

**SCHOOL DISTRICT  
OF  
WEST CAPE MAY**

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

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2011

# **Comprehensive Annual Financial Report**

**of the**

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

**For the Fiscal Year Ended June 30, 2011**

Prepared by

West Cape May Board of Education  
Finance Department

# WEST CAPE MAY SCHOOL DISTRICT

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## **Introductory Section**

**WEST CAPE MAY BOARD OF EDUCATION**

301 Moore Street  
West Cape May, New Jersey 08204-1199  
(609) 884-4614 / FAX (609) 884-0932

*Dominick A. Potena, Ed.D.*  
*Interim Superintendent*

*Maureen McLaughlin*  
*Supervisor*

*Alfred Savio, Ed.D.*  
*School Business Administrator*

August 29, 2011

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

Dear Board and Community Members:

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the West Cape May School District for the fiscal year ended June 30, 2011. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

report. The West Cape May Board of Education and the West Cape May Elementary School constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 6. These include regular as well as special education for handicapped youngsters.

The District completed the 2010-2011 fiscal year with an enrollment of 42 students, which is an increase of five students over the enrollment of the previous year. The following details the changes in the student enrollment of the District over the last ten years.

<u>Average Daily Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-2011	42	13.51%
2009-2010	37	(11.90%)
2008-2009	42	(19.23%)
2007-2008	52	4.00%
2006-2007	50	(10.71%)
2005-2006	56	(20.00)%
2004-2005	70	(11.39)%
2003-2004	79	(21.98)%
2002-2003	91	(5.21)%
2001-2002	96	5.49%

2) **ECONOMIC CONDITION AND OUTLOOK:** Single family construction has slowed throughout the County and the Borough. This construction has not had an impact on school enrollment. The district was recently approved by the New Jersey Department of Education as an Interdistrict Public School Choice school for the 2011-12 school year. Upon receiving this approval, the district received applications for, and accepted, 16 of 17 Choice students. The outlook for the district's long-term viability is very positive.

3) **MAJOR INITIATIVES:** The district has been researching the possibility of adding solar arrays to the roof of the building, and expects the project to move forward next year. Several large maintenance projects are in the planning stages as well.

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

and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2010.

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

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

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

9) **OTHER INFORMATION:**

A) **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso & Stewart, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10) **ACKNOWLEDGEMENTS:**

We would like to express our appreciation to the members of the West Cape May Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

