
Par amount of bonds	-	-	-	-	-	-	-	-	-	-
Original issue premium	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Deposit to escrow fund	-	-	-	-	-	-	-	-	-	-
Costs of issuance	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Transfers in	387,498	504,860	257,580	45,897	1,559	195	-	-	-	-
Transfers out	(390,498)	(504,860)	(260,940)	(49,387)	(1,559)	(195)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>9,769,000</b>	<b>(3,000)</b>	<b>(3,360)</b>	<b>(3,490)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 10,249,085</b>	<b>\$ (1,850,551)</b>	<b>\$ (5,821,934)</b>	<b>\$ (2,091,703)</b>	<b>\$ (763,577)</b>	<b>\$ 169,250</b>	<b>\$ (205,877)</b>	<b>\$ (271,497)</b>	<b>\$ (529,775)</b>	<b>\$ (99,343)</b>
Debt service as a percentage of noncapital expenditures	0.4%	3.5%	9.5%	9.0%	8.7%	9.1%	8.3%	7.9%	7.6%	8.0%

Source: CAFR Schedule B-2

Neptune City Board of Education  
 General Fund Other Local Revenue by Source  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals	Misc.	Total
2006	54,944	-	-	203,000	257,944
2007	59,808	-	-	10,310	70,118
2008	45,775	-	-	10,478	56,253
2009	80,967	-	-	54,652	135,619
2010	17,749	-	-	23,527	41,276
2011	6,239	-	-	4,924	11,163
2012	6,382	-	-	7,468	13,850
2013	4,658	-	-	36,867	41,525
2014	3,361	29,518	-	20,926	53,805
2015	2,805	9,900	-	40,669	53,374

Source: District Records

Neptune City Board of Education  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2006	5,025,700	309,954,800	0	0	75,574,200	10,480,800	29,192,800	430,228,300	19,025,400	386,466	411,589,366	1.082	489,124,816
2007	4,374,800	311,953,800	0	0	75,532,100	10,480,800	29,192,800	431,534,300	20,362,900	347,553	431,881,853	1.109	558,255,576
2008	4,003,400	312,758,500	0	0	77,940,700	10,480,800	29,192,800	434,376,200	20,217,700	353,158	434,729,358	1.072	589,849,108
2009	4,003,400	311,930,900	0	0	75,474,900	10,480,800	29,192,800	431,082,800	20,217,700	385,808	431,468,608	1.154	582,527,332
2010	3,920,700	313,448,500	0	0	75,933,900	10,480,800	29,192,800	432,976,700	19,968,800	436,119	433,412,819	1.257	565,479,990
2011	3,949,100	313,842,900	0	0	75,217,600	10,480,800	29,192,800	432,683,200	19,959,300	455,919	433,139,119	1.286	542,707,042
2012	3,580,700	315,236,700	0	0	75,789,600	10,480,800	29,192,800	434,280,600	20,117,200	483,536	434,764,136	1.318	534,163,258
2013	3,483,100	314,357,500	0	0	77,218,200	10,480,800	29,192,800	434,732,400	19,221,500	0	434,732,400	1.355	500,721,595
2014	4,499,400	310,885,000	0	0	76,607,800	10,480,800	29,192,800	431,665,800	19,221,500	0	431,665,800	1.413	483,153,441
2015	5,821,300	364,329,400	0	0	106,096,700	9,819,500	46,898,200	532,965,100	26,046,200	0	532,965,100	1.303	492,258,152

Source: District records Tax list summary & 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, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

**Neptune City Board of Education**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
 (rate per \$100 of assessed value)  
**Unaudited**

Fiscal Year Ended June 30,	Neptune City Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Neptune City	Library/Other	Monmouth County	
2006	1.024	0.058	1.082	0.745	0.017	0.325	2.169
2007	1.040	0.069	1.109	0.797	0.018	0.336	2.260
2008	1.068	0.003	1.071	0.878	0.019	0.333	2.301
2009	1.077	0.077	1.154	0.913	0.018	0.335	2.421
2010	1.135	0.122	1.257	0.955	0.018	0.341	2.571
2011	1.163	0.123	1.286	1.020	0.018	0.352	2.664
2012	1.195	0.123	1.318	1.054	0.019	0.345	2.736
2013	1.212	0.123	1.355	1.084	0.020	0.357	2.816
2014	1.290	0.123	1.413	1.121	0.020	0.333	2.887
2015	1.180	0.123	1.303	0.943	0.017	0.271	2.534

