

**Westville Board of Education**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2008**

**SCHOOL DISTRICT  
OF  
WESTVILLE, NEW JERSEY**

**Westville Board of Education  
Westville, New Jersey**

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

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

of the

Westville Board of Education  
Westville, New Jersey

For the Fiscal Year Ended June 30, 2008

Prepared by:

Westville Board of Education Administration

## OUTLINE OF CAFR

	<u>Page</u>
<b><u>INTRODUCTORY SECTION</u></b>	
Letter of Transmittal	1
Organizational Chart	2-5
Roster of Officials	6
Consultants and Advisors	7
	8
<b><u>FINANCIAL SECTION</u></b>	
	9
<b>Independent Auditor's Report</b>	10-11
<b>Required Supplementary Information - Part I</b>	12
Management's Discussion and Analysis	13-18
<b>Basic Financial Statements</b>	19
A. District-wide Financial Statements:	20
A-1 Statement of Net Assets	21
A-2 Statement of Activities	22
B. Fund Financial Statements:	23
Governmental Funds:	
B-1 Balance Sheet	24
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	25
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Proprietary Funds:	
B-4 Statement of Net Assets	27
B-5 Statement of Revenues, Expenses and Changes in Fund Net Assets	28
B-6 Statement of Cash Flows	29
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	30
B-8 Statement of Changes in Fiduciary Net Assets	31
<b>Notes to the Financial Statements</b>	32-51
<b>Required Supplementary Information - Part II</b>	52

	<u>Page</u>
C. Budgetary Comparison Schedules:	53
C-1 Budgetary Comparison Schedule - General Fund	54-63
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	64
<b>Notes to the Required Supplementary Information</b>	<b>65</b>
C-3 Budget-to-GAAP Reconciliation	66
<b>Other Supplementary Information</b>	<b>67</b>
D. School Level Funds:	N/A
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	68
E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	69-71
E-2 Demonstrably Effective Program Aid Schedule of Expenditures - Budgetary Basis	72-73
E-3 Early Childhood Program Aid Schedule of Expenditures - Budgetary Basis	74-76
E-4 Distance Learning Network Aid Schedule of Expenditures - Budgetary Basis	N/A
E-5 Instructional Supplement Aid Schedule of Expenditures - Budgetary Basis	N/A
E-6 Targeted At-Risk Aid (TARA) Schedule of Expenditures - Budgetary Basis	77
F. Capital Projects Fund:	78
F-1 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	79
F-2 Summary Schedule of Project Expenditures	80-82
G. Proprietary Funds:	83
Enterprise Fund:	
G-1 Combining Statement of Net Assets	N/A
G-2 Combining Statement of Revenues, Expenditures and Changes in Fund Net Assets	N/A
G-3 Combining Statement of Cash Flows	N/A

	<u>Page</u>
Internal Service Fund:	
G-4 Combining Statement of Net Assets	84
G-5 Combining Statement of Revenues, Expenditures and Changes in Fund Net Assets	85
G-6 Combining Statement of Cash Flows	86
H. Fiduciary Funds:	87
H-1 Combining Statement of Fiduciary Net Assets	88
H-2 Combining Statement of Changes in Fiduciary Net Assets	89
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	90
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	91
I. Long-Term Debt:	92
I-1 Schedule of Serial Bonds	93
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	94
<b><u>STATISTICAL SECTION (Unaudited)</u></b>	95
Introduction to the Statistical Section	96
Financial Trends	
J-1 Net Assets by Component	97
J-2 Change in Net Assets	98
J-3 Fund Balances - Governmental Funds	99
J-4 Changes in Fund Balances - Governmental Funds	100
J-5 General Fund Other Local Revenue by Source	101
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	102
J-7 Direct and Overlapping Property Tax Rates	103
J-8 Principal Property Taxpayers	104
J-9 Property Tax Levies and Collections	105
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	106
J-11 Ratios of General Bonded Debt Outstanding	107
J-12 Direct and Overlapping Governmental Activities Debt	108
J-13 Legal Debt Margin Information	109
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	110
J-15 Principal Employers	111
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	112
J-17 Operating Statistics	113
J-18 School Building Information	114
J-19 Schedule of Required Maintenance Expenditures by School Facility	115
J-20 Insurance Schedule	116

	<u>Page</u>
<b><u>SINGLE AUDIT SECTION</u></b>	
	117
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	118-119
K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with New Jersey OMB Circular Letter 04-04	120-122
K-3 Schedule of Expenditures of Federal Awards, Schedule A	123
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	124
K-5 Notes to the Schedules of Awards and Financial Assistance	125-126
K-6 Schedule of Findings and Questioned Costs	127-128
K-7 Summary Schedule of Prior Audit Findings	129

## INTRODUCTORY SECTION

**WESTVILLE BOARD OF EDUCATION**

*101 Birch Avenue  
Westville, New Jersey 08093*

**Shannon M. Whalen**  
**Superintendent**  
**856-456-0235**

**Fax 856-456-0484**

**Donna J. Contrevo**  
**Business Adm./Bd.Secy.**  
**856-456-0486**

October 23, 2008

Honorable President and  
Members of the Board of Education  
101 Birch Avenue  
Westville, New Jersey 08093

Dear Members of the Board:

The comprehensive annual financial report of the Westville School District (District) for the fiscal year ended June 30, 2008, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section 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 OMB Circular A-133 Compliance Supplement and the New Jersey State Grant Compliance Supplement that are applicable to each of its major Federal and State programs for the fiscal year ended June 30, 2008. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. Reporting entity and its services: Westville School District is an independent reporting entity within the criteria adopted by the GASB as established by NC6A Statement No. 3. All Funds and account groups of the District are included in this report. The Westville Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to the grade levels Pre-Kindergarten through six. These include regular as well as special education for handicapped youngsters. The District completed the 2007-2008 fiscal year with an enrollment of 335, which is 34 students below the previous year's enrollment.

The following details the changes in the student enrollment of the District over the last eight years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2007-2008	327.3	-12.99%
2006-2007	376.2	+7.5%
2005-2006	373.4	+3.40%
2004-2005	361.1	+1.14%
2003-2004	360.6	-10.83%
2002-2003	404.4	+0.90%
2001-2002	400.8	-2.55%
2000-2001	411.4	-4.50%

2. Major Initiatives: The Board of Education’s goal to raise student achievement has been a strong influence in curriculum development. The district now tracks individual student growth through local assessments as well as state assessments. 75.4% of third through fifth students were proficient in Language Arts Literacy on NJASK, which is a 1.4% increase from the prior year. 93.4% of third through fifth grade students were proficient in Math on the NJASK, which is a 10.4% increase from the prior year.
3. Economic Condition and Outlook: The Borough of Westville is one square mile, which is fully developed with no room for additional growth in either business or housing. The population of the town is expected to remain relatively stable, however, one-third of the residential properties are rental units, which can result in fluctuating enrollments.
4. Internal accounting controls: Management of the district is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5. Budgetary Controls: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance on June 30, 2008.

- 5a. Accounting System and Reports: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.
6. Financial Information at Fiscal Year-End: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund, and debt service fund revenues for the fiscal year ended June 30, 2008, and the amount and percentage of increases or decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>% of Total</u>	<u>+/- from 2007</u>	<u>% of +/-</u>
Local Sources	2,032,230	38.30%	79,987	3.94%
State Sources	3,114,254	58.69%	188,183	6.04%
Federal Sources	159,812	3.01%	-54,024	-33.80%
Total	<u>5,306,296</u>	<u>100.00%</u>	<u>214,146</u>	<u>4.04%</u>

The following schedule presents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2008, and the percentage of increases and decreases in relation to the prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>% of Total</u>	<u>+/- from 2007</u>	<u>% of +/-</u>
Current Expense				
Instruction	2,405,214	47.64%	91,467	3.80%
Undistributed	2,403,229	47.60%	65,224	2.71%
Capital Outlay	27,295	.54%	27,295	100.00%
Debt Service				
Principal	155,000	3.07%	25,000	16.13%
Interest	58,445	1.16%	-26,290	-44.98%
Total	<u>5,049,183</u>	<u>100.00%</u>	<u>182,696</u>	<u>3.62%</u>

7. Debt Administration: On June 30, 2008, the District's outstanding debt issues included \$1,348,000.00 general obligation bonds.
8. Cash Management: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan 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.
9. Risk Management: The Board carries various forms of insurance, including but not limited to; general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds through the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund.
10. Other Information: Independent Audit – State statutes require annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Petroni & Associates by way of the RFP (request for proposal) process. Former long time auditor Robert A. Jones passed away in December 2007. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the provisions of the Single Audit Act of 1984, and the related U.S. Office of Management and Budget Circular A-133, and the State Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.
11. Acknowledgments: We would like to express our appreciation to the members of the Westville Board of Education for their concern in providing fiscal accountability to the citizens and tax payers of the school district, and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

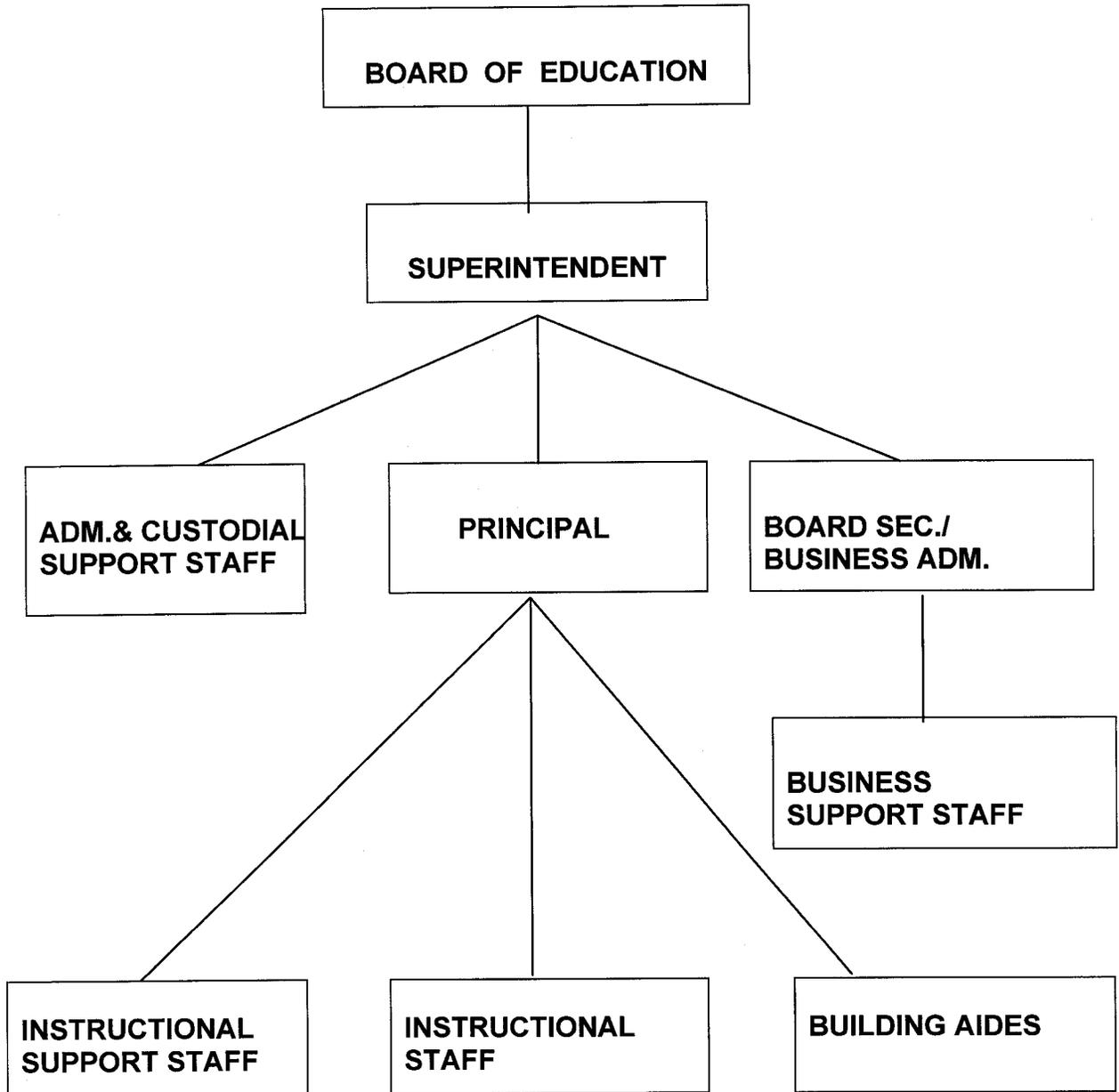
Shannon M. Whalen,  
Superintendent

Donna J. Contrevo  
School Business Administrator/  
Board Secretary

**WESTVILLE BOARD OF EDUCATION**

**ORGANIZATIONAL CHART**

**(UNIT CONTROL)**



**WESTVILLE BOARD OF EDUCATION**  
**Westville, NJ 08093**

ROSTER OF OFFICIALS  
June 30, 2008

MEMBERS OF THE BOARD OF EDUCATION

Term Expires

Tracy Domico, President	2011
Deborah L. Eichman, Vice President	2010
Robert Miller	2009
Margaret A. O'Neill	2009
J. Lynn Lucas	2010
Robert Shaw	2010
Jesse McCullough	2011
Angelo Natoli	2011
Claire B. Taylor	2011

