

SCHOOL DISTRICT
OF
CITY OF NORTH WILDWOOD

City of North Wildwood Board of Education
North Wildwood, New Jersey

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

Comprehensive Annual Financial Report

of the

City of North Wildwood Board of Education

North Wildwood, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

City of North Wildwood Board of Education

Finance Department

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North Wildwood Board Of Education

1201 Atlantic Avenue
North Wildwood, N.J. 08260
(609) 729-4649

December 3, 2015

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

The Comprehensive Annual Financial Report of the City of North Wildwood Board of Education 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. 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 of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The City of North Wildwood Board of Education is an independent reporting entity as set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds of the District are included in this report. The City of North Wildwood Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre K - 8. These include regular, vocational as well as special education for handicapped students.

2. **ECONOMIC CONDITION AND OUTLOOK:** Our City continues to experience an increase of tourists and an extended tourist year with festivals, parades and other additional activities. The community continues to grow with an influx of new housing, renovations and additions to property.

3. **MAJOR INITIATIVES:** The District provides instructional programs for pre-kindergarten through eighth grade, which are supplemented with programs including library, technology, art, music, applied technology, computers, gifted and talented, and basic skills.

The District continues to focus on New Jersey's Core Curriculum Content Standards and Cross-Content and to align school programs with the benchmarks identified in the Standards. Language Arts/Literacy, Mathematics, Science, Health and Physical Education, Visual and Performing Arts, Social Studies and World Languages are reviewed as part of the multi-year curriculum review. The District has expanded the technology curriculum and instruction to include the elementary grades to meet the new Technology Literacy Standard. These important standards have both curricular and financial support to anticipate student success on the State's NJ ASK and GEPA assessment tests, as well as the PARCC Tests.

The District continues to focus on supportive programs to increase student involvement and motivation. The District is a member of the Cape Atlantic Athletic League for extracurricular offerings and to provide students with the opportunity to experience interaction outside the barrier island.

Community and parental involvement are a primary focus of the Board and staff. The District joined with the City government and service agencies to provide community service projects for students. The District supported the local Home and School Association's initiatives to increase educational opportunities for students and create more parental involvement.

We have a high commitment to our five-year technology plan. Upgrading of the computer network and in-house teacher training are critical components to maintaining staff and student use and value for technology

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

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

As part of the District's single audit described earlier, tests are made periodically to determine the adequacy of the internal control structure, including that portion related to 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. 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 as of June 30, 2014.

6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in the "Notes to the Financial Statements", Note 1.
7. **FINANCIAL INFORMATION AT FISCAL YEAR END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.
8. **DEBT ADMINISTRATION:** At June 30, 2015, the District's outstanding debt issues included \$730,000 of general refunded bonds. The proceeds of this issue were to provide funds for the construction and renovation of the Margaret Mace School.
9. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to 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 1980 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 funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
10. **RISK MANAGEMENT:** North Wildwood Board of Education carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.
11. **OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, L.L.C., CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and New Jersey OMB Circular 04-04. The auditor's report on the basic 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.

12. **ACKNOWLEDGMENTS:**

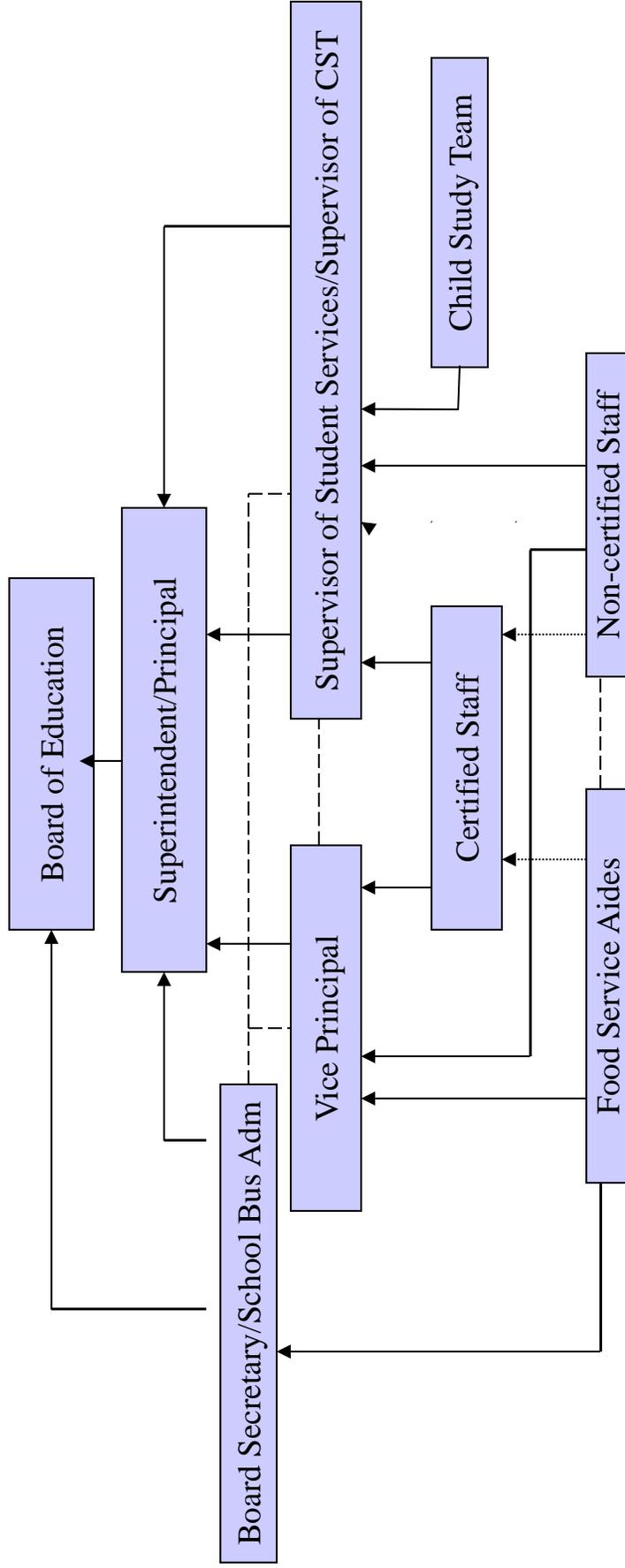
We would like to express our appreciation to the members of the City of North Wildwood Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial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

Respectfully submitted,

Christopher Armstrong
Christopher Armstrong
Superintendent

John J. Hansen
John J. Hansen
Board Secretary/Business Administrator

Organizational Chart North Wildwood School District



Each employee in the district is responsible to the Board through the Superintendent

All personnel shall refer matters requiring administrative action to the administrative officer immediately in charge of the area in which the problem arises

Administrative officers shall refer such matters to the next higher authority, when necessary.

All employees shall have the right to appeal any decision made by an administrative officer to the next higher authority and through appropriate successive steps to the Board.

Revised 7/06

CITY OF NORTH WILDWOOD BOARD OF EDUCATION

NORTH WILDWOOD, NEW JERSEY

ROSTER OF OFFICIALS

June 30, 2015

<u>Members of the Board of Education</u>	<u>Term Expires</u>
David MacDonald, President	2016
Via Zampirri, Vice President	2015
Michael Brown, Sr.	2017
Charles Burns	2017
Gerald Flanagan	2016
Ronald Golden	2016
Victoria Rozanski	2015
Scott McCracken	2017
Laura Stefankiewicz	2015
James Perlof, West Wildwood Representative	2015

Other Officials

Michael Buccialia, Superintendent

John Hansen, Business Administrator/Board Secretary

Todd Burkey, Treasurer

Peter M. Tourison, Esq., Solicitor

Robert T. Belasco, Solicitor Effective September 2015

**CITY OF NORTH WILDWOOD BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

Ford, Scott & Associates, L.L.C.
Certified Public Accountants
1535 Haven Ave
PO Box 538
Ocean City, NJ 08226

Attorney

Robert T. Belasco
Stefankiewicz & Barnes, LLC
111 East 17th Street, Suite 100
North Wildwood, NJ 08260

Official Depositories

Crest Savings Bank
5th and New Jersey Avenue
North Wildwood, NJ 08260

Municipal Investors Service, Corp.
113 King Street
Armonk, NY 10504

PNC Bank
1300 New Jersey Avenue
North Wildwood, NJ 08260

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Financial Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710
www.ford-scott.com

Independent Auditor's Report

Honorable President and
Members of the Board of Education
City of North Wildwood School District
County of Cape May, 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 City of North Wildwood School District, City of North Wildwood, New Jersey, 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, and 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 entity'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 entity'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 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 City of North Wildwood School District, City of North Wildwood, New Jersey, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of North Wildwood School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of state financial assistance as required by NJ OMB 04-04, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, combining statements, and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of state financial assistance as required by NJ OMB 04-04, and statistical information is the responsibility of management and was 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 combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of state financial assistance as required by NJ OMB 04-04 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject 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 December 3, 2015 on our consideration of the City of North Wildwood School District's internal control over financial

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

Very truly yours,

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

December 3, 2015

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**Required Supplemental Information
Part I**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of North Wildwood School District ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

FINANCIAL HIGHLIGHTS

- The net position of the District increased \$38,774 as a result of decreases in the tax levy and state aid.
- The State of New Jersey reimbursed the District \$250,078 during the fiscal year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. Also the State paid \$440,609 on behalf of the District for TPAF Pension Contributions. These amounts, which are not budgeted, are included as both a revenue and appropriation in the financial statements.
- As indicated by New Jersey State Statutes, the unreserved fund balance of the general fund is limited to the greater of \$250,000 or 2% of the total general fund expenditures. Any excess is required to be designated as Restricted Fund Balance – Excess Surplus and included in the next year's budget as budgeted fund balance. As of June 30, 2015 the District had excess surplus in the amount of \$1,082,428, of which \$519,173 has been appropriated and included as anticipated revenue in the 2016 fiscal year budget. This is compared to the prior year excess surplus of \$1,178,179, of which \$659,006 was budgeted in the 2015 fiscal year budget.
- During the fiscal year ended June 30, 2015, the District's governmental fund expenditures were \$36,433 less than total revenues realized. This increase can be attributed to a increase in aid received through the State and Federal governments, as well as a increased in the amount to be raised through taxation. During the prior fiscal year, total revenues were lower than total expenditures by \$371,309.
- In the District's business-type activities, net position increased \$2,341 during the 2015 fiscal year compared to a \$1,323 decrease in fiscal year 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), the basic *financial statements*, *required supplementary information*, and an optional section that presents *combining statements for special revenue, proprietary, and fiduciary funds*. The basic financial statements include two kinds of statements that present different views of the District.

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial

statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

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A-1

**Major Features of the City of North Wildwood Board of Education’s
Government-wide and Fund Financial Statements**

	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as food service and student activities	Activities the District operates similar to private businesses; food service	Instances in which the District is the trustee or agent for someone else’s resources, such as payroll agency and student activities.
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short- term and long-term.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

Government-wide Statements

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

The two government-wide statements report the District's *net positions* and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health, or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the District's facilities.

The government-wide financial statements of the District are divided into two categories:

- *Governmental activities* – most of the District's basic services are included here, such as instruction, transportation, administration, and plant operations. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – the District charges fees to customers to help it cover the costs of certain services it provides. The District's food service program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for other assets that - because of a trust arrangement – can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's governmental activities net position decreased between fiscal years 2014 and 2015 as a result of a decrease in the amount raised through taxation and assistance received through state and federal sources. Net position for business-type activities decreased \$XXX during the current fiscal year.

	Governmental Activities		Business-type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current & other assets	\$ 2,517,297	2,591,464	31,214	28,610	2,548,511	2,260,074
Capital assets	5,875,525	6,027,445			5,875,525	6,027,445
Total assets	<u>8,392,822</u>	<u>8,618,909</u>	<u>31,214</u>	<u>28,610</u>	<u>8,424,036</u>	<u>8,647,519</u>
Deferred outflows						
Of resources	258,165	40,833	-	-	258,165	40,833
Long-term liabilities	2,906,684	1,270,995	2,114	1,851	2,908,798	1,272,846
Other liabilities	147,892	263,737			147,892	263,737
Total liabilities	<u>3,054,576</u>	<u>1,534,732</u>	<u>2,114</u>	<u>1,851</u>	<u>3,056,690</u>	<u>1,536,583</u>
Net Position						
Invested in						
capital assets	5,145,525	5,117,445			5,145,525	5,117,445
Restricted	2,168,315	2,133,292			2,168,315	2,133,292
Unrestricted	(1,825,247)	(125,727)	29,100	26,759	(1,796,147)	(98,968)
Total net position	<u>\$ 5,488,593</u>	<u>7,125,010</u>	<u>29,100</u>	<u>26,759</u>	<u>5,517,693</u>	<u>7,151,769</u>

Changes in net position. The total governmental fund revenue of the District decreased when compared to amounts recognized in the prior year. This can be attributed to an overall decrease in the tax levy and grant funding. For 2015 and 2014, the local tax levy was XXX% and 70.28% of total governmental fund revenues, respectively. The municipality levies this tax on properties located in the City and remits the collections on a monthly basis to the District.

Approximately 27.6% of the District's governmental funds revenue came from the State of New Jersey in the form of state aid. This aid is based on the District's enrollment as well as other factors such as legislative funding of the SFRA formula. The District expenses are primarily related to instruction, administration, and plant operations.

		2015		2014	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property taxes	\$	6,312,709	62.11%	5,981,751	70.28%
Charges for service		891,409	8.77%	675,000	7.93%
Unrestricted State and Federal Aid		2,134,471	21.00%	1,253,462	14.73%
Federal & State Aid restricted		670,891	6.60%	576,140	6.76%
Other		153,489	1.52%	25,433	0.30%
Totals	\$	<u>10,162,969</u>	<u>100.00%</u>	<u>8,511,786</u>	<u>100.00%</u>

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Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2015 and 2014 fiscal years.