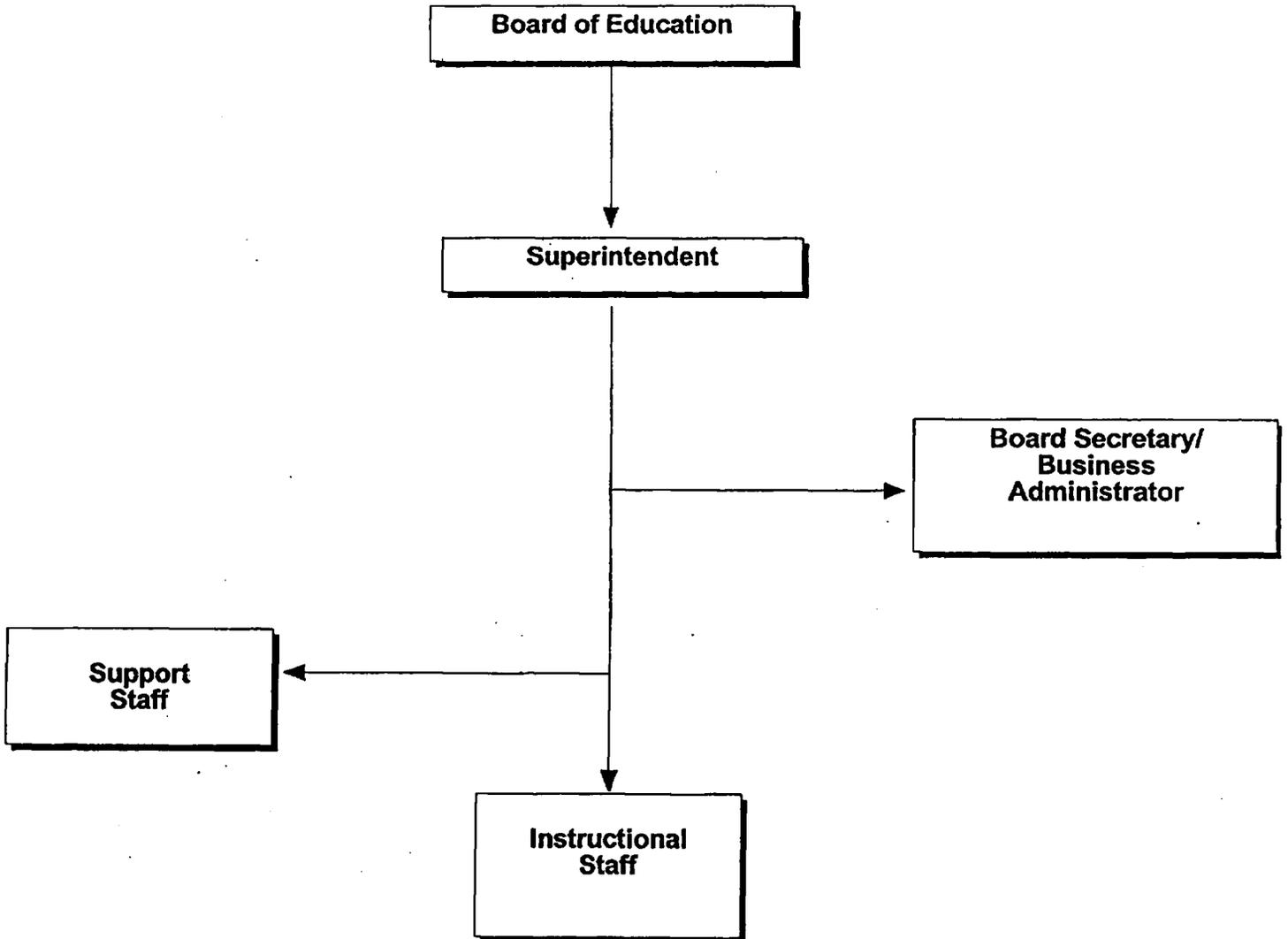
Respectfully submitted,



Alfred Savio, Ed.D.  
School Business Administrator / Board Secretary

# WEST CAPE MAY BOARD OF EDUCATION

## Organizational Chart (Unit Control)



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

**ROSTER OF OFFICIALS  
JUNE 30, 2011**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Lynn Bowlby - President	2014
Jef Gott - Vice-President	2014
Irene Hober	2013
Christopher Shriver	2012
Robert F. Morris	2012

**Other Officials**

Dominic A. Potena, Ed. D. Interim Superintendent  
Alfred Savio, Ed. D. Board Secretary & School Business Administrator  
Arthur F. Ridsen, Esq., Solicitor

**WEST CAPE MAY SCHOOL DISTRICT**  
**Consultants and Advisors**

**Audit Firm**

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

**Attorney**

Arthur F. Ridsen, Esq.  
Comegno Group  
521 Pleasant Valley Avenue  
Moorestown, NJ 08057

**Official Depository**

Sturdy Savings Bank  
701 Washington Avenue  
Cape May, NJ 08204

**Financial Section**

# ***INVERSO & STEWART, LLC***

**Certified Public Accountants  
Registered Municipal Accountants**

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

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

## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the West Cape May School District, in the County of Cape May, State of New Jersey (School District), as of and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the West Cape May School District, in the County of Cape May, State of New Jersey, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

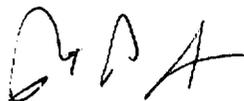
In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2011 on our consideration of the West Cape May School District, in the County of Cape May, State of New Jersey's internal control over financial reporting and our tests of its compliance with certain provisions 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Cape May School District's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Respectfully submitted,

***INVERSO & STEWART, LLC***  
Certified Public Accountants



Robert P. Inverso  
Certified Public Accountant  
Registered Municipal Accountant

Marlton, New Jersey  
August 26, 2011

# ***INVERSO & STEWART, LLC***

**Certified Public Accountants  
Registered Municipal Accountants**

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the West Cape May School District, in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated August 26, 2011. 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 in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

### **Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis.

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

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of the West Cape May School District in a separate report entitled, *Auditors Management Report on Administrative Findings - Financial, Compliance and Performance* dated August 26, 2011.