OTHER OFFICIALS

Shannon M. Whalen., Superintendent  
Donna J. Contrevo, School Business Administrator/Board Secretary  
Richard M. Burr, Treasurer  
Alan Schmoll, Esq., Solicitor  
Joseph F. Betley, Esq., Solicitor

**WESTVILLE BOARD OF EDUCATION**  
**Westville, NJ 08093**

CONSULTANTS AND ADVISORS

ARCHITECT

Spiezle Architectural Group  
120 Sanhican Drive  
Trenton, NJ 08618

AUDIT FIRM

Petroni & Associates  
21 W. High Street  
Glassboro, NJ 08028

ATTORNEY

Capehart & Scatchard  
Laurel Corporate Center, Suite 300  
8000 Midlantic Drive  
Mount Laurel, NJ 08054

OFFICIAL DEPOSITORY

First Colonial National Bank  
321 Broadway  
Westville, NJ 08093

FINANCIAL SECTION

# PETRONI & ASSOCIATES

**Certified Public Accountants • Registered Municipal Accountants**  
21 W. High Street • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and  
Members of the Board of Education  
Westville School District  
County of Gloucester, New Jersey

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Westville School District in the County of Gloucester, State of New Jersey, as of and for the 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 Westville Board of Education's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Board of Education of the Westville School District for the year ended June 30, 2007. Those financial statements were audited by another auditor whose report thereon had been furnished to us, and our opinion, insofar as it relates to the amounts included for the year ended June 30, 2007, is based on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the 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, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Westville Board of Education, in the County of Gloucester, State of New Jersey, as of June 30, 2008, and the respective changes in financial position 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 October 28, 2008 on our consideration of the Westville Board of Education'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 on pages 13 through 18 and 54 through 64, 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 principally 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 Westville Board of Education'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 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 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.

PETRONI & ASSOCIATES

The image shows a handwritten signature in cursive script that reads "Petroni & Associates". The signature is written in dark ink and is positioned below the printed name.

October 28, 2008

**Required Supplementary Information – Part I**

**WESTVILLE ELEMENTARY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**  
**UNAUDITED**

The discussion and analysis of Westville Elementary School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2008 are as follows:

- In total, net assets increased \$315,772 in 2008.
- General revenues accounted for \$4,780,294 in revenue or 88 percent of all revenues. Program specific revenues in the form of charges for services and operating grants accounted for \$675,090 or 12 percent to total revenues of \$5,455,384.
- The School District had \$5,139,612 in expenses; only \$675,090 of these expenses were offset by program specific charges for services and grants.
- Among major funds, the General Fund had \$4,547,976 in revenues and \$4,290,863 in expenditures. The General Fund's balance increased \$283,263 over 2007.

**Using this Generally Accepted Accounting Principals Report (GAAP)**

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Westville Elementary School District, the General Fund is by far the most significant fund.

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

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

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. The School District does not have any business like activities.

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

#### **Fund Financial Statements**

The analysis of the School District's major funds begins on page 23. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund and Capital Projects Fund.

#### **Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

## The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2008 compared to 2007.

**Table 1**  
**Net Assets**

	<u>2007</u>	<u>2008</u>
<b>Asset</b>		
Current & Other Assets	748,407	922,435
Capital Assets	<u>4,853,263</u>	<u>4,835,552</u>
Total Assets	<u><u>5,601,670</u></u>	<u><u>5,757,987</u></u>
<b>Liabilities</b>		
Long-Term Liabilities	1,631,405	1,480,512
Other Liabilities	<u>138,891</u>	<u>130,329</u>
Total Liabilities	<u><u>1,770,296</u></u>	<u><u>1,610,841</u></u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	3,350,263	3,487,552
Restricted	466,520	637,962
Unrestricted	<u>14,591</u>	<u>21,632</u>
Total Net Assets	<u><u>3,831,374</u></u>	<u><u>4,147,146</u></u>

Total assets increased by \$156,317. Cash and cash equivalents increased by \$84,117, receivables increased by \$17,756 and capital assets decreased by \$17,711. Unrestricted net assets, the part of net assets that can be used to finance day to day activities without constraints established by grants or legal requirements of the School District, decreased by \$7,041.

Table 2 shows the changes in net assets for fiscal year 2008 with comparative data from 2007.

**Table 2**  
**Changes in Net Assets**

	<u>2007</u>	<u>2008</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services		130,215
Operating Grants & Contributions	585,378	544,875
General Revenues:		
Property Taxes	1,776,554	1,853,052
Grants & Entitlements	2,687,967	2,729,191
Other	175,689	198,051
Total Revenues	<u>5,225,588</u>	<u>5,455,384</u>
<b>Program Expenses:</b>		
Instruction	2,313,747	2,409,321
Support Services:		
Pupil & Instructional Staff	644,154	717,260
General Administration, School Administration & Business	419,898	424,285
Operations & Maintenance of Facilities	256,175	294,746
Pupil Transportation	76,855	80,278
Employee Benefits	940,623	1,021,014
Interest on Long-Term Debt	84,735	58,445
Depreciation	201,336	134,263
Total Expenses	<u>4,937,523</u>	<u>5,139,612</u>
Decrease in Net Assets	<u>288,065</u>	<u>315,772</u>

## Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 34 percent of revenues for governmental activities for the Westville Elementary School District for fiscal year 2008.

Instruction comprises 47 percent of the District expenses. Support services expenses make up 47 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for the fiscal year 2008 with comparative data from 2007. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3  
Statement of Activities**

	2007		2008	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	2,839,293	2,313,747	2,409,321	1,932,501
Support Services				
Pupils and Instructional Staff	703,986	644,154	717,260	534,321
General Administration, School Administration, Business	419,898	419,898	424,285	424,285
Operations & Maintenance	256,175	256,175	294,746	294,746
Pupil Transportation	76,855	76,855	80,278	80,278
Employee Benefits	940,623	940,623	1,021,014	1,005,683
Interest on Long-Term Debt	84,735	84,735	58,445	58,445
Depreciation	201,336	115,791	134,263	134,263
Total Expenses	<u>5,522,901</u>	<u>4,851,978</u>	<u>5,139,612</u>	<u>4,464,522</u>

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

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

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

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

Employee benefits include the board share of health benefits and the state on-behalf payments for TPAF pension and social security.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

## The School District's Funds

Information about the School District's major funds starts on page 23. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$5,306,296 and expenditures of \$5,138,440.

## General Fund Budgeting Highlights

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

During the course of the fiscal 2008 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

The General fund expenditures did not exceed the revenues and other financing sources of the School District for the year.

## Capital Assets

At the end of the fiscal year 2008, the School District had \$4,835,552 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2008 balances compared to 2007.

**Table 4**  
**Capital Assets (Net of Depreciation) at June 30, 2008**

	<u>2007</u>	<u>2008</u>
Buildings & Building Improvements	4,842,495	4,825,981
Machinery & Equipment	<u>10,768</u>	<u>9,571</u>
	<u>4,853,263</u>	<u>4,835,552</u>

Capital assets increased by \$116,552 from fiscal year 2007 to fiscal year 2008.

## Debt Administration

At June 30, 2008, the School District had \$1,480,512 as outstanding debt. Of this amount \$132,512 is for compensated absences. The remaining \$1,348,000 is made up of the District's outstanding serial bonds.

## Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Donna J. Contrevo, School Business Administrator/Board Secretary at Gateway Business Services, 775 Tanyard Road, Woodbury Heights, NJ 08097 or e-mail at [dcontrevo@gatewayhs.com](mailto:dcontrevo@gatewayhs.com).

**BASIC FINANCIAL STATEMENTS**

DISTRICT-WIDE FINANCIAL STATEMENTS

WESTVILLE SCHOOL DISTRICT  
Statement of Net Assets  
June 30, 2008

	<u>Governmental Activities</u>	<u>Total</u>
<u>ASSETS</u>		
Cash and cash equivalents	683,178	683,178
Receivables, net	166,948	166,948
Due from other funds	154	154
Restricted assets:		
Restricted cash and cash equivalents	3,603	3,603
Capital reserve account - cash	68,552	68,552
Capital assets, net	4,835,552	4,835,552
Total assets	<u>5,757,987</u>	<u>5,757,987</u>
<u>LIABILITIES</u>		
Accounts Payable	83,500	83,500
Deferred revenue	46,829	46,829
Noncurrent liabilities:		
Due within one year	160,000	160,000
Due beyond one year	1,320,512	1,320,512
Total liabilities	<u>1,610,841</u>	<u>1,610,841</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	3,487,552	3,487,552
Restricted for:		
Other purposes	637,962	637,962
Unrestricted	21,632	21,632
Total net assets	<u><u>4,147,146</u></u>	<u><u>4,147,146</u></u>

See accompanying notes to the basic financial statements.

WESTVILLE SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:						
Instruction:						
Regular	1,305,649				(1,305,649)	(1,305,649)
Special education	932,447		476,820		(455,627)	(455,627)
Other special instruction	155,131				(155,131)	(155,131)
Other instruction	16,094				(16,094)	(16,094)
Support services:						
Tuition	67,008				(67,008)	(67,008)
Student & instructional related services	650,252	114,884	68,055		(467,313)	(467,313)
School administrative services	124,340				(124,340)	(124,340)
General & business administrative services	299,945				(299,945)	(299,945)
Plant operations & maintenance	294,746				(294,746)	(294,746)
Pupil transportation	80,278				(80,278)	(80,278)
Employee benefits	1,021,014	15,331			(1,005,683)	(1,005,683)
Interest on long-term debt	58,445				(58,445)	(58,445)
Unallocated depreciation	134,263				(134,263)	(134,263)
Total governmental activities	<u>5,139,612</u>	<u>130,215</u>	<u>544,875</u>		<u>(4,464,522)</u>	<u>(4,464,522)</u>
Total primary government	<u>5,139,612</u>	<u>130,215</u>	<u>544,875</u>		<u>(4,464,522)</u>	<u>(4,464,522)</u>
General revenues:						
Taxes:						
					1,710,375	1,710,375
					142,677	142,677
					2,729,191	2,729,191
					138,356	138,356
					2,839	2,839
					37,983	37,983
					21,200	21,200
					(2,327)	(2,327)
Total general revenues, special items, extraordinary items and transfers					<u>4,780,294</u>	<u>4,780,294</u>
Change in Net Assets					315,772	315,772
Net Assets - beginning					<u>3,831,374</u>	<u>3,831,374</u>
Net Assets - end					<u><u>4,147,146</u></u>	<u><u>4,147,146</u></u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

WESTVILLE SCHOOL DISTRICTBalance SheetGovernmental FundsJune 30, 2008

	Major Funds			Other Fund	Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
<u>ASSETS</u>					
Cash and cash equivalents	673,917	26,925			700,842
Receivables from other governments	16,321	13,580	64,638		94,539
Other - Tuition	70,156				70,156
Other - Refunds	2,253				2,253
Interfund accounts receivable	375				375
Restricted cash and cash equivalents	68,552				68,552
Total Assets	<u>831,574</u>	<u>40,505</u>	<u>64,638</u>		<u>936,717</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Deficit in cash			23,322		23,322
Accounts payable	73,725	9,775			83,500
Interfund accounts payable			221		221
Deferred revenue		46,829			46,829
Total liabilities	<u>73,725</u>	<u>56,604</u>	<u>23,543</u>		<u>153,872</u>
Fund Balances:					
Reserved for:					
Encumbrances	97,688				97,688
Capital reserve account	68,552				68,552
Excess Surplus - designated for subsequent year's expenditures	71,966				71,966
Excess Surplus Designated for subsequent year's expenditures	287,388				287,388
	71,273				71,273
Unreserved, reported in:					
General fund	160,982				160,982
Special revenue fund		(16,099)			(16,099)
Capital projects fund			41,095		41,095
Total fund balances	<u>757,849</u>	<u>(16,099)</u>	<u>41,095</u>		<u>782,845</u>
Total liabilities and fund balances	<u>831,574</u>	<u>40,505</u>	<u>64,638</u>		

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$6,565,842 and the accumulated depreciation is \$1,730,290 (See Note 6).

4,835,552

Internal service funds are used by management to charge the cost of certain activities to individual funds. Assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.

9,261

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 7).

(1,480,512)

Net assets of governmental activities

4,147,146

See accompanying notes to the basic financial statements.

