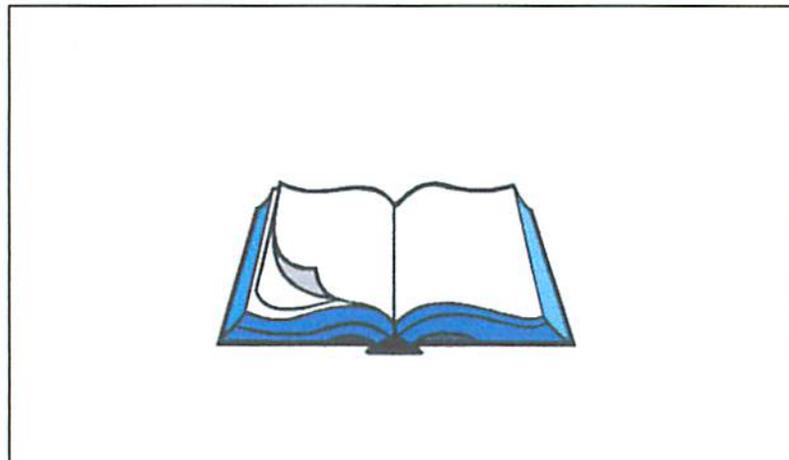


SCHOOL DISTRICT
OF
WEST CAPE MAY



West Cape May Board of Education
West Cape May, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008

Comprehensive Annual Financial Report

of the

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

For the Fiscal Year Ended June 30, 2008

Prepared by

West Cape May Board of Education
Finance Department

WEST CAPE MAY SCHOOL DISTRICT

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Introductory Section

WEST CAPE MAY BOARD OF EDUCATION

301 Moore Street

West Cape May, New Jersey 08204-1199

(609) 884-4614 / FAX (609) 884-0932

William J. Flynn
Interim Superintendent

Rose M. Millar
School Business Administrator

August 28, 2008

Honorable President and Members of the Board of Education
Citizens and Taxpayers of the West Cape May School District

Dear Board and Community Members:

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the West Cape May School District for the fiscal year ended June 30, 2008. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

"Becoming The Best We Can Be"

1) **REPORTING ENTITY AND ITS SERVICES:** West Cape May School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The West Cape May Board of Education and the West Cape May Elementary School constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 6. These include regular as well as special education for handicapped youngsters. The District completed the 2006-2007 fiscal year with an enrollment of 50 students, which is a decrease of six students over the enrollment of the previous year. The following details the changes in the student enrollment of the District over the last eight years.

Fiscal	<u>Average Daily Enrollment</u>	
	Student	Percent
<u>Year</u>	<u>Enrollment</u>	<u>Change</u>
2007-2008	52	4.00%
2006-2007	50	(10.71%)
2005-2006	56	(20.00)%
2004-2005	70	(11.39)%
2003-2004	79	(21.98)%
2002-2003	91	(5.21)%
2001-2002	96	5.49%
2000-2001	91	(7.14)%
1999-2000	98	1.03%

2) **ECONOMIC CONDITION AND OUTLOOK:** Single family construction continues throughout the Borough. This construction has not had an impact on school enrollment.

3) **MAJOR INITIATIVES:** New paving extended the district playground and corrected drainage concerns. All exterior window frames were scraped and painted.

4) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control

should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2007.

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

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

where the funds are secured in accordance with the Act.

8) **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability, hazard and theft insurance on property and contents, and fidelity bonds.

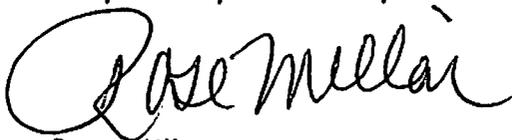
9) **OTHER INFORMATION:**

A) **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso & Stewart, 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's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10) **ACKNOWLEDGEMENTS:**

We would like to express our appreciation to the members of the West Cape May 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.

Respectfully submitted,

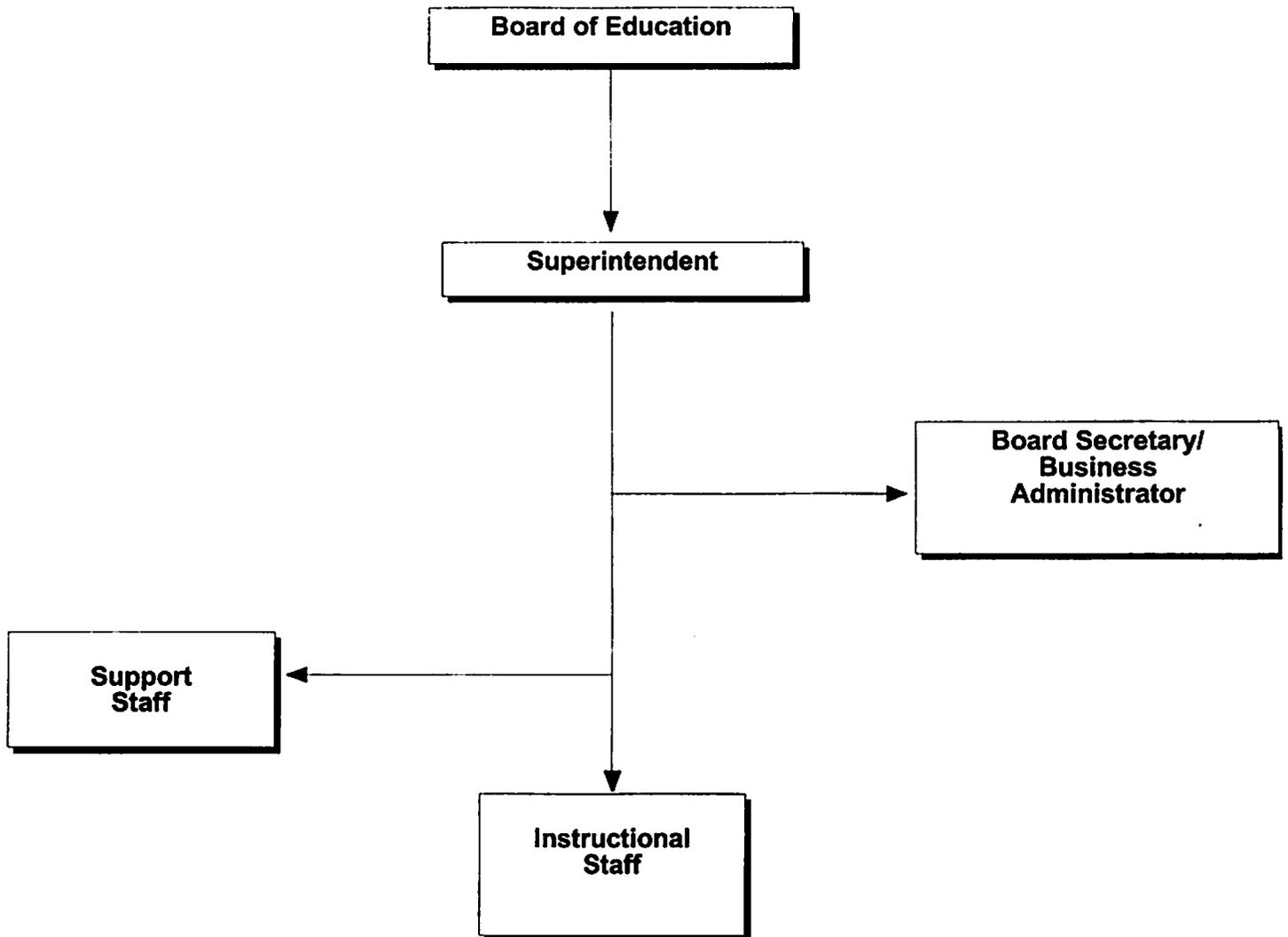
A handwritten signature in cursive script that reads "Rose Millar". The signature is written in black ink and is positioned above the printed name.

Rose Millar

School Business Administrator / Board Secretary

WEST CAPE MAY BOARD OF EDUCATION

Organizational Chart (Unit Control)



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

**ROSTER OF OFFICIALS
JUNE 30, 2008**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Irene L. Hober - President	2010
Gerald L. Reeves - Vice-President	2009
Lynn Bowlby	2011
Jeff Gott	2011
Christopher Shriver	2009

Other Officials

Richard M. Strauss, Superintendent
Diane S. Fox, Board Secretary & School Business Administrator
Mary Mohr, Treasurer of School Monies
Arthur F. Risten, Esq., Solicitor

WEST CAPE MAY SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

Inverso & Stewart, LLC
12000 Lincoln Drive West
Suite 402
Marlton, NJ 08053

Attorney

Arthur F. Risdien, Esq.
Archer & Greiner, P.A.
One Centennial Square
P.O. Box 3000
Haddonfield, NJ 08033-09668

Official Depository

Sturdy Savings Bank
701 Washington Avenue
Cape May, NJ 08204

Financial Section

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

12000 Lincoln Drive West, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
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E-Mail: iscpas@concentric.net

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

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the West Cape May School District, in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the West Cape May School District's management. 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 Division of 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the West Cape May School District, in the County of Cape May, State of New Jersey, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2008 on our consideration of the West Cape May 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Cape May School District's basic financial statements. The accompanying introductory section, and other supplementary information, such as, the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Public School Accountant

Marlton, New Jersey
July 18, 2008

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

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Marlton, New Jersey 08053
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E-Mail: lscpas@concentric.net

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

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

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

We have audited the financial statements of the Board of Education of the West Cape May School District, in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated July 18, 2008. 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 Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the West Cape May School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the West Cape May School District's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the West Cape May School District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

However, we noted certain matters that we reported to the Board of Education of the West Cape May School District in a separate report entitled, *Auditors Management Report on Administrative Findings - Financial, Compliance and Performance* dated July 18, 2008.

This report is intended solely for the information and use of the audit committee, management, the West Cape May School District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Public School Accountant

Marlton, New Jersey
July 18, 2008

Required Supplementary Information - Part I

Management's Discussion and Analysis

**West Cape May School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008**

As management of the Board of Education of the Borough of West Cape May, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$747,722 (*net assets*).
- Governmental activities have unrestricted net assets of \$236,493. The accounting treatments in the governmental funds for compensated absences payable, and the last state aid payment are primarily responsible for this balance.
- The total net assets of the School District increased by \$145,669, or a 24.16% increase from the prior fiscal year-end balance. The majority of the increase is attributable to the results of operations in the General Fund.
- Fund balance of the School District's governmental funds increased by \$122,068 resulting in an ending fund balance of \$283,952. The increase in ending fund balance is due to the results of operations in the General Fund.
- Business-type activities have unrestricted net assets of \$822, which may be used to meet the School District's ongoing obligations of the food service operations.
- The School District's long-term obligations decreased by \$50,980 which is the result of the principal payment on long-term debt obligations and a slight increase in compensated absences.

Overview of the Basic Financial Statements

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

District-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

The School District's enterprise fund is the Food Service Fund which is listed individually and is considered to be a major fund.

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

Notes to the Basic Financial Statements

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

Other Information

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

District-wide Financial Analysis

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2008. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2008.

The assets of the primary government activities exceeded liabilities by \$747,722 with an unrestricted balance of \$236,493. The net assets of the primary government do not include internal balances.

A net investment of \$471,189 in land, improvements, buildings, equipment and vehicles which provide the services to the School District's 52 public school students, represents 63.03% of the School District's net assets. Net assets of \$2,980 have been restricted to provide resources for future capital expansion and \$37,150 is restricted as excess surplus.