**Source:** District Records and 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 calcu

**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.

Neptune City Board of Education  
Principal Property Tax Payers,  
Current Year and Ten Years Ago  
Unaudited

Exhibit J-8

Taxpayer	2015			2005		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Brighton Arms Apartments, LLC	\$ 32,127,100	1	6.03%	\$ -		0.00%
Neptune Realty Associates	17,866,400	2	3.35%	4,810,800	3	2.11%
Neptune City Inv.	7,102,800	3	1.33%	-		0.00%
Sylvania 33 Associates, LP	6,463,200	4	1.21%	2,960,100	4	1.30%
Hampshire Assoc.	6,420,100	5	1.20%	2,569,500	6	1.13%
JSMD Inc.	6,417,400	6	1.20%	2,634,900	5	1.15%
NC 211 INC	6,000,000	7	1.13%			
Jersey shore Convalescent Center	5,239,700	8	0.98%	-		0.00%
Jumping Brook Enterprises, Inc.	3,485,300	9	0.65%	1,676,600	8	0.73%
Rosko-Phil Oxford, LLC	3,990,600	10	0.75%	1,752,700	7	0.77%
Robert Kaye	-		0.00%	12,733,000	1	5.58%
Axelrod - HRA Realty	-		0.00%	7,985,600	2	3.50%
Shengs	-		0.00%	1,577,000	9	0.69%
Leo Associates	-		0.00%	1,129,600	10	0.49%
<b>Total</b>	<b>\$ 95,112,600</b>		<b>17.85%</b>	<b>\$ 39,829,800</b>		<b>17.45%</b>

Source: District CAFR & Municipal Tax Assessor

Neptune City Board of Education  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
Unaudited

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	4,224,591	4,224,591	100.00%	-
2007	4,656,498	4,656,498	100.00%	-
2008	4,789,760	4,789,760	100.00%	-
2009	4,657,278	4,657,278	100.00%	-
2010	4,980,627	4,980,627	100.00%	-
2011	5,445,489	5,445,489	100.00%	-
2012	5,567,994	5,567,994	100.00%	-
2013	5,732,046	5,732,046	100.00%	-
2014	5,891,628	5,891,628	100.00%	-
2015	6,101,619	6,101,619	100.00%	-

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

**Note:** 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 is the amount voted upon or certified prior to the end of the school year.

Neptune City Board of Education  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2006	9,772,000	-	-	-	-	9,772,000	N/A	54,823
2007	9,772,000	-	-	-	-	9,772,000	N/A	58,503
2008	9,420,000	-	-	-	-	9,420,000	N/A	59,215
2009	9,070,000	-	-	-	-	9,070,000	N/A	56,965
2010	8,720,000	-	-	-	-	8,720,000	N/A	57,387
2011	8,360,000	-	-	-	-	8,360,000	N/A	59,875
2012	7,985,000	-	-	-	-	7,985,000	N/A	61,997
2013	7,595,000	-	-	-	-	7,985,000	N/A	62,901
2014	7,185,000	-	-	-	-	7,185,000	N/A	N/A
2015	6,760,000	-	-	-	-	6,760,000	N/A	N/A

**Source:** District CAFR Schedules I-1, I-2

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

<sup>a</sup> See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Neptune City Board of Education  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years  
Unaudited

Exhibit J-11

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2006	9,772,000	-	9,772,000	2.00%	54,823
2007	9,772,000	-	9,772,000	2.26%	58,503
2008	9,420,000	-	9,420,000	2.17%	59,215
2009	9,070,000	-	9,070,000	2.10%	56,965
2010	8,720,000	-	8,720,000	2.01%	57,387
2011	8,360,000	-	8,360,000	1.93%	59,875
2012	7,985,000	-	7,985,000	1.84%	61,997
2013	7,595,000	-	7,595,000	1.75%	62,901
2014	7,185,000	-	7,185,000	1.66%	N/A
2015	6,760,000	-	6,760,000	1.26%	N/A