WESTVILLE SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2008

	Major Funds			Other Fund	Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
<u>REVENUES</u>					
Local sources:					
Local tax levy	1,710,375			142,677	1,853,052
Tuition charges	138,356				138,356
Interest earned on capital reserve funds	2,839				2,839
Miscellaneous	37,983				37,983
	1,889,553			142,677	2,032,230
State sources	2,658,423	385,063		70,768	3,114,254
Federal sources		159,812			159,812
Total revenues	4,547,976	544,875		213,445	5,306,296
<u>EXPENDITURES</u>					
Current:					
Regular instruction	1,301,542				1,301,542
Special education instruction	455,627	476,820			932,447
Other special instruction	155,131				155,131
Other instruction	16,094				16,094
Support:					
Tuition	67,008				67,008
Student & instruction related services	463,174	68,055			531,229
School administrative services	124,340				124,340
Other administrative services	299,945				299,945
Plant operations and maintenance	294,746				294,746
Pupil transportation	80,278				80,278
Unallocated benefits	1,005,683				1,005,683
Debt Service:					
Principal				155,000	155,000
Interest				58,445	58,445
Capital outlay	27,295		89,257		116,552
Total expenditures	4,290,863	544,875	89,257	213,445	5,138,440
Excess (Deficiency) of revenues over expenditures	257,113		(89,257)		167,856
Other Financing Sources (Uses):					
Prior year receivable not recorded	21,200				21,200
Prior year receivable canceled	(2,327)				(2,327)
Transfers In	7,277				7,277
Transfers Out			(7,277)		(7,277)
Total other financing sources (uses)	26,150		(7,277)		18,873
Net change in fund balances	283,263		(96,534)		186,729
Fund balance - July 1	474,586	(16,099)	137,629		596,116
Fund balance - June 30	757,849	(16,099)	41,095		782,845

See accompanying notes to the basic financial statements.

WESTVILLE SCHOOL DISTRICT  
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2008

Total net change in fund balances - governmental funds (from B-2)		186,729
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
	Depreciation expense	(134,263)
	Capital outlays	116,552
		(17,711)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		
Bond principal		155,000
Internal service funds are used by management to charge the costs of certain activities to individual funds. Net revenue (expense) of internal service funds if reported with governmental activities.		(4,139)
In the statement of activities, certain operating expenses, e.g., compensated absences 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		(4,107)
Change in net assets of governmental activities		315,772

See accompanying notes to the basic financial statements.

WESTVILLE SCHOOL DISTRICT  
Statement of Net Assets  
Proprietary Funds  
June 30, 2008

	<u>Governmental Activities - Internal Service Fund</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	<u>9,261</u>
Noncurrent assets:	
<u>NET ASSETS</u>	
Unrestricted	<u>9,261</u>

See accompanying notes to the basic financial statements.

WESTVILLE SCHOOL DISTRICT  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2008

	<u>Governmental Activities - Internal Service Fund</u>
Operating revenues:	
Fees from other LEA's	<u>130,215</u>
Operating expenses:	
Salaries - Supervisor of Instruction	88,846
Salaries - Secretarial/Clerical	18,134
Other Salaries	800
Employee Benefits	15,331
Purchased Professional/Educational Services	2,153
Other Purchased Services	2,482
General Supplies	4,933
Other Objects	1,675
Total operating expenses	<u>134,354</u>
Operating income (loss)	(4,139)
Total net assets - beginning	<u>13,400</u>
Total net assets - ending	<u><u>9,261</u></u>

See accompanying notes to the basic financial statements.

WESTVILLE SCHOOL DISTRICT  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2008

	<u>Governmental Activities - Internal Service Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from other LEA's	130,215
Payments to employees	(108,465)
Payments for employee benefits	(15,331)
Payments to suppliers	(11,243)
	<hr/>
Net cash provided by (used for) operating activities	(4,824)
Balances - beginning of year	14,085
	<hr/>
Balances - end of year	<u>9,261</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	(4,139)
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Increase (decrease) in accounts payable	(685)
	<hr/>
Net cash provided by (used for) operating activities	<u>(4,824)</u>

See accompanying notes to the basic financial statements.

WESTVILLE SCHOOL DISTRICT  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2008

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
<u>ASSETS</u>		
Cash and cash equivalents	19,763	48,738
Interfund receivable	2,276	
Total assets	<u>22,039</u>	<u>48,738</u>
<u>LIABILITIES</u>		
Payroll deductions and withholdings		41,809
Payable to student groups		4,499
Interfund payable		2,430
Total liabilities		<u>48,738</u>
<u>NET ASSETS</u>		
Held in trust for unemployment claims	<u>22,039</u>	

See accompanying notes to the basic financial statements.

WESTVILLE SCHOOL DISTRICT  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended June 30, 2008

	<u>Unemployment Compensation Trust</u>
<u>ADDITIONS</u>	
Contributions	7,662
Interest earned	672
Total Additions	<u>8,334</u>
<u>DEDUCTIONS</u>	
Unemployment claims	<u>55</u>
Change in net assets	8,279
Net assets - beginning of year	<u>13,760</u>
Net assets - end of year	<u><u>22,039</u></u>

See accompanying notes to the basic financial statements.

WESTVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

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

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (Statement No. 34). This statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was required to implement the new model in the 2003/2004 school year. In addition, the School District has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*. As a result, an entirely new financial presentation format has been implemented and comparability of reports to prior years will be affected.

A. Reporting Entity

The Westville School District is a Type II district located in the County of Gloucester, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K – 6.

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

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

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

WESTVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

The School District's basic financial statements consist of District-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-Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the District as a whole. These statements include the financial activities of the overall District except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" of revenues and expenses. These statements distinguish between governmental and business-type activities of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

WESTVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The District reports the following governmental funds:

GOVERNMENTAL FUNDS

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

As required by the New Jersey State Department of Education, the District included budgeted Capital Outlay in this fund. Generally accepted accounting principles 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 that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal governments, (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 temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

WESTVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

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.

**Enterprise Funds** – The enterprise fund accounts for all revenues and expenses pertaining to the Board’s operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

The District does not have an Enterprise Fund.

**Internal Service Fund:** - The Internal Service Funds account for the financing of services provided by one department to other departments of the School District, or to other governments on a cost-reimbursement basis.

FIDUCIARY FUNDS

The fiduciary fund category is comprised of trust and agency funds. Trust Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and therefore not available to support the School District’s own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Accounting

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

Governmental Fund Financial Statements:

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

WESTVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

District-wide, Proprietary, and Fiduciary Fund Financial Statements:

The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the 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.

Ad Valorem (property) Taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable."

All governmental and business-type activities and proprietary funds of the District follow Financial Accounting Standards Board (FASB) Statements and Interpretations and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers of appropriations must be made by School Board resolution at any time during the fiscal year. All budget amendments presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

WESTVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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 generally accepted accounting principles 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 grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

E. Encumbrances

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

Open encumbrances in the special revenue fund for which the 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.

F. Cash and Cash Equivalents

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

WESTVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Cash Equivalents (Continued)

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

G. Tuition Receivable

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

H. Inventories

On district-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in first-out basis. Inventory in governmental funds consist of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the enterprise fund are expensed when used.

I. Interfund Transactions

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

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

WESTVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal repairs and maintenance are not capitalized. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Building Improvements	20
Equipment	10

K. Compensated Absences

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy and negotiated agreement with the Westville Teachers' Association. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after twenty years of service.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the School District's past experience of making termination payments. Salary-related payments for the employer's share of social security and medicare taxes are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

WESTVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

M. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

N. 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 the 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's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. 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 which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

P. Revenues – Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

WESTVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Revenues – Exchange and Nonexchange Transactions (Continued)

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Q. Allocation of Indirect Expenses

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

S. Use of Estimates

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

WESTVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 2: RESTATEMENT DUE TO CORRECTION OF ERRORS IN REPORTING IN PRIOR YEAR

The District's Balance Sheet (Exhibit B-1) as of June 30, 2007 contained the following errors: (1) the final state aid payment was included as revenue in the Special Revenue Fund in the amount of \$16,009, (2) there was an understatement of deferred revenue in the Special Revenue Fund in the amount of \$4,370, (3) there was an understatement of expenditures in the amount of \$86,912 in the Capital Projects Fund. The correction of these errors resulted in a restatement of the beginning balance in the Statement of Net Assets (Exhibit A-1).

	Exhibit B-1	
	Special Revenue Fund	Capital Projects Fund
Fund Balance, July 1, 2007, as previously reported	4,370	224,541
Prior Period Adjustment	(20,379)	(86,912)
Fund Balance, July 1, 2007, as restated	(16,009)	137,629

NOTE 3: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

New Jersey statutes (N.J.S.A. 18A:20-37) require that school districts deposit public funds in contracted depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit funds in the State of New Jersey Cash Management Fund.

The carrying amount of the District's cash and cash equivalents at June 30, 2008, was \$823,834 and the bank balance was \$967,896. Of the bank balance, \$107,282 was covered by federal depository insurance (including public and custodial funds) and \$860,614 was covered by a collateral pool (GUDPA) maintained by the bank as required by New Jersey statutes.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2008, all of the District's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The District does not have a policy for custodial risk.

WESTVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 3: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than 397 days from the date of purchase.
- c. Bonds or other obligations of the Borough or bonds or other obligations of the Borough school district.
- d. Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units.
- e. Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- f. Repurchase agreements (repos) of fully collateralized securities, subject to conditions, as indicated in N.J.S.A. 40A:5-15.1(a).
- g. Certificates of deposit at federally insured banks.

Custodial credit risk: The District does not have a policy for custodial credit risk.

Credit risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government.

Interest rate risk: The District does not have a policy to limit interest rate risk.

Foreign currency risk: The District does not have a policy for foreign currency risk since statutes preclude districts from investing in these types of securities.

WESTVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 4: RECEIVABLES

Receivables at June 30, 2008 consisted of intergovernmental and refund receivables. All receivables are considered collectible in full. A summary of the principal items of the receivables are as follows:

	Governmental Activities
State Aid	94,539
Tuition	70,156
Refund	2,253
	166,948

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remain on the balance sheet at June 30, 2008:

	Interfund	
	Receivable	Payable
General Fund	375	
Capital Projects Fund		221
Fiduciary Fund - Unemployment	2,276	
Fiduciary Fund - Agency Fund		2,430
	2,651	2,651

NOTE 6: CAPITAL ASSETS

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2008:

	Balance July 1, 2007	Additions	Disposals/ Adjustments	Balance June 30, 2008
Governmental activities:				
Building & Building Improvements	6,123,715			6,123,715
Machinery & Equipment	325,575	116,552		442,127
Totals at historical cost	6,449,290	116,552		6,565,842
Less: Accumulated depreciation				
Building & Building Improvements	1,281,220	133,066		1,414,286
Machinery & Equipment	314,807	1,197		316,004
Total accumulated depreciation	1,596,027	134,263		1,730,290
Governmental activities capital assets, net	4,853,263	(17,711)		4,835,552

Depreciation was charged as an unallocated expense since it could not be specifically identified to one program/function for governmental activities.

WESTVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 7: GENERAL LONG-TERM DEBT

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

A. Long-term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2008, are as follows:

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Compensated Absences	128,405	7,460	3,353	132,512
Bonds payable	1,503,000		155,000	1,348,000
	<u>1,631,405</u>	<u>7,460</u>	<u>158,353</u>	<u>1,480,512</u>

B. Bonds Payable

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

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	160,000	50,979	210,979
2010	159,000	43,212	202,212
2011	155,000	33,600	188,600
2012	160,000	28,755	188,755
2013	170,000	23,473	193,473
2014-2016	544,000	32,675	576,675
	<u>1,348,000</u>	<u>212,694</u>	<u>1,560,694</u>

C. Bonds Authorized but Not Issued

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

D. Other

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

WESTVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the year ended June 30, 2008, it is not necessary for the Board to establish a liability for arbitrage rebate.

NOTE 8: PENSION PLANS

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

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

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

WESTVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 8: PENSION PLANS (CONTINUED)

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

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 115, P.L. of 1997, and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a non-contributing employer of the TPAF.

Trend Information

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Gross Wages	2,903,439	2,855,980	2,761,710
Total Covered Wages:			
TPAF	2,409,009	2,395,593	2,366,231
PERS	374,918	336,890	395,479
Employer Contribution			
PERS	20,581	9,274	6,052
Percentage of Covered Payroll	5.49%	2.75%	1.53%

WESTVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 8: PENSION PLANS (CONTINUED)

During the fiscal year ended June 30, 2008, the State of New Jersey contributed \$288,941 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 \$177,608 during the year ended June 30, 2008 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

NOTE 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 the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. 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 Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 which will increase the medical reserve by 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 the 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.

NOTE 10: DEFERRED COMPENSATION

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

Lincoln Investment Planning, Inc.  
Edward Jones

WESTVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 11: COMPENSATED ABSENCES

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

The liability for vested compensated absences is recorded in the district-wide *Statement of Net Assets*. The current portion of the compensated absence balance is not considered material to the governmental funds total liabilities and, is therefore not shown separately from the amount due in more than one year.

NOTE 12: RISK MANAGEMENT

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

Property and Liability Insurance:

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. Any potential liability of the District with respect to loss claims would be equal to the deductibles associated with policies and events which may exceed coverage limits. There has been no significant reductions in insurance coverage amounts.

New Jersey Unemployment Compensation Insurance:

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. This District is billed quarterly for amounts due to the State. The following is a summary of District Contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2007-2008	None	7,662	55	22,039
2006-2007	None	6,490	1,572	13,760
2005-2006	None	None	13,457	8,415

WESTVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 13: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Westville Board of Education by inclusion of \$65,713 in the original 2007-2008 annual capital outlay budget, which was certified for taxes, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve fund by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:26-9.1(d)1, 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:

Deposits approved at April 2007 election	65,713
Interest earning	2,839
Ending balance June 30, 2008	<u>68,552</u>

The June 30, 2008 LRFP balance of local support costs of uncompleted capital projects at June 30, 2008 is \$331,760.