As mentioned earlier, unrestricted net assets of \$236,493 are primarily due to the accounting treatment for compensated absences payable and the last state aid payment.

**West Cape May School District
Comparative Summary of Net Assets
As of June 30, 2008 and 2007**

	Governmental Activities		Business-Type Activities		District-Wide	
	2008	2007	2008	2007	2008	2007
Assets:						
Current assets	\$ 312,313	\$ 194,908	\$ 822	\$ 1,713	\$ 313,135	\$ 196,621
Capital assets	<u>1,081,189</u>	<u>1,106,043</u>			<u>1,081,189</u>	<u>1,106,043</u>
Total assets	<u>1,393,502</u>	<u>1,300,951</u>	<u>822</u>	<u>1,713</u>	<u>1,394,324</u>	<u>1,302,664</u>
Liabilities:						
Current Liabilities	68,863	71,539		353	68,863	71,892
Noncurrent Liabilities	<u>576,917</u>	<u>627,897</u>			<u>576,917</u>	<u>627,897</u>
Total liabilities	<u>645,780</u>	<u>699,436</u>		<u>353</u>	<u>645,780</u>	<u>699,789</u>
Net assets	<u>\$ 747,722</u>	<u>\$ 601,515</u>	<u>\$ 822</u>	<u>\$ 1,360</u>	<u>\$ 748,544</u>	<u>\$ 602,875</u>
Net assets consist of:						
Invested in capital						
Assets	\$ 471,189	\$ 446,043			\$ 471,189	\$ 446,043
Restricted net assets	40,040	2,824			40,040	2,824
Unrestricted net assets	<u>236,493</u>	<u>152,648</u>	<u>\$ 822</u>	<u>\$ 1,360</u>	<u>237,315</u>	<u>154,008</u>
Net assets	<u>\$ 747,722</u>	<u>\$ 601,515</u>	<u>\$ 822</u>	<u>\$ 1,360</u>	<u>\$ 748,544</u>	<u>\$ 602,875</u>

Governmental Activities

Governmental activities increased the net assets of the School District by \$122,068 during the current fiscal year. Key elements of the increase in net assets for governmental activities are as follows:

- Reduction of serial bond principal of \$50,000.
- Tuition expenditures decreased by \$80,802.

Business-type Activities

Business-type activities decreased the School District's net assets slightly. Key elements of the increase in net assets for Business-type activities are as follows:

- Food Service Fund expenditures exceeded revenues by \$538.

West Cape May School District
Comparative Schedule of Changes in Net Assets
As of and for the Fiscal Year Ended June 30, 2008 and 2007

	Governmental Activities		Business-Type Activities		District-Wide	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues						
Charges for services			\$ 4,578	\$ 6,439	\$ 4,578	\$ 6,439
Operating grants and Contributions	\$ 192,095	\$ 50,141	2,684	2,469	194,779	52,610
General Revenues:						
Property Taxes	866,778	836,788			866,778	836,788
Unrestricted State Aid	181,104	309,085			181,104	309,009
Tuition	51,000	54,100			51,000	54,100
Other Revenues	7,275	6,780	44	73	7,319	6,853
Total Revenues	1,298,252	1,256,894	7,306	8,981	1,305,558	1,265,875
Expenses:						
Governmental Activities:						
Instruction	532,086	517,949			532,086	517,949
Tuition	77,611	158,413			77,611	158,413
Related Services	117,256	119,110			117,256	119,110
Administrative Services	61,257	89,518			61,257	89,518
Operations and Maintenance	100,906	97,674			100,906	97,674
Transportation	8,182	7,912			8,182	7,912
Unallocated Benefits	211,374	213,592			211,374	213,592
Interest on long-term Debt	30,757	32,276			30,757	32,276
Other	4,671	2,186			4,671	2,186
Business-Type Activities:						
Food Service Operations			15,789	15,264	15,789	15,264
Total Expenses	1,144,100	1,238,630	15,789	15,264	1,159,889	1,253,894
Increase in net assets						
Before transfers	154,152	18,264	(8,483)	(6,283)	145,669	11,981
Transfers	(7,945)	(6,303)	7,945	6,303		
Changes in net assets	146,207	11,961	(538)	20	145,669	11,981
Net assets, July 1,	601,515	589,554	1,360	1,340	602,875	590,894
Net assets, June 30,	\$ 747,722	\$ 601,515	\$ 822	\$ 1,360	\$ 748,544	\$ 602,875

Financial Analysis of the Governmental Funds

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

Governmental Funds - The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$283,952, an increase of \$122,068 in comparison with the prior year. The decrease is the result of operations.

The unreserved fund balance for the School District at the end of the fiscal year consists of unreserved fund balance in the General Fund of \$243,912. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed as restricted cash reserved for future capital outlay expenditures of \$2,890 and \$37,150 in excess surplus reserved for subsequent budget appropriation.

The general fund is the chief operating fund of the School District. As discussed earlier, the balance in the unreserved fund balance is due, primarily, to the accounting treatment of the last state aid payment.

General Fund Budgetary Highlights

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$250,000 while total fund balance (budgetary basis) was \$290,040. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$1,065,046. Unreserved fund balance (budgetary basis) represents 23.47% of expenditures while total fund balance (budgetary basis) represents 27.23% of that same amount.

Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental activities as of June 30, 2008, totaled \$1,081,189 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$24,854, or a 2.25% decrease. The decrease is due to depreciation expense.

**West Cape May School District
Capital Asset (net of accumulated depreciation)
June 30, 2008 and 2007**

	Governmental Activities	
	2008	2007
Land	\$ 333,100	\$ 333,100
Buildings and Building Improvements	740,590	761,237
Equipment	<u>7,499</u>	<u>11,706</u>
Net assets	<u>\$ 1,081,189</u>	<u>\$ 1,106,043</u>

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 4) of this report.

Long-term debt – During the fiscal year ended June 30, 2008, the School District had \$610,000 outstanding in serial bonds.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$11,174,764. The available debt limit as of June 30, 2008 is \$10,564,764.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 6) of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2008-09 fiscal year.

- For 2008-09 fiscal year the School District will be receiving a slight increase state aid. The local tax levy in the General Fund increased by \$32,719 or 4% in an effort to offset no fund balance appropriation and stagnant state aid. Salaries continue to increase contractually, however, the District has managed to control costs. The 2008-09 General Fund Budget is \$48,357 higher than the previous year.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the West Cape May School District Business Administrator, 301 Moore Street West Cape May, New Jersey, 08204, telephone number (609) 884-4614.

Basic Financial Statements

District-Wide Financial Statements

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

WEST CAPE MAY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$263,288	\$338	\$263,626
Receivables, net	22,090	484	22,574
Restricted assets:			
Restricted cash and cash equivalents			
Capital reserve account - cash	2,890		2,890
Deferred bond issuance costs - net	24,045		24,045
Capital assets, net (Note 4)	<u>1,081,189</u>		<u>1,081,189</u>
Total assets	<u>1,393,502</u>	<u>822</u>	<u>1,394,324</u>
LIABILITIES:			
Accounts payable	4,130		4,130
Deferred revenue	186		186
Accrued interest	14,547		14,547
Noncurrent liabilities (Note 6):			
Due within one year	50,000		50,000
Due beyond one year	<u>576,917</u>		<u>576,917</u>
Total liabilities	<u>645,780</u>		<u>645,780</u>
NET ASSETS:			
Invested in capital assets, net of related debt	471,189		471,189
Restricted for:			
Capital Projects	2,890		2,890
Other Purposes	37,150		37,150
Unrestricted	<u>236,493</u>	<u>822</u>	<u>237,315</u>
Total net assets	<u>\$747,722</u>	<u>\$822</u>	<u>\$748,544</u>

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

WEST CAPE MAY SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$474,846		\$17,682	(\$457,164)		(\$457,164)
Special education	57,092		12,500	(44,592)		(44,592)
Other instruction	148			(148)		(148)
Support Services:						
Tuition	77,611			(77,611)		(77,611)
Student & instruction related services	117,256			(117,256)		(117,256)
General administrative services	38,575			(38,575)		(38,575)
Central services	22,682			(22,682)		(22,682)
Plant operations and maintenance	100,906			(100,906)		(100,906)
Pupil transportation	8,182			(8,182)		(8,182)
Employee benefits	211,374		129,770	(81,604)		(81,604)
Interest on long-term debt	30,757		32,143	1,386		1,386
Unallocated depreciation and amortization	4,671			(4,671)		(4,671)
Total governmental activities	<u>1,144,100</u>		<u>192,095</u>	<u>(952,005)</u>		<u>(952,005)</u>
Business-type activities:						
Food service	15,789	\$4,578	2,684		(\$8,527)	(8,527)
Total business-type activities	<u>15,789</u>	<u>4,578</u>	<u>2,684</u>		<u>(8,527)</u>	<u>(8,527)</u>
Total primary government	<u>\$1,159,889</u>	<u>\$4,578</u>	<u>\$194,779</u>	<u>(\$952,005)</u>	<u>(\$8,527)</u>	<u>(\$960,532)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net				817,965		817,965
Taxes levied for debt service				48,813		48,813
Federal and State aid not restricted				181,104		181,104
Investment earnings				4,953	44	4,997
Tuition revenue				51,000		51,000
Miscellaneous				2,322		2,322
Transfer				(7,945)	7,945	
Total general revenues, special items, extraordinary items and transfers				<u>1,098,212</u>	<u>7,989</u>	<u>1,106,201</u>
Change in Net Assets				146,207	(638)	145,669
Net Assets—July 1				601,515	1,360	602,875
Net Assets—June 30				<u>\$747,722</u>	<u>\$822</u>	<u>\$748,544</u>

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

Fund Financial Statements

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

WEST CAPE MAY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2008

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Assets:					
Cash and cash equivalents	\$262,911	\$377			\$263,288
Receivables, net	13,633	4,077			17,710
Interfund receivables, net	4,518				4,518
Restricted cash and cash equivalents	2,890				2,890
Total assets	\$283,952	\$4,454	---	--	\$288,406
LIABILITIES AND FUND BALANCES					
Accounts payable		4,130			4,130
Interfund payable		138			138
Deferred revenue		186			186
Total liabilities		4,454			4,454
FUND BALANCES					
Fund Balances:					
Reserved for:					
Capital reserve account	2,890				2,890
Excess surplus	37,150				37,150
Unreserved - designated for subsequent year's expenditures					
Unreserved	243,912				243,912
Total fund balances	283,952				283,952
Total liabilities and fund balances	\$283,952	\$4,454	--	--	

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

The cost associated with the issues of various bonds are expensed in the governmental funds in the year the bonds are issued, but are capitalized in the Statement of Net Assets. The bond issuance costs are \$43,719 and the accumulated amortization is \$19,674.	24,045
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,595,914 and the accumulated depreciation is \$514,725.	1,081,189
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the funds.	(14,547)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(626,917)
Net assets of governmental activities	\$747,722

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

WEST CAPE MAY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
for the Fiscal Year Ended June 30, 2008