	Governmental Activities		Business-Type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenue						
Program Revenue:						
Charges for srvs	\$ 891,409	675,000	34,070	38,507	925,479	713,507
Federal and State grants	2,254,269	1,172,788	59,250	63,361	2,313,519	1,236,149
General revenues						
Property taxes	6,312,709	5,981,751			6,312,709	5,981,751
Interest	1,471	10,904	4	4	1,475	10,908
State aid entitlements	670,891	662,643			670,891	662,643
Other	32,220	8,700			32,220	8,700
Total revenues	<u>10,162,969</u>	<u>8,511,786</u>	<u>93,324</u>	<u>101,872</u>	<u>10,256,293</u>	<u>8,613,658</u>
Expenses						
Instruction:						
Regular	4,135,479	3,147,845			4,135,479	3,147,845
Special education	594,056	473,773			594,056	473,773
Other special instruction	551,700	411,615			551,700	411,615
Support services:						
Tuition	1,522,909	1,810,373			1,522,909	1,810,373
Student & instruction related srvs	1,612,507	1,379,638			1,612,507	1,379,638
School admin services	92,584	82,432			92,584	82,432
Other admin services	567,920	469,848			567,920	469,848
Plant operation and maint	882,588	790,451			882,588	790,451
Pupil transport	102,106	215,837			102,106	215,837
Capital outlay	-	53,516			-	53,516
Special schools	13,500	13,650			13,500	13,650
Interest on long-term debt	23,187	16,117			23,187	16,117
Business-type activities			118,983	121,195	118,983	121,195
Total expenses	<u>10,098,536</u>	<u>8,865,095</u>	<u>118,983</u>	<u>121,195</u>	<u>10,217,519</u>	<u>8,986,290</u>
Excess/(Deficiency)						
Before transfers	64,433	(353,309)	(25,659)	(19,323)	38,774	(372,632)
Transfers	(28,000)	(18,000)	28,000	18,000	-	-
Increase/(decrease) In Net position	\$ <u>36,433</u>	<u>(371,309)</u>	<u>2,341</u>	<u>(1,323)</u>	<u>38,774</u>	<u>(372,632)</u>

The variances between years in the governmental funds were the result of changes in classifications and are within expectations.

Business-type Activities

Operating and non-operating revenues of the District's business-type activities decreased \$8,548 from the previous year while expenses increased \$12,205. Factors contributing to these results included:

- An decrease in participation of the school lunch program which resulted in an decrease in reimbursements from the Federal Department of Agriculture.
- An decrease in expenses for food and supplies due to decrease in participation with the school lunch program.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$5,488,593 which is \$36,433 higher than in the beginning of the year. This was primarily caused by a decrease in the amount raised through taxation as well as a decrease in state and federal grant funding.

General Fund Budgetary Highlights

As further explained in the Notes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and, as a Type II School District that has elected to have November elections, requires approval by the voters only when statutory limits are exceeded. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 30th carry over to the next fiscal year and are added to the appropriation reflected in the certified budget.

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, which are not budgeted, the District's actual revenue was \$14,908 more than the budgeted amount. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, actual expenditures were below the budgeted appropriations by \$774,706.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the District had invested \$5,875,525, net of depreciation, in a broad range of capital assets, including land, buildings, vehicles and machinery. Capital assets purchased through the business-type activities are fully depreciated.

	2015	2014
Land	\$ 474,000	474,000
Buildings & Improvements	5,202,740	5,350,009
Machinery & Equipment	198,785	203,436
Total	<u>\$ 5,875,525</u>	<u>6,027,445</u>

Total aggregate cost basis for the districts capital assets as of June 30, 2015 was \$8,767,641 with accumulated depreciation of \$2,892,116. More detailed information about the District's capital assets is presented in Note 7 to the financial statements.

Long-term Debt

	Balance 6/30/2014	Issued	Retired	Balance 6/30/2015
Bonds Payable	<u>\$910,000</u>	<u></u>	<u>180,000</u>	<u>730,000</u>
Compensated Absences Payable	<u>360,995</u>	<u>36,375</u>	<u>29,878</u>	<u>367,492</u>
Total	<u><u>\$1,270,995</u></u>	<u><u>36,375</u></u>	<u><u>209,878</u></u>	<u><u>1,097,492</u></u>

More detailed information about the District's long-term debt is presented in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of North Wildwood School District is presently in satisfactory financial condition. Future challenges include stabilizing or increasing student enrollment and flat state aid revenues.

The school district has been fortunate to receive both State and Federal grants, offering additional resources for teachers assisting students to make increased strides in all instructional areas.

The City's ratable base decreased approximately \$22.5 million in 2015. The ratable base decreased in 2015 as a result of tax appeals and market adjustments. In recent years it has become the responsibility of homeowners to foot the majority of the tax burden. Because of the continued influx of families of many nationalities with lower socio-economic backgrounds, the school district continues to share a child study team social worker with the Wildwood School District to support and assistance at-risk youth and their families. A continuation of appropriate teacher/student classroom ratios remains a priority of the administration.

In conclusion, the City of North Wildwood School District has committed itself to financial excellence. In addition, the school district's system for financial planning, budgeting, and internal financial controls are well guarded. The school district plans to continue its sound fiscal management to meet challenges of the future.

CONTACTING THE 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 John Hansen, School Business Administrator at the City of North Wildwood Board of Education District Office, 1201 Atlantic Avenue, City of North Wildwood, NJ 08260.

BASIC FINANCIAL STATEMENTS

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DISTRICT - WIDE FINANCIAL STATEMENTS

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City of North Wildwood School District
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,445,641	26,580	2,472,221
Due from other governments	71,656	4,634	76,290
Capital assets, not depreciated	474,000		474,000
Capital assets, net	5,401,525	-	5,401,525
Total Assets	<u>8,392,822</u>	<u>31,214</u>	<u>8,424,036</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions	225,499		225,499
Loss on refunding of long-term debt	32,666		32,666
Total Deferred Outflow of Resources	<u>258,165</u>	<u>-</u>	<u>258,165</u>
LIABILITIES			
Accrued interest	5,588		5,588
Accounts payable	41,654		41,654
Payable to other governments	73,568		73,568
Unearned revenue	27,082		27,082
Noncurrent liabilities:			
Due within one year	185,000		185,000
Due beyond one year	912,492	2,114	914,606
Net Pension Liability	1,809,192		1,809,192
Total liabilities	<u>3,054,576</u>	<u>2,114</u>	<u>3,056,690</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	107,818		107,818
NET POSITION			
Net investment in capital assets	5,145,525	-	5,145,525
Restricted for:			
Other purposes	2,168,315		2,168,315
Unrestricted	(1,825,247)	29,100	(1,796,147)
Total net position	<u>\$ 5,488,593</u>	<u>29,100</u>	<u>5,517,693</u>

The accompanying notes are an integral part of these financial statements

City of North Wildwood School District
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	\$ 3,184,101	951,378	891,409	1,352,499	(1,891,571)		(1,891,571)	
Special education	458,070	135,986		110,234	(483,822)		(483,822)	
Other special instruction	425,410	126,290		102,374	(449,326)		(449,326)	
Support services:								
Tuition	1,522,909			4,713	(1,518,196)		(1,518,196)	
Student & instruction related services	1,243,387	369,120		547,883	(1,064,624)		(1,064,624)	
General administrative services	243,417	82,352		28,831	(296,938)		(296,938)	
School administrative services	69,180	23,404		8,194	(84,390)		(84,390)	
Plant operations and maintenance	659,476	223,112		78,110	(804,478)		(804,478)	
Pupil transportation	102,106				(102,106)		(102,106)	
Business and other support services	180,937	61,214		21,431	(220,720)		(220,720)	
Unallocated benefits	1,972,856	(1,972,856)			-		-	
Capital Outlay	-				-		-	
Special Schools	13,500				(13,500)		(13,500)	
Interest on long-term debt	23,187				(23,187)		(23,187)	
Total governmental activities	10,098,536	-	891,409	2,254,269	(6,952,858)	-	(6,952,858)	
Business-type activities:								
Food Service	118,983		34,070	59,250		(25,663)	(25,663)	
Total business-type activities	118,983		34,070	59,250		(25,663)	(25,663)	
Total primary government	\$ 10,217,519		925,479	2,313,519	(6,952,858)	(25,663)	(6,978,521)	
General revenues:								
Taxes:								
Property taxes, levied for general purposes, net					6,131,619		6,131,619	
Taxes levied for debt service					181,090		181,090	
Federal and State aid not restricted					670,891		670,891	
Investment Earnings					1,471	4	1,475	
Miscellaneous Income					32,220		32,220	
Total General Revenues					7,017,291	4	7,017,295	
Other sources (uses) of funds:								
Transfers					(28,000)	28,000	-	
Total general revenues, special items, extraordinary items and transfers					6,989,291	28,004	7,017,295	
Change in Net Position					36,433	2,341	38,774	
Net Position—beginning, as restated					5,452,160	26,759	5,478,919	
Net Position—ending					\$ 5,488,593	29,100	5,517,693	

FUND FINANCIAL STATEMENTS

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City of North Wildwood School District
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,384,116	61,524	1	2,445,641
Receivables from other governments		71,656		71,656
Total assets	2,384,116	133,180	1	2,517,297
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable		41,654		41,654
Due to other governments		73,568		73,568
Unearned revenue		27,082		27,082
Total liabilities	-	142,304	-	142,304
Fund Balances:				
Restricted for:				
Excess surplus	563,255			563,255
Excess surplus - designated for subsequent year's expenditures	519,173			519,173
Committed to:				
Capital reserve	383,787			383,787
Maintenance reserve	318,188			318,188
Tuition reserve for 2014/2015	50,495			50,495
Tuition reserve for 2015/2016	50,000			50,000
Assigned to:				
Designated for subsequent year's expenditures	80,756		1	80,757
Encumbrances	202,660			202,660
Unreserved, reported in:				
General fund	215,802			215,802
Special revenue fund		(9,124)		(9,124)
Debt service fund				-
Total Fund balances	2,384,116	(9,124)	1	2,374,993
Total liabilities and fund balances	\$ 2,384,116	133,180	1	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 5,875,525

Accrued interest payments on long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (5,588)

Deferred amount on refunding and premiums on bonds are reported in the governmental fund as expenditures in the year bonds are issued but are amortized over the life of the bonds on the statement of activities 32,666

Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the funds (1,691,511)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (1,097,492)

Net position of governmental activities \$ 5,488,593

City of North Wildwood School District
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local tax levy	\$ 6,131,619		181,090	6,312,709
Tuition Charges	891,409			891,409
Interest	1,471			1,471
Miscellaneous	32,220	119,798		152,018
State sources	1,361,578	285,300		1,646,878
Federal sources		429,778		429,778
Total revenues	<u>8,418,297</u>	<u>834,876</u>	<u>181,090</u>	<u>9,434,263</u>
EXPENDITURES				
Current:				
Regular instruction	2,071,992	579,914		2,651,906
Special education instruction	379,241			379,241
Other special instruction	352,201			352,201
Support services and undistributed costs:				
Tuition	1,518,196	4,713		1,522,909
Student & instruction related services	892,793	136,619		1,029,412
General administrative services	229,665			229,665
School administrative services	65,271			65,271
Plant operations and maintenance	622,219			622,219
Pupil transportation	102,106			102,106
Business and other support services	170,716			170,716
Unallocated Benefits	1,860,812	112,044		1,972,856
Debt service:				
Principal			180,000	180,000
Interest and other charges			15,938	15,938
Capital outlay	57,563			57,563
Special schools	13,500			13,500
Total expenditures	<u>8,336,275</u>	<u>833,290</u>	<u>195,938</u>	<u>9,365,503</u>
Excess (Deficiency) of revenues and other financing (uses) over expenditures	<u>82,022</u>	<u>1,586</u>	<u>(14,848)</u>	<u>68,760</u>
OTHER FINANCING SOURCES (USES)				
Transfer out	(28,000)			(28,000)
Total other financing sources and uses	<u>(28,000)</u>	<u>-</u>	<u>-</u>	<u>(28,000)</u>
Net change in fund balances	54,022	1,586	(14,848)	40,760
Fund balance—July 1	2,330,094	(10,710)	14,849	2,334,233
Fund balance—June 30	<u>\$ 2,384,116</u>	<u>(9,124)</u>	<u>1</u>	<u>2,374,993</u>

City of North Wildwood School District
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2015

Total net change in fund balances - governmental funds (from B-2)	\$	40,760
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>	<p>Depreciation expense (228,573) Assets charged to expense 76,653 Capital outlays</p> <hr style="width: 100%;"/>	<p>(151,920)</p>
<p>Repayment of long term debt 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.</p>		180,000
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)</p>		918
<p>Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>	<p>79,661 (98,322)</p> <hr style="width: 100%;"/>	<p>(18,661)</p>
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		(6,497)
<p style="padding-left: 20px;">Compensated absences</p> <p style="padding-left: 20px;">Amortization of loss on refunding of 1999 bond issue</p>		(8,167)
Change in net position of governmental activities	\$	36,433

**City of North Wildwood School District
Statement of Net Position
Proprietary Funds
June 30, 2015**

		<u>Business-type Activities - Enterprise Funds</u>
		<u>Food Service</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$	26,580
Receivables from other governments		4,634
Total current assets		<u>31,214</u>
Noncurrent assets:		
Furniture, machinery & equipment		2,089
Less accumulated depreciation		(2,089)
Total noncurrent assets		<u>-</u>
Total assets		<u><u>31,214</u></u>
LIABILITIES		
Current liabilities:		
None		-
Total current liabilities		<u>-</u>
Noncurrent liabilities:		
Compensated absences		2,114
Total noncurrent liabilities		<u>2,114</u>
Total liabilities		<u>2,114</u>
NET POSITION		
Invested in capital assets, net of related debt		-
Unrestricted		29,100
Total net position	\$	<u><u>29,100</u></u>

**City of North Wildwood School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015**

		<u>Business-type Activities - Enterprise Funds</u>
		<u>Food Service</u>
Operating revenues:		
Charges for services:		
Daily sales - reimbursable programs	\$	34,070
Total operating revenues		<u>34,070</u>
Operating expenses:		
Salaries		29,170
Employee benefits		11,752
General supplies		3,374
Cost of sales		74,687
Total Operating Expenses		<u>118,983</u>
Operating (loss)		<u>(84,913)</u>
Nonoperating revenues and expenses:		
State sources:		
State school lunch program		1,127
Federal sources:		
National school lunch program		53,538
National school breakfast program		4,585
Interest and investment revenue		4
Total nonoperating revenues		<u>59,254</u>
(Loss) before contributions & transfers		<u>(25,659)</u>
Transfers in		<u>28,000</u>
Change in net position		2,341
Total net position—beginning		26,759
Total net position—ending	\$	<u><u>29,100</u></u>