This report is intended solely for the information and use of the management, the Board of Education, others within the School District, the Division of Finance, Department of Education, State of New Jersey, and other federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

***INVERSO & STEWART, LLC***  
Certified Public Accountants



Robert P. Inverso  
Certified Public Accountant  
Registered Municipal Accountant

Marlton, New Jersey  
August 26, 2011

**Required Supplementary Information - Part I**

**Management's Discussion and Analysis**

**West Cape May School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

As management of the Board of Education of the Borough of West Cape May, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Financial Highlights**

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$1,010,351 (*net assets*).
- Governmental activities have unassigned net assets of \$248,866. The accounting treatment in the governmental funds for compensated absences payable, and the last two state aid payments are primarily responsible for this balance.
- The total net assets of the School District decreased by \$71,111, or a 6.57 % decrease from the prior fiscal year-end balance. The majority of the decrease is attributable to depreciation expense.
- Fund balance of the School District's governmental funds increased by \$61,217 resulting in an ending fund balance of \$630,832. The increase in ending fund balance is due to the results of operations in the General Fund.
- Business-type activities have unrestricted net assets of \$381, which may be used to meet the School District's ongoing obligations of the food service operations.
- The School District's long-term obligations decreased by \$60,901 which is the result of the principal payment on long-term debt obligations and a decrease in compensated absences.

**Overview of the Basic Financial Statements**

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

**District-wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

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

### **Notes to the Basic Financial Statements**

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

### **Other Information**

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

### **District-wide Financial Analysis**

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2011. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2011.

The assets of the primary government activities exceeded liabilities by \$1,009,970 with an unassigned balance of \$248,866. The net assets of the primary government do not include internal balances.

A net investment of \$376,511 in land, improvements, buildings, equipment and vehicles which provide the services to the School District's 42 public school students, represents 37.28% of the School District's net assets. Net assets of \$157,350 have been restricted to provide resources for future capital expansion, \$70,000 has been restricted for maintenance reserve, \$50,000 has been restricted for emergency reserve \$55,392 is restricted as excess surplus, and \$51,851 has been appropriated in the 2011/2012 Budget.

As mentioned earlier, unassigned net assets of \$248,866 are primarily due to the accounting treatment for compensated absences payable and the last state aid payment.

**West Cape May School District  
Comparative Summary of Net Assets  
As of June 30, 2011 and 2010**

	Governmental Activities		Business-Type Activities		District-Wide	
	2011	2010	2011	2010	2011	2010
<b>Assets:</b>						
Current assets	\$ 735,175	\$ 591,132	\$ 2,155	\$ 2,303	\$ 737,330	\$ 593,435
Capital assets	836,511	1,027,188			836,511	1,027,188
<b>Total assets</b>	<b>1,571,683</b>	<b>1,618,320</b>	<b>2,155</b>	<b>2,303</b>	<b>1,573,838</b>	<b>1,620,623</b>
<b>Liabilities:</b>						
Current Liabilities	152,961	63,240	1,774	1,268	154,735	64,508
Noncurrent Liabilities	408,752	474,653			408,752	474,653
<b>Total liabilities</b>	<b>561,713</b>	<b>537,893</b>	<b>1,774</b>	<b>1,268</b>	<b>563,487</b>	<b>539,161</b>
<b>Net assets</b>	<b>\$ 1,009,970</b>	<b>\$ 1,080,427</b>	<b>\$ 381</b>	<b>\$ 1,035</b>	<b>\$ 1,10,351</b>	<b>\$ 1,081,462</b>
<b>Net assets consist of:</b>						
<b>Invested in capital</b>						
Assets	\$ 376,511	\$ 517,188			\$ 376,511	\$ 517,188
Restricted net assets	384,593	332,163			384,593	332,163
Unrestricted net assets	248,866	231,076	\$ 381	\$ 1,035	249,247	232,111
<b>Net assets</b>	<b>\$ 1,009,970</b>	<b>\$ 1,080,427</b>	<b>\$ 381</b>	<b>\$ 1,035</b>	<b>\$ 1,010,351</b>	<b>\$ 1,081,462</b>

**Governmental Activities**

Governmental activities decreased the net assets of the School District by \$70,457 during the current fiscal year. Key elements of the decrease in net assets for governmental activities are as follows:

- Depreciation expense of \$102,908.