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$817,965			\$48,813	\$866,778
Tuition charges	51,000				51,000
Interest earned	4,953				4,953
Miscellaneous	2,322				2,322
Total revenues-local sources	876,240			48,813	925,053
State sources	310,874	\$321		32,143	343,338
Federal sources		28,408			28,408
Local sources		1,453			1,453
Total revenues	1,187,114	30,182		80,956	1,298,252
EXPENDITURES:					
Current expense:					
Regular instruction	438,260	17,682			455,942
Special education instruction	44,592	12,500			57,092
Other instruction	148				148
Support services and undistributed costs:					
Tuition	77,611				77,611
Student & instruction related services	117,256				117,256
General administrative services	38,575				38,575
Central services	22,682				22,682
Plant operations and maintenance	98,421				98,421
Pupil transportation	8,182				8,182
Instruction - employee benefits	68,700				68,700
Unallocated employee benefits	142,674				142,674
Capital Outlay					
Debt service:					
Principal				50,000	50,000
Interest and other charges				30,956	30,956
Total expenditures	1,057,101	30,182		80,956	1,168,239
Excess (deficiency) of revenues over (under) expenditures	130,013				130,013
Other Financing Sources (Uses):					
Transfers in					
Transfers out	(7,945)				(7,945)
Total other financing sources (uses)	(7,945)				(7,945)
Net change in fund balance	122,068				122,068
Fund balances, July 1	161,884				161,884
Fund balances, June 30	\$283,952	---	---	---	\$283,952

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

WEST CAPE MAY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
for the Fiscal Year Ended June 30, 2008

Total net change in fund balances - governmental funds (from B-2)		\$122,068
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p style="padding-left: 40px;">Capital outlays are reported in the governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation expense	(\$24,854)	
Capital outlay	(24,854)	(24,854)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is reported in the statement of activities.</p>		
		50,000
<p>Bond issuance costs are reported in the governmental fund as expenditures in year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds.</p>		
		(2,186)
<p>Accrued interest is not due and payable in the current period and therefore is not reported as an expenditure in the governmental funds.</p>		
		199
<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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		980
Change in net assets of governmental activities		\$146,207

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

WEST CAPE MAY SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-type Activities Enterprise Funds
	<u>Food Service Program</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$338
Accounts receivable	<u>484</u>
Total current assets	<u>822</u>
 Total assets	 <u><u>\$822</u></u>
 LIABILITIES	
Current liabilities:	
Accounts Payable	<u> </u>
 Total liabilities	 <u> </u>
 NET ASSETS	
Unrestricted	<u>\$822</u>
 Total net assets	 <u><u>\$822</u></u>

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

WEST CAPE MAY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
for the Fiscal Year Ended June 30, 2008

	Business-type Activities Enterprise Funds
	Food Service Program
Operating revenues:	
Charges for services:	
Daily sales-reimbursable programs	\$4,578
Daily sales-non-reimbursable programs	
	4,578
Total operating revenue	4,578
Operating expenses:	
Salaries	7,274
Employee benefits	556
Supplies	302
Cost of sales	7,657
	15,789
Total operating expenses	15,789
Operating income (loss)	(11,211)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	171
Federal sources:	
National school lunch program	2,513
U.S.D.A. commodities	
Local sources:	
Operating transfer in	7,945
Interest revenue	44
	10,673
Total nonoperating revenues (expenses)	10,673
Change in net assets	(538)
Total net assets - July 1	1,360
Total net assets - June 30	\$822

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

WEST CAPE MAY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
for the Fiscal Year Ended June 30, 2008

	Business-type Activities
	Enterprise Funds
	Food Service Program
Cash flows from operating activities:	
Receipts from customers	\$4,578
Payments to employees	(7,830)
Payments to suppliers	(8,312)
Net cash used for operating activities	(11,564)
Cash flows from noncapital financing activities:	
Operating subsidies	7,945
State sources	175
Federal sources	2,450
Net cash provided by non-capital financing activities	10,570
Cash flows from investing activities:	
Interest and dividends	44
Net cash provided by investing activities	44
Net increase in cash and cash equivalents	(950)
Balances - beginning of year	1,288
Balances - end of year	\$338
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating income (loss)	(\$11,211)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Change in assets and liabilities	
Increase/(decrease) in accounts payable	(353.00)
Total adjustments	(353.00)
Net cash provided by (used for) operating activities	(\$11,564)

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

WEST CAPE MAY SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Unemployment Compensation Insurance Trust	Agency Fund
	<u> </u>	<u> </u>
ASSETS:		
Cash and cash equivalents	<u> \$57</u>	<u> \$7,303</u>
Total assets	<u> \$57</u>	<u> \$7,303</u>
LIABILITIES:		
Interfund payable		\$4,380
Payroll Withholdings		
Due to student groups	<u> </u>	<u> 2,923</u>
Total liabilities	<u> </u>	<u> \$7,303</u>
NET ASSETS:		
Held in trust for unemployment claims and other purposes	<u> \$57</u>	

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

WEST CAPE MAY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2008

	Unemployment Compensation Insurance Trust
ADDITIONS:	
Contributions:	
Board contributions	\$1,645
Employee contributions	1,340
Total Contributions	2,985
Investment earnings:	
Interest	\$11
Net investment earnings	11
Total additions	2,996
DEDUCTIONS:	
Unemployment claims	3,385
Total deductions	3,385
Change in net assets	(389)
Net assets - July 1	446
Net assets - June 30	\$57

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

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

1. DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

The West Cape May School District (District) is located in Cape May County, New Jersey and covers an area of approximately 2.77 square miles. It is organized under the Constitution of the State of New Jersey, and provides educational services for all of West Cape May's students in grades K through 6. The District is managed under a locally elected Board form of government consisting of five members elected to three-year terms. The District services approximately 52 students.

A. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the West Cape May School District, this includes general operations, food service, and student related activities of the District.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989 to its governmental and business-type activities and to its proprietary funds, provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

The district's basic financial statements consists of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

District-wide Statements - The Statement of Net Assets and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The Statement of Net Assets presents the financial condition of the governmental and business-type activities of the School District at year end. Eliminations have been made to minimize the double counting of internal activities. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for each business-type activities of the School District.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

District-wide Statements (Cont'd) - Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. The policy of the School District is not to allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used in support of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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

B. Fund Accounting

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

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

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

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general-long-term debt principal, interest and related costs.

Proprietary Funds - Proprietary funds focus on the determination of changes in net assets, financial position and cash flows and are classified as either enterprise or internal service. They are used to account for the School District's ongoing activities, which are similar to those found in the private sector. The School District reports the following major proprietary funds:

Enterprise Fund - This fund is used to account for all activity for which a fee is charged to external users for the cost of providing goods or services to the students on a continuing basis. The School District's major enterprise funds are:

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

Fiduciary Funds - Fiduciary Fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations and other governments. The Fiduciary Funds are maintained by the School district and are not included in the district-wide financial statements:

Employee Benefit Trust Fund - An Employee Benefit Trust Fund is accounted for in essentially the same manner as governmental fund types, using the same measurement focus and basis of accounting. Employee Benefit Trust Funds account for assets where both the principal and interest may be spent. Employee Benefit Trust Funds include the Unemployment Compensation Insurance Fund.

Agency Funds - Agency funds are used to account for the assets held by the District in a trustee capacity. They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include Payroll and Student Activities Funds.

C. Measurement Focus

District-wide Financial Statements - The district-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Assets.

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

Like the district-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Net Assets. The Statement of Changes in Fund Net Assets presents increases (i.e. revenues) and decreases (i.e. expenses) in net total assets. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

With the exception of the restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. The restricted formula aids are recorded in the special revenue fund in accordance with the Audit Program promulgated by the New Jersey Department of Education which requires that these grants be realized in an amount equal to program expenditures. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end; tuition, grants, fees, and rentals.

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

E. 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 and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2.2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year; however, any transfer from an advertised line item in excess of 10% of the original budgeted amount must be approved by the County Superintendent of Schools. In addition, any transfer to administrative cost line items in excess of 10% of the original budgeted amount or any transfer to or from Capital Outlay must also be approved by the County Superintendent of Schools.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control (Continued)

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 accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund, as 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 budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the General Fund Budgetary Comparison Schedule and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. Note that the District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payment.

F. Encumbrance Accounting

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the School District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

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

G. 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.

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

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash and Cash Equivalents (Continued)

N.J.S.A. 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. The Act was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in the State of New Jersey or state or federally chartered banks, savings banks or associations located in another state with a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

The School District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act.

H. Tuition Receivable

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

I. Tuition Payable

Tuition charges for the fiscal years ended June 30, 2008 and 2007 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

J. Inventories and Prepaid Expenses

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

Inventories in the proprietary fund types, if any, are valued at cost, which approximates market. The costs are determined on a first-in, first-out method. The District purchases all lunches from Lower Township School District. Accordingly, there is no inventory as of June 30, 2008.

Prepaid expenses recorded in the governmental fund types, which benefit future periods, are recorded as an expenditure during the year of purchase. Prepaid expenses on the district-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2008.

K. Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the Statement of Net Assets, except for the net residual amounts due between governmental and business-type activities, which are presented as Interfunds Receivable and/or Interfunds Payable.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include bond proceeds to be used for capital construction and amounts set-aside to create a reserve for future capital projects.

M. Deferred Charges

On the District-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. In governmental funds, these costs are reported as expenditures when the related liability is incurred.

N. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the District-wide Statement of Net Assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the District-wide Statement of Net Assets and the Proprietary Fund Statement of Assets.

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

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

<u>Asset Class</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business -Type Activities Estimated Lives</u>
Site Improvements	10-20 years	N/A
Building and Building Improvements	10-50 years	N/A
Furniture and Equipment	5-20 years	N/A
Vehicles	5-10 years	N/A

O. Compensated Absences

The School District reports compensated absences as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and the employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and the employees, are accounted for in the period in which such services are rendered or in which such events take place.

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

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Compensated Absences (Continued)

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

School District employees are granted vacation and sick leave in varying amounts in accordance with the School District's personnel policies. Unused sick leave may be accumulated and carried forward to subsequent years. Certain twelve month employees are permitted to carry-over unused vacation days from one fiscal year to the subsequent year. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and employee contracts and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrued to employees. As of June 30, 2008, the liability for compensated absences in the governmental and proprietary fund types was \$17,897 and \$-0- respectively.

P. Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Q. Accrued Liabilities and Long-term Obligations

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

R. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

S. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Fund balance reserves have been established for excess surplus and capital reserve program.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service, tuition for the before and after school program and tuition for the adult education program. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

U. Interfund Activity

Transfers between governmental and business-type activities on the district-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are presented on the financial statements.