**City of North Wildwood School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015**

		<u>Business-type Activities - Enterprise Funds</u>
		<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and other funds	\$	34,070
Payments to employees		(28,907)
Payments for employee benefits		(11,752)
Payments to suppliers		(78,061)
Net cash (used in) operating activities		<u>(84,650)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources		1,136
Federal Sources		58,819
(To)/From other funds		28,000
Net cash provided by non-capital financing activities		<u>87,955</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and investment revenue		4
Net cash provided by investing activities		<u>4</u>
Net increase in cash and cash equivalents		3,309
Balances—beginning of year		23,271
Balances—end of year		<u><u>26,580</u></u>
Reconciliation of operating income (loss) to net cash provided by/(used in) operating activities:		
Operating (loss)		(84,913)
Adjustments to reconcile operating (loss) to net cash provided by/ (used in) operating activities		
Increase in compensated absences		263
Total adjustments		<u>263</u>
Net cash (used in) operating activities	\$	<u><u>(84,650)</u></u>

**City of North Wildwood School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015**

	<u>Unemployment Compensation</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ <u>29,252</u>	<u>1,467</u>
Total assets	<u><u>29,252</u></u>	<u><u>1,467</u></u>
LIABILITIES		
Accounts payable	5,879	
Payroll deductions and withholdings		1,467
Interfund payable		-
Total liabilities	<u><u>5,879</u></u>	<u><u>1,467</u></u>
NET POSITION		
Held in trust for unemployment claims and other purposes	\$ <u><u>23,373</u></u>	

Exhibit B-8

City of North Wildwood School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015

	<u>Unemployment Compensation</u>
ADDITIONS	
Employee contributions	\$ 7,268
Board contributions	<u>10,000</u>
Total additions	<u>17,268</u>
DEDUCTIONS	
Other payments	<u>7,536</u>
Total deductions	<u>7,536</u>
Change in net position	9,732
Net position—beginning of the year	<u>13,641</u>
Net position—end of the year	<u>\$ 23,373</u>

Notes to the Financial Statements

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City of North Wildwood School District
Notes to Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of North Wildwood School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is 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 (Board) of the City of North Wildwood School District (District) have been prepared in conformity with generally accepted accounting principles (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. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. Reporting Entity:

The City of North Wildwood School District is a Type II district located in the County of Cape May, State of New Jersey. As a type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to a three-year term. The purpose of the District is to educate students in grades K-8. The City of North Wildwood School District had an approximate enrollment at June 30, 2015 and 2014 of 295 and 317 students.

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. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's food service program is classified as a business-type activity.

In the governmental-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net positions are reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (food service). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement

City of North Wildwood School District
Notes to Financial Statements
June 30, 2015

of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

- a. The District does allocate indirect costs such as depreciation expense, compensated absences, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Standards sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

The following fund types are used by the District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.
- c. **Debt service** funds are 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.

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City of North Wildwood School District
Notes to Financial Statements
June 30, 2015

Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- **Nonspendable** – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- **Restricted** – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- **Committed** – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- **Assigned** – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- **Unassigned** – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The District operates a food service fund to provide a child nutrition program for the students of the district.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third

**City of North Wildwood School District
Notes to Financial Statements
June 30, 2015**

party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

All funds internal activity is eliminated when carried to the Government-wide statements.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

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

For the purpose of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

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.

NJSA 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the 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 at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental

City of North Wildwood School District
Notes to Financial Statements
June 30, 2015

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.

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized in the District's General Fund.

3. Inventories:

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. The District did not have inventory in the general fund or enterprise fund at June 30, 2015.

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and equipment	5-20 years
Improvements	10-20 years

Infrastructure assets include roads, parking lots, underground pipe, etc. All infrastructure assets are reported in the financial statements and are being depreciated over their useful lives.

5. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes 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. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues, including tuition revenue are reported as reductions to expenses in the statement of activities.

6. Expenditures:

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

City of North Wildwood School District
Notes to Financial Statements
June 30, 2015

7. Compensated absences:

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

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

8. Interfund Activity:

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

9. 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, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. 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. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. No material transfers were made to/(from) budgetary line items 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 generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

City of North Wildwood School District
Notes to Financial Statements
June 30, 2015

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.

10. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

11. Tuition Payable

Tuition charges for the fiscal years 2014/15 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

12. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

13. Allocation of Costs

In the government-wide statement of activities, the District has allocated unallocated benefits to various programs based on the original budgetary expenditures by program.

14. Pensions

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and Public Employee Retirement System (PERS) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the TPAF and 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

F. RECENT ACCOUNTING PRONOUNCEMENTS

In February 2015, Governmental Accounting Standards Board (GASB) issued Statement No. 72 "Fair Value Measurement and Application". This statement is effective for fiscal periods beginning after June 15, 2015 and will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain provisions of GASB Statements 67 and 68". This statement is effective for fiscal years beginning after June 15, 2015 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 fiscal years beginning after June 15, 2016. This statement will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74 "Financial Reporting for Postemployment Benefit Plans other than Pension Plans". This statement is effective for fiscal years beginning after June 15, 2016. The effect of this statement on the District's net position is not presently determinable.

City of North Wildwood School District
Notes to Financial Statements
June 30, 2015

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits other than Pensions". This statement is effective for fiscal years beginning after June 15, 2017. The effect of this statement on the District's net position is not presently determinable.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement is effective for fiscal periods beginning after June 15, 2015 and will not have any effect on the District's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "Tax Abatement Disclosures". This statement is effective for fiscal periods beginning after December 15, 2015 and will not have any effect on the District's financial reporting.

NOTE 2. INVESTMENTS

As of June 30, 2015, the District had no investments.

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the District or the local units in which the District is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer.

NOTE 3. CASH

Custodial Credit Risk – Deposits. Custodial credit risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2015, \$0 of the District's bank balance of \$2,663,253 was exposed to credit risk.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the City of North Wildwood School District in a prior year, which was certified for taxes, 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) and updated annually in the Quality Assurance Annual Report (QAAR). 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. 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 NJSA 19:60-2. Pursuant to NJAC 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.

City of North Wildwood School District
Notes to Financial Statements
June 30, 2015

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	\$	365,316
Interest earnings		1,471
Deposits		
Budgeted – 2015 adopted budget		2,000
Board resolution 6/8/15		15,000
Ending balance, June 30, 2015	\$	<u>385,787</u>

NOTE 5. MAINTENANCE RESERVE FUND

New Jersey Administrative Code 6A:23A-14.2 permits school districts to establish a maintenance reserve account for the required maintenance of the District's facilities, in accordance with the Commissioner approved plan. The District can increase the balance in this reserve account by appropriating funds in the annual general fund budget certified for taxes or by deposit of any unanticipated revenue or unexpended line-item appropriation by board resolution at year end.

Beginning balance, July 1, 2014	\$	347,287
Interest earnings		1,301
Decreased by:		
Anticipated in FY15 budget		(30,400)
Ending balance, June 30, 2015	\$	<u>318,188</u>

NOTE 6. RESERVE FOR TUITION

New Jersey Administrative Code 6A:23A-17.1(f) permits school districts to establish a tuition reserve account to restrict funds for a foreseeable future tuition adjustment. The maximum amount that may be restricted at year end is 10% of the estimated tuition cost of the contract year. Upon certification of rates in the second year following the contract year, full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be reserved and appropriated in the budget.

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

Beginning balance, July 1, 2014		
Reserve for 2014/2015	\$	50,356
Reserve for 2015/2016		<u>50,240</u>
		100,596
Increased by:		
Interest earnings		255
Resolution adopted 6/8/15		50,000
Decreased by:		
Anticipated in FY15 budget		<u>(50,356)</u>
Ending balance, June 30, 2015		
Reserve for 2015/2016		50,495
Reserve for 2016/2017		<u>50,000</u>
	\$	<u>100,495</u>

City of North Wildwood School District
Notes to Financial Statements
June 30, 2015

NOTE 7. FIXED ASSETS

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

	<u>Balance</u> <u>6/30/14</u>	<u>Additions</u>	<u>Disposals/</u> <u>Adjustments</u>	<u>Balance</u> <u>6/30/15</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 474,000			474,000
Total capital assets not being depreciated	<u>474,000</u>			<u>474,000</u>
Bldgs & Improv	7,594,003	43,673		7,637,676
Machinery & equip	622,985	32,979		655,965
Total at cost	<u>8,216,988</u>	<u>76,652</u>		<u>8,293,641</u>
Less accum depr.				
Bldg & improve	(2,243,994)	(190,942)		(2,434,936)
Machinery & equip	(419,549)	(37,631)		(457,180)
Total accum depr	<u>(2,663,543)</u>	<u>(228,573)</u>		<u>(2,892,116)</u>
Total capital assets being depreciated	<u>5,553,445</u>	<u>(151,921)</u>		<u>5,401,525</u>
Governmental activities - Capital Assets, net	<u>6,027,445</u>	<u>(151,921)</u>		<u>5,875,525</u>
Business-type activities				
Equipment	2,089			2,089
Less Accum depr	(2,089)			(2,089)
Business-type Activities Capital Assets, net	\$ -			-

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 110,226
Special education	15,755
Other special instruction	14,632
Student & instruction related services	42,766
General Administration	9,541
School administrative expenses	2,712
Plant operations and maintenance	25,849
Business and other support services	7,092
	<u>\$ 228,573</u>

**City of North Wildwood School District
Notes to Financial Statements
June 30, 2015**

NOTE 8. OPERATING LEASES

Effective December 2013, the District entered into a lease agreement for a postage machine. The lease term is 63 months with payments of \$141 due quarterly. Total rent expense for the 2015 fiscal year was \$564.

Effective July 2014, the District entered into a lease agreement for 7 Copiers. The lease term is 48 months with payments of \$2,603.82 due monthly. Total rent expense for the 2015 fiscal year was \$31,246.

Effective July 2014, the District entered into a lease agreement for 36 printers. The lease term is 48 months with payments of \$532.58 due monthly. Total rent expense for the 2015 fiscal year was \$6,391.

The following are minimum lease payments due on an annual basis:

Year ending June 30,	
2016	\$ 38,201
2017	38,201
2018	38,201
2019	423
2020	0
Total	\$ <u>115,025</u>

NOTE 9. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2015 the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance <u>6/30/14</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>6/30/15</u>	<u>Due within One Year</u>
Governmental Activities					
Compensated					
Absences Payable	\$ 360,995	36,375	29,878	367,492	
Refunding Bonds Payable	910,000		180,000	730,000	185,000
Net Pension Liability	1,809,192			1,809,192	
Total	<u>3,080,187</u>	<u>36,375</u>	<u>209,878</u>	<u>2,906,684</u>	<u>185,000</u>
Business-type Activities					
Compensated					
Absences Payable	1,851	450	188	2,114	-
Business-type activities					
Long-term liabilities	\$ <u>1,851</u>	<u>450</u>	<u>188</u>	<u>2,114</u>	<u>-</u>

A. Bonds Payable:

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 District are general obligation bonds.

Long-term debt as of June 30, 2015 consisted of the following:

\$1,095,000 School Bonds dated 6/4/13 payable in annual installments through 21/19. Interest is paid

City of North Wildwood School District
Notes to Financial Statements
June 30, 2015

semiannually at varying rates, which range from 1.25% to 2.25%. The balance remaining as of June 30, 2015 was \$730,000.

Principal and interest due on serial bonds outstanding is as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 185,000	13,688	198,688
2017	180,000	10,912	190,912
2018	180,000	7,762	187,762
2019	185,000	4,162	189,162
2020	0	0	0
Total	\$ 730,000	36,524	766,524

NOTE 10. PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System or the Teacher's Pension and Annuity Fund cost-sharing multiple-employer defined benefit pension plans 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 Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January, 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, all 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.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 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 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.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP is a cost-sharing multiple-employer defined

City of North Wildwood School District
Notes to Financial Statements
June 30, 2015

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.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and 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 6.92% 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 10.6% and the PERS rate is 10.1% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2015, 2014 and 2013 were \$440,609, \$349,062, and \$212,077, respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2015, 2014 and 2013 were \$79,661, \$68,658, and \$74,406, respectively, equal to the required contributions for each year.

The Board's total payroll for the year ended June 30, 2015, 2014 and 2013 was \$4,578,606, \$4,365,229, and \$4,196,162; covered payroll was \$3,428,033, \$3,290,314, and \$4,418,221 for TPAF; and \$803,771, \$677,372, and \$545,831 for PERS.

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 Teacher's Pension and Annuity Fund (TPAF) 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 and TPAF 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 $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the systems is increased from age 63 to 65 for Tier 5 members.
- 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. For fiscal year 2013, the member contribution rates increased in October 2012. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- 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).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of

City of North Wildwood School District
Notes to Financial Statements
June 30, 2015

compensation, the positions eligible for service credit, the non-forfeitable right to a pension, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS and TPAF to 1/60th from 1/55th, and it provided that new members of PERS and TPAF have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS and TPAF will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS and TPAF with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 11: Public Employees Retirement System

At June 30, 2015, the District reported a liability of \$1,809,192 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the District's proportion was 0.0096630754%, which was a decrease of 6% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$98,322. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expended and actual experience		
Changes of assumptions	\$ 145,838	
Net difference between projected and actual earnings on pension plan investments		107,818
Changes in proportion and differences between District contributions and proportionate share of contributions		-
District contributions subsequent to the measurement date	<u>79,661</u>	
Total	<u>\$ 225,499</u>	<u>107,818</u>

City of North Wildwood School District
Notes to Financial Statements
June 30, 2015

\$79,661 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended 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:

Year ended June 30,		
2016	\$	13,249
2017	\$	13,249
2018	\$	13,249
2019	\$	13,249
2020	\$	(10,399)
Thereafter	\$	(4,575)
Total	\$	<u>38,020</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation 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 assumptions, applied to all period in the measurement:

Inflation rate	3.01%
Salary increases:	
2012-2021	2.15% - 4.40% (based on age)
Thereafter	3.15% - 5.40% (based on age)
Investment rate of return:	7.90%

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 of 2012 based on Projections 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.