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

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

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

Neptune City Board of Education  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2015  
 Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Borough of Neptune City	3,113,200	100.000%	3,113,200
<b>Other debt</b>			
Monmouth County	454,689,859	0.436%	<u>1,984,197</u>
Subtotal, overlapping debt			5,097,397
<b>Neptune City School District Direct Debt</b>			<u>6,760,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 11,857,397</u></u>

**Sources:** Neptune City Finance Officer, Monmouth County Finance Office

**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 Neptune 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.

Neptune City Board of Education  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 Unaudited

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized valuation basis	
	2014	486,110,135
	2013	483,680,908
	2012	497,059,174
	[A]	<u>\$ 1,466,850,217</u>
Average equalized valuation of taxable property	[A/3]	\$ 488,950,072
Debt limit (3 % of average equalization value)	[B]	14,668,502 <sup>a</sup>
Net bonded school debt	[C]	<u>6,760,000</u>
Legal debt margin	[B-C]	<u>\$ 7,908,502</u>

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 12,945,214	\$ 14,866,786	\$ 16,246,093	\$ 17,166,574	16,801,814	16,801,814	16,261,873	15,645,596	15,091,758	14,668,502
Total net debt applicable to limit	<u>9,772,000</u>	<u>9,772,000</u>	<u>9,420,000</u>	<u>9,070,000</u>	<u>8,360,000</u>	<u>8,360,000</u>	<u>7,985,000</u>	<u>7,595,000</u>	<u>7,185,000</u>	<u>6,760,000</u>
Legal debt margin	<u>\$ 3,173,214</u>	<u>\$ 5,094,786</u>	<u>\$ 6,826,093</u>	<u>\$ 8,096,574</u>	<u>\$ 8,441,814</u>	<u>\$ 8,441,814</u>	<u>\$ 8,276,873</u>	<u>\$ 8,050,596</u>	<u>\$ 7,906,758</u>	<u>\$ 7,908,502</u>
Total net debt applicable to the limit as a percentage of debt limit	75.49%	65.73%	57.98%	52.84%	49.76%	49.76%	49.10%	48.54%	47.61%	46.09%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

Neptune City Board of Education  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited

Exhibit J-14

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2006	5,191	-	54,823	4.2%
2007	5,144	-	58,503	3.8%
2008	5,111	-	59,215	5.0%
2009	5,100	-	56,965	8.1%
2010	4,873	-	57,387	8.2%
2011	4,873	-	59,875	8.3%
2012	4,840	-	61,997	8.7%
2013	4,839	-	62,901	11.4%
2014	N/A	-	N/A	7.4%
2015	N/A	-	N/A	N/A

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income - not available

<sup>c</sup> Per Capita- US Department of Commerce

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

Neptune City Board of Education  
Principal Employers,

Exhibit J-15

Current Year and Ten Years Ago

Unaudited

2015

2005

Employer	2015			2005		
	Employees (Estimated)	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
TFH Publication	225	1	N/A	N/A	N/A	N/A
First Student	188	2	N/A	N/A	N/A	N/A
Stop 'n Shop	164	3	N/A	N/A	N/A	N/A
Medicenter	125	4	N/A	N/A	N/A	N/A
Jersey Shore Univ. Medical Center	110	5	N/A	N/A	N/A	N/A
Borough of Neptune City	92	6	N/A	N/A	N/A	N/A
Neptune City Board of Education	55	7	N/A	N/A	N/A	N/A
Kelly's Tavern	65	8	N/A	N/A	N/A	N/A
Pete N Elda's Pizzeria	63	9	N/A	N/A	N/A	N/A
	<u>1,087</u>		<u>0.00%</u>	<u>-</u>		<u>0.00%</u>

08

Source:

Neptune City Municipal Clerk

2005 Information not available

Neptune City Board of Education  
 Full-time Equivalent District Employees by Function/Program  
 Last Ten Fiscal Years