V. Estimates

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

3. CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Custodial credit is the risk that, in the event of a bank failure, the District’s deposits may not be returned to it. The District’s formal policy regarding custodial credit risk is in compliance with N.J.S.A. 17:9-41. et seq. and requires the District to deposit all public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA), as described in Note 1. As of June 30, 2008 the District’s bank balance of \$297,568 was insured or collateralized as follows:

Insured by depository insurance	\$	137,489
Collateralized under GUDPA		160,079

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2008</u>
Governmental Activities:				
<i>Capital Assets, not being depreciated:</i>				
Land	\$333,100			\$333,100
Construction in progress	_____	_____	_____	_____
Total capital assets, not being Depreciated	<u>333,100</u>	_____	_____	<u>333,100</u>
<i>Capital Assets, being depreciated:</i>				
Site Improvements				
Building and Building Improvements	1,173,975			1,173,975
Equipment	88,839			88,839
Totals at historical cost	<u>1,262,814</u>	_____	_____	<u>1,262,814</u>
<i>Less Accumulated Depreciation:</i>				
Site Improvements				
Building and Building Improvements	(412,738)	(\$20,647)		(433,385)
Equipment	(77,133)	(4,207)		(81,340)
Totals accumulated depreciation	<u>(489,871)</u>	<u>(24,854)</u>	_____	<u>(514,725)</u>
Total Capital Assets, being depreciated, net	<u>772,943</u>	<u>(24,854)</u>	_____	<u>748,089</u>
Governmental Activities Capital Assets, Net	<u>\$1,106,043</u>	<u>(\$24,854)</u>	_____	<u>\$1,081,189</u>

Depreciation expense in the amount of \$24,854 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$19,884
Plant Operations and Maintenance	2,485
Administration	<u>2,485</u>
Total depreciation expense	<u>\$24,854</u>

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

5. RECEIVABLES

Receivables at June 30, 2008 consisted of tuition fees charged to individuals and governmental grants. All receivables are considered collectible in full due to the stable condition of the other governmental units, State programs and the current fiscal year guarantee of federal funds.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
State Aid	\$1,743		\$29	\$1,772
Federal Aid		\$4,077	455	4,532
Tuition fees	11,890			11,890
Other	4,380			4,380
Total	<u>\$18,013</u>	<u>\$4,077</u>	<u>\$484</u>	<u>\$22,574</u>

6. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2008, the following changes occurred in long-term obligations:

<u>Governmental Activities:</u>	<u>Principal Outstanding July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2008</u>	<u>Amounts Due Within One Year</u>
Compensated Absences	\$17,897		\$980	\$16,917	
General Obligation Bonds	660,000		50,000	610,000	\$50,000
Total Governmental Activity	<u>\$677,897</u>	<u>-</u>	<u>\$50,980</u>	<u>\$626,917</u>	<u>\$50,000</u>
 <u>Business – Type Activities:</u>					
Compensated Absences	-	-	-	-	-

- A. Bonds Payable** - Bonds and loans are authorized in accordance with State law by the voters of the School District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the School District are as follows:

1998 School Bonds dated July 15, 1998 in the amount of \$610,000 due in annual installments through July 15, 2018, bearing interest rate of 4.875%.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

6. LONG-TERM OBLIGATIONS (CONT'D)

B. Debt Service Requirements

Principal and interest due on bonds outstanding is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$50,000	\$28,519	\$78,519
2010	50,000	26,081	76,081
2011	50,000	23,644	73,644
2012	55,000	21,084	76,084
2013	55,000	18,403	73,403
2014-2018	290,000	50,700	340,700
2019	60,000	1,463	61,463
	<u>\$610,000</u>	<u>\$169,894</u>	<u>\$779,894</u>

As of June 30, 2008 the School District had no authorized but not issued bonds.

7. OPERATING LEASES

At June 30, 2008, the District had no operating lease agreements

8. PENSION PLANS

Description of Plans - Substantially all of the School District's employees participate in one of the following defined benefit pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits: the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

The Teachers' Pension and Annuity Fund is a single-employer contributory defined benefit pension plan which was established on January 1, 1955. The TPAF provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:6C.

The contribution requirements of plan members are determined by State statute. The full or normal employee contribution rate was 5% of base salary through June 30, 2007. In accordance with Chapters 92 and 103, P.L. 1997, the TPAF employee contribution rate increased to 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rate – authorized in statute and based on the existence of surplus pension assets in the Teachers' Pension and Annuity Fund; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution has been required over the several preceding fiscal years.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. The full or normal employee contribution rate was 5% of base salary through June 30, 2007. In accordance with Chapters 92 and 103, P.L. 1997, the PERS employee contribution rate increased to 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rate within the parameters of the law.

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

Public Employees Retirement System

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by District</u>
2008	\$2,467	\$1,901	\$4,368	\$874	\$3,494
2007	1,533	796	2,329	932	1,397
2006	1,456	400	1,856	1	742

During the year ended June 30, 2008, the State of New Jersey contributed \$96,561 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$33,209 during the fiscal year ended June 30, 2008 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the basic financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 24.

9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and 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. As of June 30, 2007 there were 75,860 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one half of one percent of the active State payroll.

The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in Fiscal Year 2007.

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 Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$110.3 million toward Chapter 126 benefits for 11,747 eligible retired members in Fiscal Year 2007.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

10. DEFERRED COMPENSATION

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the plan administrators approved by the School District, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The School District has very little administrative involvement, performs no investing function, and has no fiduciary responsibility for these plans. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, are solely the property and rights of the participants and are not subject to claims of the School District's creditors. Accordingly, the plan assets are not reported as a part of these financial statements.

11. 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; employee health and accident claims; and natural disasters.

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

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Business 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.

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

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

<u>Fiscal Year</u>	<u>Interest Earnings</u>	<u>Board Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2007-2008	\$11	\$1,645	\$1,340	\$3,385	\$57
2006-2007	4		695	570	446
2005-2006	7		114	1,050	317
2004-2005	8		127	347	1,246
2003-2004			120	730	1,458

12. CONTINGENCIES

The School District participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Management believes that the amount from future audits, if any, would not be material.

The School District is dependent on the State of New Jersey for a substantial portion of its operating funds. Due to funding uncertainties at the State level, funding for school districts may be reduced. The ultimate effect of this possible reduction in funding on the District's future operation is not yet determinable.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various balance sheets as of June 30, 2008:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$4,518	
Special Revenue		\$138
Fiduciary		4,380
	\$4,518	\$4,518

All interfund balances are expected to be paid or collected within the subsequent year.

14. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the New Jersey Department of Education, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A school district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:26-9.1(d), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2007 to June 30, 2008 fiscal year is as follows:

Balance – July 1, 2007	\$2,824
Increased by:	
Interest earned	66
	2,890
Decreased by:	
Budgeted Withdrawal	
Balance – June 30, 2008	\$2,890

The June 30, 2008 LRFP balance of local support costs of uncompleted capital projects at June 30, 2008 is \$96,000.

15. FUND BALANCES APPROPRIATED

General Fund – Of the \$283,952 General Fund balance as of June 30, 2008, \$2,890 is reserved in the capital reserve account, \$37,150 is reserved for excess surplus in accordance with N.J.S.A. 18A:7F-7, and \$243,912 is unreserved and undesignated.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

16. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, the designation of Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted in their subsequent years' budget. The excess fund balance at June 30, 2008 is \$37,150.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

WEST CAPE MAY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$817,965		\$817,965	\$817,965	
Tuition	42,000		42,000	51,000	\$9,000
Interest Earned on Capital Reserve	10		10	66	56
Unrestricted Miscellaneous Revenue	2,000		2,000	7,209	5,209
Total local sources	861,975		861,975	876,240	14,265
State sources:					
Transportation Aid	5,675		5,675	5,675	
Special Education Aid	35,460		35,460	35,460	
Stabilization Aid	128,246		128,246	128,246	
Consolidated Aid	6,206		6,206	6,206	
Additional Formula Aid	6,271		6,271	6,271	
Teacher Mentoring Aid				682	682
Nonpublic Transportation Aid				5	5
On-behalf TPAF pension contributions (non-budgeted)				96,561	96,561
Reimbursed TPAF social security contributions (non-budgeted)				33,209	33,209
Total state sources	181,858		181,858	312,315	130,457
TOTAL REVENUES	1,043,833		1,043,833	1,188,555	144,722
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Pre-K/Kindergarten	72,378	(\$6,262)	66,116	66,116	
Grades 1-5	247,321	21,215	268,536	268,536	
Grades 6-8	53,927	(14,387)	39,540	39,540	
Total Instruction	373,626	566	374,192	374,192	
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	35,296	(2,484)	32,812	30,128	2,684
Purchased technical services	4,500	1,000	5,500	4,522	978
General supplies	18,000	10,021	28,021	28,021	
Textbooks	12,000	(10,603)	1,397	1,397	
Total Undistributed Instruction	69,796	(2,066)	67,730	64,068	3,662
Total - Regular Programs - Instruction	443,422	(1,500)	441,922	438,260	3,662

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

(CONTINUED TO NEXT PAGE)

WEST CAPE MAY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2008

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Educ Instruction: Multiple Disabilities					
General supplies	\$200		\$200		\$200
Total Multiple Disabilities	200		200		200
Special Educ Instruction: Res. Room/Res. Center					
Salaries of teachers	25,000	\$19,364	44,364	\$44,364	-
General supplies	400		400	210	190
Textbooks	200		200	18	182
Total Resource Room/Resource Center	25,600	19,364	44,964	44,592	372
Total Special Education - Instruction	25,800	19,364	45,164	44,592	572
Basic Skills/Remedial - Instruction					
Salaries of teachers	20,500		20,500		20,500
General supplies	300		300	148	152
Textbooks	200		200		200
Total Basic Skills/Remedial - Instruction	21,000	-	21,000	148	20,852
School-Sponsored Cocurricular Act - Inst.					
Purchased services	300	-	300		300
Total School-Sponsored Cocurr. Act. - Inst	300	-	300	-	300
Undistributed Expenditures - Instruction					
Tuition to other LEAS w/i state - spec.	59,686	(19,364)	40,322	39,737	585
Tuition to CSSD & reg. day schools	49,536	-	49,536	37,874	11,662
Total Undistributed Expenditures - Instruction	109,222	(19,364)	89,858	77,611	12,247
Undistributed Expenditures - Attend. and Social Work					
Salaries of teachers	7,500		7,500	5,500	2,000
Other Purchased Services	4,500		4,500	4,425	75
Total Undistributed Expenditures - Attendance	12,000		12,000	9,925	2,075
Undistributed Expenditures - Health Services					
Salaries	7,950	(537)	7,413	7,264	149
Supplies and materials	400	537	937	937	
Total Undistributed Expenditures - Health Svcs.	8,350	537	8,350	8,201	149

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

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WEST CAPE MAY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2008

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Other Supp. Serv. Stud. - Rel. Serv. Purchased prof. and educational services	\$23,000	\$2,405	\$25,405	\$25,405	
Total Undst. Expend. - Other Supp. Serv. Stud. - Rel. Serv.	23,000	2,405	25,405	25,405	
Undist. Expend. - Other Supp. Serv. Stud. - Regular Supplies and materials	1,800		1,800		\$1,800
Total Undst. Expend. - Other Supp. Serv. Stud. - Regular	1,800		1,800		1,800
Undist. Expend. - Other Supp. Serv. Stud. - Special Salaries of Other Professional Staff	2,000		2,000		2,000
Salaries of Secretarial and Clerical Assistants	7,500	450	7,950	7,950	
Purchased professional and educational services	16,995	(2,855)	14,140		14,140
Other purchased professional and technical services	27,000		27,000	26,419	581
Total Undst. Expend. - Other Supp. Serv. Stud. - Special	53,495	(2,405)	51,090	34,369	16,721
Undist. Expend. - Improvement of Instructional Services Salaries of Supervisors of Instruction	5,000	611	5,611	5,611	
Salaries of Secretarial and Clerical Assistants	10,000	(611)	9,389	5,500	3,889
Total Undst. Expend. - Imp. of Instructional Services	15,000		15,000	11,111	3,889
Undist. Expend. - Educ. Media Serv./Sch. Library Salaries	7,415	(663)	6,752	5,788	964
Purchased professional and technical services	66		66	66	
Other purchased services	7,000	(2,694)	4,306	4,306	
Supplies and materials	8,350	(6,222)	2,128	2,128	
Other objects	1,500	9,579	11,079	11,079	
Total Undst. Expend. - Educ. Media Serv./Sch. Library	24,331		24,331	23,367	964
Undist. Expend. - Instructional Staff Training Services Salaries of Supervisors of Instruction	5,000		5,000	4,313	687
Purchased professional and educ. services	2,000	(1,000)	1,000	565	435
Other purchased services (400-500)	1,000	(1,000)			
Total Undst. Expend. - Instr. Staff Training Services	8,000	(2,000)	6,000	4,878	1,122
Undist. Expend. - Supp. Serv. General Admin. Salaries	10,990	(363)	10,627	10,441	186
Legal services	3,500	2,000	5,500	5,453	47
Audit Fees	8,500	(300)	8,200	8,200	
Communications / telephone	1,500		1,500	1,500	
Other purchased services (400-500)	5,500	370	5,870	5,846	24
General Supplies	775	(27)	748	743	5
BOE in-house training/meeting supplies	1,000	(73)	927	927	
BOE membership dues and fees	5,000	465	5,465	5,465	
Total Undst. Expend. - Supp. Serv. General Admin.	36,765	2,072	38,837	38,575	262