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 Pensions 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:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 Return	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, 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 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:

City of North Wildwood School District
Notes to Financial Statements
June 30, 2015

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the net pension liability	\$ 2,276,025	1,809,192	1,417,171

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

NOTE 12. Teachers Pension and Annuity Fund (TPAF)

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net position liability associated with the District	<u>16,706,958</u>
Total	<u>\$ 16,706,958</u>

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 that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2014, the District's proportion was 0.00%, which was a decrease of 0.00% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$898,991 and revenue of \$898,991 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expensed and actual experience	\$ -	6,821
Changes of assumptions	716,121	
Net difference between projected and actual earnings on pension plan investments		540,589
Changes in proportion and differences between District contributions and proportionate share of contributions		815,747
District contributions subsequent to the measurement date	<u>\$ 170,284</u>	
Total	<u>\$ 886,405</u>	<u>1,363,157</u>

\$170,284 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2014) will be recognized as a reduction of

City of North Wildwood School District
Notes to Financial Statements
June 30, 2015

the net pension liability in the year ended 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:

Year ended June 30,		
2016	\$	(155,608)
2017	\$	(155,608)
2018	\$	(155,608)
2019	\$	(155,608)
2020	\$	362,705
Thereafter	\$	906,763
Total	\$	<u>647,036</u>

Actuarial assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following assumptions, applied to all period included in the measurement:

Inflation Rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	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 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.

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 Pensions 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:

City of North Wildwood School District
Notes to Financial Statements
June 30, 2015

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
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 return	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%

Discount rate. The discount rate used to measure the 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 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.

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.68% 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 (3.68%) or 1-percentage point higher (5.68%) than the current rate:

City of North Wildwood School District
Notes to Financial Statements
June 30, 2015

	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
District's proportionate share of the net pension liability	\$ -	-	-

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

NOTE 13. 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 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 eligible for 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 Chapter 62, P.L. 1994. 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.

NOTE 14. LABOR CONTRACTS

As of June 30, 2015 the District's employees were organized in the following collective bargaining unit.

<u>Bargaining Unit</u>	<u>Employees Covered</u>	<u>Expiration</u>
City of North Wildwood Education Association (NWEA)	Full-time professional and certified personnel (teachers and nurses), full-time custodial employees, full-time clerical employees, and full-time aides. Part-time employees, supervisors (including the head custodian), managerial executives, confidential employees and administrative employees are not covered under this contract.	June 30, 2017

Part-time employees, supervisors (including the head custodian), managerial executives, confidential employees and administrative employees are not covered under the above mentioned contract. The Board of Education has entered into individual employment agreements these individuals, as well as with the Superintendent and Business Administrator. The expiration of these contracts will vary depending on the position.

City of North Wildwood School District
Notes to Financial Statements
June 30, 2015

NOTE 15. COMPENSATED ABSENCES

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

District employees are granted vacation and sick leave in varying amounts based on their individual contracts.

In the District-wide Statement of Net Position, the liabilities whose average maturities are greater than one year are reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees.

NOTE 16. 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 plan are not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 17. 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. During the fiscal year ended June 30, 2015 the District did not incur claims in excess of their coverage.

This District is a member of the Atlantic and Cape May Counties School Business Officials Joint Insurance Fund (ACCASBO JIF). This Fund was formed under the provisions of NJSA 18A:18B 1-10.

The purpose of this Fund is to permit member Boards of Education to make use of their powers and resources by cooperating on a basis that will be of mutual advantage and to provide a procedure for development, administration, and provision of Risk Management Programs, a Joint Self Insurance Fund, Joint Insurance Purchases and related services for members and their employees for the following:

- Workers Compensation and Employers Liability
- Automobile and Equipment Liability, General Liability and Property Damage
- School Board Legal Liability
- Boiler and Machinery

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 the District contributions, employee contributions,

City of North Wildwood School District
Notes to Financial Statements
June 30, 2015

reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
2014-2015	\$10,000	7,268	7,536	23,373
2013-2014	10,000	7,054	28,138	13,641
2012-2013	10,000	6,880	1,550	24,725

NOTE 18. LITIGATION

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any legal proceedings will not have any adverse effect on the accompanying financial statements.

NOTE 19. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$2,384,116 General Fund fund balance at June 30, 2015, \$80,756 is reserved for encumbrances, \$383,787 has been committed to the capital reserve fund; \$318,188 has been committed to the maintenance reserve fund; \$100,495 has been reserved for tuition increases (\$50,495 of this amount has been included as anticipated revenue for the year ending June 30, 2016), \$1,082,428 is reserved as excess surplus in accordance with NJSA 18A:7F-7 (\$519,173 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2016); \$80,756 has been appropriated and also included as anticipated revenue for the year ending June 30, 2016; and \$215,802 is unreserved and undesignated.

NOTE 20. CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. 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 \$1,082,428, of which \$519,173 has been included in the 2015-16 budget. The excess fund balance at June 30, 2014 was \$1,178,179.

NOTE 21. DEFICIT FUND BALANCES

The District has a deficit fund balances of \$9,124 in the Special Revenue Fund as of June 30, 2015 as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last two state aid payments, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

NOTE 22. ECONOMIC DEPENDENCY

The District is heavily reliant on state and federal sources to fund the District operations. State and federal sources funded approximately 23% of the Districts 2014-2015 governmental operations.

**City of North Wildwood School District
Notes to Financial Statements
June 30, 2015**

NOTE 23. RESTATEMENT OF PRIOR YEAR BALANCES

Net position has been restated as required by the implementation of GASB 68, as discussed in notes 11 and 12 above.

Beginning net position as previously reported at June 30, 2014	\$ 7,125,010.00
Prior period adjustment - Implementation GASB 68	
Net pension liability (measurement date)	(1,741,508.00)
Deferred outflows - District's contributions made during fiscal year 2014	<u>68,658.00</u>
Total prior period adjustment	<u>(1,672,850.00)</u>
Net position as restated, July 1, 2014	<u><u>\$ 5,452,160.00</u></u>

NOTE 24. SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 3, 2015, the date which the financial statements were available to be issued and no additional items were noted for disclosure or adjustment.

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**Required Supplemental Information
Part II**

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BUDGETARY COMPARISON SCHEDULES

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City of North Wildwood School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	6,131,619		6,131,619	6,131,619	-
Tuition from Other LEAs Within the State	891,409		891,409	891,409	-
Interest Earned on Capital Reserve Accounts	2,000		2,000	1,471	(529)
Miscellaneous	16,783		16,783	32,220	15,437
Total - Local Sources	7,041,811	-	7,041,811	7,056,719	14,908
State Sources:					
Categorical Special Education Aid	154,606		154,606	154,606	-
Categorical Security Aid	59,917		59,917	59,917	-
Adjustment Aid	396,411		396,411	396,411	-
Categorical Transportation Aid	49,606		49,606	49,606	-
Per Pupil Growth Aid	3,100		3,100	3,100	-
PARCC Readiness	3,100		3,100	3,100	-
On-Behalf TPAF Pension Contributions (non-budgeted)				440,609	440,609
Reimbursed TPAF Social Security Contributions (non-budgeted)				250,078	250,078
Total - State Sources	666,740	-	666,740	1,357,427	690,687
Total Revenues	7,708,551	-	7,708,551	8,414,146	705,595

City of North Wildwood School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	154,500	1,500	156,000	152,056	3,944
Grades 1-5	1,060,500	(22,915)	1,027,585	1,017,059	10,526
Grades 6-8	685,300	(40,000)	645,300	629,952	15,348
Regular Programs - Home Instruction:					
Salaries of Teachers	1,500	4,500	6,000	2,955	3,045
Purchased Professional Services	3,000	(1,000)	2,000	765	1,235
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	61,550	1,000	62,550	61,133	1,417
Purchased Professional - Educational Services	1,800	(500)	1,300	-	1,300
Purchased Technical Services	500	500	1,000	309	691
Other Purchased Services	45,000	(3,000)	42,000	25,485	16,515
General Supplies	185,000	(28,000)	157,000	147,367	9,633
Textbooks	20,000	-	20,000	10,000	10,000
Other Objects	20,000	6,000	26,000	24,911	1,089
Total Regular Programs	2,228,650	(81,915)	2,146,735	2,071,992	74,743
Multiple Disabilities					
Salaries of Teachers	57,050	-	57,050	53,610	3,440
Purchased Professional-Educational Services	2,000	-	2,000	-	2,000
General Supplies	2,000	-	2,000	913	1,087
Total Multiple Disabilities	61,050	-	61,050	54,523	6,527
Resource Room/Resource Center					
Salaries of Teachers	339,500	(11,000)	328,500	324,718	3,782
General Supplies	2,000	-	2,000	-	2,000
Total Resource Room/Resource Center	341,500	(11,000)	330,500	324,718	5,782
Total Special Education - Instruction	402,550	(11,000)	391,550	379,241	12,309
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	238,300	24,000	262,300	256,386	5,914
General Supplies	1,000	-	1,000	-	1,000
Total Basic Skills/Remedial - Instruction	239,300	24,000	263,300	256,386	6,914

City of North Wildwood School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	9,800	-	9,800	9,398	402
General Supplies	500	-	500	492	8
Total Bilingual Education - Instruction	10,300	-	10,300	9,890	410
School Sponsored Cocurricular Activities - Instruction:					
Salaries	11,500	2,310	13,810	13,810	-
Purchased Services	1,000	(150)	850	850	-
Supplies and Materials	2,000	(2,000)	-	-	-
Transfers to Cover Deficit (Agency Funds)	100	-	100	-	100
Total School Sponsored Cocurricular Activities - Instruction	14,600	160	14,760	14,660	100
School Sponsored Athletics - Instruction:					
Salaries	42,000	2,000	44,000	43,939	61
Purchased Services	14,000	3,000	17,000	16,884	116
Supplies and Materials	6,000	2,840	8,840	8,787	53
Other Objects	3,000	(1,000)	2,000	1,655	345
Total School Sponsored Athletics - Instruction	65,000	6,840	71,840	71,265	575
Total Instruction	2,960,400	(61,915)	2,898,485	2,803,434	95,051
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within State - Regular	543,090	(20,000)	523,090	520,406	2,684
Tuition to Other LEAs Within State - Special	244,000	38,000	282,000	279,667	2,333
Tuition to County Voc. School District - Regular	181,119	-	181,119	181,119	-
Tuition to County Voc. School District - Special	22,452	-	22,452	22,452	-
Tuition to CSSD & Regional Day Schools	562,247	(30,000)	532,247	410,082	122,165
Tuition to Private Schools for the Handicapped	131,292	(1,000)	130,292	72,164	58,128
Tuition- State Facilities	32,306	-	32,306	32,306	-
Total Undistributed Expenditures - Instruction	1,716,506	(13,000)	1,703,506	1,518,196	185,310
Undistributed Expenditures - Attendance and Social Work:					
Salaries	96,300	-	96,300	82,906	13,394
Other Purchased Services	1,200	-	1,200	1,142	58
Supplies and Materials	1,000	-	1,000	286	714
Other Objects	3,000	-	3,000	3,000	-
Total Undistributed Expenditures - Attendance and Social Work	101,500	-	101,500	87,334	14,166

City of North Wildwood School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Health Services:					
Salaries	56,900	-	56,900	55,920	980
Purchased Professional and Technical Services	5,000	-	5,000	5,000	-
Other Purchased Services	150	-	150	25	125
Supplies and Materials	2,200	3,000	5,200	3,198	2,002
Other Objects	100	-	100	85	15
Total Undistributed Expenditures - Health Services	64,350	3,000	67,350	64,228	3,122
Undistributed Expenditures - Other Support Services - Students - Speech/OT/PT/Related Services:					
Salaries	46,000	(1,000)	45,000	30,752	14,248
Purchased Professional - Educational Services	7,500	-	7,500	4,915	2,585
Supplies and Materials	1,000	1,000	2,000	1,212	788
Total Undistributed Expenditures - Other Support Services - Students - Speech/OT/PT/Related Services	54,500	-	54,500	36,879	17,621
Undistributed Expenditures - Other Support Services - Students - Extraordinary Services:					
Salaries	30,200	-	30,200	26,068	4,132
Purchased Professional - Educational Services	70,000	-	70,000	1,470	68,530
Supplies and Materials	100	-	100	-	100
Total Undistributed Expenditures - Other Support Services - Students - Extraordinary Services	100,300	-	100,300	27,538	72,762
Undistributed Expenditures - Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	124,000	(1,500)	122,500	121,083	1,417
Salaries of Secretarial and Clerical Assistants	15,400	-	15,400	15,062	348
Purchased Professional - Educational Services	25,000	(600)	24,400	24,400	-
Other Purchased Professional and Technical Services	709	(200)	509	209	300
Other Purchased Services	1,200	300	1,500	1,028	472
Supplies and Materials	1,000	-	1,000	629	371
Total Undistributed Expenditures - Other Support Services - Students - Guidance	167,309	(2,000)	165,309	162,401	2,908

City of North Wildwood School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Other Support Services -					
Students - Child Study Teams:					
Salaries Other Professional Staff	181,200	-	181,200	172,332	8,868
Salaries of Secretarial and Clerical Assistants	38,500	-	38,500	36,140	2,360
Purchased Professional - Educational Services	80,000	-	80,000	64,716	15,284
Other Purchased Professional and Technical Services	3,000	-	3,000	2,820	180
Miscellaneous Purchased Services	3,000	-	3,000	2,180	820
Supplies and Materials	3,692	-	3,692	3,270	422
Other Objects	500	-	500	247	253
Total Undistributed Expenditures - Other Support Services -	309,892	-	309,892	281,705	28,187
Students - Child Study Teams					
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	56,000	3,000	61,000	51,346	9,654
Salaries of Secretarial and Clerical Assistants	38,000	-	38,000	37,915	85
Other Purchased Services	350	-	350	12	338
Supplies and Materials	500	-	500	9	491
Other Objects	500	-	500	-	500
Total Undistributed Expenditures - Improv. of Instr. Services	97,350	3,000	100,350	89,282	11,068
Undistributed Expenditures - Educational Media Services -					
School Library					
Salaries	79,600	450	80,050	73,881	6,169
Salaries of Technology Coordinators	39,500	2,600	42,100	42,100	-
Purchased Professional and Technical Services	500	(450)	50	12	38
Other Purchased Services	3,570	-	3,570	2,672	898
Supplies and Materials	18,000	-	18,000	17,441	559
Other Objects	2,500	-	2,500	2,424	76
Total Undistributed Expenditures - Educational Media Services -	143,670	2,600	146,270	138,530	7,740
Undistributed Expenditures - Instruction Staff Training Service					
Salaries of Supervisors of Instruction	5,400	-	5,400	4,896	504
Purchased Professional - Educational Services	500	-	500	-	500
Supplies and Materials	500	-	500	-	500
Total Undistributed Expenditures - Instruction Staff Training Service	6,400	-	6,400	4,896	1,504