Unaudited

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	28.0	28.0	28.0	28.0	27.0	26.0	25.0	25.0	25.0	25.0
Special education	4.4	5.4	5.9	5.9	5.9	5.9	7.0	7.5	7.5	7.5
Other special education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vocational	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other instruction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nonpublic school programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult/continuing education programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Support Services:										
Tuition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Student & instruction related services	8.3	8.3	8.3	8.3	8.8	9.8	10.0	11.0	12.0	13.0
General administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5	2.5	2.5
Business administrative services	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Pupil transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Schools	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Food Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Child Care	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<u>50.2</u>	<u>51.2</u>	<u>51.7</u>	<u>51.7</u>	<u>51.2</u>	<u>50.7</u>	<u>51.0</u>	<u>52.5</u>	<u>53.5</u>	<u>54.5</u>

Source: District Personnel Records

Neptune City Board of Education  
Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2006	404	5,869,885	14,529	0.19%	33	1:21	1:22	406	384	#REF!	94.58%
2007	392	6,954,456	17,741	22.10%	35	1:20	1:20	389	364	-4.19%	93.57%
2008	387	7,115,929	18,387	3.64%	36	1:20	1:20	393	367	1.03%	93.50%
2009	395	7,429,874	18,810	2.30%	36	1:20	1:20	391	364	-0.51%	93.15%
2010	398	7,503,865	18,854	0.23%	36	1:20	1:20	398	377	1.79%	94.57%
2011	389	7,140,494	18,356	-2.64%	35	1:20	1:21	389	367	-2.26%	94.34%
2012	395	7,911,843	20,030	9.12%	35	1:20	1:21	395	376	1.54%	95.19%
2013	406	8,345,952	20,557	2.60%	35	1:20	1:21	406	384	2.78%	94.55%
2014	396	9,104,191	22,990	1.40%	35	1:20	1:21	396	376	2.46%	95.01%
2015	379	8,931,072	23,565	2.50%	36	1:19	1:21	379	359	-4.29%	94.68%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule B-2
- 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).

Neptune City Board of Education  
 School Building Information  
 Last Ten Fiscal Years  
 Unaudited

<u>District Building</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Elementary (K-8)</u>										
Woodrow Wilson (1927)										
Square Feet	42,124	42,124	49,061	49,061	49,061	49,061	49,061	49,061	49,061	49,061
Capacity (students)	340	340	375	375	375	375	375	375	375	375
Enrollment	404	392	387	395	396	396	396	396	394	394

Number of Schools at June 30, 2014  
 Elementary = 1

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

Neptune City Board of Education  
 General Fund  
 Schedule of Required Maintenance by School Facility  
 Last Ten Fiscal years  
 Unaudited

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

School Facilities	Project # (s)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Woodrow Wilson	N/A	\$ 41,022	\$ 41,644	\$ 40,165	\$ 43,018	\$ 31,665	\$ 23,236	\$ 21,150	\$ 13,847	\$ 37,500	\$ 34,340
Total School Facilities	204,756	41,022	41,644	40,165	43,018	31,665	23,236	21,150	13,847	37,500	34,340
Other Facilities - None	-	-	-	-	-	-	-	-	-	-	-
84 Grand Total	\$ 204,756	\$ 41,022	\$ 41,644	\$ 40,165	\$ 43,018	\$ 31,665	\$ 23,236	\$ 21,150	\$ 13,847	\$ 37,500	\$ 34,340

Neptune City Board of Education  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**Unaudited**