**Business-type Activities**

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

- Food Service Fund expenditures exceeded revenues by \$654.

**West Cape May School District**  
**Comparative Schedule of Changes in Net Assets**  
**As of and for the Fiscal Years Ended June 30, 2011 and 2010**

	Governmental Activities		Business-Type Activities		District-Wide	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
<b>Program Revenues</b>						
Charges for services			\$ 3,374	\$ 4,170	\$ 3,374	\$ 4,170
Operating grants and Contributions	\$ 121,334	\$ 127,456	5,346	3,547	126,680	131,003
<b>General Revenues:</b>						
Property Taxes	887,065	893,129			887,065	893,129
Unrestricted State Aid	138,040	141,349			138,040	141,349
Tuition	20,480	25,000			20,480	25,000
Other Revenues	39,076	20,094	3	4	39,079	20,098
<b>Total Revenues</b>	<b>1,205,995</b>	<b>1,207,028</b>	<b>8,723</b>	<b>7,721</b>	<b>1,214,718</b>	<b>1,214,749</b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
Instruction	580,375	506,770			580,375	506,770
Tuition	59,018	47,884			59,018	47,884
Related Services	129,724	124,355			129,724	124,355
Administrative Services	55,763	49,918			55,763	49,918
Operations and Maintenance	234,003	104,661			234,003	104,661
Transportation	15,623	7,398			15,623	7,398
Unallocated Benefits	166,113	146,262			166,113	146,262
Interest on long-term Debt	23,356	24,965			23,356	24,965
Other	12,477	4,790			12,477	4,790
<b>Business-Type Activities:</b>						
Food Service Operations			9,377	18,328	9,377	18,328
<b>Total Expenses</b>	<b>1,276,452</b>	<b>1,017,003</b>	<b>9,377</b>	<b>18,328</b>	<b>1,285,829</b>	<b>1,035,331</b>
<b>Increase in net assets</b>						
Before transfers	(70,457)	190,025	(654)	(10,607)	(71,111)	179,418
Transfers		(11,080)		11,080		
<b>Changes in net assets</b>	<b>(70,457)</b>	<b>178,945</b>	<b>(654)</b>	<b>473</b>	<b>(71,111)</b>	<b>179,418</b>
Net assets, July 1,	1,080,427	901,482	1,035	562	1,081,462	902,044
<b>Net assets, June 30,</b>	<b>\$ 1,009,970</b>	<b>\$ 1,080,427</b>	<b>\$ 381</b>	<b>\$ 1,035</b>	<b>\$ 1,010,351</b>	<b>\$ 1,081,462</b>

## **Financial Analysis of the Governmental Funds**

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$630,832, an increase of \$61,217 in comparison with the prior year. The increase is the result of operations in the General Fund.

The fund balance for the School District at the end of the fiscal year consists of unassigned fund balance in the General Fund of \$246,239. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed as restricted cash reserved for future capital outlay expenditures of \$157,350, \$70,000 is reserved for maintenance, \$50,000 is reserved for emergencies, \$20,643 committed for year-end encumbrances, and \$55,392 in excess surplus reserved for subsequent budget appropriation.

The general fund is the chief operating fund of the School District. As discussed earlier, the balance in the unassigned fund balance is due, primarily, to the accounting treatment of compensated absences and the last two state aid payments.

## **General Fund Budgetary Highlights**

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$250,314 while total fund balance (budgetary basis) was \$634,907. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$1,040,302. Unassigned fund balance (budgetary basis) represents 24.06% of expenditures while total fund balance (budgetary basis) represents 61.03% of that same amount.

## **Capital Asset and Debt Administration**

The School District's investment in capital assets for its governmental activities as of June 30, 2011, totaled \$836,511 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$190,677, or a 18.56% decrease. The decrease is due to depreciation expense and asset deletions.