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

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WEST CAPE MAY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2008

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services					
Purchased professional services	\$2,700	\$1,928	\$4,628	\$4,628	
Purchased technical services	17,000		17,000	17,000	
Supplies and materials	875		875	817	\$58
Miscellaneous expenditures	300		300	237	63
Total Undst. Expend. - Business & Other Supp. Services	20,875	1,928	22,803	22,682	121
Undist. Expend. - Required Maint. Sch. Facilities					
Cleaning, repair, and maintenance services	6,055	464	6,519	6,354	165
Total Undst. Expend. - Required Maint. Sch. Facilities	6,055	464	6,519	6,354	165
Undist. Expend. - Other Oper. & Maint. of Plant					
Salaries	31,598	100	31,698	31,698	
Cleaning, repair, and maintenance services	16,500	(248)	16,252	16,186	66
Other purchased property services	1,000	148	1,148	1,148	
Insurance	18,500	(964)	17,536	10,284	7,252
General supplies	3,000		3,000	1,857	1,143
Energy (heat & electricity)	31,250		31,250	30,894	356
Total Undst. Expend. - Other oper. & Maint. of Plant	101,848	(964)	100,884	92,067	8,817
Total Undst. Expend. - Oper. & Maint. of Plant Services	107,903	(500)	107,403	98,421	8,982
Undist. Expend. - Student Trans. Services					
Contr. serv. (other than bet. home & sch.) - vendors	300	748	1,048	1,048	
Contr. serv. (bet. home and school) - joint agreements	4,900	819	5,719	5,718	1
Contr. serv. (sp ed stds) - joint agreements					
Contr. serv. (sp ed stds) - ESC's & CTSA's	10,000	(1,567)	8,433	1,416	7,017
Total Undst. Expend. - Student Trans. Services	15,200		15,200	8,182	7,018
Regular Programs - Instruction - Employee Benefits					
Group Insurance	3,800		3,800	3,798	2
Workmen's compensation	13,000	(2,614)	10,386	10,386	
Health Benefits	50,000	1,154	51,154	49,049	2,105
Tuition Reimbursement	8,900		8,900	4,512	4,388
Other Employee Benefits	1,160		1,160	955	205
Total regular Pograms - Instruction	76,860	(1,460)	75,400	68,700	6,700
Unallocated Benefits - Employee Benefits					
Social security contributions	8,200	85	8,285	7,729	556
Other retirement contributions - reg.	500	2,994	3,494	3,494	
Other retirement contributions - ERIP	1,500	(1,500)			
Unemployment compensation	800	845	1,645	1,645	
Workmen's compensation	1,000	(964)	36	36	
Total Unallocated Benefits - Employee Benefits	12,000	1,460	13,460	12,904	556
On-behalf TPAF pension contributions (non-budgeted)				96,561	(96,561)
Reimbursed TPAF social security contributions (non-budgeted)				33,209	(33,209)
Total Undistributed Expenditures - TPAF				129,770	(129,770)

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

(CONTINUED TO NEXT PAGE)

WEST CAPE MAY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2008

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Undistributed Expenditures	\$524,801	(\$17,864)	\$506,937	\$574,101	(\$67,164)
Total General Current Expense	1,015,323		1,015,323	1,057,101	(41,778)
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services Infrastructure	20,000		20,000		20,000
Total Facilities Acquisition and Construction Services	20,000		20,000		20,000
Total Capital Outlay	20,000		20,000		20,000
Total Expenditures	\$1,035,323		\$1,035,323	\$1,057,101	(\$21,778)
Excess (Deficiency) of Revenues Over (Under) Expenditures:	8,510		8,510	131,454	122,944
Other Financing Sources: Operating Transfer Out - Food Service Fund	(8,500)		(8,500)	(7,945)	555
Total Other Financing Sources	(8,500)		(8,500)	(7,945)	555
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	10		10	123,509	123,499
Fund Balance, July 1	166,531		166,531	166,531	
Fund Balance, June 30	\$166,541		\$166,541	\$290,040	\$123,499
Recapitulation of Fund Balance:					
Capital Reserve Account				\$2,890	
Reserve for Excess Surplus Unreserved:				37,150	
Undesignated Fund Balance				250,000	
				290,040	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(6,088)	
Fund Balance per Governmental Funds (GAAP)				\$283,952	

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

WEST CAPE MAY SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$321		\$321	\$321	
Federal sources	11,047	\$17,361	28,408	28,408	
Local sources		1,640	1,640	1,453	(\$187)
Total revenues	11,368	19,001	30,369	30,182	(187)
EXPENDITURES:					
Instruction:					
Purchased professional - educ. services	321		321	321	
Tuition	11,047	1,453	12,500	12,500	
General supplies		17,548	17,548	17,361	(187)
Total instruction	11,368	19,001	30,369	30,182	(187)
Total expenditures	11,368	19,001	30,369	30,182	(187)
Total outflows	11,368	19,001	30,369	30,182	(187)
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---

WEST CAPE MAY SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 1,188,555	\$ 30,182
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
The last State aid payment from the prior year is recognized as revenue for GAAP and differs from the budgetary basis which recognized this revenue in the prior year.	4,647	
The last State aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognizes this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	<u>(6,088)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 1,187,114</u>	<u>\$ 30,182</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 1,057,101	\$ 30,182
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,057,101</u>	<u>\$ 30,182</u>

Other Supplementary Information

**Special Revenue Fund
Detail Statements**

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

WEST CAPE MAY SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2008
(With comparative totals for June 30, 2007)

	Carryover Character Education	PDK Grant	Cape Education Grant	Cape Education Grant	REAP Grant	IDEIA Basic	Total	
							2008	2007
REVENUES:								
State sources	\$321						\$321	\$3,115
Federal sources					\$15,908	\$12,500	28,408	12,997
Local sources		\$127	\$814	\$512			1,453	918
Total Revenues	321	127	814	512	15,908	12,500	30,182	17,030
EXPENDITURES:								
Instruction:								
Purchase professional and technical services	321						321	3,115
Tuition						12,500	12,500	12,997
General supplies		127	814	512	15,908		17,361	918
Total instruction	321	127	814	512	15,908	12,500	30,182	17,030
Total Expenditures	\$321	\$127	\$814	\$512	\$15,908	\$12,500	\$30,182	\$17,030
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	--	--	--	--	--	--	--	--

Proprietary Funds Detail Statements

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District's Board is that the costs of providing goods or services be financed through user fees.

Food Service Fund - This fund provides for the operation of food services in all schools within the school district.

WEST CAPE MAY SCHOOL DISTRICT
Enterprise Funds
Statement of Net Assets
as of June 30, 2008 and 2007

	2008	2007
ASSETS:		
Current assets:		
Cash and cash equivalents	\$338	\$1,288
Accounts receivable:		
State	29	33
Federal	455	392
	822	1,713
Total current assets		
Total assets	\$822	\$1,713
 LIABILITIES:		
Current liabilities:		
Accounts payable		\$353
 NET ASSETS		
Unrestricted	\$822	1,360
 Total net assets	\$822	\$1,360

WEST CAPE MAY SCHOOL DISTRICT
Enterprise Funds
Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets
for the Fiscal Years ended June 30, 2008 and 2007

	2008	2007
OPERATING REVENUES:		
Local sources:		
Daily sales-reimbursable programs:		
School lunch program	\$4,578	\$6,439
Total-daily sales-reimbursable programs	4,578	6,439
Daily sales non-reimbursable programs		
Total operating revenue	4,578	6,439
OPERATING EXPENSES:		
Salaries	7,274	5,855
Fringe Benefits	556	448
Supplies and materials	302	254
Cost of Sales	7,657	8,707
Total operating expenses	15,789	15,264
Operating income (loss)	(11,211)	(8,825)
Non-operating revenues:		
State sources:		
State school lunch program	171	191
Federal sources:		
National school lunch program	2,513	2,278
Local Sources:		
Interest revenue	44	73
Operating transfer in	7,945	6,303
Total non-operating revenues	10,673	8,845
Net income (loss)	(538)	20
Net assets - July 1	1,360	1,340
Net assets - June 30	\$822	\$1,360

WEST CAPE MAY SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
for the Fiscal Years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Cash receipts from customers	\$4,578	\$6,439
Cash payments to employees for services	(7,830)	(6,303)
Cash payments to suppliers for goods and services	<u>(8,312)</u>	<u>(8,608)</u>
Net cash used by operating activities	<u>(11,564)</u>	<u>(8,472)</u>
Cash flows from noncapital financing activities:		
Operating transfer in	7,945	6,303
Cash received from state and federal reimbursements	<u>2,625</u>	<u>2,274</u>
Net cash provided by noncapital financing activities	<u>10,570</u>	<u>8,577</u>
Cash flows from investing activities:		
Interest on investments	<u>44</u>	<u>73</u>
Net cash provided by investing activities	<u>44</u>	<u>73</u>
Net increase (decrease) in cash and cash equivalents	(950)	178
Cash and cash equivalents, July 1	<u>1,288</u>	<u>1,110</u>
Cash and cash equivalents, June 30	<u><u>\$338</u></u>	<u><u>\$1,288</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(\$11,211)	(\$8,825)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Change in assets and liabilities:		
Increase/(decrease) in accounts payable	<u>(353)</u>	<u>353</u>
Net cash used by operating activities	<u>(11,564)</u>	<u>(8,472)</u>

Fiduciary Funds Detail Statements

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

Unemployment Compensation Insurance Fund - This fiduciary fund is used to pay unemployment compensation claims.

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

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

Student Activity Fund - This agency fund is used to account for the funds held by the district to be used for student related projects.