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
NJSIG	Property Blanket Building & Contents- Replacement Cost Values	\$ 9,797,075	\$ 5,000
NJSIG	Flood/Earthquake	50,000,000 50,000,000	500,000
NJSIG	Pollution Liability	1,000,000 occ/ 2,000,000 agg	5,000
NJSIG	General Liability		
	-Each Occurrence	6,000,000	-
	-General Aggregate	6,000,000	-
	-Personal Injury	1,000,000	-
	-Fire Damage	100,000	-
	-Medical Expense Limit (Excluding students)	10,000	100
	-Employee Benefit Liability	1,000,000	1,000
	-Aggregate	1,000,000	-
NJSIG	Automotive Coverage		
	-Combined Single Limit	6,000,000	-
	-Hired/Non-Owned	1,000,000	-
	-Uninsured & Underinsured	1,000,000	-
NJSIG	Inland Marine		
	-Electronic Data Processing Equipment	100,000	1,000
NJSIG	Crime Coverage		
	-Employee Dishonesty with Faithful Performance	25,000	500
	-Theft, Disappearance & Destruction Inside and Out	25,000	500
NJSIG	Boiler & Machinery Coverage	100,000,000	1,000
NJSIG	Catastrophe Liability Coverage		
	-Occurrence Limit	25,000,000	
	-Aggregate Limit	25,000,000	
	-Retained Limit	-	

Source: District Records

**Neptune City Board of Education**  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**Unaudited**

Exhibit J-20  
(Continued)

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
NJSIG	Board of Education -Liability Wrongful Acts Coverage		
	Each Loss	\$ 6,000,000	\$ 5,000
	Aggregate	6,000,000	5,000
Bollinger	Student Accident - Voluntary Program		
NJSIG	Fidelity Bonds		
	-Treasurer of School Monies	200,000	
	-School Business Administrator/ Board Secretary	5,000	
NJSIG	Worker's Compensation		
	-Covered Payrolls-Professional	2,850,000	N/A
	-Covered Payrolls-Non-Professional	130,000	N/A

**SINGLE AUDIT SECTION**

# ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-1

**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  
Neptune City Board of Education  
County of Monmouth, New Jersey

We have audited, in accordance with the 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Neptune City School District, in the County of Monmouth (the "District") as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basis financial statements, and have issued our report thereon dated November 30, 2015.

**Internal Control Over Financial Reporting**

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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



Allen B. Shechter  
Licensed Public School Accountant No. 2183  
Certified Public Accountant

November 30, 2015  
Neptunc, New Jersey

# ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-2

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM:  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133 AND NEW JERSEY OMB'S CIRCULARS 04-04 AND 15-08**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Neptune City Board of Education  
County of Monmouth, New Jersey

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

We have audited the Board of Education of the Neptune City School District's (the "District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* and New Jersey *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2015. The District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

## Opinion on Each Major State Program

In our opinion, the District 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 state programs for the fiscal year ended June 30, 2015.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major 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 state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circulars 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



Allen B. Shechter  
Licensed Public School Accountant No. 2183  
Certified Public Accountant