**West Cape May School District  
Capital Asset (net of accumulated depreciation)  
June 30, 2011 and 2010**

	Governmental Activities	
	2011	2010
Land	\$ 120,694	\$ 333,100
Buildings and Building Improvements	666,652	691,296
Equipment	<u>49,165</u>	<u>2,792</u>
Net assets	<u>\$ 836,511</u>	<u>\$ 1,027,188</u>

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

*Long-term debt* – During the fiscal year ended June 30, 2011, the School District had \$460,000 outstanding in serial bonds.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$12,309,782. The available debt limit as of June 30, 2011 is \$11,849,782.

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

**Economic Factors and Next Year's Budgets and Rates Update**

The following factors were considered and incorporated into the preparation of the School District's budget for the 2011-12 fiscal year.

- For 2011-12 fiscal year the School District will be receiving an increase in state aid. The local tax levy in the General Fund increased by \$16,772 or 1.96%. Salaries continue to increase contractually, however, the District has managed to control costs. The 2011-12 General Fund Budget is \$66,332 lower than the previous year. The tax rate went from 17.3 cents in 2010 to 20.2 cents in 2011 due to a reduction in assessed valuations.

**Requests for Information**

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

**Basic Financial Statements**

## District-Wide Financial Statements

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

**WEST CAPE MAY SCHOOL DISTRICT**  
**Statement of Net Assets**  
**June 30, 2011**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$531,958	\$1,501	\$533,459
Receivables, net	28,377	654	29,031
Restricted assets:			
Restricted cash and cash equivalents			
Capital reserve account	157,350		157,350
Deferred bond issuance costs - net	17,487		17,487
Capital assets, net (Note 5)	<u>836,511</u>		<u>836,511</u>
Total assets	<u>1,571,683</u>	<u>2,155</u>	<u>1,573,838</u>
<b>LIABILITIES:</b>			
Accounts payable	11,589		11,589
Internal balances	(1,774)	1,774	
Deferred revenue	77,038		77,038
Accrued interest	11,108		11,108
Noncurrent liabilities (Note 6):			
Due within one year	55,000		55,000
Due beyond one year	<u>408,752</u>		<u>408,752</u>
Total liabilities	<u>561,713</u>	<u>1,774</u>	<u>563,487</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	376,511		376,511
Restricted for:			
Capital Projects	157,350		157,350
Debt Service			
Other Purposes	227,243		227,243
Unrestricted	<u>248,866</u>	<u>381</u>	<u>249,247</u>
Total net assets	<u>\$1,009,970</u>	<u>\$381</u>	<u>\$1,010,351</u>

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

**WEST CAPE MAY SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2011**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>						
Instruction:						
Regular	\$518,971			(\$518,971)		(\$518,971)
Special education	60,804		13,465	(47,339)		(47,339)
Other instruction	600			(600)		(600)
Support Services:						
Tuition	59,018			(59,018)		(59,018)
Student & instruction related services	129,724		17,367	(112,357)		(112,357)
General administrative services	33,323			(33,323)		(33,323)
Central services	22,440			(22,440)		(22,440)
Plant operations and maintenance	234,003			(234,003)		(234,003)
Pupil transportation	15,623			(15,623)		(15,623)
Employee benefits	166,113		65,648	(100,465)		(100,465)
Interest on long-term debt	23,356		24,854	1,498		1,498
Unallocated depreciation and amortization	12,477			(12,477)		(12,477)
Total governmental activities	<u>1,276,452</u>		<u>121,334</u>	<u>(1,155,118)</u>		<u>(1,155,118)</u>
Business-type activities:						
Food service	<u>9,377</u>	<u>\$3,374</u>	<u>5,346</u>		<u>(\$657)</u>	<u>(657)</u>
Total business-type activities	<u>9,377</u>	<u>3,374</u>	<u>5,346</u>		<u>(657)</u>	<u>(657)</u>
<b>Total primary government</b>	<b><u>\$1,285,829</u></b>	<b><u>\$3,374</u></b>	<b><u>\$126,680</u></b>	<b><u>(\$1,155,118)</u></b>	<b><u>(\$657)</u></b>	<b><u>(\$1,155,775)</u></b>
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for general purposes, net				838,582		838,582
Taxes levied for debt service				48,483		48,483
Federal and State aid not restricted				138,040		138,040
Investment earnings				216	3	219
Tuition revenue				20,480		20,480
Miscellaneous				38,860		38,860
Transfer						
Total general revenues, special items, extraordinary items and transfers				<u>1,084,661</u>	<u>3</u>	<u>1,084,664</u>
Change in Net Assets				<u>(70,457)</u>	<u>(654)</u>	<u>(71,111)</u>
Net Assets--July 1				1,080,427	1,035	1,081,462
Net Assets--June 30				<u>\$1,009,970</u>	<u>\$381</u>	<u>\$1,010,351</u>