NOTE 14: FUND BALANCE APPROPRIATED

General Fund - Of the \$854,316 General Fund balance at June 30, 2008, \$97,688 is reserved for encumbrances; \$359,354 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$71,966 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2009); \$68,552 has been reserved in the Capital Reserve Account; \$71,273 has been appropriated and included as anticipated revenue for the year ending June 30, 2009; and \$257,449 is unreserved and undesignated.

NOTE 15: CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for 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 fund balance in their subsequent years' budget. The excess fund balance at June 30, 2008 is \$359,354.

WESTVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 16: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$16,099 in the Special Revenue Fund as of June 30, 2008 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e. if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the District is facing financial difficulties.

NOTE 17: CONTINGENT LIABILITIES

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

It is the opinion of the administration and legal counsel, that there exists no litigation or contingent liability that may be pending against the Westville School District that would have a material or adverse effect on the Board or the financial position of the District.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

WESTVILLE SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	1,710,375		1,710,375	1,710,375	
Tuition	132,000		132,000	138,356	6,356
Interest Earned on Capital Reserve Funds	1,000		1,000	2,839	1,839
Miscellaneous	14,000		14,000	37,983	23,983
Total - Local Sources	<u>1,857,375</u>		<u>1,857,375</u>	<u>1,889,553</u>	<u>32,178</u>
State Sources:					
Core Curriculum Standards Aid	1,207,606		1,207,606	1,207,606	
Transportation Aid	44,252		44,252	44,252	
Special Education Aid	265,441		265,441	265,441	
Bilingual Education	4,636		4,636	4,636	
Stabilization Aid	318,870		318,870	318,870	
Consolidated Aid	37,085		37,085	37,085	
Additional Formula Aid	133,972		133,972	133,972	
High Expectations for Learning Proficiency	26,346		26,346	26,346	
Full-Day Kindergarten Supplemental Aid	77,053		77,053	77,053	
Targeted At-Risk (TARA) Aid	59,000		59,000	59,000	
Extraordinary Aid				4,286	4,286
Nonpublic School Transportation Reimbursement				3,163	3,163
Teacher Quality Mentoring		2,326	2,326	2,326	
TPAF Post Retirement Medical (On-behalf - non-budgeted)				113,075	113,075
TPAF Pensions Contributions (On-behalf - non-budgeted)				175,866	175,866
Reimbursed TPAF Social Security Contributions (non-budgeted)				177,608	177,608
Total - State Sources	<u>2,174,261</u>	<u>2,326</u>	<u>2,176,587</u>	<u>2,650,585</u>	<u>473,998</u>
Total Revenues	<u><u>4,031,636</u></u>	<u><u>2,326</u></u>	<u><u>4,033,962</u></u>	<u><u>4,540,138</u></u>	<u><u>506,176</u></u>

WESTVILLE SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	16,593	(14,587)	2,006	128	1,878
Kindergarten - Salaries of Teachers	125,658	(34,286)	91,372	88,426	2,946
Grades 1-5 - Salaries of Teachers	863,995	(21,213)	842,782	837,027	5,755
Grades 6-8 - Salaries of Teachers	191,295	10,759	202,054	202,040	14
Regular Programs - Home Instruction:					
Salaries of Teachers	500		500		500
Purchased Professional Educational Services	500	(331)	169		169
General Supplies	100		100		100
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	55,299	(11,622)	43,677	43,676	1
General Supplies	146,101	30,925	177,026	126,818	50,208
Other Objects	5,100		5,100	3,427	1,673
Total Regular Programs - Instruction	<u>1,405,141</u>	<u>(40,355)</u>	<u>1,364,786</u>	<u>1,301,542</u>	<u>58,420</u>
Special Education Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	163,235	(9,154)	154,081	153,238	843
Other Salaries for Instruction	54,646	5,305	59,951	59,845	106
General Supplies	10,670	(150)	10,520	9,637	883
Total Learning and/or Language Disabilities	<u>228,551</u>	<u>(3,999)</u>	<u>224,552</u>	<u>222,720</u>	<u>1,832</u>

WESTVILLE SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	112,390	(850)	111,540	111,115	425
Other Salaries for Instruction	17,508	(825)	16,683	15,302	1,381
General Supplies	6,307	(2,155)	4,152	2,642	1,510
Total Resource Room/Resource Center	<u>136,205</u>	<u>(3,830)</u>	<u>132,375</u>	<u>129,059</u>	<u>3,316</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	74,995	4,938	79,933	79,729	204
Other Salaries for Instruction	13,000	11,504	24,504	21,508	2,996
General Supplies	2,567	1,000	3,567	2,611	956
Total Preschool Disabilities - Part-Time	<u>90,562</u>	<u>17,442</u>	<u>108,004</u>	<u>103,848</u>	<u>4,156</u>
Total Special Education - Instruction	<u>455,318</u>	<u>9,613</u>	<u>464,931</u>	<u>455,627</u>	<u>9,304</u>
Basic Skills/Remedial Instruction:					
Salaries of Teachers	60,414	85,403	145,817	145,508	309
General Supplies	5,893	165	6,058	3,939	2,119
Total Basic Skills/Remedial Instruction	<u>66,307</u>	<u>85,568</u>	<u>151,875</u>	<u>149,447</u>	<u>2,428</u>
Bilingual Education Instruction					
Salaries of Teachers	4,636	825	5,461	5,459	2
General Supplies	630		630	225	405
Total Bilingual Education Instruction	<u>5,266</u>	<u>825</u>	<u>6,091</u>	<u>5,684</u>	<u>407</u>

WESTVILLE SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Cocurricular Actvts. - Inst.:					
Salaries	15,300	220	15,520	15,515	5
Purchased Services	8,000		8,000	400	7,600
Supplies and Materials	500	(220)	280	179	101
Total School-Spon. Cocurricular Actvts. - Inst.	<u>23,800</u>		<u>23,800</u>	<u>16,094</u>	<u>7,706</u>
Total Instructions	<u>1,955,832</u>	<u>55,651</u>	<u>2,011,483</u>	<u>1,928,394</u>	<u>78,265</u>
Undistributed Expenditures - Instruction:					
Tuition to CSSD & Regional Day Schools	137,430	(5,550)	131,880	67,008	64,872
Total Undistributed Expenditures - Instruction	<u>137,430</u>	<u>(5,550)</u>	<u>131,880</u>	<u>67,008</u>	<u>64,872</u>
Undistributed Expenditures - Attendance and Social Work					
Salaries	5,000		5,000	2,500	2,500
Total Undistributed Expenditures - Attendance and Social Work	<u>5,000</u>		<u>5,000</u>	<u>2,500</u>	<u>2,500</u>
Undistributed Expenditures - Health Services:					
Salaries	58,095		58,095	57,901	194
Purchased Professional and Technical Services	4,000		4,000	1,000	3,000
Supplies and Materials	1,000		1,000	241	759
Total Undistributed Expenditures - Health Services	<u>63,095</u>		<u>63,095</u>	<u>59,142</u>	<u>3,953</u>
Undist. Expend. - Other Supp. Serv. Students - Related Serv.:					
Salaries	73,595	1,960	75,555	75,555	
Purchased Professional - Educational Services	48,000	(2,070)	45,930	44,820	1,110
Supplies and Materials	750		750	606	144
Total Undist. Expend. - Other Supp. Serv. Students - Rel. Serv.	<u>122,345</u>	<u>(110)</u>	<u>122,235</u>	<u>120,981</u>	<u>1,254</u>

WESTVILLE SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Other Supp. Serv. Students - Special:					
Salaries of Other Professional Staff	49,455	(5,500)	43,955	43,899	56
Purchased Professional - Educational Services	94,199		94,199	94,199	
Other Purchased Professional & Technical Services	55,125	5,850	60,975	60,967	8
General Supplies	1,226	(805)	421	417	4
Total Undist. Expend. - Other Supp. Serv. Students - Special	<u>200,005</u>	<u>(455)</u>	<u>199,550</u>	<u>199,482</u>	<u>68</u>
Undistributed Expenditures - Improvement of Inst. Services:					
Salaries of Other Professional Staff	1,000	(913)	87	87	
Purchased Professional - Educational Services	26,043	1,408	27,451	27,440	11
Other Purchased Services	3,000	175	3,175	3,125	50
Total Undistributed Expenditures - Improvement of Inst. Services	<u>30,043</u>	<u>670</u>	<u>30,713</u>	<u>30,652</u>	<u>61</u>
Undist. Expend. - Edu. Media Serv./Sch. Library:					
Salaries	68,319	(4,770)	63,549	35,112	28,437
Supplies and Materials	8,749	(15)	8,734	7,809	925
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>77,068</u>	<u>(4,785)</u>	<u>72,283</u>	<u>42,921</u>	<u>29,362</u>
Undist. Expend. - Instructional Staff Training					
Other Purchased Services	2,100		2,100	2,100	
Supplies and Materials	4,650	750	5,400	5,396	4
Total Undist. Expend. - Instructional Staff Training	<u>6,750</u>	<u>750</u>	<u>7,500</u>	<u>7,496</u>	<u>4</u>

WESTVILLE SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. - General Administration:					
Salaries	140,023	(1,662)	138,361	136,072	2,289
Legal Services	4,000		4,000	1,073	2,927
Audit Fees	10,000	(250)	9,750	9,480	270
Other Purchased Professional Services	6,000	10,000	16,000	6,000	10,000
Purchased Technical Services	6,323	731	7,054	7,044	10
Communications/Telephone	21,500	(4,281)	17,219	11,486	5,733
BOE Other Purchased Services	1,500		1,500	684	816
Other Purchased Services	9,200	1,752	10,952	10,035	917
General Supplies	8,519	(1,648)	6,871	6,336	535
Miscellaneous Expenditures	6,250	2,858	9,108	9,108	
BOE Membership Dues and Fees	4,200		4,200	4,010	190
<b>Total Undist. Expend. - Supp. Serv. - General Administration</b>	<b>217,515</b>	<b>7,500</b>	<b>225,015</b>	<b>201,328</b>	<b>23,687</b>
Undist. Expend. - Supp. Serv. - School Administration:					
Salaries of Principals/Assistant Principals	89,250		89,250	89,250	
Salaries of Secretarial and Clerical Assistants	29,115	(273)	28,842	26,149	2,693
Purchased Professional and Technical Services	750		750		750
Other Purchased Services	850		850	714	136
Supplies and Materials	7,170	(59)	7,111	6,895	216
Other Objects	1,000	332	1,332	1,332	
<b>Total Undist. Expend. - Supp. Serv. - School Administration</b>	<b>128,135</b>		<b>128,135</b>	<b>124,340</b>	<b>3,795</b>

WESTVILLE SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	40,056		40,056	40,056	
Purchased Professional Services	47,000		47,000	47,000	
Purchased Technical Services	11,500	(3,600)	7,900	7,880	20
Supplies and Materials	8,160	(3,750)	4,410	3,381	1,029
Miscellaneous Expenditures	500	(150)	350	300	50
Total Undist. Expend. - Central Services	<u>107,216</u>	<u>(7,500)</u>	<u>99,716</u>	<u>98,617</u>	<u>1,099</u>
Undist. Expend. - Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	35,000	(8,250)	26,750	24,300	2,450
Total Undist. Expend-Required Maintenance for School Facilities	<u>35,000</u>	<u>(8,250)</u>	<u>26,750</u>	<u>24,300</u>	<u>2,450</u>
Undist. Expend. - Other Oper. & Maint.of Plant:					
Salaries	122,053	(825)	121,228	109,730	11,498
Cleaning, Repair and Maintenance Services	8,000	17,300	25,300	19,110	6,190
Other Purchased Property Services	3,000		3,000	2,116	884
Insurance	9,750	(500)	9,250	6,868	2,382
General Supplies	12,500	500	13,000	12,552	448
Energy (Heat and Electricity)	130,000	(8,225)	121,775	120,070	1,705
Total Undist. Expend. - Other Oper. & Maint. of Plant	<u>285,303</u>	<u>8,250</u>	<u>293,553</u>	<u>270,446</u>	<u>23,107</u>
Total Undist. Expend. - Oper. & Maint. of Plant	<u>320,303</u>		<u>320,303</u>	<u>294,746</u>	<u>25,557</u>