WEST CAPE MAY SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Net Assets
June 30, 2008
(With comparative totals for June 30, 2007)

	<u>Agency Funds</u>		<u>Unemployment Compensation Insurance Fund</u>	<u>Totals</u>	
	<u>Student Activity</u>	<u>Payroll</u>		<u>2008</u>	<u>2007</u>
ASSETS:					
Cash and cash equivalents	<u>\$2,923</u>	<u>\$4,380</u>	<u>\$57</u>	<u>\$7,360</u>	<u>\$9,541</u>
TOTAL ASSETS	<u><u>\$2,923</u></u>	<u><u>\$4,380</u></u>	<u><u>\$57</u></u>	<u><u>\$7,360</u></u>	<u><u>\$9,541</u></u>
LIABILITIES					
LIABILITIES:					
Interfund payable		\$4,380		\$4,380	2,935
Payroll withholdings					4,620
Due to student groups	<u>\$2,923</u>			<u>2,923</u>	<u>1,540</u>
Total liabilities	<u><u>2,923</u></u>	<u><u>4,380</u></u>	<u><u>—</u></u>	<u><u>7,303</u></u>	<u><u>9,095</u></u>
NET ASSETS					
Reserved for unemployment claims			<u>\$57</u>	<u>57</u>	<u>446</u>
Total net assets	<u><u>---</u></u>	<u><u>—</u></u>	<u><u>\$57</u></u>	<u><u>\$7,360</u></u>	<u><u>\$9,541</u></u>

WEST CAPE MAY SCHOOL DISTRICT
Fiduciary Fund
Comparative Statement of Changes in Fiduciary Net Assets
for the Fiscal Years ended June 30, 2008 and 2007

	Totals Unemployment Compensation Insurance Trust	
	2008	2007
REVENUES:		
Local sources:		
Board contribution	\$1,645	
Employee contributions	1,340	\$695
Interest on Investments	11	4
Total Revenues	2,996	699
 EXPENDITURES:		
Current Expense:		
Undistributed Expenditures:		
Unemployment claims	3,385	570
Total Expenditures	3,385	570
Excess (deficiency) of revenues over (under) expenditures)	(389)	129
 Net Assets July 1	446	317
 Net Assets June 30	\$57	\$446

WEST CAPE MAY SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u> <u>June 30, 2008</u>	<u>Balance</u> <u>June 30, 2008</u>
Assets:					
West Cape May Elementary	<u>\$1,540</u>	<u>\$3,927</u>	<u>\$2,544</u>	<u> </u>	<u>\$2,923</u>
Total	<u>\$1,540</u>	<u>\$3,927</u>	<u>\$2,544</u>	<u>---</u>	<u>\$2,923</u>

WEST CAPE MAY SCHOOL DISTRICT
Payroll Agency Fund
 Schedule of Receipts and Disbursements
 for the Fiscal Year ended June 30, 2008

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
ASSETS:				
Cash and cash equivalents	<u>\$7,555</u>	<u>\$644,396</u>	<u>\$647,571</u>	<u>\$4,380</u>
Total assets	<u><u>\$7,555</u></u>	<u><u>\$644,396</u></u>	<u><u>\$647,571</u></u>	<u><u>\$4,380</u></u>
LIABILITIES:				
Payroll deductions and withholdings	\$4,620	\$336,095	\$340,715	
Net payroll		306,856	306,856	
Interfund payable	<u>2,935</u>	<u>1,445</u>		<u>\$4,380</u>
Total liabilities	<u><u>\$7,555</u></u>	<u><u>\$644,396</u></u>	<u><u>\$647,571</u></u>	<u><u>\$4,380</u></u>

Long-Term Debt Schedules

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

WEST CAPE MAY SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$48,813		\$48,813	\$48,813	
Miscellaneous					
Total revenues - local sources	<u>48,813</u>		<u>48,813</u>	<u>48,813</u>	
State sources:					
Debt service aid type II	32,143		32,143	32,143	
Total revenues - state sources	<u>32,143</u>		<u>32,143</u>	<u>32,143</u>	
Total Revenues	<u>80,956</u>		<u>80,956</u>	<u>80,956</u>	
EXPENDITURES:					
Regular debt service:					
Interest	30,956		30,956	30,956	
Redemption of principal	50,000		50,000	50,000	
Total Expenditures	<u>80,956</u>		<u>80,956</u>	<u>80,956</u>	
Excess (Deficiency) of revenues over (under) expenditures					
Fund Balances, July 1					
Fund Balances, June 30	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>

Statistical Section

**West Cape May School District
Net Assets by Component,
Last Six Fiscal Years
(accrual basis of accounting)**

Exhibit J-1

	Fiscal Year Ending June 30,					
	(A) 2003	2004	2005	2006	2007	2008
Governmental activities:						
Invested in capital assets, net of related debt		\$ 391,938	\$ 410,913	\$ 429,478	\$ 446,043	\$ 471,189
Restricted for:						
Capital projects		2,617	2,643	2,725	2,824	2,890
Debt service						
Other purposes		15,655	93,512	88,663	-	37,150
Unrestricted		110,914	89,283	68,688	152,648	236,493
76 Total governmental activities net assets	\$ -	\$ 521,124	\$ 596,351	\$ 589,554	\$ 601,515	\$ 747,722
Business-type activities:						
Invested in capital assets, net of related debt		\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted		882	995	1,340	1,360	822
Total business-type activities net assets	\$ -	\$ 882	\$ 995	\$ 1,340	\$ 1,360	\$ 822
District-wide:						
Invested in capital assets, net of related debt	\$ -	\$ 391,938	\$ 410,913	\$ 429,478	\$ 446,043	\$ 471,189
Restricted:						
Capital projects	-	2,617	2,643	2,725	2,824	2,890
Debt service	-	-	-	-	-	-
Other purposes	-	15,655	93,512	88,663	-	37,150
Unrestricted	-	111,796	90,278	70,028	154,008	237,315
Total district net assets	\$ -	\$ 522,006	\$ 597,346	\$ 590,894	\$ 602,875	\$ 748,544

(A) District was not required to implement GASB-34 until fiscal year 2004.

West Cape May Borough School District
Changes in Net Assets, Last Six Fiscal Years
(accrual basis of accounting)

Exhibit J-2

Fiscal Year Ending June 30,

	(A) 2003	2004	2005	2006	2007	2008
Expenses:						
Governmental activities:						
Instruction:						
Regular		\$ 497,749	\$ 526,581	\$ 565,976	\$ 461,017	\$ 747,846
Special education		19,659	23,241	42,242	37,301	57,092
Other instruction		37,023	37,583	270	19,631	148
Support Services:						
Tuition		90,819	52,585	149,805	158,413	77,611
Student & instruction related services		103,907	108,967	129,774	119,110	117,256
School administrative services				-	-	-
General and business administrative services		196,581	187,995	115,583	89,518	61,257
Plant operations and maintenance		98,869	97,322	101,372	97,674	100,906
Pupil transportation		34,283	15,623	4,010	7,912	8,182
Business and other support services						
Unallocated employee benefits				100,207	213,592	211,374
Special schools				-	-	-
Charter schools				-	-	-
Interest on long-term debt		39,975	55,006	34,714	32,276	30,757
Unallocated depreciation		3,971	3,840	1,347	2,186	4,671
Total governmental activities expenses	<u>-</u>	<u>1,122,836</u>	<u>1,108,743</u>	<u>1,245,300</u>	<u>1,238,630</u>	<u>1,144,100</u>
Business-type activities:						
Food service		17,479	18,432	14,752	15,264	15,789
Total business-type activities expense	<u>-</u>	<u>17,479</u>	<u>18,432</u>	<u>14,752</u>	<u>15,264</u>	<u>15,789</u>
Total district expenses	<u>\$ -</u>	<u>\$ 1,140,315</u>	<u>\$ 1,127,175</u>	<u>1,260,052</u>	<u>1,253,894</u>	<u>1,159,889</u>
Program Revenues:						
Governmental activities:						
Charges for services:						
Instruction (tuition)		\$ -		\$ -	\$ -	\$ -
Operating grants and contributions		144,945	155,469	75,050	50,141	192,095
Total governmental activities program revenues	<u>-</u>	<u>144,945</u>	<u>155,469</u>	<u>75,050</u>	<u>50,141</u>	<u>192,095</u>

(Continued)

West Cape May Borough School District
Changes in Net Assets, Last Six Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,					
	(A) 2003	2004	2005	2006	2007	2008
Business-type activities:						
Charges for services:						
Food service		7,186	7,446	6,387	6,439	4,578
Operating grants and contributions		2,453	2,787	1,415	2,469	2,684
Capital grants and contributions						
Total business type activities program revenues	-	9,639	10,233	7,802	8,908	7,262
Total district program revenues	<u>\$ -</u>	<u>\$ 154,584</u>	<u>\$ 165,702</u>	<u>\$ 82,852</u>	<u>\$ 59,049</u>	<u>\$ 199,357</u>
Net (Expense)/Revenue:						
Governmental activities	\$ -	\$ (977,891)	\$ (953,274)	\$ (1,170,250)	\$ (1,188,489)	\$ (952,005)
Business-type activities	-	(7,840)	(8,199)	(6,950)	(6,356)	(8,527)
Total district-wide net expense	<u>\$ -</u>	<u>\$ (985,731)</u>	<u>\$ (961,473)</u>	<u>\$ (1,177,200)</u>	<u>\$ (1,194,845)</u>	<u>\$ (960,532)</u>
General Revenues and Other Changes in Net Assets:						
Governmental activities:						
Property taxes levied for general purposes, net		\$ 718,729	\$ 763,311	\$ 793,176	\$ 786,505	\$ 817,965
Taxes levied for debt service		48,222	47,046	51,754	50,283	48,813
Unrestricted grants and contributions		193,981	180,760	275,983	309,085	181,104
Tuition revenue		41,328	42,750	41,500	54,100	51,000
Investment earnings		600	26	6,270	6,780	7,275
Miscellaneous income		286	2,918	2,000	-	-
Transfers		(8,293)	(8,310)	(7,230)	(6,303)	(7,945)
Total governmental activities	-	994,853	1,028,501	1,163,453	1,200,450	1,098,212
Business-type activities:						
Investment earnings		2	2	65	73	44
Transfers		8,293	8,310	7,230	6,303	7,945
Total business-type activities	-	8,295	8,312	7,295	6,376	7,989
Total district-wide	<u>\$ -</u>	<u>\$ 1,003,148</u>	<u>\$ 1,036,813</u>	<u>\$ 1,170,748</u>	<u>\$ 1,206,826</u>	<u>\$ 1,106,201</u>
Change in Net Assets:						
Governmental activities	\$ -	\$ 16,962	\$ 75,227	\$ (6,797)	\$ 11,961	\$ 146,207
Business-type activities	-	455	113	345	20	(538)
Total district-wide	<u>\$ -</u>	<u>\$ 17,417</u>	<u>\$ 75,340</u>	<u>\$ (6,452)</u>	<u>\$ 11,981</u>	<u>\$ 145,669</u>

(A) District was not required to implement GASB-34 until fiscal year 2004.

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

Exhibit J-3

	Fiscal Year Ending June 30,					
	(A) 2003	2004	2005	2006	2007	2008
General Fund:						
Reserved for:						
Encumbrances				\$ -	\$ -	\$ -
Capital reserve		\$ 2,617	\$ 2,643	2,725	2,824	2,890
Excess surplus		15,655	84,074	76,110	-	37,150
Unreserved		97,127	104,433	85,611	159,060	243,912
Total general fund	\$ -	\$ 115,399	\$ 191,150	\$ 164,446	\$ 161,884	\$ 283,952
All Other Governmental Funds						
Reserved:				\$ -	\$ -	\$ -
Encumbrances		\$ -				
Unreserved, reported in:						
Special revenue fund						
Capital projects fund						
Debt service fund			\$ -			
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(A) District was not required to implement GASB-34 until fiscal year 2004.