City of North Wildwood School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	131,500	100	131,600	131,173	427
Legal Services	5,500	21,000	26,500	22,205	4,295
Audit Fees	23,000	(900)	22,100	21,100	1,000
Architectural/Engineering Services	500	(500)	-	-	-
Communications/Telephone	19,400	4,000	23,400	22,200	1,200
BOE Other Purchased Services	1,000	-	1,000	996	4
Miscellaneous Purchased Services	17,200	(4,000)	13,200	11,561	1,639
General Supplies	2,000	-	2,000	1,497	503
BOE In-House Training and Meeting Supplies	500	(250)	250	59	191
Miscellaneous Expenditures	6,800	1,550	8,350	8,277	73
BOE Membership Dues and Fees	11,700	-	11,700	10,597	1,103
Total Undistributed Expenditures - Support Services - Gen. Admin.	219,100	21,000	240,100	229,665	10,435
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals and Assistant Principals/Program Director	41,100	-	41,100	40,945	155
Salaries of Secretarial and Clerical Assistants	14,400	-	14,400	14,367	33
Other Purchased Services	1,500	-	1,500	1,478	22
Supplies and Materials	3,250	1,750	5,000	2,344	2,656
Other Objects	2,500	4,250	6,750	6,137	613
Total Undistributed Expenditures - Support Serv. - School Admin.	62,750	6,000	68,750	65,271	3,479
Undistributed Expenditures - Central Services					
Salaries	142,760	8,500	151,260	145,714	5,546
Purchased Professional Services	5,700	1,500	7,200	6,160	1,040
Misc. Purchased Services	1,300	-	1,300	1,224	76
Supplies and Materials	1,000	4,390	5,390	1,302	4,088
Miscellaneous Expenditures	1,000	1,925	2,925	2,412	513
Total Undistributed Expenditures - Central Services	151,760	16,315	168,075	156,812	11,263
Undistributed Expenditures - Admin. Info Technology					
Purchased Technical Services	13,550	-	13,550	12,604	946
Supplies and Materials	1,300	-	1,300	1,300	-
Total Undistributed Expenditures - Admin. Info Technology	14,850	-	14,850	13,904	946

City of North Wildwood School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Required Maint for School Facilities					
Salaries	32,400	500	32,900	32,710	190
Cleaning, Repair, and Maintenance Services	93,076	(13,000)	80,076	16,616	63,460
General Supplies	5,000	-	5,000	529	4,471
Total Undistributed Expenditures - Required Maint for School Facilities	130,476	(12,500)	117,976	49,855	68,121
Undistributed Expenditures - Operation and Maintenance of Plant Services - Custodial Services					
Salaries	263,700	(6,000)	263,700	262,835	865
Salaries of Non-Instructional Aides	24,000	2,500	26,500	25,467	1,033
Purchased Professional and Technical Services	18,000	(4,000)	14,000	7,278	6,722
Cleaning, Repair and Maintenance Services	54,000	13,500	67,500	58,649	8,851
Other Purchased Property Services	16,000	3,500	19,500	19,036	464
Insurance	15,000	-	15,000	15,000	-
Miscellaneous Purchased Services	200	-	200	-	200
General Supplies	37,584	6,400	43,984	43,454	530
Energy (Natural Gas)	54,600	15,100	69,700	50,434	19,266
Energy (Heat and Electricity)	65,000	6,500	71,500	71,316	184
Other Objects	250	-	250	166	84
Total Undistributed Expenditures - Operation and Maintenance of Plant Services - Custodial Services	554,334	37,500	591,834	553,635	38,199
Undistributed Expenditures - Operation and Maintenance of Plant Services - Security					
Salaries	20,000	-	20,000	18,729	1,271
Total Undistributed Expenditures - Operation and Maintenance of Plant Services - Security	20,000	-	20,000	18,729	1,271
Undistributed Expenditures - Student Transportation Services: Management Fee-ESC & CTSA Trans. Program	5,000	500	5,500	5,191	309
Contracted Services - Aid in Lieu of Payments - NonPub Sch.	3,000	-	3,000	2,210	790
Contracted Services - Aid in Lieu of Payments - Charter Sch.	2,000	-	2,000	624	1,376
Contr Serv (Bet. Home and Sch)-Vendors	2,500	(500)	2,000	-	2,000
Contr Serv (Other than Bet. Home and Sch)-Vendors	14,000	-	14,000	11,948	2,052
Contr Serv (Bet. Home and Sch)-Joint Agreements	20,000	-	20,000	-	20,000
Contr Serv (Regular Students)-ESCs & CTSA	35,000	-	35,000	26,853	8,147
Contr Serv (Spec Ed Students)-ESCs & CTSA	90,000	-	90,000	55,280	34,720
Total Undistributed Expenditures - Student Transportation Serv.	171,500	-	171,500	102,106	69,394

City of North Wildwood School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Unallocated Benefits:					
Social Security Contributions	73,000	2,200	75,200	72,739	2,461
Other Retirement Contributions - PERS	85,000	(5,300)	79,700	79,661	39
Other Retirement Contributions - Regular	1,000	(1,000)	-	-	-
Unemployment Compensation	10,000	-	10,000	10,000	-
Workmen's Compensation	35,000	-	35,000	35,000	-
Health Benefits	1,011,000	(26,963)	984,037	952,842	31,195
Sick Pay Disbursements	-	27,063	27,063	-	27,063
Tuition Reimbursement	14,500	4,000	18,500	18,308	192
Other Employee Benefits	1,725	-	1,725	1,575	150
Total Unallocated Benefits	1,231,225	-	1,231,225	1,170,125	61,100
On-behalf TPAF Pension Contributions (non-budgeted)				440,609	(440,609)
Reimbursed TPAF Social Security Contributions (non-budgeted)				250,078	(250,078)
Total On-behalf Contributions	-	-	-	690,687	(690,687)
Total Undistributed Expenditures	5,317,772	61,915	5,379,687	5,461,778	(82,091)
Total Current Expense	8,278,172	-	8,278,172	8,265,212	12,960
Capital Outlay:					
Equipment					
Undistributed Expend-Support Services	28,100	-	28,100	25,367	2,733
Instruction	93,406	-	93,406	28,680	64,726
Required Maintenance for Schools	-	-	-	-	-
Security	-	-	-	-	-
Total Equipment	121,506	-	121,506	54,047	67,459
Interest Deposit to Capital Reserve	2,000	-	2,000	-	2,000
Total Deposit to Capital Reserve	2,000	-	2,000	-	2,000
Facilities Acquisition and Construction Services					
Debt Service Assessment on SDA Funding	3,516	-	3,516	3,516	-
Total Facilities Acquisition and Construction Services	3,516	-	3,516	3,516	-
Total Capital Outlay	127,022	-	127,022	57,563	69,459

City of North Wildwood School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Special Schools					
Summer School - Instruction					
Salaries of Teachers	14,000	-	14,000	13,500	500
Other Salaries for Instruction	1,000	-	1,000	-	1,000
Salaries of Teacher Tutors	100	-	100	-	100
Total Summer School - Instruction	15,100	-	15,100	13,500	1,600
Transfer to Charter Schools	-	-	-	-	-
Total Expenditures	8,420,294	-	8,420,294	8,336,275	84,019
Excess (Deficiency) of Revenues Over (Under) Expenditures	(711,743)	-	(711,743)	77,871	789,614
Other Financing Sources (Uses)					
Transfers in					
Transfers out					
Transfers to Cover Deficit (Enterprise Fund)	(30,000)	-	(30,000)	(28,000)	2,000
Increase in Capital Reserve					
Total Other Financing Sources (Uses)	(30,000)	-	(30,000)	(28,000)	2,000

City of North Wildwood School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Net change in fund balances	(741,743)	-	(741,743)	49,871	791,614
Fund Balances, July 1	2,368,443	-	2,368,443	2,368,443	-
Fund Balances, June 30	1,626,700	-	1,626,700	2,418,314	791,614

Recapitulation of Fund Balance:

Restricted Fund Balance	
Excess Surplus	563,255
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures	519,173
Committed Fund Balance	
Capital Reserve	383,787
Maintenance Reserve	318,188
Tuition Reserve for 2015/2016	50,495
Tuition Reserve for 2016/2017	50,000
Assigned Fund Balance	
Designated for Subsequent Year's Expenditures	80,756
Reserve for Encumbrances	202,660
Unassigned Fund Balance	250,000
	2,418,314

Reconciliation to Governmental Funds Statements (GAAP)
 Last State Aid Payment Not Recognized on GAAP Basis

	(34,198)
Fund Balance per Governmental Funds (GAAP)	2,384,116

City of North Wildwood School District
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources		138,000	138,000	121,118	(16,882)
Total - Local Sources	-	138,000	138,000	121,118	(16,882)
State Sources:					
Preschool Education Aid	177,876		177,876	177,876	-
Other Restricted Entitlements	100,157	77,876	178,033	105,838	(72,195)
Total - State Sources	278,033	77,876	355,909	283,714	(72,195)
Federal Sources:					
Title I	61,000	69,990	130,990	134,475	3,485
Title II	25,762	58,838	84,600	50,099	(34,501)
I.D.E.A., Part B	94,602	140,152	234,754	213,600	(21,154)
Other	2,275	2,438	4,713	4,713	-
Total - Federal Sources	183,639	271,418	455,057	402,887	(52,170)
Total Revenues	461,672	487,294	948,966	807,719	(141,247)
EXPENDITURES:					
Instruction					
Salaries of Teachers	242,683	121,553	364,236	358,775	5,461
Other salaries for instruction	79,908	27,148	107,056	67,646	39,410
Tuition	96,877	(92,164)	4,713	4,713	-
General supplies	4,860	149,651	154,511	129,376	25,135
Textbooks	13,328	7,525	20,853	20,724	129
Total instruction	437,656	213,713	651,369	581,234	70,135

City of North Wildwood School District
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
EXPENDITURES (CONT'D):					
Support Services					
Salaries of Other Professional Staff	6,445	58,908	65,353	65,353	-
Personal Services - Employee Benefits	17,571	86,445	104,016	85,153	18,863
Purchased professional and educational services		53,645	53,645	42,500	11,145
Other Purchased Services		50,060	50,060	29,302	20,758
Travel		13,599	13,599	1,298	12,301
Supplies & Materials		10,924	10,924	2,879	8,045
Total support services	24,016	273,581	297,597	226,485	71,112
Facilities acquisition and construction services:					
Instructional Equipment		-	-	-	-
Total facilities acquisition and construction services	-	-	-	-	-
Transfers to Charter Schools					
		-	-	-	-
Total expenditures	461,672	487,294	948,966	807,719	141,247
Other financing sources					
Transfer from other funds		-	-	-	-
Total other financing sources	-	-	-	-	-
Total outflows	461,672	487,294	948,966	807,719	141,247
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	-	-	-	-

**City of North Wildwood School District
Required Supplementary Information
Budgetary Comparison Schedule
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2015**

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

	General Fund	Special Revenue
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 8,414,146	807,719
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		
Prior year		26,891
Current year		(1,320)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	38,349	10,710
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(34,198)	(9,124)
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	8,418,297	834,876
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	8,336,275	807,719
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		
Prior year		26,891
Current year		(1,320)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 8,336,275	833,290

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Required Supplemental Information
Part III

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CITY OF NORTH WILDWOOD SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employee Retirement System
Last Two Fiscal Years

	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.0096630754%	0.0091121249%
District's proportionate of the net pension liability (asset)	\$ 1,809,192	\$ 1,741,508
District's covered payroll	\$ 677,372	\$ 545,831
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	267.09%	319.06%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	48.72%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period. However, information is only currently available for two years. Additional years will be presented as they become available.

CITY OF NORTH WILDWOOD SCHOOL DISTRICT
Schedule of District Contributions
Public Employee Retirement System
Last Two Fiscal Years

	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 79,661	\$ 68,658
Contributions in relation to the contractually required contribution	<u>79,661</u>	<u>68,658</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 677,372	\$ 545,831
Contributions as a percentage of covered-employee payroll	11.76%	12.58%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period.
However, information is only currently available for two years.
Additional years will be presented as they become available.

CITY OF NORTH WILDWOOD SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Two Fiscal Years

	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>16,709,958</u>	<u>16,587,788</u>
Total	<u>\$ 16,709,958</u>	<u>\$ 16,587,788</u>
District's covered payroll	\$ 3,290,314	\$ 4,418,221
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period. However, information is only currently available for two years. Additional years will be presented as they become available.

CITY OF NORTH WILDWOOD SCHOOL DISTRICT
Schedule of District Contributions
Teachers' Pension and Annuity Fund
Last Two Fiscal Years

	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 170,284	\$ 132,785
Contributions in relation to the contractually required contribution	<u>170,284</u>	<u>132,785</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,290,314	\$ 4,418,221
Contributions as a percentage of covered-employee payroll	5.18%	3.01%

Source: GASB 68 report on Teachers' Pension and Annuity Fund; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period.
However, information is only currently available for two years.
Additional years will be presented as they become available.