WESTVILLE SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Student Transportation Services:					
Contract Services (Oth. than Bet. Home & Sch) Vendors	7,750	(4,110)	3,640	2,563	1,077
Contract Services (Bet. Home & Sch) Joint Agreements	27,500	550	28,050	28,050	
Contract Services (Sp. Ed. Students) Joint Agreements	27,500	1,610	29,110	29,107	3
Contract Services (Sp. Ed. Students) ESCs & CTAs	18,500		18,500		18,500
Contract Services - Aid in Lieu of Payments	17,500	1,950	19,450	19,428	22
Miscellaneous Purchased Services	1,500	(25)	1,475	1,105	370
General Supplies		25	25	25	
Total Undist. Expend. - Student Transportation Services:	<u>100,250</u>		<u>100,250</u>	<u>80,278</u>	<u>19,972</u>
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	39,500		39,500	37,526	1,974
Other Retirement Contributions - Regular	14,500	6,081	20,581	20,581	
Workmen's Compensation	19,000		19,000	16,374	2,626
Health Benefits	583,926	(43,845)	540,081	458,659	81,422
Tuition Reimbursement	11,000		11,000	3,742	7,258
Other Employee Benefits	26,250	(6,081)	20,169	2,252	17,917
Total Unallocated Benefits - Employee Benefits	<u>694,176</u>	<u>(43,845)</u>	<u>650,331</u>	<u>539,134</u>	<u>111,197</u>
On-Behalf Contributions:					
On-behalf TPAF Pensions Contributions (non-budgeted)				175,866	(175,866)
On-behalf TPAF OPEB (Post Retire. Medical) Contrib. (non-budgeted)				113,075	(113,075)
Reimbursed TPAF Social Security Contributions (non-budgeted)				177,608	(177,608)
Total On-Behalf Contributions				<u>466,549</u>	<u>(466,549)</u>
Total Personal Services - Employee Benefits	<u>694,176</u>	<u>(43,845)</u>	<u>650,331</u>	<u>1,005,683</u>	<u>(355,352)</u>

WESTVILLE SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Undistributed Expenditures	2,209,331	(53,325)	2,156,006	2,335,174	(179,168)
Total General Current Expense	4,165,163	2,326	4,167,489	4,263,568	(100,903)
Capital Outlay:					
Interest Deposit to Capital Reserve	1,000		1,000		1,000
Facilities Acquisition and Construction Services:					
Construction Services	45,000		45,000	27,295	17,705
Total Facilities Acquisition and Construction Services	45,000		45,000	27,295	17,705
Total Capital Outlay	46,000		46,000	27,295	18,705
Total Expenditures	4,211,163	2,326	4,213,489	4,290,863	(82,198)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(179,527)		(179,527)	249,275	588,374
Other Financing Sources:					
Operating Transfer Out:					
Prior Year Receivable Not Recorded				21,200	(21,200)
Prior Year Receivable Canceled				(2,327)	2,327
Transfer from Capital Projects Fund				7,277	(7,277)

WESTVILLE SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(179,527)		(179,527)	275,425	562,224
Fund Balance, July 1	578,891		578,891	578,891	
Fund Balance, June 30	<u>399,364</u>		<u>399,364</u>	<u>854,316</u>	<u>562,224</u>
Recapitulation:					
Reserve for Encumbrances				97,688	
Capital Reserve Fund				68,552	
Reserve for Excess Surplus Designated for Subsequent Year's Expenditures				71,966	
Reserve for Excess Surplus Designated for Subsequent Year's Expenditures				287,388	
Unrestricted Fund Balance				71,273	
				<u>257,449</u>	
				854,316	
Reconciliation to Governmental Fund Statements (GAAP):					
Last State Aid Payment not recognized on GAAP Basis				(96,467)	
Fund Balance per Governmental Funds (GAAP)				<u>757,849</u>	

WESTVILLE SCHOOL DISTRICT  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
State Sources	443,043		443,043	384,346	(58,697)
Federal Sources	190,545		190,545	158,412	(32,133)
Total Revenues	<u>633,588</u>		<u>633,588</u>	<u>542,758</u>	<u>(90,830)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	413,727	(945)	412,782	379,938	32,844
Other Salaries for Instruction	23,755	5,945	29,700	22,100	7,600
Purchased Professional Educational Services	5,343		5,343	5,343	
Tuition	87,499	1,000	88,499	63,087	25,412
General Supplies	11,101		11,101	5,935	5,166
Total Instruction	<u>541,425</u>	<u>6,000</u>	<u>547,425</u>	<u>476,403</u>	<u>71,022</u>
Support Services:					
Salaries of Teachers	11,627	(8,897)	2,730	1,230	1,500
Personal Services - Employee Benefits	16,944	9,127	26,071	16,471	9,600
Purchased Professional - Educational Services	23,116		23,116	20,371	2,745
Purchased Professional - Technical Services	15,000	(1,261)	13,739	13,499	240
Travel	16,151	(6,230)	9,921	7,820	2,101
Other Purchased Services	5,643		5,643	5,643	
Supplies and Materials	3,682	1,261	4,943	1,321	3,622
Total Support Services	<u>92,163</u>	<u>(6,000)</u>	<u>86,163</u>	<u>66,355</u>	<u>19,808</u>
Total Expenditures	<u>633,588</u>		<u>633,588</u>	<u>542,758</u>	<u>90,830</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

WESTVILLE SCHOOL DISTRICT  
Required Supplementary Information  
Budgetary Comparison Schedule  
Note to RSI  
For the Fiscal Year Ended June 30, 2008.

Note A: 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 schedule	4,540,138	542,758
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		2,117
State aid payment recognized for GAAP purposes in the current year, previously recognized for budgetary purposes.	104,305	16,099
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(96,467)	(16,099)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	4,547,976	544,875
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	4,290,863	542,758
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		2,117
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	4,290,863	544,875

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

WESTVILLE SCHOOL DISTRICT  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
for the Fiscal Year Ended June 30, 2008

	Total Brought Forward (Exhibit E-1a)	Title I	Title II Part A	Title II Part A Carryover	Title II Part D	Total 2008
<b>REVENUES:</b>						
Federal sources	79,480	55,446	19,843	3,200	443	158,412
State sources	384,346					384,346
Total revenues	<u>463,826</u>	<u>55,446</u>	<u>19,843</u>	<u>3,200</u>	<u>443</u>	<u>542,758</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of teachers	331,359	38,579	10,000			379,938
Other salaries for instruction	22,100					22,100
Purchased professional educational services			5,343			5,343
Tuition	63,087					63,087
General supplies	5,566	369				5,935
Total instruction	<u>422,112</u>	<u>38,948</u>	<u>15,343</u>			<u>476,403</u>
Support services:						
Salaries of teachers		1,230				1,230
Personal services-employees benefits	6,523	7,448	2,500			16,471
Purchased professional educational services	20,371					20,371
Purchased professional technical services	13,499					13,499
Travel		7,820				7,820
Other purchased services			2,000	3,200	443	5,643
Supplies and materials	1,321					1,321
Total support services	<u>41,714</u>	<u>16,498</u>	<u>4,500</u>	<u>3,200</u>	<u>443</u>	<u>66,355</u>
Total expenditures	<u>463,826</u>	<u>55,446</u>	<u>19,843</u>	<u>3,200</u>	<u>443</u>	<u>542,758</u>

WESTVILLE SCHOOL DISTRICT  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
for the Fiscal Year Ended June 30, 2008

	Total Brought Forward (Exhibit E-1b)	Title IV Carryover	Title V	IDEA Basic	IDEA Basic Carryover	Total Carried Forward
<b>REVENUES:</b>						
Federal sources	2,877	22	614	73,884	2,083	79,480
State sources	384,346					384,346
Total revenues	<u>387,223</u>	<u>22</u>	<u>614</u>	<u>73,884</u>	<u>2,083</u>	<u>463,826</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of teachers	331,359					331,359
Other salaries for instruction	22,100					22,100
Tuition				61,004	2,083	63,087
General supplies	5,566					5,566
Total instruction	<u>359,025</u>			<u>61,004</u>	<u>2,083</u>	<u>422,112</u>
Support services:						
Personal services - employees benefits	6,523					6,523
Purchased professional educational services	6,877		614	12,880		20,371
Purchased professional technical services	13,499					13,499
Supplies and materials	1,299	22				1,321
Total support services	<u>28,198</u>	<u>22</u>	<u>614</u>	<u>12,880</u>		<u>41,714</u>
Total expenditures	<u>387,223</u>	<u>22</u>	<u>614</u>	<u>73,884</u>	<u>2,083</u>	<u>463,826</u>

WESTVILLE SCHOOL DISTRICT  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
for the Fiscal Year Ended June 30, 2008

	IDEA Preschool	The Governor's Initiative on Autism	Early Launch to Learning Initiative	Early Launch to Learning Initiative Carryover	Demonstrably Effective Program Aid (Exhibit E-2)	Early Childhood Program Aid (Exhibit E-3)	Total Carried Forward
<b>REVENUES:</b>							
Federal sources	2,877						2,877
State sources		14,798	45,307	2,255	125,016	196,970	384,346
Total revenues	<u>2,877</u>	<u>14,798</u>	<u>45,307</u>	<u>2,255</u>	<u>125,016</u>	<u>196,970</u>	<u>387,223</u>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of teachers			25,873		125,016	180,470	331,359
Other salaries for instruction			5,600			16,500	22,100
General supplies	1,000		4,566				5,566
Total instruction	<u>1,000</u>		<u>36,039</u>		<u>125,016</u>	<u>196,970</u>	<u>359,025</u>
Support services:							
Personal services - employees benefits			6,523				6,523
Purchased professional educational services	1,877		2,745	2,255			6,877
Purchased professional technical services		13,499					13,499
Supplies and materials		1,299					1,299
Total support services	<u>1,877</u>	<u>14,798</u>	<u>9,268</u>	<u>2,255</u>			<u>28,198</u>
Total expenditures	<u>2,877</u>	<u>14,798</u>	<u>45,307</u>	<u>2,255</u>	<u>125,016</u>	<u>196,970</u>	<u>387,223</u>

WESTVILLE SCHOOL DISTRICT  
Special Revenue Fund  
Statement of Demonstrably Effective Program Aid  
Budgetary Basis  
for the Fiscal Year Ended June 30, 2008

DISTRICT-WIDE TOTAL

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	125,016	125,016	
Total instruction	<u>125,016</u>	<u>125,016</u>	
Total expenditures	<u><u>125,016</u></u>	<u><u>125,016</u></u>	

SUMMARY OF LOCATION TOTALS

Total 2007-08 DEPA Allocation	125,016
Actual DEPA Carryover (June 30, 2007)	<u>None</u>
Total DEPA Funds Available for 2007-08 Budget	125,016
Less: 2007-08 Budgeted DEPA (including prior year budget carryover)	<u>(125,016)</u>
Available and Unbudgeted DEPA funds as of June 30, 2008	None
Add: 2007-08 Unexpended DEPA	<u>None</u>
2007-08 Carryover Available for Transfer to the G/F	<u><u>None</u></u>
2007-08 Carryover Budgeted in 2008-09	<u><u>None</u></u>

WESTVILLE SCHOOL DISTRICT  
Special Revenue Fund  
Statement of Demonstrably Effective Program Aid  
Budgetary Basis  
for the Fiscal Year Ended June 30, 2008

School: Parkview

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	125,016	125,016	
Total instruction	<u>125,016</u>	<u>125,016</u>	
Total expenditures	<u><u>125,016</u></u>	<u><u>125,016</u></u>	

CALCULATION OF BUDGET & CARRYOVER

Total 2007-08 DEPA Allocation	125,016
Actual DEPA Carryover (June 30, 2007)	None
Total DEPA Funds Available for 2007-08 Budget	<u>125,016</u>
Less: 2007-08 Budgeted DEPA (including prior year budget carryover)	<u>(125,016)</u>
Available and Unbudgeted DEPA funds as of June 30, 2008	None
Add: 2007-08 Unexpended DEPA	<u>None</u>
2007-08 Carryover Available for Transfer to the G/F	<u><u>None</u></u>

WESTVILLE SCHOOL DISTRICT  
Special Revenue Fund  
Statement of Early Childhood Program Aid  
Budgetary Basis  
for the Fiscal Year Ended June 30, 2008

DISTRICT-WIDE TOTAL

	<u>Budgeted</u>	<u>Total Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	180,470	180,470	
Other salaries for instruction	16,500	16,500	
Total instruction	<u>196,970</u>	<u>196,970</u>	
Total expenditures	<u><u>196,970</u></u>	<u><u>196,970</u></u>	

CALCULATION OF BUDGET & CARRYOVER

Total revised 2007-08 ECPA Allocation	196,970
Add: Actual ECPA Carryover (June 30, 2007)	<u>None</u>
Total ECPA Funds Available for 2007-08 Budget	196,970
Less: 2007-08 Budgeted ECPA (including prior year budgeted carryover)	<u>(196,970)</u>
Available & Unbudgeted ECPA Funds as of June 30, 2008	None
Add: June 30, 2008 Unexpended ECPA	<u>None</u>
2007-08 Actual Carryover - ECPA/Preschool Programs	<u><u>None</u></u>
2007-08 ECPA Carryover Budgeted for Preschool Programs in 2008-09	<u><u>None</u></u>

WESTVILLE SCHOOL DISTRICT  
Special Revenue Fund  
Statement of Early Childhood Program Aid  
Budgetary Basis  
for the Fiscal Year Ended June 30, 2008

Program: Preschool

	<u>Budgeted</u>	<u>Total Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	62,497	62,497	
Other salaries for instruction	12,078	12,078	
Total instruction	<u>74,575</u>	<u>74,575</u>	
Total expenditures	<u><u>74,575</u></u>	<u><u>74,575</u></u>	