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

Exhibit J-4

	Fiscal Year Ending June 30,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Tax levy	\$ 550,590	\$ 659,968	\$ 717,539	\$ 731,060	\$ 674,648	\$ 766,951	\$ 810,357	\$ 844,930	\$ 836,788	\$ 866,778
Tuition charges	18,025	26,400	26,450	34,250	39,525	41,328	42,750	41,500	54,100	51,000
Interest earnings				200	600	600	553	6,270	6,760	4,853
Miscellaneous	53,191	9,287	7,280	3,760	25,325	2,286	3,384	3,000	918	2,843
State sources	225,175	275,708	230,171	185,941	301,235	299,935	291,135	313,484	345,311	344,470
Federal sources	24,264	27,055	28,898	20,344	15,113	36,991	44,101	36,549	12,997	28,408
Total revenue	871,245	998,418	1,010,338	975,555	1,055,846	1,148,091	1,192,280	1,245,733	1,256,894	1,298,252
Expenditures										
Instruction										
Regular instruction	359,276	392,960	396,152	387,073	413,150	388,517	413,538	474,914	433,296	455,942
Special education instruction	33,236	8,401	14,946	14,875	11,416	15,951	18,795	42,242	37,301	57,092
Other special instruction		957	23,946	39,338	40,449	29,736	30,094		19,631	148
Other instruction	772							270	-	
Support Services:										
Tuition	74,856	98,276	69,026	76,246	103,605	90,819	52,585	149,805	158,413	77,611
Student & instruction related services	54,147	57,941	68,087	76,833	77,409	90,896	105,355	129,774	119,110	117,256
School administrative services								-	-	
General and business admin. services	133,297	139,597	138,629	139,444	148,369	162,196	153,845	112,439	86,174	61,257
Plant operations and maintenance	49,802	69,758	83,816	81,540	82,559	90,323	88,522	93,485	92,745	98,421
Pupil transportation	24,237	21,993	25,565	16,701	16,003	34,283	15,623	4,010	7,912	8,182
Other support services	94,412	83,111	94,559	85,676	115,253	136,667	142,222	166,122	213,592	211,374
Special Schools								-	-	
Charter Schools								-	-	
Capital outlay	949,729	53,755	29,817	3,049	18,372		9,615	6,314	1,585	
Debt service:										
Principal		30,000	30,000	30,000	40,000	40,000	40,000	50,000	50,000	50,000
Interest and other charges		70,200	45,094	43,631	41,925	39,975	38,025	35,832	33,394	30,956
Total expenditures	1,773,564	1,026,949	1,019,637	994,406	1,108,510	1,119,363	1,108,219	1,265,207	1,253,153	1,168,239
Excess (Deficiency) of revenues over (under) expenditures	(902,319)	(28,531)	(9,299)	(18,851)	(52,664)	28,728	84,061	(19,474)	3,741	130,013
Other Financing sources (uses)										
Proceeds from borrowing	970,000	-	-	-	-	-	-	-	-	-
Accrued interest on sale of bonds	-	-	-	-	-	-	-	-	-	-
Capital contribution	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	32	-	7,759	-	-	-	-	-
Transfers out	(8,036)	(8,634)	(10,360)	(8,864)	(16,095)	(8,293)	(8,310)	(7,230)	(6,303)	(7,945)
Total other financing sources (uses)	961,964	(8,634)	(10,328)	(8,864)	(8,336)	(8,293)	(8,310)	(7,230)	(6,303)	(7,945)
Net change in fund balances	\$ 59,645	\$ (37,165)	\$ (19,627)	\$ (27,715)	\$ (61,000)	\$ 20,435	\$ 75,751	\$ (26,704)	\$ (2,562)	\$ 122,068
Debt service as a percentage of noncapital expenditures	0.00%	10.30%	7.59%	7.43%	7.52%	7.14%	7.10%	6.82%	6.66%	6.93%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

West Cape May School District

Exhibit J-5

Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year Ending June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Prior Year Refunds</u>	<u>Miscellaneous</u>	<u>Total</u>
1999	\$ 8,540	\$ 18,025			\$ 26,565
2000	5,859	26,400			32,259
2001	5,058	26,450	\$ 1,190		32,698
2002	3,242	34,250		\$ 218	37,710
2003	1,384	39,525			40,909
2004	600	41,328		286	42,214
2005	553	42,750	769	1,622	45,694
2006	6,270	41,500	2,000		49,770
2007	6,780	54,100			60,880
2008	4,953	51,000	2,322		58,275
	<u>\$ 43,239</u>	<u>\$ 375,328</u>	<u>\$ 6,281</u>	<u>\$ 2,126</u>	<u>\$ 426,974</u>

Source: District records

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized) Value
1999	\$ 5,402,100	\$ 86,994,550	\$ 520,900	\$ 165,500	\$ 10,840,800		\$ 318,700	\$ 104,242,550	\$ 410,315	\$ 104,652,865	\$ 5,338,700	\$ 0.631	\$ 127,926,957
2000	7,232,300	130,764,600	713,100	171,500	17,869,000		486,100	157,236,600	305,554	157,542,154	6,608,200	0.456	135,388,618
2001	8,007,000	134,058,000	713,100	163,700	17,774,100		486,100	161,202,000	304,179	161,506,179	6,452,400	0.452	157,031,724
2002	7,290,700	140,056,700	713,100	163,700	17,937,900		486,100	166,648,200	266,261	166,914,461	6,452,400	0.400	189,850,578
2003	6,667,300	144,689,800	713,100	162,900	17,937,900		486,100	170,637,100	246,000	170,883,100	6,184,300	0.455	225,832,378
2004	18,928,500	255,094,500	936,100	158,400	28,944,900		746,700	304,809,100	299,552	305,108,652	6,957,100	0.266	282,776,052
2005	19,493,000	256,750,500	936,100	158,400	28,934,400		746,700	307,019,100	260,603	307,279,703	6,957,100	0.275	330,829,236
2006	19,000,900	259,645,700	1,295,400	160,300	28,934,400		746,700	309,783,400	193,518	309,976,918	6,967,000	0.334	398,452,287
2007 ^r	29,117,700	432,355,900	3,610,600	239,600	40,776,000		1,189,500	507,289,300	249,741	507,539,041	6,686,100	0.171	465,437,929
2008	33,282,200	433,366,600	2,591,800	73,700	40,370,900		1,189,500	510,874,500	257,281	511,131,781	9,464,500	0.176	492,160,703

Source: Municipal Tax Assessor

Note:

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

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Improvements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

c Information not available.

r Reassessment.

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

Exhibit J-7

Fiscal Year Ended June 30,	West Cape May School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of West Cape May	Regional School	Cape May County	
1999	\$ 0.631		\$ 0.631	\$ 0.524	\$ 0.485	\$ 0.560	\$ 2.200
2000	0.392	\$ 0.064	0.456	0.447	0.344	0.393	1.640
2001	0.412	0.040	0.452	0.446	0.401	0.391	1.690
2002	0.362	0.038	0.400	0.439	0.428	0.432	1.699
2003	0.439	0.016	0.455	0.439	0.508	0.439	1.841
2004	0.250	0.016	0.266	0.253	0.313	0.248	1.080
2005	0.260	0.015	0.275	0.254	0.384	0.267	1.180
2006	0.317	0.017	0.334	0.271	0.443	0.272	1.320
2007	0.161	0.010	0.171	0.236	0.317	0.176	0.900
2008	0.167	0.009	0.176	0.279	0.306	0.184	0.945

Source: Municipal Tax Collector

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

Exhibit J-8

Taxpayer	2007-2008		Taxpayer	1998-1999	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Depot Travel Park, Inc.	\$ 4,473,000	0.88%	Raysun Property Management	1,193,700	1.15%
Rayson Properties	3,720,600	0.73%	Cape May Lumber Co.	718,600	0.69%
CVS	2,611,600	0.51%	Depot Travel Park	614,800	0.59%
Cape May Lumber	2,372,300	0.46%	Cape West Associates	516,500	0.50%
Cape West Associates	2,102,000	0.41%	Individual #1	491,000	0.47%
Beach Plum Farm, LLC	1,438,400	0.28%	NJ Bell Telephone Co.	457,713	0.44%
Individual #1	1,433,100	0.28%	Pharmacy Development	441,000	0.43%
West Cape May Properties	1,194,200	0.23%	Wilbraham Partnership	438,200	0.42%
Individual #2	1,147,500	0.22%	Leslie Rea Farms	361,900	0.35%
Individual #3	1,122,300	0.22%	Individual #2	347,600	0.34%
Total	\$ 21,615,000	4.23%		\$ 5,581,013	5.39%

Source: Municipal Tax Assessor

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

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
1999	\$ 550,590	\$ 550,590	100.00%	-
2000	569,968	569,968	100.00%	-
2001	717,539	717,539	100.00%	-
2002	731,060	731,060	100.00%	-
2003	674,648	674,648	100.00%	-
2004	766,951	766,951	100.00%	-
2005	810,357	810,357	100.00%	-
2006	844,930	844,930	100.00%	-
2007	836,788	836,788	100.00%	-
2008	866,778	866,778	100.00%	-

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

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

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^b
	General Obligation Bonds	Unfunded Pension Liability	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
1999	\$ 970,000		\$ -	\$ -	\$ -	\$ 970,000	3.19%	\$ 945
2000	940,000		-	-	-	940,000	2.71%	858
2001	910,000		-	-	-	910,000	2.49%	830
2002	880,000		-	-	-	880,000	2.33%	804
2003	840,000		-	-	-	840,000	2.21%	772
2004	800,000		-	-	-	800,000	2.02%	755
2005	760,000		-	-	-	760,000	1.89%	737
2006	710,000		-	-	-	710,000	1.72%	706
2007	680,000		-	-	-	660,000	c	669
2008	610,000		-	-	-	610,000	c	c

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

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

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

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
1999	\$ 970,000	\$ -	\$ 970,000	0.93%	945
2000	940,000	-	940,000	0.60%	858
2001	910,000	-	910,000	0.56%	830
2002	880,000	-	880,000	0.53%	804
2003	840,000	-	840,000	0.49%	772
2004	800,000	-	800,000	0.26%	755
2005	760,000	-	760,000	0.25%	737
2006	710,000	-	710,000	0.23%	706
2007	660,000	-	660,000	0.13%	669
2008	610,000	-	610,000	0.12%	c

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

a See Exhibit J-6 for property tax data.

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

c Not available.

**West Cape May School District
 Ratios of Overlapping Governmental Activities Debt
 As of December 31, 2007**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of West Cape May	\$ 719,450	100.000%	\$ 719,450
Lower Cape May Regional School Debt	11,780,000	6.522%	768,340
Cape May County General Obligation Debt	71,941,477	0.878%	631,646
			<hr/>
Subtotal, overlapping debt			2,119,436
West Cape May School District Direct Debt			<hr/> 610,000
Total direct and overlapping debt			<hr/> \$ 2,729,436 <hr/>

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

Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of West Cape May Borough. 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.