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

## **Fund Financial Statements**

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

**WEST CAPE MAY SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Assets:					
Cash and cash equivalents	\$529,374			\$2,584	\$531,958
Receivables, net	9,109	\$13,465			22,574
Interfund receivables, net	20,959				20,959
Restricted cash and cash equivalents	<u>157,350</u>				<u>157,350</u>
Total assets	<u>\$716,792</u>	<u>\$13,465</u>	---	<u>\$2,584</u>	<u>\$732,841</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable	11,589				11,589
Interfund payable		13,382			13,382
Deferred revenue	<u>74,371</u>	<u>83</u>		<u>2,584</u>	<u>77,038</u>
Total liabilities	<u>85,960</u>	<u>13,465</u>		<u>2,584</u>	<u>102,009</u>
<b>FUND BALANCES</b>					
Fund Balances:					
Restricted Fund Balance:					
Reserved excess surplus - designated for for subsequent year's expenditures	6,375				6,375
Reserve for excess surplus	49,017				49,017
Maintenance reserve	70,000				70,000
Capital reserve	157,350				157,350
Emergency reserve	50,000				50,000
Assigned Fund Balance:					
Year-end encumbrances	20,643				20,643
Designated for subsequent year's expenditures	31,208				31,208
Unassigned fund balance	<u>246,239</u>				<u>246,239</u>
Total fund balances	<u>630,832</u>				<u>630,832</u>
Total liabilities and fund balances	<u>\$716,792</u>	<u>\$13,465</u>	---	<u>\$2,584</u>	

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

The cost associated with the issues of various bonds are expensed in the governmental funds in the year the bonds are issued, but are capitalized in the Statement of Net Assets. The bond issuance costs are \$43,719 and the accumulated amortization is \$26,232.	17,487
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,508,145 and the accumulated depreciation is \$671,634.	836,511
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the funds.	(11,108)
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.	<u>(463,752)</u>
Net assets of governmental activities	<u>\$1,009,970</u>

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

**WEST CAPE MAY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**for the Fiscal Year Ended June 30, 2011**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$838,582			\$48,483	\$887,065
Tuition charges	20,480				20,480
Interest earned	216				216
Miscellaneous	38,860				38,860
<b>Total revenues-local sources</b>	<b>898,138</b>			<b>48,483</b>	<b>946,621</b>
State sources	203,688			24,854	228,542
Federal sources		\$30,390			30,390
Local sources		442			442
<b>Total revenues</b>	<b>1,101,826</b>	<b>30,832</b>		<b>73,337</b>	<b>1,205,995</b>
<b>EXPENDITURES:</b>					
Current expense:					
Regular instruction	447,546				447,546
Special education instruction	47,339	13,465			60,804
Other instruction	600				600
Support services and undistributed costs:					
Tuition	59,018				59,018
Student & instruction related services	112,357	17,367			129,724
General administrative services	33,323				33,323
Central services	22,440				22,440
Plant operations and maintenance	115,943				115,943
Pupil transportation	15,623				15,623
Instruction - employee benefits	59,157				59,157
Unallocated employee benefits	106,956				106,956
Capital Outlay	20,000				20,000
Debt service:					
Principal				50,000	50,000
Interest and other charges				23,644	23,644
<b>Total expenditures</b>	<b>1,040,302</b>	<b>30,832</b>		<b>73,644</b>	<b>1,144,778</b>
Excess (deficiency) of revenues over (under) expenditures	61,524			(307)	61,217
Other Financing Sources (Uses):					
Transfers in					
Transfers out					
<b>Total other financing sources (uses)</b>					
Net change in fund balance	61,524			(307)	61,217
Fund balances, July 1	569,308			307	569,615
<b>Fund balances, June 30</b>	<b>\$630,832</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>\$630,832</b>