WESTVILLE SCHOOL DISTRICT  
Special Revenue Fund  
Statement of Early Childhood Program Aid  
Budgetary Basis  
for the Fiscal Year Ended June 30, 2008

Program: Kindergarten

	<u>Budgeted</u>	<u>Total Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	117,973	117,973	
Other salaries for instruction	4,422	4,422	
Total instruction	<u>122,395</u>	<u>122,395</u>	
Total expenditures	<u><u>122,395</u></u>	<u><u>122,395</u></u>	

WESTVILLE SCHOOL DISTRICT  
Special Revenue Fund  
Statement of Targeted At-Risk (TARA) Aid  
Budgetary Basis  
for the Fiscal Year Ended June 30, 2008

DISTRICT-WIDE TOTAL

CALCULATION OF BUDGET & CARRYOVER

Total 2007-08 TARA Allocation	59,000
Less: TARA Transferred to General Fund - Tax Relief	(59,000)
TARA Available for 2007-08 Program Budget	<u>None</u>

CAPITAL PROJECTS FUND

WESTVILLE SCHOOL DISTRICT  
Capital Projects Fund  
Summary Statement of Project Expenditures  
For the Fiscal Year Ended June 30, 2008

Project Title/Issue	Approval Date	Revised Budgetary Appropriation	GAAP Expenditures to Date		Unexpended Appropriations June 30, 2008
			Prior Year	Current Year	
Addition to Parkview School	10/6/99	1,968,000	1,960,723	7,277	
Construction and Renovations to Parkview Elementary School	3/8/05	2,565,444	2,435,092	89,257	41,095
		4,533,444	4,395,815	96,534	41,095

WESTVILLE SCHOOL DISTRICT  
Capital Projects Fund  
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis  
For the Year Ended June 30, 2008

Expenditures and Other Financing Uses	
Purchased professional and technical services	12,922
Construction services	76,335
Funds used for tax relief	7,277
	<hr/>
Total expenditures	96,534
	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(96,534)
Fund balance - beginning	137,629
	<hr/>
Fund balance - ending	41,095
	<hr/> <hr/>

WESTVILLE SCHOOL DISTRICT  
Capital Projects Fund  
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis  
Addition to Parkview School  
From Inception and for the Year Ended June 30, 2008

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	859,000		859,000	859,000
Bond proceeds	1,109,000		1,109,000	1,109,000
Total revenues	<u>1,968,000</u>		<u>1,968,000</u>	<u>1,968,000</u>
Expenditures and Other Financing Uses				
Construction services	1,960,723		1,960,723	1,960,723
Funds used for tax relief		7,277	7,277	7,277
Total expenditures	<u>1,960,723</u>	<u>7,277</u>	<u>1,968,000</u>	<u>1,968,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,277</u>	<u>(7,277)</u>		
Additional Project Information:				
Project Number				
Grant Date				
Bond Authorization Date	9/21/00			
Bonds Authorized	1,109,000			
Bonds Issued	1,109,000			
Original Authorized Cost	1,968,000			
Revised Authorized Cost	1,968,000			
Percentage Increase over Original Authorized Cost				
Percentage Completion		100%		
Original Target Completion Date		June-02		
Revised Target Completion Date		June-02		

WESTVILLE SCHOOL DISTRICT  
Capital Projects Fund  
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis  
Construction and Renovations to Parkview Elementary School  
From Inception and for the Year Ended June 30, 2008

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	1,436,402		1,436,402	1,436,402
Bond proceeds	1,129,042		1,129,042	1,129,042
Total revenues	<u>2,565,444</u>		<u>2,565,444</u>	<u>2,565,444</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	210,419	12,922	223,341	240,419
Construction services	2,224,673	76,335	2,301,008	2,325,025
Total expenditures	<u>2,435,092</u>	<u>89,257</u>	<u>2,524,349</u>	<u>2,565,444</u>
Excess (deficiency) of revenues over (under) expenditures	<u>130,352</u>	<u>(89,257)</u>	<u>41,095</u>	
Additional Project Information:				
Project Number		#5740-040-05-1000		
Grant Date		2/9/05		
Bond Authorization Date		7/15/05		
Bonds Authorized		1,129,000		
Bonds Issued		1,129,000		
Original Authorized Cost		2,565,444		
Revised Authorized Cost		2,565,444		
Percentage Increase over Original Authorized Cost				
Percentage Completion		98%		
Original Target Completion Date		August-06		
Revised Target Completion Date		August-08		

PROPRIETARY FUNDS

WESTVILLE SCHOOL DISTRICT  
Internal Service Fund  
Combining Statement of Net Assets  
For the Fiscal Year Ended June 30, 2008

	<u>Curriculum Consortium Program</u>
ASSETS:	
Cash and cash equivalents	<u>9,261</u>
 NET ASSETS:	
Unrestricted	<u>9,261</u>

WESTVILLE SCHOOL DISTRICT  
Internal Service Fund  
Combining Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
For the Fiscal Year Ended June 30, 2008

	<u>Curriculum Consortium Program</u>
Operating Revenues:	
Fees from Other LEA's	<u>130,215</u>
Operating Expenses:	
Salaries - Supervisor of Instruction	88,846
Salaries - Secretarial/Clerical	18,134
Other Salaries	800
Employee Benefits	15,331
Purchased Professional/Educational Services	2,153
Other Purchased Services	2,482
General Supplies	4,933
Other Objects	1,675
Total operating expenses	<u>134,354</u>
Operating income (loss)	(4,139)
Total Net Assets - Beginning	<u>13,400</u>
Total Net Assets - Ending	<u><u>9,261</u></u>

WESTVILLE SCHOOL DISTRICT  
Internal Service Fund  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2008

	<u>Curriculum Consortium Program</u>
Cash flows from operating activities:	
Receipts from other LEA's	130,215
Payments to employees	(108,465)
Payments for employee benefits	(15,331)
Payments to suppliers	(11,243)
	<hr/>
Net cash provided by (used for) operating activities	(4,824)
Balance - Beginning of Year	14,085
	<hr/>
Balance - End of Year	9,261
	<hr/> <hr/>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	(4,139)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Increase (decrease) in accounts payable	(685)
	<hr/>
Net cash provided by (used for) operating activities	(4,824)
	<hr/> <hr/>

FIDUCIARY FUNDS

WESTVILLE SCHOOL DISTRICT  
Combining Statement of Fiduciary Net Assets  
for the Fiscal Year Ended June 30, 2008

	Unemployment Compensation Trust	Agency Funds	Total 2008
	<hr/>	<hr/>	<hr/>
ASSETS:			
Cash and cash equivalents	19,763	48,738	68,501
Interfund receivable	2,276		2,276
	<hr/>	<hr/>	<hr/>
Total assets	22,039	48,738	70,777
LIABILITIES:			
Payroll deductions and withholdings		41,809	41,809
Due to student groups		4,499	4,499
Interfund payable		2,430	2,430
		<hr/>	<hr/>
Total liabilities		48,738	48,738
NET ASSETS:			
Held in trust for unemployment claims	22,039		22,039
	<hr/>		<hr/>
Total net assets	22,039		22,039
	<hr/> <hr/>		<hr/> <hr/>

WESTVILLE SCHOOL DISTRICT  
Combining Statement of Changes in Fiduciary Net Assets  
for the Fiscal Year Ended June 30, 2008

	<u>Unemployment Compensation Trust</u>	<u>Total 2008</u>
ADDITIONS:		
Contributions	7,662	7,662
Interest Earned	672	672
Total Additions	8,334	8,334
DEDUCTIONS:		
Unemployment Claims	55	55
Change in Net Assets	8,279	8,279
Net Assets - Beginning	13,760	13,760
Net Assets - End	<u>22,039</u>	<u>22,039</u>

WESTVILLE SCHOOL DISTRICT  
Student Activity Agency Fund  
Schedule of Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2008

	Balance <u>July 1, 2007</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance <u>June 30, 2008</u>
SCHOOLS:				
Elementary School	2,913	46,957	45,371	4,499

WESTVILLE SCHOOL DISTRICT  
Payroll Agency Fund  
Schedule of Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
<b>ASSETS:</b>				
Cash and cash equivalents	61,567	3,616,777	3,634,105	44,239
Total assets	<u>61,567</u>	<u>3,616,777</u>	<u>3,634,105</u>	<u>44,239</u>
<b>LIABILITIES:</b>				
Accrued salaries and wages		1,800,667	1,800,667	
Payroll deductions and withholdings	59,443	1,812,817	1,830,451	41,809
Interfund Payable	2,124	3,293	2,987	2,430
Total liabilities	<u>61,567</u>	<u>3,616,777</u>	<u>3,634,105</u>	<u>44,239</u>

LONG-TERM DEBT

WESTVILLE SCHOOL DISTRICT  
Schedule of Serial Bonds  
June 30, 2008

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2007</u>	<u>Retired</u>	<u>Balance June 30, 2008</u>
			<u>Date</u>	<u>Amount</u>				
Addition of Parkview School	3-1-2000	1,109,000	3-1-2009	130,000	5.30%	384,000	125,000	259,000
			3-1-2010	129,000	5.30%			
School Bonds Series 2005 up to all of the school district's outstanding callable school bonds, series 2000, dated 2-1-2000; and payment of the costs of issuance with respect to the refunding bonds.	7-15-2005	1,129,000	7-15-2008	30,000	2.85%	1,119,000	30,000	1,089,000
			7-15-2009	30,000	3.00%			
			7-15-2010	155,000	3.00%			
			7-15-2011	160,000	3.15%			
			7-15-2012	170,000	3.25%			
			7-15-2013	175,000	3.40%			
			7-15-2014	180,000	4.00%			
7-15-2015	189,000	4.00%						
						<u>1,503,000</u>	<u>155,000</u>	<u>1,348,000</u>

WESTVILLE SCHOOL DISTRICT  
Budgetary Comparison Schedule  
Debt Service Fund  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	142,677		142,677	142,677	
State Sources:					
Debt Service Aid Type II	70,768		70,768	70,768	
Total Revenues	<u>213,445</u>		<u>213,445</u>	<u>213,445</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	58,445		58,445	58,445	
Redemption of Principal	155,000		155,000	155,000	
Total Expenditures	<u>213,445</u>		<u>213,445</u>	<u>213,445</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures					

STATISTICAL SECTION

WESTVILLE SCHOOL DISTRICT  
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	97-101
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	102-105
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	106-109
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	110-111
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	112-116

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.

WESTVILLE SCHOOL DISTRICT  
Net Assets by Component  
Last Five Fiscal Years  
Unaudited

	Fiscal Year Ending June 30,				
	2004	2005	2006	2007	2008
Governmental activities:					
Invested in capital assets, net of related debt	1,788,727	1,873,023	1,612,023	3,350,263	3,487,552
Restricted	29,198	2,578,927	1,896,193	466,520	637,962
Unrestricted	(140,790)	(39,855)	(114,514)	14,591	21,632
Total governmental activities net assets	<u>1,677,135</u>	<u>4,412,095</u>	<u>3,393,702</u>	<u>3,831,374</u>	<u>4,147,146</u>
District-wide:					
Invested in capital assets, net of related debt	1,788,727	1,873,023	1,612,023	3,350,263	3,487,552
Restricted	29,198	2,578,927	1,896,193	466,520	637,962
Unrestricted	(140,790)	(39,855)	(114,514)	14,591	21,632
Total district-wide net assets	<u>1,677,135</u>	<u>4,412,095</u>	<u>3,393,702</u>	<u>3,831,374</u>	<u>4,147,146</u>

Source: District records.

WESTVILLE SCHOOL DISTRICTChanges in Net AssetsLast Five Fiscal YearsUnaudited

	Fiscal Year Ending June 30,				
	2004	2005	2006	2007	2008
Expenses:					
Governmental activities:					
Instruction:					
Regular	1,692,833	1,652,237	1,721,432	1,815,284	1,305,649
Special education	377,852	368,671	394,037	429,561	932,447
Other special instruction		11,876	20,065	68,902	155,131
Other instruction	37,383				16,094
Support services:					
Tuition	127,014	159,404	118,378	115,099	67,008
Student & instructional related services	501,821	497,704	486,040	529,055	650,252
School administration services	108,715	101,981	189,100	197,376	124,340
General & business administrative services	278,358	286,489	205,034	222,522	299,945
Plant operations & maintenance	229,879	242,378	249,409	256,175	294,746
Pupil transportation	71,209	69,423	74,190	76,855	80,278
Summer School	5,250	2,456			
Employee benefits	763,228	746,421	768,108	940,623	1,021,014
Interest on long-term debt	43,672	38,107	32,542	84,735	58,445
Capital outlay	1,332	69,184			
Unallocated depreciation	1,802,292	90,488	81,062	201,336	134,263
Total governmental activities expenses	6,040,838	4,336,819	4,339,397	4,937,523	5,139,612
Total district-wide expenses	6,040,838	4,336,819	4,339,397	4,937,523	5,139,612
Program revenues:					
Governmental activities:					
Charges for services					130,215
Operating grants & contributions	767,683	588,649	563,690	585,378	544,875
Total governmental activities program revenues	767,683	588,649	563,690	585,378	675,090
Total district program revenues	767,683	588,649	563,690	585,378	675,090
Net (Expense)/Revenue:					
Governmental activities	(5,273,155)	(3,748,170)	(3,775,707)	(4,352,145)	(4,464,522)
Total district-wide net expense	(5,273,155)	(3,748,170)	(3,775,707)	(4,352,145)	(4,464,522)
General revenues & other changes in net assets:					
Governmental activities:					
Property taxes levied for general purposes	1,149,071	1,389,596	1,503,446	1,633,249	1,710,375
Taxes levied for debt service	76,287	73,432	73,142	143,305	142,677
Federal and State Aid Restricted	2,023,998	4,893,197	1,130,925	2,687,967	2,729,191
Tuition received	112,557	113,265	104,236	109,380	138,356
Miscellaneous income	9,218	13,640	49,879	66,309	59,695
Total governmental activities	3,371,131	6,483,130	2,861,628	4,640,210	4,780,294
Total district-wide	3,371,131	6,483,130	2,861,628	4,640,210	4,780,294
Change in net assets:					
Governmental activities	(1,902,024)	2,734,960	(914,079)	288,065	315,772
Total district-wide	(1,902,024)	2,734,960	(914,079)	288,065	315,772

Source: District records.