November 30, 2015  
Neptune, New Jersey

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

SCHEDULE A  
 Exhibit K-3

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2015		
				From	To	Accounts Receivable	Unearned Revenue	Due to Grantor						Accounts Receivable	Unearned Revenue	Due to Grantor
<b>U.S. Department of Education</b>																
<b>Passed-through State Department of Education</b>																
Special Revenue Fund:																
Special Education Cluster:																
L.D.E.A. Part B, Basic Regular	84.027	IDEA-3500-15	140,868.00	7/1/14	6/30/15					121,460.00	(140,868.00)			(19,408.00)		
L.D.E.A. Part B, Preschool	84.027	IDEA-3500-15	5,711.00	7/1/14	6/30/15					5,711.00	(5,711.00)					
L.D.E.A. Part B, Basic Regular	84.027	IDEA-3500-14	162,670.00	7/1/13	6/30/14	(16,160.00)				16,160.00						
Total Special Education Cluster						(16,160.00)				143,331.00	(146,579.00)			(19,408.00)		
No Child Left Behind Consolidated Grant																
Title I, Part A	84.010	NCLB-3500-15	132,323.00	7/1/14	6/30/15					81,450.00	(119,407.00)			(37,957.00)		
Title I, Part A	84.010	NCLB-3500-14	116,417.00	7/1/13	6/30/14	(16,394.00)				16,394.00						
Total Title I, Part A						(16,394.00)				97,844.00	(119,407.00)			(37,957.00)		
Title II, Part A, Teacher & Principal Training	84.281A	NCLB-3500-15	26,351.00	7/1/14	6/30/15					26,351.00	(26,351.00)					
Title II, Part A, Teacher & Principal Training	84.281A	NCLB-3500-14	25,823.00	7/1/13	6/30/14	(25,823.00)				25,823.00						
Total Title II, Part A, Teacher & Principal Training						(25,823.00)				52,174.00	(26,351.00)					
<b>Total Special Revenue Fund</b>						(58,377.00)				293,349.00	(292,337.00)			(57,365.00)		
<b>U.S. Department of Agriculture</b>																
<b>Passed-through State Department of Education</b>																
Enterprise Fund:																
Child Nutrition Cluster																
Food Distribution Program (Non-Cash)	10.550	N/A	11,316.66	7/1/14	6/30/15					11,316.66	(10,792.71)			523.95		
Food Distribution Program (Non-Cash)	10.550	N/A	10,298.56	7/1/13	6/30/14			198.79			(198.79)					
School Breakfast Program	10.553	N/A	12,605.65	7/1/14	6/30/15					11,527.12	(12,605.65)			(1,078.53)		
School Breakfast Program	10.553	N/A	9,412.84	7/1/13	6/30/14	(700.12)				700.12						
National School Lunch Program	10.555	N/A	89,408.23	7/1/14	6/30/15					82,635.18	(89,408.23)			(6,773.05)		
National School Lunch Program	10.555	N/A	72,995.50	7/1/13	6/30/14	(6,087.98)				6,087.98						
Total Child Nutrition Cluster						(6,788.10)	198.79			112,267.06	(113,005.38)			(7,851.58)		
<b>Total Enterprise Fund</b>						(6,788.10)	198.79			112,267.06	(113,005.38)			(7,851.58)		
<b>Total Federal Financial Awards</b>						(\$65,165.10)	\$198.79			\$405,616.06	(\$405,342.38)			(\$65,216.58)		

Note: Federal Single Audit is not required

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

SCHEDULE B  
 Exhibit K-4

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2015			MEMO	
			From	To	Unearned Revenue (Accts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>															
<b>General Fund:</b>															
State Aid - Public Cluster:															
Equalization Aid	15-495-034-5120-078	1,564,270.00	7/1/14	6/30/15				1,564,270.00	(1,564,270.00)				*	153,957.00	1,564,270.00
Special Education Categorical Aid	15-495-034-5120-089	344,076.00	7/1/14	6/30/15			344,076.00	(344,076.00)					*	33,854.00	344,076.00
Security Aid	15-495-034-5120-084	28,851.00	7/1/14	6/30/15			28,851.00	(28,851.00)					*	2,830.00	28,851.00
Under Adequacy Aid	15-495-034-5120-096	64,701.00	7/1/14	6/30/15			64,701.00	(64,701.00)					*	6,361.00	64,701.00
PARCC Readiness Aid	15-495-034-5120-098	6,050.00	7/1/14	6/30/15			6,050.00	(6,050.00)					*	602.00	6,050.00
Per Pupil Growth Aid	15-495-034-5120-097	6,050.00	7/1/14	6/30/15			6,050.00	(6,050.00)					*	602.00	6,050.00
Total State Aid - Public Cluster							2,013,998.00	(2,013,998.00)					*	198,206.00	2,013,998.00
Transportation Aid	15-495-034-5120-014	25,030.00	7/1/14	6/30/15			25,030.00	(25,030.00)					*	2,468.00	25,030.00
Extraordinary Special Education Costs Aid	15-100-034-5120-473	147,712.00	7/1/14	6/30/15				(147,712.00)		(147,712.00)			*		147,712.00
Extraordinary Special Education Costs Aid	14-100-034-5120-473	139,911.00	7/1/13	6/30/14	(139,911.00)		139,911.00						*		
On Behalf TPAF Pension Contributions	15-495-034-5095-006	108,478.00	7/1/14	6/30/15			108,478.00	(108,478.00)					*		108,478.00
On Behalf TPAF Post Retirement Medical Contr.	15-495-034-5095-001	172,209.00	7/1/14	6/30/15			172,209.00	(172,209.00)					*		172,209.00
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	130,447.73	7/1/14	6/30/15			123,864.96	(130,447.73)		(6,582.77)			*		130,447.73
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	143,503.50	7/1/13	6/30/14	(7,136.84)		7,136.84						*		
<b>Total General Fund</b>					(147,047.84)		2,590,627.80	(2,597,874.73)		(154,294.77)			*	200,674.00	2,597,874.73
<b>Debt Service Fund:</b>															
Debt Service Aid Type II	15-495-034-5120-017	178,049.00	7/1/14	6/30/15			178,049.00	(178,049.00)					*		178,049.00
<b>State Department of Agriculture</b>															
<b>Enterprise Fund:</b>															
National School Lunch Program (State Share)	15-100-010-3360-067	1,927.97	7/1/14	6/30/15			1,783.94	(1,927.97)		(144.03)			*		1,927.97
National School Lunch Program (State Share)	14-100-010-3360-067	1,847.15	7/1/13	6/30/14	(242.03)		242.03						*		
Total Enterprise Fund					(242.03)		2,025.97	(1,927.97)		(144.03)			*		1,927.97
Total State Financial Assistance					(\$147,289.87)		2,770,702.77	(2,777,851.70)		(154,438.80)			*	200,674.00	2,777,851.70
<b>Less:</b>															
On Behalf Assistance Not Included in State Single Audit															
On Behalf TPAF Pension Contributions							(108,478.00)	108,478.00							
On Behalf TPAF Post Retirement Medical Contr.							(172,209.00)	172,209.00							
<b>Total State Financial Assistance Subject to State Single Audit</b>							2,490,015.77	(2,497,164.70)							