SPECIAL REVENUE FUND

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**City of North Wildwood School District
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For The Fiscal Year Ended June 30, 2015**

	Holly Beach Grant	Preschool Education	Nonpublic Textbooks	Nonpublic Auxiliary Svcs Corrective Speech	Supplemental Instruction	Nonpublic Handicapped Services Examination & Classification	Comp Ed	Nonpublic Home Instruction
REVENUES:								
Local Sources	121,118							
State Sources		177,876	20,724	9,719	5,275	8,273	22,400	1,155
Federal Sources								
Total revenues	121,118	177,876	20,724	9,719	5,275	8,273	22,400	1,155
EXPENDITURES:								
Instruction:								
Salaries of teachers		125,267						
Other salaries for instruction		41,721			5,275	8,273	17,652	1,155
Tuition								
General supplies	121,118		20,724					
Textbooks								
Total Instruction	121,118	166,988	20,724	-	5,275	8,273	17,652	1,155
Support services:								
Salaries of other professional staff				9,719				
Personal services- employee benefits		10,888					2,028	
Purchased professional-educational services								
Other purchased services								
Travel							2,720	
Supplies and materials							4,748	
Total support services	-	10,888	-	9,719	-	-	4,748	-
Facilities acquisition and const. serv.:								
Instructional equipment								
Total facilities acquisition and construction services	-	-	-	-	-	-	-	-
Transfer to charter schools								
Total expenditures	121,118	177,876	20,724	9,719	5,275	8,273	22,400	1,155
Other financing sources								
Transfer from other funds								
Total outflows	121,118	177,876	20,724	9,719	5,275	8,273	22,400	1,155
Excess (deficiency) of revenue over (under) expenditures	\$ -	-	-	-	-	-	-	-

**City of North Wildwood School District
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For The Fiscal Year Ended June 30, 2015**

	Nonpublic Nursing	Nonpublic Technology	Total State/Local Funds	Title I Part A	Title II Part A	I.D.E.A. Part B- Basic Instruction	I.D.E.A. Part B- Basic Preschool	Total Federal Funds	Totals
REVENUES:									
Local Sources			121,118						121,118
State Sources	30,034	8,258	283,714	134,475	50,099	213,600	4,713	402,887	283,714
Federal Sources			-						402,887
Total revenues	30,034	8,258	404,832	134,475	50,099	213,600	4,713	402,887	807,719
EXPENDITURES:									
Instruction:									
Salaries of teachers	26,746		158,443	112,161	11,678	76,493		200,332	358,775
Other salaries for instruction			67,646					-	67,646
Tuition			-				4,713	4,713	4,713
General supplies		8,258	129,376					-	129,376
Textbooks			20,724					-	20,724
Total Instruction	26,746	8,258	376,189	112,161	11,678	76,493	4,713	205,045	581,234
Support services:									
Salaries of other professional staff			9,719			55,634		55,634	65,353
Personal services- employee benefits			16,045		2,337	44,457		69,108	85,153
Purchased professional-educational services	3,129		-	22,314	16,560	25,940		42,500	42,500
Other purchased services			-		18,226	11,076		29,302	29,302
Travel			-		1,298			1,298	1,298
Supplies and materials	159		2,879					-	2,879
Total support services	3,288	-	28,643	22,314	38,421	137,107	-	197,842	226,485
Facilities acquisition and const. serv.:									
Instructional equipment			-					-	-
Total facilities acquisition and construction services	-	-	-	-	-	-	-	-	-
Transfer to charter schools									
Total expenditures	30,034	8,258	404,832	134,475	50,099	213,600	4,713	402,887	807,719
Other financing sources									
Transfer from other funds									
Total outflows	30,034	8,258	404,832	134,475	50,099	213,600	4,713	402,887	807,719
Excess (deficiency) of revenue over (under) expenditures	\$ -	-	-	-	-	-	-	-	-

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FIDUCIARY FUNDS

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City of North Wildwood School District
 Fiduciary Fund
 Combining Statement of Fiduciary Net Position
 June 30, 2015

H-1

	Expendable Trust	Agency	Total
	Unemployment Compensation	Payroll	
ASSETS:			
Cash and cash equivalents	29,252	1,467	30,719
Total Assets	29,252	1,467	30,719
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Interfund payable		-	-
Other liabilities	5,879	1,467	7,346
Total Liabilities	5,879	1,467	7,346
Fund balances:			
Reserved - Unemployment Compensation	23,373		23,373
Total fund balances	23,373	-	23,373
Total liabilities and fund balances	29,252	1,467	30,719

**City of North Wildwood School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015**

	Unemployment Compensation
ADDITIONS	
Employee contributions	\$ 7,268
Board contributions	10,000
Total additions	17,268
DEDUCTIONS	
Other payments	7,536
Total deductions	7,536
Change in net position	9,732
Net position—beginning of the year	13,641
Net position—end of the year	\$ 23,373

City of North Wildwood School District
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Margaret Mace School	\$ 13,513	12,657	16,588	9,582
Total All Schools	<u>13,513</u>	<u>12,657</u>	<u>16,588</u>	<u>9,582</u>

City of North Wildwood School District
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year ended June 30, 2015

H-4

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS:				
Cash and cash equivalents	\$ 995	5,256,566	5,256,094	1,467
Total assets	995	5,256,566	5,256,094	1,467
LIABILITIES:				
Interfund payable	22	-	22	-
Payroll deductions and withholdings	973	5,256,566	5,256,072	1,467
Total liabilities	995	5,256,566	5,256,094	1,467

LONG-TERM DEBT

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City of North Wildwood School District
Long-Term Debt
Schedule of Serial Bonds
June 30, 2015

I-1

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2014	Issued	Retired	Balance June 30, 2015
			Date	Amount					
School Refunding Bonds	6/4/13	1,095,000	2/1/16	185,000	1.50%	910,000		180,000	730,000
			2/1/17	180,000	1.75%				
			2/1/18	180,000	2.00%				
			2/1/19	185,000	2.25%				
						\$ 910,000	-	180,000	730,000

**City of North Wildwood School District
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 181,090		181,090	181,090	-
	181,090	-	181,090	181,090	-
Total Revenues	181,090	-	181,090	181,090	-
EXPENDITURES:					
Regular Debt Service:					
Interest	15,938	-	15,938	15,938	-
Redemption of Principal	180,000	-	180,000	180,000	-
Total Regular Debt Service	195,938	-	195,938	195,938	-
Total expenditures	195,938	-	195,938	195,938	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,848)	-	(14,848)	(14,848)	-
Fund Balance, July 1	14,849		14,849	14,849	-
Fund Balance, June 30	1		1	1	-
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$ (14,848)		(14,848)	1	14,849

Statistical Section

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City of North Wildwood School District
Net Position by Component,
Last Ten Fiscal Years
Unaudited

	For the Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	2,940,809	3,439,821	3,681,164	4,034,363	4,384,275	4,053,129	4,666,845	5,104,369	5,117,445	5,145,525
Restricted	430,174	452,004	383,873	680,627	1,666,063	2,184,374	1,875,610	1,775,786	2,133,292	2,168,315
Unrestricted	975,561	357,140	578,304	886,169	(19,560)	215,167	556,075	616,164	(125,727)	(1,825,247)
Total governmental activities net position	<u>4,346,544</u>	<u>4,248,965</u>	<u>4,643,341</u>	<u>5,601,159</u>	<u>6,030,778</u>	<u>6,452,670</u>	<u>7,098,530</u>	<u>7,496,319</u>	<u>7,125,010</u>	<u>5,488,593</u>
Business-type activities										
Net investment in capital assets	159					-				
Unrestricted	18,959	5,973	15,050	59,808	42,887	28,723	28,453	28,082	26,759	29,100
Total business-type activities net position	<u>19,118</u>	<u>5,973</u>	<u>15,050</u>	<u>59,808</u>	<u>42,887</u>	<u>28,723</u>	<u>28,453</u>	<u>28,082</u>	<u>26,759</u>	<u>29,100</u>
District-wide										
Net investment in capital assets	2,940,968	3,439,821	3,681,164	4,034,363	4,384,275	4,053,129	4,666,845	5,104,369	5,117,445	5,145,525
Restricted	430,174	452,004	383,873	680,627	1,666,063	2,184,374	1,875,610	1,775,786	2,133,292	2,168,315
Unrestricted	994,520	363,113	593,354	945,977	23,327	243,890	584,528	644,246	(98,968)	(1,796,147)
Total district net position	<u>4,365,662</u>	<u>4,254,938</u>	<u>4,658,391</u>	<u>5,660,967</u>	<u>6,073,665</u>	<u>6,481,393</u>	<u>7,126,983</u>	<u>7,524,401</u>	<u>7,151,769</u>	<u>5,517,693</u>

Source: CAFR Schedule A-1

**City of North Wildwood School District
Changes in Net Position, Last Ten Fiscal Years
Unaudited**

	Fiscal Year End June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities										
Instruction										
Regular	3,031,863	3,310,579	2,625,157	2,607,917	2,706,992	3,040,110	2,646,185	2,811,749	3,147,845	4,135,479
Special education	561,568	606,939	1,373,585	1,055,870	1,125,527	1,163,252	1,048,370	1,121,326	473,773	594,056
Other special instruction	245,967	293,482	223,126	378,571	377,665	427,572	442,881	449,528	411,615	551,700
Support Services:										
Tuition	1,755,493	2,139,839	1,611,681	1,463,720	1,717,877	1,684,553	1,631,295	1,103,392	1,810,373	1,522,909
Student & instruction related services	1,283,596	1,511,146	1,553,354	1,269,119	1,300,517	1,330,729	1,441,191	1,487,216	1,379,638	1,612,507
Other administrative services	462,685	472,696	441,237	406,039	453,178	458,211	466,898	512,403	276,396	325,769
School administrative services	60,053	66,900	68,694	67,405	69,839	72,612	81,282	84,578	82,432	92,584
Business administrative services	-	-	-	-	-	-	-	-	193,452	242,151
Plant operations and maintenance	547,397	637,913	647,930	665,687	694,323	696,209	740,308	796,769	790,451	882,588
Pupil transportation	162,718	182,558	189,170	145,044	168,029	109,930	81,781	128,107	215,837	102,106
Special Schools									13,650	13,500
Capital Outlay	91,856	93,824	87,811	81,568	77,093	72,941	60,414	44,495	53,516	-
Interest on long-term debt	-	-	-	-	-	-	-	-	16,117	23,187
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	8,203,196	9,315,876	8,821,745	8,140,940	8,691,040	9,056,119	8,640,605	8,539,563	8,865,095	10,098,536
Business-type activities:										
Food service	118,506	139,947	132,786	108,220	126,591	129,409	126,415	107,538	121,195	118,983
Total business-type activities expense	118,506	139,947	132,786	108,220	126,591	129,409	126,415	107,538	121,195	118,983
Total district expenses	8,321,702	9,455,823	8,954,531	8,249,160	8,817,631	9,185,528	8,767,020	8,647,101	8,986,290	10,217,519
Program Revenues										
Governmental activities:										
Charges for services	704,353	891,849	609,831	742,639	832,520	1,230,154	977,483	747,543	675,000	891,409
Operating grants and contributions	1,286,086	930,293	881,205	517,152	582,741	634,451	638,447	617,723	1,172,788	2,254,269
Capital grants and contributions	13,375	13,961	15,762	2,721	-	-	-	-	-	-
Total governmental activities program revenues	2,003,814	1,836,103	1,506,798	1,262,512	1,415,261	1,864,605	1,615,930	1,365,266	1,847,788	3,145,678

City of North Wildwood School District
Changes in Net Position, Last Ten Fiscal Years
Unaudited

	Fiscal Year End June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities:										
Charges for services										
Food service	37,026	33,611	48,301	51,971	50,645	50,095	45,864	33,859	38,507	34,070
Operating grants and contributions	48,362	53,483	56,027	56,961	58,949	65,118	62,266	55,804	63,361	59,250
Total business type activities program revenues	85,388	87,094	104,328	108,932	109,594	115,213	108,130	89,663	101,868	93,320
Total district program revenues	2,089,202	1,923,197	1,611,126	1,371,444	1,524,855	1,979,818	1,724,060	1,454,929	1,949,656	3,238,998
Net (Expense)/Revenue										
Governmental activities	(6,199,382)	(7,479,773)	(7,314,947)	(6,878,428)	(7,275,779)	(7,191,514)	(7,024,675)	(7,174,297)	(7,017,307)	(6,952,858)
Business-type activities	(33,118)	(52,853)	(28,458)	712	(16,997)	(14,196)	(18,285)	(17,875)	(19,327)	(25,663)
Total district-wide net expense	(6,232,500)	(7,532,626)	(7,343,405)	(6,877,716)	(7,292,776)	(7,205,710)	(7,042,960)	(7,192,172)	(7,036,634)	(6,978,521)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	5,536,977	5,817,655	6,141,963	6,207,000	6,191,647	6,226,245	6,150,979	5,906,960	5,777,639	6,131,619
Taxes levied for debt service	226,605	225,824	224,811	223,568	222,093	260,387	218,449	211,280	204,112	181,090
Unrestricted grants and contributions	614,670	1,269,107	1,285,155	1,392,606	1,167,682	1,230,154	1,285,060	1,350,330	662,643	670,891
Investment earnings	53,713	65,785	47,758	22,534	8,279	4,499	2,688	2,514	10,904	1,471
Miscellaneous income	6,467	43,669	47,143	34,538	115,696	55,274	31,357	118,501	8,700	32,220
Transfers	(42,699)	(39,844)	(37,507)	(44,000)			(18,000)	(17,500)	(18,000)	(28,000)
Total governmental activities	6,395,733	7,382,196	7,709,323	7,836,246	7,705,397	7,776,559	7,670,533	7,572,085	6,645,998	6,989,291
Business-type activities:										
Investment earnings	11	22	28	44	76	33	15	4	4	4
Transfers	42,699	39,844	37,507	44,000			18,000	17,500	18,000	28,000
Total business-type activities	42,710	39,866	37,535	44,044	76	33	18,015	17,504	18,004	28,004
Total district-wide	6,438,443	7,422,062	7,746,858	7,880,290	7,705,473	7,776,592	7,688,548	7,589,589	6,664,002	7,017,295
Change in Net Position										
Governmental activities	196,351	(97,577)	394,376	957,818	429,618	585,045	645,858	397,788	(371,309)	36,433
Business-type activities	9,592	(12,987)	9,077	44,756	(16,921)	(14,163)	(270)	(371)	(1,323)	2,341
Total district	205,943	(110,564)	403,453	1,002,574	412,697	570,882	645,588	397,417	(372,632)	38,774

Source: CAFR Schedule A-2

**City of North Wildwood School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited**

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Restricted						1,772,213	1,875,610	1,768,339	1,178,179	1,082,428
Committed						97,340	623,811	730,831	813,199	802,470
Assigned						351,358	86,254		141,914	283,417
Unassigned						215,167	202,811	209,548	211,651	215,802
Reserved	1,241,695	958,744	922,395	1,501,773	1,707,387					
Unreserved	208,764	270,508	414,894	392,528	333,740					
Total general fund	<u>1,450,459</u>	<u>1,229,252</u>	<u>1,337,289</u>	<u>1,894,301</u>	<u>2,041,127</u>	<u>2,436,078</u>	<u>2,788,486</u>	<u>2,708,718</u>	<u>2,344,943</u>	<u>2,384,117</u>
All Other Governmental Funds										
Restricted						(9,982)	(11,184)	(2,840)		
Reserved										
Unassigned		8,143								
Unreserved, reported in:										
Special revenue fund	(22,811)	(22,811)	(26,073)	(16,458)	(17,325)				(10,710)	(9,124)
Capital projects fund	10,086	1,943								
Debt service fund										-
Total all other governmental funds	<u>(12,725)</u>	<u>(12,725)</u>	<u>(26,073)</u>	<u>(16,458)</u>	<u>(17,325)</u>	<u>(9,982)</u>	<u>(11,184)</u>	<u>(2,840)</u>	<u>(10,710)</u>	<u>(9,124)</u>

The requirements related to reporting fund balance in the general fund were modified by the Governmental Accounting Standards Board (GASB) effective for fiscal years ending June 30, 2011.