WESTVILLE SCHOOL DISTRICT  
Fund Balances, Governmental Funds  
Last Five Fiscal Years  
Unaudited

	Fiscal Year Ending June 30,				
	2004	2005	2006	2007	2008
General Fund:					
Reserved		31,091	244,841	328,891	596,867
Unreserved	(13,591)	95,611	29,051	145,695	160,982
Total general fund	<u>(13,591)</u>	<u>126,702</u>	<u>273,892</u>	<u>474,586</u>	<u>757,849</u>
All other governmental funds:					
Reserved			581		
Unreserved, reported in:					
Special Revenue Fund			(20,899)	(16,099)	(16,099)
Capital Projects Fund	7,227	2,572,721	1,735,480	137,629	41,095
Total all other governmental funds	<u>7,227</u>	<u>2,572,721</u>	<u>1,715,162</u>	<u>121,530</u>	<u>24,996</u>

Source: District records.

WESTVILLE SCHOOL DISTRICT  
Changes in Fund Balances, Governmental Funds  
Last Seven Fiscal Years  
Unaudited

	2002	2003	2004	2005	2006	2007	2008
Revenues:							
Tax levy	1,108,352	1,132,086	1,225,358	1,463,028	1,576,588	1,776,554	1,853,052
Tuition Charges	132,476	156,800	112,557	113,265	104,236	109,380	138,356
Interest earnings	14,519	3,318		2,831	47,898	44,047	40,343
Miscellaneous	40,196	2,866	9,218	1,139,809	1,981	22,262	479
State sources	2,357,969	2,309,442	2,592,180	4,117,863	2,591,350	2,926,071	3,114,254
Federal sources	245,346	180,337	219,850	220,272	185,778	213,836	159,812
Total revenue	<u>3,898,858</u>	<u>3,784,849</u>	<u>4,159,163</u>	<u>7,057,068</u>	<u>4,507,831</u>	<u>5,092,150</u>	<u>5,306,296</u>
Expenditures:							
Instruction:							
Regular instruction	1,166,524	1,128,959	1,692,833	1,652,237	1,721,432	1,815,284	1,301,542
Special education instruction	823,774	815,037	377,852	368,671	394,037	429,561	932,447
Other special instruction			37,383	11,876	20,065	68,902	155,131
Other instruction	65,470	75,661					16,094
Support services:							
Tuition	684	8,344	127,014	159,404	118,378	115,099	67,008
Student & instruction related services	360,530	379,822	501,821	497,704	485,459	529,055	531,229
School administrative services	103,241	103,472	108,715	101,981	189,100	197,376	124,340
Other administrative services	174,176	212,693	176,998	284,989	205,034	222,522	299,945
Plant operations & maintenance	237,978	236,633	229,879	242,378	249,409	256,175	294,746
Pupil transportation	64,908	53,988	71,209	69,423	74,190	76,855	80,278
Other Support Services	95,923	121,616	101,360	1,500			
Employee benefits	554,181	689,452	763,228	746,421	768,108	940,623	1,005,683
Special Schools	4,770	6,000	5,250	2,456			
Capital outlay		84,135	1,332	69,184	851,027	1,510,939	116,552
Debt services:							
Principal	95,000	100,000	105,000	105,000	110,000	130,000	155,000
Interest	54,007	48,972	43,672	38,107	32,542	84,735	58,445
Total expenditures	<u>3,801,166</u>	<u>4,064,784</u>	<u>4,343,546</u>	<u>4,351,331</u>	<u>5,218,781</u>	<u>6,377,126</u>	<u>5,138,440</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>97,692</u>	<u>(279,935)</u>	<u>(184,383)</u>	<u>2,705,737</u>	<u>(710,950)</u>	<u>(1,284,976)</u>	<u>167,856</u>
Other financing sources (uses):							
Prior year receivable not recorded							21,200
Prior year receivable canceled							(2,327)
Total other financing sources (uses)							<u>18,873</u>
Net change in fund balance	<u>97,692</u>	<u>(279,935)</u>	<u>(184,383)</u>	<u>2,705,737</u>	<u>(710,950)</u>	<u>(1,284,976)</u>	<u>186,729</u>
Debt service as a percentage of noncapital expenditures	4.09%	3.89%	3.55%	3.46%	3.37%	4.62%	4.44%

Source: District records.

WESTVILLE SCHOOL DISTRICT  
Governmental Funds - Other Local Revenue by Source  
Last Seven Fiscal Years  
Unaudited

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Bonds Authorized</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
2002		40,196	40,196
2003		2,866	2,866
2004		9,218	9,218
2005	1,129,000	10,809	1,139,809
2006		1,981	1,981
2007		22,262	22,262
2008		479	479

Source: District records.

WESTVILLE SCHOOL DISTRICT  
Assessed Value and Actual Value of Taxable Property  
Last Five Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2004	1,433,700	120,744,400	23,384,100	8,786,100	6,317,700	160,666,000	419,863	161,085,863	180,665,174	0.835
2005	1,378,200	120,978,000	23,266,800	8,786,100	6,317,700	160,726,800	348,299	161,075,099	195,662,310	0.944
2006	1,355,700	120,807,500	23,524,900	8,786,100	6,317,700	160,791,900	284,349	161,076,249	221,766,918	1.041
2007	1,349,900	121,303,300	21,150,400	11,120,000	6,317,700	161,241,300	242,563	161,483,863	260,554,783	1.124
2008	1,366,600	121,349,500	16,897,500	15,245,800	6,317,700	161,177,100	229,196	161,406,296	284,664,606	1.125

Source: Municipal Tax Assessor.

WESTVILLE SCHOOL DISTRICT  
Direct and Overlapping Property Tax Rates  
(Rate Per \$100 of Assessed Value)  
Last Six Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Westville School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Gateway High School Tax Rate	Borough of Westville	Gloucester County	
2003	0.685	0.050	0.735	1.085	0.969	0.857	3.646
2004	0.783	0.052	0.835	1.166	1.008	0.880	3.889
2005	0.897	0.047	0.944	1.286	1.082	0.962	4.274
2006	0.993	0.048	1.041	1.419	1.242	0.814	4.516
2007	1.033	0.091	1.124	1.549	1.411	0.895	4.979
2008	1.038	0.087	1.125	1.643	1.537	2.102	6.407

Source: Municipal Tax Collector.

WESTVILLE SCHOOL DISTRICT  
Principal Property Taxpayers  
Current Year and Nine Years Ago  
Unaudited

	2008			1999		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
AMC Delancy I-295 Partners, LP	3,841,600	1	2.38%			
712 Broadway LLC	1,977,500	2	1.23%			
Journey LLC	1,724,300	3	1.07%			
Sunoco Inc	1,658,300	4	1.03%			
EJB LLC	1,587,100	5	0.98%			
Individual Taxpayer 1	1,300,000	6	0.81%			Information Not Available
Pellegrino Enterprises LLC	1,250,000	7	0.78%			
RAAB Family Partnership, LP	1,169,800	8	0.73%			
Arber Properties LLC	1,110,000	9	0.69%			
Individual Taxpayer 2	1,102,300	10	0.68%			
	<u>16,720,900</u>		<u>10.37%</u>			

N/A At the time of CAFR completion this data was not available.

Source: Municipal Tax Assessor

WESTVILLE SCHOOL DISTRICT  
Property Tax Levies and Collections  
Last Seven Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	1,108,352	1,108,352	100.00%	
2003	1,132,086	1,132,086	100.00%	
2004	1,225,358	1,225,358	100.00%	
2005	1,463,028	1,463,028	100.00%	
2006	1,576,588	1,576,588	100.00%	
2007	1,776,554	1,776,554	100.00%	
2008	1,853,052	1,853,052	100.00%	

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

WESTVILLE SCHOOL DISTRICT  
Ratios of Outstanding Debt by Type  
Last Five Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)			
2004	719,000				719,000	0.49%	161
2005	614,000				614,000	0.40%	138
2006	1,633,000				1,633,000	1.02%	367
2007	1,503,000				1,503,000	N/A	336
2008	1348000				1,348,000	N/A	N/A

N/A At the time of CAFR completion this data was not available.

WESTVILLE SCHOOL DISTRICT  
Ratios of General Bonded Debt Outstanding  
Last Five Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2004	719,000		719,000	0.45%	161
2005	614,000		614,000	0.38%	138
2006	1,633,000		1,633,000	1.01%	367
2007	1,503,000		1,503,000	0.93%	336
2008	1,348,000		1,348,000	0.84%	N/A

N/A At the time of CAFR completion this data was not available.

WESTVILLE SCHOOL DISTRICT  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2007  
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Westville Borough	3,963,443	100.000%	3,963,443
Gloucester County General Obligation Debt	284,885,258	1.030%	2,934,318
Gateway Regional School District Debt	8,185,000	27.605%	2,259,469
Subtotal, overlapping debt			<u>9,157,230</u>
Westville, District Direct Debt			<u>1,348,000</u>
Total direct and overlapping debt			<u><u>10,505,230</u></u>

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

WESTVILLE SCHOOL DISTRICT  
Legal Debt Margin Information  
Last Six Fiscal Years  
Unaudited

	Equalized valuation basis
	2007 284,760,332
	2006 259,844,699
	2005 220,053,122
	<u>764,658,153</u>
Average equalized valuation of taxable property	<u>254,886,051</u>
Debt limit (2 1/2% of average equalized value)	6,372,151
Total net debt applicable to limit	<u>1,348,000</u>
Legal debt margin	<u>5,024,151</u>

	2003	2004	2005	2006	2007	2008
Debt limit	4,281,097	4,366,599	4,544,829	4,938,578	5,614,791	6,372,151
Total net debt applicable to limit	824,000	719,000	1,743,000	1,633,000	1,503,000	1,348,000
Legal debt margin	<u>3,457,097</u>	<u>3,647,599</u>	<u>2,801,829</u>	<u>3,305,578</u>	<u>4,111,791</u>	<u>5,024,151</u>
Total net debt applicable to the limit as a percentage of debt limit	19.25%	16.47%	38.35%	33.07%	26.77%	21.15%

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

WESTVILLE SCHOOL DISTRICT  
Demographic and Economic Statistics  
Last Five Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Population	Personal Income	Per Capita Personal Income *	Unemployment Rate
2004	4,474	146,993,270	32,855	4.80%
2005	4,444	152,638,068	34,347	5.60%
2006	4,447	160,572,276	36,108	6.00%
2007	4,474	N/A	N/A	5.40%
2008	N/A	N/A	N/A	N/A

N/A At the time of CAFR completion this data was not available.

\* Represents information for Gloucester County.

Source:

Population information provided by the NJ Department of Labor and Workforce Development.  
 Personal income has been estimated based upon the municipal population and per capita personal income presented.

Per capita personal income estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

Unemployment data provided by the NJ Department of Labor and Workforce Development.

WESTVILLE SCHOOL DISTRICT  
Principal Employers  
Current Year and Nine Years Ago  
Unaudited

Employer	2008			1999		
	Employees	Rank	% of Total Municipal Employment	Employees	Rank	% of Total Municipal Employment
Cornell & Co Inc	350	1	12.35%			
JE Berkowitz LP	250	2	8.82%			
Mars Graphic Services Inc	190	3	6.71%			
International Marketing Corp	127	4	4.48%			
Kelsch Associates Inc	110	5	3.88%	Information Not Available		
Intelco	103	6	3.64%			
Westville Board of Education	92	7	3.25%			
Artex Knitting Mills Inc	80	8	2.82%			
Borough of Westville	60	9	2.12%			
	<u>1,362</u>		<u>48.08%</u>			

Source: Gloucester County Department of Economic Development.

WESTVILLE SCHOOL DISTRICT  
Full-time Equivalent District Employees by Function/Program  
Last Seven Fiscal Years  
Unaudited

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Instruction							
Regular	30	32	27	25	26	28	30
Special education	5	6	7	6	6	8	8
Support Services							
Student & instruction related services	14	14	11	13	13	13	13
General administration	3	3	3	3	2	2	2
Plants operations and maintenance	2	2	3	3	3	3	3
Total	<u>54</u>	<u>57</u>	<u>51</u>	<u>50</u>	<u>50</u>	<u>54</u>	<u>56</u>

Source: District Personnel Records.