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**NEPTUNE CITY SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Awards and Financial Assistance**  
**June 30, 2015**

**NOTE 1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Neptune City School District. The Board of Education is defined in Note 1 to the Board 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 is included on the schedules of expenditures of federal awards and state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

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

**NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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 last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(3,762.00) for the general fund and (\$31,654.80) for the special revenue fund. See Note A for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	.00	2,594,112.73	2,594,112.73
Special Revenue Fund	260,682.20	.00	260,682.20
Debt Service Fund	.00	178,049.00	178,049.00
Food Service Fund	<u>113,005.38</u>	<u>1,927.97</u>	<u>114,933.35</u>
Total Awards & Financial Assistance	<u>\$389,588.07</u>	<u>2,774,089.70</u>	<u>3,147,777.28</u>

**NEPTUNE CITY SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Awards and Financial Assistance**  
**June 30, 2015**

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

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

**NOTE 5. OTHER INFORMATION**

TPAF Social Security contributions in the amount of \$130,447.73, represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$108,478.00 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$172,209.00 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

**NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions payments are not subject to a State single audit. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2015**

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

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

2) Were significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes  X  no

**State Awards**

Dollar threshold used to distinguish between type A and B programs: \$300,000.00

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

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

Internal Control over major programs:

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

2) Were significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Any audit findings disclosed that are required to be reported in accordance with NJ OMB's Circulars 04-04 and 15-08? \_\_\_\_\_ yes  X  no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>15-495-034-5120-078</u>	<u>State Aid Public Cluster</u>
<u>15-495-034-5095-089</u>	<u>Equalization Aid</u>
<u>15-495-034-5120-084</u>	<u>Special Education Categorical Aid</u>
<u>15-495-034-5120-096</u>	<u>Security Aid</u>
<u>15-495-034-5120-097</u>	<u>Under Adequacy Aid</u>
<u>15-495-034-5120-098</u>	<u>Per Pupil Growth</u>
	<u>PARCC Readiness</u>

**Section II - Financial Statement Findings**

NONE

**Section III - State Financial Assistance Findings and Questioned Costs**

NONE

**NEPTUNE CITY SCHOOL DISTRICT**  
**Summary Schedule of Prior Year Audit Findings**  
**For the Fiscal Year Ended June 30, 2015**

**STATUS OF PRIOR YEAR FINDINGS**

There were no prior year findings since all areas of State financial assistance for the prior year were found to be in compliance.