Source: CAFR Schedule B-1

**City of North Wildwood School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax levy	5,763,582	6,043,479	6,366,774	6,430,568	6,413,740	6,486,632	6,369,428	6,118,240	5,981,751	6,312,709
Tuition charges	704,353	891,849	609,831	742,639	832,520	1,230,154	977,483	747,542	675,000	891,409
Interest earnings	53,713	65,785	47,758	22,534	8,279	4,499	2,688	2,514	10,904	1,471
Miscellaneous	8,640	47,684	54,550	38,288	118,942	57,274	34,248	119,462	14,529	152,018
State sources	1,630,460	1,822,276	1,908,936	1,617,582	1,398,241	1,330,021	1,527,082	1,613,021	1,541,611	1,646,878
Federal sources	281,498	387,069	275,865	292,176	348,935	369,431	393,534	354,071	287,991	429,778
Total revenue	8,442,246	9,258,142	9,263,714	9,143,787	9,120,657	9,478,011	9,304,463	8,954,850	8,511,786	9,434,263
Expenditures										
Instruction										
Regular Instruction	2,325,304	2,506,593	1,937,246	1,955,512	1,981,818	1,969,525	2,007,064	2,020,134	2,430,666	2,651,906
Special education instruction	247,456	298,153	990,364	773,356	857,492	907,588	795,162	805,629	365,598	379,241
Other special instruction	167,630	206,175	149,519	279,334	277,074	290,865	324,994	310,469	317,632	352,201
Support Services:										
Tuition	1,737,918	2,098,061	1,581,864	1,414,839	1,714,852	1,684,553	1,616,948	1,103,392	1,397,018	1,522,909
Student & instruction related services	1,106,666	1,189,110	1,184,531	1,016,225	996,806	1,017,736	1,093,107	1,068,508	1,066,480	1,029,412
General administrative services	354,697	381,855	366,063	351,060	350,866	351,402	354,130	368,142	213,287	229,665
School Administrative services	49,806	52,816	54,843	54,417	54,046	57,020	61,650	60,766	63,610	65,271
Business administrative services	496,950	534,153	546,045	564,920	576,647	585,246	572,251	594,596	149,282	170,716
Plant operations and maintenance	162,718	182,558	189,170	145,044	168,029	109,930	81,781	128,107	609,970	622,219
Pupil transportation	1,310,094	1,604,175	1,660,996	1,371,736	1,484,714	1,519,825	1,563,827	1,800,473	1,66,556	102,106
Unallocated employee benefits	16,408	14,274	29,817	22,336	9,141	10,200	10,920	12,500	1,727,672	1,972,856
Special Schools	17,574	41,778	17,313	48,881	3,026	14,347	14,347	13,650	13,650	13,500
Charter Schools	128,375	103,978	189,151	311,931	278,095	351,443	220,527	524,880	147,300	57,563
Capital outlay	120,000	130,000	135,000	140,000	145,000	150,000	155,000	155,000	185,000	180,000
Debt service:	101,605	95,824	89,811	83,568	77,093	70,386	63,449	56,280	11,710	15,938
Principal	8,343,201	9,439,503	9,121,433	8,533,159	8,974,699	9,075,719	8,935,157	9,008,876	8,865,431	9,365,503
Interest and other charges	99,045	(181,361)	142,281	610,628	145,958	402,292	369,306	(54,026)	(353,645)	68,760
Total expenditures	(42,699)	(39,844)	(37,507)	(44,001)	(42,699)	(42,699)	(42,699)	(42,699)	(42,699)	(42,699)
Excess (Deficiency) of revenues over (under) expenditures	(42,699)	(39,844)	(37,507)	(44,001)	(42,699)	(42,699)	(42,699)	(42,699)	(42,699)	(42,699)
Other Financing sources (uses)										
Cancellation of prior year receivable			(10,086)							
Transfers in										
Transfers out							(18,000)	(17,500)	(18,000)	(28,000)
Total other financing sources (uses)							(18,000)	(17,500)	(18,000)	(28,000)
Net change in fund balances	56,346	(221,205)	94,688	566,628	145,958	402,292	351,306	(71,526)	(371,645)	40,760
Debt service as a percentage of noncapital expenditures	2.70%	2.42%	2.52%	2.72%	2.55%	2.53%	2.51%	2.49%	2.26%	2.11%

Source: CAFR Schedule B-2

City of North Wildwood School District
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Misc.</u>	<u>Total</u>
2006	53,714	704,353	6,467	764,534
2007	65,785	891,849	43,669	1,001,303
2008	47,758	609,831	54,550	712,139
2009	22,534	742,639	38,288	803,461
2010	19,734	832,520	107,488	959,742
2011	16,528	1,230,154	45,246	1,291,928
2012	2,688	977,483	31,357	1,011,528
2013	2,514	747,542	111,056	861,112
2014	10,904	675,000	8,700	694,604
2015	1,471	891,409	32,220	925,100

Source: District Records

nj doe user friendly budget
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Farm				Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
	Vacant Land	Residential	Reg.	Qfarm								
2006	179,405,150	2,698,835,000			434,694,900	79,092,200	3,392,027,250	-	723,217	3,392,750,467	0.726	2,101,638,353
2007	76,613,200	2,940,213,200			393,328,300	67,648,000	3,477,802,700	-	743,549	3,478,546,249	0.178	2,843,099,226
2008	69,472,400	3,042,451,375			354,785,300	63,952,100	3,530,661,175	-	796,315	3,531,457,490	0.183	3,151,513,752
2009	54,060,600	3,083,034,000			351,901,300	59,245,500	3,548,241,400	-	861,912	3,549,103,312	0.183	3,275,702,917
2010	58,190,200	3,047,917,100			339,914,300	57,494,500	3,503,516,100	-	837,778	3,504,353,878	0.181	3,091,959,519
2011	37,159,400	2,393,983,800			279,924,500	40,757,200	2,751,824,900	-	681,208	2,752,506,108	0.186	3,004,938,527
2012	35,211,800	2,381,552,500			278,853,700	41,089,400	2,736,707,400	-	665,816	2,737,373,216	0.232	2,818,095,972
2013	39,188,900	2,368,078,800			277,243,700	41,500,100	2,726,011,500	-	642,933	2,726,654,433	0.224	2,735,759,610
2014	33,131,200	2,374,440,500			270,180,500	38,937,600	2,716,689,800	-	463,570	2,717,153,370	0.220	2,717,153,370
2015	35,770,700	2,365,649,100			256,223,900	36,454,200	2,694,097,900	-	469,828	2,694,567,728	0.245	2,694,567,728

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

**City of North Wildwood School District
Direct and Overlapping Property Tax Rates
Rate per \$100 of Assessed Value
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	City of North Wildwood Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Municipal Local Purpose	Cape May County		
2006	0.149	0.029	0.178	0.392	0.130	0.700	
2007	0.176	0.007	0.183	0.392	0.155	0.730	
2008	0.177	0.006	0.183	0.432	0.170	0.785	
2009	0.175	0.006	0.181	0.450	0.185	0.816	
2010	0.180	0.006	0.186	0.472	0.187	0.845	
2011	0.224	0.008	0.232	0.600	0.240	1.072	
2012	0.216	0.008	0.224	0.612	0.238	1.074	
2013	0.212	0.008	0.220	0.612	0.246	1.078	
2014	0.226	0.007	0.233	0.625	0.243	1.101	
2015	0.238	0.007	0.245	0.644	0.239	1.128	

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 calculation.

- 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.

**City of North Wildwood School District
Principal Property Tax Payers,
Current Year and Nine Years Ago
*Unaudited***

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Youschak Properties, LLC	14,000,000	1	0.52%	22,200,000	2	0.83%
The Morey Organization	9,668,800	2	0.36%			0.00%
Sportland Investments	7,394,800	3	0.27%	12,228,100	6	0.46%
Will & Bill Morey Enterprises, Inc.				25,837,500	1	0.97%
Taxpayer #1	5,152,000	7	0.19%			0.00%
Kings Inn Motel	5,500,000	6	0.20%	9,264,600	9	0.35%
W & E Enterprises	5,082,100	8	0.19%	12,611,800	5	0.47%
Wyoming Properties, Inc.	6,160,000	4	0.23%			0.00%
Matador Motel, Inc.	5,576,200	5	0.21%			0.00%
North Point Developers, LLC	4,936,600	9	0.18%			
Wildwood Grocery Owners, LLC	4,935,000	10	0.18%	8,978,800	10	0.34%
The Engel Group, LLC				16,868,600	3	0.63%
Marina Bay Towers				14,288,900	4	0.53%
Thunderbird Development, LLC				10,815,800	7	0.40%
Beazer Homes Corp.				9,274,900	8	0.35%
Total	68,405,500		1.02%	91,120,800		1.78%

Source: District CAFR & Municipal Tax Assessor
District Total Taxable Value

2,694,567,728

2,675,895,200

GASB requires this table to present the principal taxpayers for the current year and nine years ago.

City of North Wildwood School District
Property Tax Levies and Collections,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	5,763,582	5,763,582	100%	-
2007	6,043,479	6,043,479	100%	-
2008	6,366,774	6,366,774	100%	-
2009	6,430,568	6,430,568	100%	-
2010	6,413,740	6,413,740	100%	-
2011	6,486,632	6,486,632	100%	-
2012	6,369,428	6,369,428	100%	-
2013	6,118,240	6,118,240	100%	-
2014	5,981,751	5,981,751	100%	-
2015	6,312,709	6,312,709	100%	-

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.

City of North Wildwood School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2006	2,056,000	-	-	-	-	2,056,000	0.977%	427
2007	1,926,000	-	-	-	-	1,926,000	0.863%	395
2008	1,791,000	-	-	-	-	1,791,000	0.778%	370
2009	1,651,000	-	-	-	-	1,651,000	0.714%	342
2010	1,506,000	-	-	-	-	1,506,000	0.765%	373
2011	1,356,000	-	-	-	-	1,356,000	0.665%	339
2012	1,201,000	-	-	-	-	1,201,000	0.567%	301
2013	1,095,000	-	-	-	-	1,095,000	0.512%	276
2014	910,000	-	-	-	-	910,000	0.429%	231
2015	730,000	-	-	-	-	730,000	0.344%	186

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.

^a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

City of North Wildwood School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	2,056,000	-	2,056,000	0.10%	427
2007	1,926,000	-	1,926,000	0.07%	395
2008	1,791,000	-	1,791,000	0.06%	370
2009	1,651,000	-	1,651,000	0.05%	342
2010	1,506,000	-	1,506,000	0.05%	373
2011	1,356,000	-	1,356,000	0.05%	339
2012	1,201,000	-	1,201,000	0.04%	301
2013	1,095,000	-	1,095,000	0.04%	276
2014	910,000	-	910,000	0.03%	231
2015	730,000	-	730,000	0.03%	186

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.

City of North Wildwood School District
Ratios of Overlapping Governmental Activities Debt
As of December 31, 2014
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
City of North Wildwood	45,092,780	100.00%	45,092,780
Other debt			
Cape May County MUA	55,671,891	5.37%	2,991,394
Cape May Bridge Commission	14,851,249	5.37%	797,996
Cape May County	180,549,762	5.37%	9,701,404
Subtotal, overlapping debt			58,583,574
City of North Wildwood School District debt	730,000	100.00%	730,000
Total direct and overlapping debt			<u><u>59,313,574</u></u>

Sources: City of North Wildwood Finance Officer, Cape May 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 the City of North Wildwood. 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.

**City of North Wildwood School District
Legal Debt Margin Information,
Last Ten Fiscal Years
Unaudited**

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized valuation basis
	2014 2,549,685,406
	2013 2,638,671,474
	2012 2,736,443,756
	<u>7,924,800,636</u>
Average equalized valuation of taxable property	2,641,600,212
Debt limit (3% of average)	79,248,006
Net bonded school debt	<u>730,000</u>
Legal debt margin	<u>78,518,006</u>

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	47,225,668	62,827,329	78,315,457	91,160,385	94,715,589	93,714,719	89,349,644	85,520,751	81,980,788	79,248,006
Total net debt applicable to limit	<u>2,056,000</u>	<u>1,926,000</u>	<u>1,791,000</u>	<u>1,651,000</u>	<u>1,506,000</u>	<u>1,356,000</u>	<u>1,201,000</u>	<u>1,095,000</u>	<u>910,000</u>	<u>730,000</u>
Legal debt margin	<u>45,169,668</u>	<u>60,901,329</u>	<u>76,524,457</u>	<u>89,509,385</u>	<u>93,209,589</u>	<u>92,358,719</u>	<u>88,148,644</u>	<u>84,425,751</u>	<u>81,070,788</u>	<u>78,518,006</u>
Total net debt applicable to the limit as a percentage of debt limit	4.35%	3.07%	2.29%	1.81%	1.59%	1.45%	1.34%	1.28%	1.11%	0.92%

Note: In instances where the District's debt margin is exceeded, the District uses the City debt margin.

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

**City of North Wildwood School District
Demographic and Economic Statistics
Last Ten Fiscal Years
*Unaudited***

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2006	4,818	210,392	43,668	11.50%
2007	4,872	223,157	45,804	11.00%
2008	4,843	230,130	47,518	13.40%
2009	4,822	231,268	47,961	18.70%
2010	4,039	196,816	48,729	19.40%
2011	4,003	203,785	50,908	20.30%
2012	3,994	211,962	53,070	19.20%
2013	3,965	213,840	53,932	21.60%
2014	3,934	212,168	53,932	14.20%
2015	3,934	212,168	53,932	18.40%

Source:

a Population information provided by the NJ Dept of Labor and Workforce Development

b Personal income is calculated by multiplying per capita income by the population

c Per Capita Income US Department of Commerce, Bureau of Economic Analysis, November 21, 2013

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

**City of North Wildwood School District
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	38.0	38.0	36.0	37.0	37.0	37.0	36.0	36.0	36.0	36.0
Regular	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Special education		1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other special education instruction	8.0	8.0	6.0	6.0	6.0	6.0	6.0	6.0	8.0	8.0
Other instruction	3.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	4.5
Nonpublic school programs										
Support Services:										
Student & instruction related services	7.0	7.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
General administrative services	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
School administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Business administrative services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	6.0	7.0	7.0	7.0	7.0	7.0	6.0	7.0	7.0	7.0
Food Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	77.0	78.0	74.0	74.0	74.0	74.0	72.0	74.0	76.0	77.5

Source: District Personnel Records

City of North Wildwood School District
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2006	296	7,993,222	27,004	18.85%	51	6:1	310	289	-7.16%	93.23%	
2007	315	9,109,703	28,920	7.09%	51	6:1	313	290	0.97%	92.65%	
2008	307	8,707,471	28,363	-1.92%	51	6:1	337	313	7.67%	92.88%	
2009	317	7,997,662	25,229	-11.05%	51	6:1	316	291	-6.23%	92.09%	
2010	317	8,474,510	26,733	5.96%	51	6:1	320	298	1.27%	93.13%	
2011	320	8,503,889	26,575	-0.59%	51	6:1	317	292	-0.94%	92.11%	
2012	299	8,496,181	28,415	6.93%	51	6:1	308	288	-2.84%	93.51%	
2013	309	8,272,715	26,773	-5.78%	51	6:1	313	291	1.62%	92.97%	
2014	317	8,521,421	26,881	0.41%	52	6:1	320	300	2.24%	93.75%	
2015	295	9,112,002	30,888	14.91%	52	6:1	301	283	-5.94%	94.02%	

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 J-1
- 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).