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2008

	Equalized valuation basis	
	2007	\$ 487,965,852
	2006	458,734,488
	2005	394,271,350
	[A]	<u>\$ 1,340,971,690</u>
Average equalized valuation of taxable property	[A/3]	\$ 446,990,563
Debt limit (2 1/2% of average equalized valuation)	[B]	11,174,764 ^a
Net bonded school debt	[C]	610,000
Legal debt margin	[B-C]	<u>\$ 10,564,764</u>

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
68 Debt limit	\$ 2,784,765	\$ 3,059,091	\$ 3,413,202	\$ 3,890,219	\$ 4,631,221	\$ 5,521,042	\$ 6,725,118	\$ 8,177,399	\$ 9,838,472	\$ 11,174,764
Total net debt applicable to limit	<u>970,000</u>	<u>940,000</u>	<u>910,000</u>	<u>880,000</u>	<u>840,000</u>	<u>800,000</u>	<u>760,000</u>	<u>710,000</u>	<u>660,000</u>	<u>610,000</u>
Legal debt margin	<u>\$ 1,814,765</u>	<u>\$ 2,119,091</u>	<u>\$ 2,503,202</u>	<u>\$ 3,010,219</u>	<u>\$ 3,791,221</u>	<u>\$ 4,721,042</u>	<u>\$ 5,965,118</u>	<u>\$ 7,467,399</u>	<u>\$ 9,178,472</u>	<u>\$ 10,564,764</u>
Total net debt applicable to the limit as a percentage of debt limit	34.83%	30.73%	26.66%	22.62%	18.14%	14.49%	11.30%	8.68%	6.71%	5.46%

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

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

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

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
1999	1,026	\$ 30,379,860	\$ 29,610	5.2%
2000	1,095	34,669,890	31,662	4.5%
2001	1,097	36,491,705	33,265	4.3%
2002	1,095	37,757,790	34,482	5.0%
2003	1,088	37,971,200	34,900	5.2%
2004	1,059	39,604,482	37,398	7.4%
2005	1,031	40,269,829	39,059	7.4%
2006	1,006	41,314,408	41,068	7.8%
2007	987	e	e	7.4%
2008	e	e	e	e

Source:

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

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

Exhibit J-16

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Instruction										
Regular	7	7	7	7	7	7	7	7	7	7
Special education	1	1	1	1	1	1	1	1	1	1
Other instruction	3	3	3	3	3	3	3	3	3	3
Support Services:										
General and business administrative services	1	1	1	1	1	1	1	1	1	1
Plant operations and maintenance	1	1	1	1	1	1	1	1	1	1
Business and other support services	1	1	1	1	1	1	1	1	1	1
Total	14									

Source: District Personnel Records

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

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
							Elementary				
1999	97	\$ 823,835	\$ 8,493	9.44%	7		1 to 14	97	93	2.11%	95.88%
2000	98	872,994	8,908.10	10.31%	7		1 to 14	98	94	1.02%	95.92%
2001	91	914,726	10,051.93	18.27%	7		1 to 13	90	86	-8.16%	95.56%
2002	97	917,726	9,461.09	-5.52%	7		1 to 14	95	92	5.55%	96.84%
2003	86	1,008,213	11,723.41	12.50%	7		1 to 13	91	87	-4.21%	95.60%
2004	79	1,039,388	13,156.81	20.30%	7		1 to 11	79	76	-13.19%	96.20%
2005	71	1,020,579	14,374.35	11.06%	7		1 to 10	70	67	-11.39%	95.71%
2006	57	1,173,061	20,580.02	11.06%	7		1 to 8	56	52	-20.00%	93.40%
2007	50	1,168,174	23,363.48	13.52%	7		1 to 7	50	47	-10.71%	93.80%
2008	52	1,084,283	20,851.60	-10.75%	7		1 to 7	52	49	4.00%	94.23%

92

Sources: District records

Note: Enrollment based on annual October district count.

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

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

Exhibit J-18

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>District Building</u>										
<u>Elementary</u>										
West Cape May Elementary (1963)										
Square Feet	12,715	12,715	12,715	12,715	12,715	12,715	12,715	12,715	12,715	12,715
Capacity (students)	118	118	118	118	118	118	118	118	118	118
Enrollment	97	98	91	97	86	79	71	57	50	52

Number of Schools at June 30, 2008

 Elementary = 1
 Other = 0

Source: District Facilities Office

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

**West Cape May School District
 Schedule of Required Maintenance
 Last Eight Fiscal Years**

Exhibit J-19

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

	2001	2002	2003	2004	2005	2006	2007	2008	Total
* School Facilities									
West Cape May School	\$ 28,170	\$ 27,208	\$ 3,858	\$ 12,002	\$ 5,967	\$ 5,992	\$ 5,370	\$ 6,354	\$ 66,751
Project # (s)									
Total School Facilities	<u>\$ 28,170</u>	<u>\$ 27,208</u>	<u>\$ 3,858</u>	<u>\$ 12,002</u>	<u>\$ 5,967</u>	<u>\$ 5,992</u>	<u>\$ 5,370</u>	<u>\$ 6,354</u>	<u>\$ 66,751</u>

**West Cape May School District
Insurance Schedule
June 30, 2008**

Exhibit J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Harleysville		
Property - Blanket and Contents	\$ 1,604,232	\$ 1,000
Personal Property Coverage	19,000	
General Liability	1,000,000	1,000
Computer	91,759	1,000
Data and Media	58,351	1,000
Extra Expense	18,351	1,000
Business Auto Policy - Harleysville	1,000,000	
Boiler and Machinery - Travelers		
Property Damage	15,000,000	1,000
Excess Liability - Harleysville		
Umbrella Policy	1,000,000	
School Board Legal Liability - Darwin National Assurance Co.	1,000,000	10,000
Workers Compensation - Harleysville		
By Accident	Statutory	
By Disease	Statutory	
Student Accident - AIG Life Ins. Co.	1,000,000	
Surety Bonds - RLI Insurance Co.		
Treasurer	150,000	
Board Secretary/Business Administrator	5,000	
Chief School Administrator	1,000	

Source: District records

Single Audit Section

WEST CAPE MAY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2008

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period	June 30, 2007			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2008		
					Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
U.S. Department of Education														
Special Revenue Fund:														
REAP Grant	84.358A	5610-08	\$15,908	9/1/07 - 8/31/08				\$11,831	(\$15,908)		(\$4,077)			
Individuals With Disabilities Imp. Act (I.D.E.I.A.) Part B - Basic - Current Year	84.027	FT-5610-08	12,500	9/1/07 - 8/31/08				12,500	(12,500)					
Total Special Revenue Fund								24,331	(28,408)		(4,077)			
U.S. Department of Agriculture														
Enterprise Fund:														
National School Lunch Program	10.555	N/A	2,278	9/1/06 - 6/30/07	(\$392)			392						
National School Lunch Program	10.555	N/A	2,513	9/1/07 - 6/30/08				2,058	(2,513)		(\$455)			
Total Enterprise Fund					(392)	---	---	---	2,450	(2,513)	---	(455)	---	
Total Federal Awards					(\$392)	---	---	---	\$26,781	(\$30,921)	---	(\$4,532)	---	

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

WEST CAPE MAY SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2008

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2007			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	June 30, 2008		
				Accounts Receivable	Deferred Revenue	Due to Grantor et				Accounts Receivable	Deferred Revenue	Due to Grantor et
State Department of Education												
<u>General Fund:</u>												
Transportation Aid	08-495-034-5120-014	\$5,675	7/1/07 - 6/30/08					\$5,485	(\$5,675)	(\$190)		
Transportation Aid	07-495-034-5120-014	5,675	7/1/06 - 6/30/07	(\$149)				149				
Special Education Aid	08-495-034-5120-011	35,460	7/1/07 - 6/30/08					34,273	(35,460)	(1,187)		
Special Education Aid	07-495-034-5120-011	35,460	7/1/06 - 6/30/07	(933)				933				
Stabilization Aid	08-495-034-5120-030	128,246	7/1/07 - 6/30/08					123,953	(128,246)	(4,293)		
Stabilization Aid	07-495-034-5120-030	128,246	7/1/06 - 6/30/07	(3,376)				3,376				
Consolidated Aid	08-495-034-5120-057	6,206	7/1/07 - 6/30/08					5,998	(6,206)	(208)		
Consolidated Aid	07-495-034-5120-057	6,206	7/1/06 - 6/30/07	(163)				163				
Additional Formula Aid	08-495-034-5120-058	6,271	7/1/07 - 6/30/08					6,061	(6,271)	(210)		
Additional Formula Aid	07-495-034-5120-058	974	7/1/06 - 6/30/07	(26)				26				
Extraordinary Aid	07-495-034-5120-044	2,462	7/1/06 - 6/30/07	(2,462)				2,462				
Additional Transportation Aid	07-103190	76	7/1/08 - 6/30/07	(76)				76				
Additional Transportation Aid	08-103190	5	7/1/07 - 6/30/08						(5)	(5)		
Teacher Mentor Aid	08-495-034-5093-052	682	7/1/07 - 6/30/08					682	(682)			
On Behalf TPAF Pension Contributions	08-495-034-5095-050	37,753	7/1/07 - 6/30/08					37,753	(37,753)			
On Behalf TPAF Post Retirement Medical	08-495-034-5095-001	58,808	7/1/07 - 6/30/08					58,808	(58,808)			
Reimbursed TPAF Social Security Contributions	08-495-034-5095-051	33,209	7/1/07 - 6/30/08					31,471	(33,209)	(1,738)		
Reimbursed TPAF Social Security Contributions	07-495-034-5095-051	33,782	7/1/06 - 6/30/07	(78)				78				
Total General Fund				(7,263)			—	311,747	(312,315)	(7,831)	—	—
<u>Special Revenue Fund</u>												
Character Education	08-100-034-5120-053	321	7/1/07 - 6/30/08		\$321				(321)			
Total Special Revenue Fund					321		—		(321)		—	—
<u>Debt Service Fund</u>												
Debt Service Aid Type II	08-495-034-5120-067	32,143	7/1/07 - 6/30/08	—				32,143	(32,143)			
State Department of Agriculture												
<u>Enterprise Fund:</u>												
State School Lunch Program	07-100-010-3360-067	191	7/1/06 - 6/30/07	(33)				33				
State School Lunch Program	08-100-010-3360-067	171	7/1/07 - 6/30/08					142	(171)	(29)		
Total Enterprise Fund				(33)			—	175	(171)	(29)	—	—
Total State Financial Assistance				(\$7,296)	\$321		—	\$344,065	(\$344,950)	(\$7,860)	—	—

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

**West Cape May School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2008**

1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Board of Education, Borough of West Cape May School District. The Board of Education is defined in Note 1 to the School District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is (\$1,441) for the general fund and \$-0- for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Expenditures from awards and financial assistance revenues are reported in the School District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$310,874	\$310,874
Special Revenue Fund	\$28,408	321	28,729
Debt Service Fund		32,143	32,143
Food Service Fund	<u>2,513</u>	<u>171</u>	<u>2,684</u>
Total Awards & Financial Assistance	<u>\$30,921</u>	<u>\$343,509</u>	<u>\$374,430</u>

**West Cape May School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2008
(Continued)**

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2008. TPAF Social Security Contributions represents the amount reimbursed by the State for the School District's share of social security contributions for TPAF members for the year ended June 30, 2008.

**WEST CAPE MAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Section I --Summary of Auditor's Results

Financial Statements

A) Type of auditor's report issued:	<u>UNQUALIFIED</u>		
B) Internal control over financial reporting:			
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no	
2) Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported	
C) Noncompliance material to general-purpose financial statements noted?	<u> </u> yes	<u> X </u> no	

**WEST CAPE MAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Section 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards* and with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

No findings Identified.

**WEST CAPE MAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

***Section 3 – Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs***

This section identifies audit findings required to be reported by section .510(a) of Circular A-133, and NJOMB Circular 04-04.

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

A state single audit was not required.

**WEST CAPE MAY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state grant awards that are required to be reported in accordance with Chapter 6.12 *Government Auditing Standards*, USOMB Circular A-133 and State of NJOMB Circular Letter 04-04.

FINANCIAL STATEMENT FINDINGS

There were no financial statement findings in the prior year audit.

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

A state single audit was not required.