WESTVILLE SCHOOL DISTRICTOperating Statistics  
Last Ten Fiscal Years  
Unaudited

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Enrollment</u>	<u>Operating</u> <u>Expenditures</u>	<u>Cost per</u> <u>Pupil</u>	<u>Percentage</u> <u>Change</u>	<u>Teaching</u> <u>Staff</u>	<u>Pupil/Teacher</u> <u>Ratio</u> <u>Elementary</u>	<u>Average</u> <u>Daily</u> <u>Enrollment</u> <u>(ADE)</u>	<u>Average</u> <u>Daily</u> <u>Attendance</u> <u>(ADA)</u>	<u>% Change</u> <u>Average</u> <u>Daily</u> <u>Enrollment</u>	<u>Student</u> <u>Attendance</u> <u>Percentage</u>
1999	434	2,624,192	6,047	9.05%			455	438	-1.20%	96%
2000	418	2,921,890	6,990	15.61%			431	413	-5.30%	96%
2001	402	3,037,906	7,557	8.11%			411	393	-4.53%	95%
2002	388	3,652,159	9,413	24.56%	35	9.0	401	389	-2.58%	97%
2003	341	3,831,677	11,237	19.38%	38	11.1	404	384	0.90%	95%
2004	361	4,193,542	11,616	3.38%	34	9.3	361	349	-10.83%	97%
2005	358	4,139,040	11,562	-0.47%	31	8.7	361	346	0.14%	96%
2006	370	4,135,212	11,176	-3.33%	32	8.7	373	357	3.41%	96%
2007	369	4,651,452	12,606	12.79%	36	9.8	376	359	0.75%	95%
2008	335	4,808,443	14,354	13.87%	38	9.8	327	308	-13.08%	94%

Source: Enrollment based on annual October district count.

WESTVILLE SCHOOL DISTRICT  
School Building Information  
Last Ten Fiscal Years  
Unaudited

<u>District Building</u>	<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>
Elementary										
Square Feet	44,000	44,000	44,000	58,250	58,250	58,250	58,250	58,250	58,250	58,250
Capacity (students)	277	277	277	410	410	410	410	410	410	410
Enrollment	434	418	402	388	341	361	358	370	369	335

Number of Schools at June 30, 2008  
Elementary = 1

Source: District Office.

WESTVILLE SCHOOL DISTRICT  
Schedule of Required Maintenance for School Facilities  
Last Seven Fiscal Years  
Unaudited

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

* School Facilities	Gross Square Footage	2002	2003	2004	2005	2006	2007	2008	Total
Elementary	58,250	26,033	23,600	32,625	25,822	18,654	21,920	24,300	172,954

\* School facilities as defined under EFCFA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

Source: District records.

WESTVILLE SCHOOL DISTRICT  
Insurance Schedule  
June 30, 2008  
Unaudited

The Westville School District has retained insurance through the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund. The following is a summary of the coverage obtained through this fund.

	Coverage
I. Property, Inland Marine and Automobile Physical Damages	
A. Limit of Liability	150,000,000    Per Occurrence
1. GCSSDJIF Self Insured Retention	100,000    Per Occurrence
2. Member District Deductible	500    Per Occurrence
3. Perils Included	"All Risk"
B. Property Valuation	
1. Buildings and Contents	Replacement Cost
2. Contractors Equipment	Actual Cash Value
3. Automobiles	Actual Cash Value
II. Boiler and Machinery	
A. Limit of Liability	100,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	1,000
III. Crime	
A. Limit of Liability	500,000
1. GCSSDJIF Self Insured Retention	200,000
2. Member District Deductible	500
IV. General and Automobile Liability	
A. Limit of Liability	10,000,000
1. GCSSDJIF Self Insured Retention	150,000
2. Member District Deductible	None
V. Workers' Compensation	
A. Limit of Liability	Statutory
1. GCSSDJIF Self Insured Retention	250,000
2. Member District Deductible	None
VI. Educator's Legal Liability	
A. Limit of Liability	10,000,000
1. GCSSDJIF Self Insured Retention	100,000
2. Member District Deductible	None
VII. Pollution Legal Liability	
A. Limit of Liability	3,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	25,000
Public employees' faithful performance bonds -	
Travelers Casualty	
Surety Bond - Richard Burr, Treasurer	150,000
Surety Bond - Donna Contrevo, Business Administrator	2,000

Source: District records.

SINGLE AUDIT SECTION

# PETRONI & ASSOCIATES

Certified Public Accountants • Registered Municipal Accountants  
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## 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

Honorable President and Members of the  
Board of Education  
Westville School District  
County of Gloucester, New Jersey

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Westville School District, in the County of Gloucester, State of New Jersey, as of and for the year ended June 30, 2008, which collectively comprise the Westville School District's basic financial statements and have issued our report thereon dated October 28, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Westville School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 District'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 District's financial statements that is more than inconsequential will not be prevented or detected by the District'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 District's internal control.

Our consideration of 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 Westville School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 is required to be reported under *Government Auditing Standards* and audit requirements as described by the Division of Finance, Department of Education, State of New Jersey.

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

PETRONI & ASSOCIATES

A handwritten signature in cursive script that reads "Petroni & Associates".

October 28, 2008

# PETRONI & ASSOCIATES

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Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

Honorable President and Members of the  
Board of Education  
Westville School District  
County of Gloucester, New Jersey

### Compliance

We have audited the compliance of the Board of Education of the Westville School District, in the County of Gloucester, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major state programs for the year ended June 30, 2008. Westville School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Westville School District's management. Our responsibility is to express an opinion on the Westville School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB 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*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Westville School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Westville School District's compliance with those requirements.

In our opinion, the Westville School District, in the County of Gloucester, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2008.

#### Internal Control over Compliance

The management of the Westville School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Westville School District's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in a District's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the District's internal control.

Our consideration of the internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

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

PETRONI & ASSOCIATES

*Petroni & Associates*

October 28, 2008

WESTVILLE 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		Balance June 30, 2007	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2008			MEMO Cumulative Total Expenditures
				From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education															
Passed-through State Department of Education															
Special Revenue Fund:															
Title I, Part A	84.010A	NCLB574008	60,380	9/1/07	8/31/08			60,380	(55,445)				4,935		55,445
Title I, Part A	84.010A	NCLB574007	93,288	9/1/06	8/31/07	50				(50)					93,565
Title II - Part A	84.367A	NCLB574008	19,843	9/1/07	8/31/08			19,843	(19,843)						19,843
Title II - Part A	84.367A	NCLB574007	19,973	9/1/06	8/31/07	3,200			(3,200)						19,973
Title II - Part D	84.318X	NCLB574008	443	9/1/07	8/31/08			443	(443)						443
Title IV	84.186A	NCLB574008	1,787	9/1/07	8/31/08			1,787				1,787			
Title IV	84.186A	NCLB574007	2,097	9/1/06	8/31/07	22			(22)						2,097
Title V	84.298A	NCLB574008	614	9/1/07	8/31/08			614	(614)						614
IDEA Part B, Basic Regular	84.027	FT574008	99,296	9/1/07	8/31/08			99,296	(73,884)				25,412		73,884
IDEA Part B, Basic Regular	84.027	FT574007	95,648	9/1/06	8/31/07	2,083			(2,083)						95,648
IDEA Part B, Basic Regular	84.027	FT574006	98,911	9/1/05	8/31/06	4,601				(4,601)					94,310
IDEA Part B, Preschool	84.173	FT574008	2,877	9/1/07	8/31/08			2,877	(2,877)						2,877
IDEA Part B, Preschool	84.173	FT574006	7,696	9/1/05	8/31/06	2,194				(2,194)					5,502
Total Special Revenue Fund						12,150		185,240	(158,411)		(6,845)		32,134		464,201
Total Federal Financial Awards						12,150		185,240	(158,411)		(6,845)		32,134		464,201

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

WESTVILLE 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 or Award Amount	Grant Period		Balance at June 30, 2007				Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2008			MEMO		
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount	Cash Received		Budgetary Expenditures	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education															
General Fund:															
Core Curriculum Standards Aid	08-495-034-5120-022	1,207,606	7/1/07	6/30/08					1,207,606	(1,207,606)				49,452	1,207,606
Transportation Aid	08-495-034-5120-014	44,252	7/1/07	6/30/08					44,252	(44,252)				2,213	44,252
Special Education Aid	08-495-034-5120-011	265,441	7/1/07	6/30/08					265,441	(265,441)				13,272	265,441
Bilingual Education Aid	08-495-034-5120-008	4,636	7/1/07	6/30/08					4,636	(4,636)				232	4,636
Stabilization Aid	08-495-034-5120-030	318,870	7/1/07	6/30/08					318,870	(318,870)				15,944	318,870
Consolidated Aid	08-495-034-5120-057	37,085	7/1/07	6/30/08					37,085	(37,085)				1,854	37,085
Additional Formula Aid	08-495-034-5120-058	133,972	7/1/07	6/30/08					133,972	(133,972)				6,699	133,972
High Expectations for Learning Proficiency	08-495-034-5120-480	26,346	7/1/07	6/30/08					26,346	(26,346)					26,346
Extraordinary Special Education Costs Aid	08-100-034-5120-473	4,286	7/1/07	6/30/08						(4,286)		(4,286)			4,286
Extraordinary Special Education Costs Aid	07-100-034-5120-473	9,464	7/1/06	6/30/07		(9,464)			9,464						9,464
Full-Day Kindergarten Supplemental Aid	08-495-034-5120-074	77,053	7/1/07	6/30/08					77,053	(77,053)				3,853	77,053
Targeted At-Risk Aid	08-495-034-5120-005	59,000	7/1/07	6/30/08					59,000	(59,000)				2,950	59,000
Nonpublic School Transportation Reimbursement	N/A	3,163	7/1/07	6/30/08								(3,163)			3,163
Nonpublic School Transportation Reimbursement	N/A	2,220	7/1/06	6/30/07		(2,220)			2,220						2,220
Teacher Quality Mentoring	08-100-034-5095-052	2,326	7/1/07	6/30/08					2,326	(2,326)					2,326
Reimbursed TPAF Social Security Aid	08-100-034-5095-002	177,608	7/1/07	6/30/08					168,737	(177,608)		(8,871)			177,608
Reimbursed TPAF Social Security Aid	07-100-034-5095-002	175,252	7/1/06	6/30/07		(8,656)			8,656						175,252
On-Behalf TPAF Pension Contribution	08-100-034-5095-116	175,866	7/1/07	6/30/08					175,866	(175,866)					175,866
On-Behalf TPAF Postretirement Contributions	08-100-034-5095-001	113,075	7/1/07	6/30/08					113,075	(113,075)					113,075
Total General Fund						(20,340)			2,654,605	(2,650,585)		(16,320)		96,469	2,837,521
Special Revenue Fund:															
Demonstrably Effective Program Aid	08-495-034-5064-002	125,016	7/1/07	6/30/08					125,016	(125,016)				6,251	125,016
Early Childhood Program Aid	08-495-034-5120-025	196,970	7/1/07	6/30/08					196,970	(196,970)				9,848	196,970
Early Launch to Learning Initiative	08-495-034-5120-062	57,750	7/1/07	6/30/08					45,870	(45,307)	(11,880)	12,443			45,307
Early Launch to Learning Initiative	07-495-034-5120-062	42,000	7/1/06	6/30/07		(6,145)			8,400	(2,255)					42,000
The Governor's Initiative on Autism	N/A	18,000	4/1/07	6/30/08		3,398			11,400	(14,798)					18,000
Total Special Revenue Fund						(2,747)			387,656	(384,346)		(11,880)	12,443	16,099	427,293
Debt Services Fund:															
Debt Service Aid Type II	08-495-034-5120-125	70,768	7/1/07	6/30/08					70,768	(70,768)					70,768
Total Debt Service Fund									70,768	(70,768)					70,768
Total State Financial Assistance						(23,087)			3,113,029	(3,105,699)		(28,200)	12,443	112,568	3,335,582

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

WESTVILLE SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES  
OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2008

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Westville School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

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

NOTE 3: RELATIONSHIP TO 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 GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

WESTVILLE SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES  
OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2008

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$7,838 for the general fund and \$2,117 for the special revenue fund. See the 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 fund. Awards and financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		2,658,423	2,658,423
Special Revenue Fund	159,812	385,063	544,875
Debt Service Fund		70,768	70,768
Total Awards & Financial Assistance	<u>159,812</u>	<u>3,114,254</u>	<u>3,274,066</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

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

WESTVILLE 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**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

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

Noncompliance material to basic financial statements noted?        yes   X   no

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:        \$300,000

Auditee qualified as low-risk auditee?   X   yes        no

Internal Control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04?        yes   X   no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
495-034-5120-022	Core Curriculum Standards Aid
495-034-5120-030	Stabilization Aid

WESTVILLE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

*Section II - Financial Statement Findings*

None

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

None

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

STATUS OF PRIOR YEAR FINDINGS

No matters were reported in the prior year.