**City of North Wildwood School District
School Building Information
Last Ten Fiscal Years
*Unaudited***

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>District Building</u>										
<u>Elementary</u>										
Charles L. Spragg School (1955)	75,811	75,811	75,811	75,811	75,811	75,811	75,811	75,811	75,811	75,811
Square Feet	538	538	538	538	538	538	538	538	538	538
Capacity (students)	296	316	308	317	317	320	299	309	317	295
Enrollment										

Number of District Buildings at June 30, 2015
 Elementary = 1
 Middle School = 0

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.

City of North Wildwood School District
General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Years
Unaudited

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

School Facilities	Project # (s)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Margaret Mace School	N/A	63,031	68,931	67,613	55,392	58,586	58,640	57,842	34,396	45,084	49,855
Grand Total		<u>63,031</u>	<u>68,931</u>	<u>67,613</u>	<u>55,392</u>	<u>58,586</u>	<u>58,640</u>	<u>57,842</u>	<u>34,396</u>	<u>45,084</u>	<u>49,855</u>

**City of North Wildwood School District
Insurance Schedule
June 30, 2015
Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property - Blanket Building & Contents	150,000,000	500
Comprehensive General Liability and Automobile	15,000,000	
Comprehensive Crime Coverage	500,000	500
Boiler and Machinery - ACCASBOJIF		
Property Damage	125,000,000	1,000
Workers; Compensation - ACCASBOJIF		
Coverage A	Statutory	
Educator's Legal Liability - ACCASBOJIF	15,000,000	
Pollution Legal Liability	3,000,000	25,000
Cyber Liability	1,000,000	25,000

The Board of Education is a member of the Atlantic and Cape May Counties School Business Officials Joint Insurance Fund (ACCASBOJIF), which is formed under the provisions of NJSA 18A:18B 1-10. The ACCASBOJIF was formed by its member districts to provide a long-term alternative to the conventional insurance market as a means of stabilizing the otherwise cyclical nature of insurance expenditures. It achieves this goal by pooling together members' resources, deciding on what insurance coverage's it will offer and/or purchase and at what retention, and by hiring professionals to help run the Fund.

Source: District Records.

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Single Audit Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710
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Independent Auditor's Report

The Honorable President and
Members of the Board of Education
City of North Wildwood School District
County of Cape May
City of North Wildwood, 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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Wildwood School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of North Wildwood School District's basic financial statements, and have issued our report thereon dated December 3, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of North Wildwood School District's 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 City of North Wildwood School District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of North Wildwood School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do

not express such an opinion. The results of our tests disclosed 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

Ford, Scott & Associates, L.L.C.

**FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS**

Leon P. Costello

**Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767**

December 3, 2015



FORD - SCOTT

& ASSOCIATES, L.L.C.

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Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the City of North Wildwood School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the New Jersey *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the City of North Wildwood School District's major state programs for the year ended June 30, 2015. The City of North Wildwood School 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 federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of North Wildwood School 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; OMB Circular A-133, and New Jersey 04-04 *State Aid/Grant Compliance Supplement*. 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 City of North Wildwood School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the City of North Wildwood School 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 year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the City of North Wildwood School 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 City of North Wildwood School District's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 NJ OMB 04-04, 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 City of North Wildwood School District's internal control over compliance.

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

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

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

Report on Schedule of Federal and State Awards Required by OMB Circular A-133 and NJ OMB 04-04

We have audited the financial statements of the City of North Wildwood School District as of and for the year ended June 30, 2015, and have issued our report thereon dated December 3, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and NJ OMB 04-04 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

December 3, 2015

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City of North Wildwood School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year ended June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable) June 30, 2014	Unearned Revenue	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year's Balances	Adjustments	(Accounts Receivable) June 30, 2015	Unearned Revenue	Due to Grantor at June 30, 2015
U.S. Department of Agriculture														
Passed-through State Department of Education:														
Enterprise Fund:														
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	4,585 \$				4,196	(4,585)			(389)		
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	7,568	(789)			789						
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	53,538				49,383	(53,538)			(4,155)		
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	54,588	(4,451)			4,451						
Total Enterprise Fund					(5,240)			58,819	(58,123)			(4,544)		
Passed-through State Department of Education:														
Special Revenue Fund:														
Title I, Part A	84.010	NCLB-3680-15	7/1/14-6/30/15	130,990			4,838	111,482	(134,475)			(18,155)		
Title I, Part A	84.010	NCLB-3680-14	7/1/13-6/30/14	143,032	(26,633)		(4,838)	31,471						
Total NCLB, Title I					(26,633)			142,953	(134,475)			(18,155)		
Title II, Part A	84.298A	NCLB-3680-15	7/1/14-6/30/15	84,600				44,042	(50,099)			(6,057)		
Title II, Part A	84.298A	NCLB-3680-14	7/1/13-6/30/14	87,026	(3,583)			3,583						
Total IDEA, Part B - Basic	84.027	IDEA-3680-15	7/1/14-6/30/15	234,754				172,024	(213,600)			(41,576)		
ID.E.A. Part B - Basic	84.027	IDEA-3680-14	7/1/13-6/30/14	213,062	(23,217)			23,217						
ID.E.A. Part B - Preschool	84.173	IDEA-3680-15	7/1/14-6/30/15	4,713					(4,713)			(46,289)		
Total IDEA Part B					(23,217)			195,241	(218,313)			(46,289)		
Total Special Revenue Fund					(53,433)			385,819	(402,887)			(70,501)		
Total Federal Financial Awards				\$	(58,673)			444,638	(461,010)			(75,045)		

City of North Wildwood School District
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year ended June 30, 2015

State Grantor/Program Title	Grant of State Project Number	Grant Period	Award Amount	Balance at June 30, 2014	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Year's Balances	Balance at June 30, 2015			MEMO	
										(Accounts Receivable)	Unearned Revenue	Due to Grantor		Budgetary Receivable
State Department of Education														
General Fund:														
Categorical Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	154,606	\$ -	-	154,606	(154,606)	-	-	-	-	-	-	154,606
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	59,917	-	-	59,917	(59,917)	-	-	-	-	-	-	59,917
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	396,411	3,042	-	396,411	(396,411)	-	-	3,042	-	(9,124)	-	396,411
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	49,606	777	-	49,606	(49,606)	-	-	777	-	-	-	49,606
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	3,100	395	-	3,100	(3,100)	-	-	395	-	(1,155)	-	3,100
PARCC Readiness	15-495-034-5120-088	7/1/14-6/30/15	3,100	(435)	-	3,100	(3,100)	-	-	-	-	-	-	3,100
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	7/1/14-6/30/15	250,078	-	-	250,078	(250,078)	-	-	-	-	-	-	250,078
Total General Fund						916,818	(916,818)							916,818
Special Revenue Fund:														
Preschool Aid	15-495-034-5064-086	7/1/14-6/30/15	177,876	3,042	-	168,752	(177,876)	-	-	3,042	-	(9,124)	-	177,876
Character Education	07-495-034-5120-053	7/1/06-6/30/07	4,000	777	-	-	-	-	-	777	-	-	-	4,000
Character Education	08-495-034-5120-053	7/1/07-6/30/08	4,000	395	-	-	-	-	-	395	-	-	-	4,000
Homebound Instruction	N/A	7/1/14-6/30/15	1,155	-	-	-	(1,155)	-	-	-	-	(1,155)	-	1,155
Homebound Instruction	N/A	7/1/12-6/30/13	435	(435)	-	435	-	-	-	-	-	-	-	435
NJ Nonpublic Aid														
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	20,853	-	-	20,853	(20,724)	-	-	-	129	-	-	20,724
Textbook Aid	14-100-034-5120-064	7/1/13-6/30/14	17,771	4	-	-	-	-	(4)	-	-	-	-	18,107
Nursing	15-100-034-5120-070	7/1/14-6/30/15	33,198	-	-	33,198	(30,034)	-	-	-	3,164	-	-	30,034
Technology Aid	15-100-034-5120-373	7/1/14-6/30/15	11,200	-	-	11,200	(8,258)	-	-	-	2,942	-	-	8,258
Technology Aid	14-100-034-5120-373	7/1/13-6/30/14	6,480	38	-	-	-	-	(38)	-	-	-	-	6,598
Auxiliary Services:														
Corrective Speech	15-100-034-5120-067	7/1/14-6/30/15	10,249	-	-	10,249	(9,719)	-	-	-	530	-	-	9,719
Handicapped Services:														
Examination and Classification	15-100-034-5120-068	7/1/14-6/30/15	27,378	8,789	-	27,378	(8,273)	-	-	-	19,105	-	-	8,273
Examination and Classification	14-100-034-5120-068	7/1/13-6/30/14	15,615	-	-	-	-	-	(8,789)	-	-	-	-	8,070
Supplemental Instruction	15-100-034-5120-068	7/1/14-6/30/15	11,771	2,244	-	11,771	(5,275)	-	-	-	6,496	-	-	5,275
Supplemental Instruction	14-100-034-5120-068	7/1/13-6/30/14	7,632	-	-	-	-	-	(2,244)	-	-	-	-	6,513
Compensatory Education	15-100-034-5120-068	7/1/14-6/30/15	63,602	18,361	-	63,602	(22,400)	-	-	-	41,202	-	-	22,400
Compensatory Education	14-100-034-5120-068	7/1/13-6/30/14	51,359	-	-	-	-	-	(18,361)	-	-	-	-	43,802
Total Special Revenue Fund				33,215	-	347,438	(283,714)		(29,436)	4,214	73,568	(10,279)		557,803
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program (State Share)	15-100-010-3350-023	7/1/14-6/30/15	1,127	(99)	-	1,037	(1,127)	-	-	(90)	-	-	-	1,127
National School Lunch Program (State Share)	14-100-010-3350-023	7/1/13-6/30/14	1,205	(99)	-	99	-	-	-	-	-	-	-	1,620
Total Enterprise Fund						1,136	(1,127)							2,747
Total State Financial Assistance				\$ 33,116	-	\$ 1,265,392	(1,201,659)		(29,436)	4,214	73,568	(10,279)		1,477,368

City of North Wildwood School District
Notes to the Schedules of 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, City of North Wildwood School District. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule 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 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* and NJ OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

The net adjustment to reconcile from budgetary basis to GAAP basis is \$444,760 for the general fund and \$266 for the special revenue fund. See the following schedule and Note 1(D) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and food service funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

City of North Wildwood School District
Notes to the Schedules of Financial Assistance
June 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
State Assistance:				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$916,818	283,714	1,127	1,201,659
Difference – budget to "GAAP" On-behalf payments recognized for GAAP statements but not included in the Schedule of Financial Assistance	440,609			440,609
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	38,349	10,710		49,059
State aid payments recognized for budgetary purposes not recognized for GAAP statements until the subsequent year.	(34,198)	(9,124)		(43,322)
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances/net position	<u>\$1,361,578</u>	<u>285,300</u>	<u>1,127</u>	<u>1,648,005</u>

City of North Wildwood School District
Notes to the Schedules of Financial Assistance
June 30, 2015

	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Local Assistance:			
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$119,798		119,798
Difference – budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			-
<hr/>			
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances/net position	<u>119,798</u>	<u>-</u>	<u>119,798</u>
Federal Assistance:			
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	402,887	58,123	461,010
Difference – budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	(1,320)		(1,320)
<hr/>			
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances/net position	<u>\$401,567</u>	<u>58,123</u>	<u>459,690</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the district for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

**CITY OF NORTH WILDWOOD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Unmodified

- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? yes X no

- 2) Were significant deficiencies identified? yes X none reported

- C) Noncompliance material to general-purpose financial statements noted? yes X no

Federal Awards Section

NOT APPLICABLE

- D) Internal Control over compliance:
- 1) Material weakness(es) identified? yes _____ no

- 2) Were significant deficiencies identified? yes _____ none reported

- E) Type of auditor's report on compliance for major programs

- F) Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
yes _____ no

- G) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>

- H) Dollar threshold used to determine Type A programs: _____
- I) Auditee qualified as low-risk auditee? yes _____ no _____ n/a

**CITY OF NORTH WILDWOOD SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I -- Summary of Auditor's Results

State Awards Section

- J) Internal Control over compliance:
 1) Material weakness(es) identified? _____ yes X no
 2) Were significant deficiencies identified that were not considered to be material weaknesses? _____ yes X no
- K) Type of auditor's report on compliance for major programs _____ Unmodified _____
- L) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? _____ yes X no
- M) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>15-495-034-5120-089</u>	<u>Categorical Special Education Aid</u>
<u>15-495-034-5120-084</u>	<u>Categorical Security Aid</u>
<u>15-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>15-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>15-495-034-5120-098</u>	<u>PARCC Readiness</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

- N) Dollar threshold used to determine Type A programs: _____ \$300,000 _____
- O) Auditee qualified as low-risk auditee? X yes _____ no _____ n/a

**CITY OF NORTH WILDWOOD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 2 – Schedule of Financial Statement Findings

NONE

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies audit findings required to be reported by section .510(1) of Circular A-133 and New Jersey OMB's Circular 04-04.

FEDERAL AWARDS

NONE

STATE AWARDS

NONE

STATUS OF PRIOR YEAR FINDINGS

Financial Statement Findings:

NONE