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

**WEST CAPE MAY SCHOOL DISTRICT  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 for the Fiscal Year Ended June 30, 2011**

Total net change in fund balances - governmental funds (from B-2)		\$61,217
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p style="margin-left: 40px;">Capital outlays are reported in the governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation expense	(\$102,908)	
Capital outlay	<u>(87,769)</u>	(190,677)
<p style="margin-left: 40px;">Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is reported in the statement of activities.</p>		
		50,000
<p style="margin-left: 40px;">Bond issuance costs are reported in the governmental fund as expenditures in year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds.</p>		
		(2,186)
<p style="margin-left: 40px;">Accrued interest is not due and payable in the current period and therefore is not reported as an expenditure in the governmental funds.</p>		
		288
<p style="margin-left: 40px;">In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		<u>10,901</u>
Change in net assets of governmental activities		<u><u>(\$70,457)</u></u>

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

**WEST CAPE MAY SCHOOL DISTRICT**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

	<b>Business-type Activities Enterprise Funds</b>
	Food Service Program
<b>ASSETS:</b>	
Current assets:	
Cash and cash equivalents	\$1,501
Accounts receivable	654
Total current assets	2,155
Total assets	\$2,155
 <b>LIABILITIES</b>	
Current liabilities:	
Interfund Payable	\$1,774
Total liabilities	1,774
 <b>NET ASSETS</b>	
Unrestricted	\$381
Total net assets	\$381

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

**WEST CAPE MAY SCHOOL DISTRICT**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**for the Fiscal Year Ended June 30, 2011**

	<b>Business-type Activities Enterprise Funds</b>
	Food Service Program
<b>Operating revenues:</b>	
Charges for services:	
Daily sales-reimbursable programs	\$3,119
Daily sales-non-reimbursable programs	255
	3,374
<b>Operating expenses:</b>	
Salaries	765
Employee benefits	59
Supplies	244
Cost of sales	8,309
	9,377
Total operating revenue	3,374
Total operating expenses	9,377
Operating income (loss)	(6,003)
<b>Nonoperating revenues (expenses):</b>	
State sources:	
State school lunch program	130
Federal sources:	
National school lunch program	5,216
U.S.D.A. commodities	
Local sources:	
Operating transfer in	
Interest revenue	3
	3
Total nonoperating revenues (expenses)	5,349
Change in net assets	(654)
Total net assets - July 1	1,035
Total net assets - June 30	\$381

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

**WEST CAPE MAY SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**for the Fiscal Year Ended June 30, 2011**

	<b>Business-type Activities</b>
	<b>Enterprise Funds</b>
	Food Service Program
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$3,372
Payments to employees	
Payments to suppliers	(10,170)
Net cash used for operating activities	(6,798)
<b>Cash flows from noncapital financing activities:</b>	
Cash advance from General Fund	880
State sources	152
Federal sources	5,377
Net cash provided by non-capital financing activities	6,409
<b>Cash flows from investing activities:</b>	
Interest and dividends	3
Net cash provided by investing activities	3
Net increase in cash and cash equivalents	(386)
Balances - beginning of year	1,887
Balances - end of year	\$1,501
<b>Reconciliation of operating loss to net cash provided (used) by operating activities:</b>	
Operating income (loss)	(\$6,003)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Change in assets and liabilities	
Decrease/(Increase) in interfund receivable	822.00
Increase/(decrease) in accounts payable	(1,617)
Total adjustments	(795)
Net cash provided by (used for) operating activities	(\$6,798)

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

**WEST CAPE MAY SCHOOL DISTRICT**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

	<u>Unemployment Compensation Insurance Trust</u>	<u>Agency Fund</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$1,651	\$19,886
Interfund receivable		
<b>Total assets</b>	<u>\$1,651</u>	<u>\$19,886</u>
 <b>LIABILITIES:</b>		
Accounts payable	\$1,213	
Interfund payable		\$5,803
Payroll Withholdings		11,161
Due to student groups		<u>2,922</u>
<b>Total liabilities</b>	<u>\$1,213</u>	<u>\$19,886</u>
 <b>NET ASSETS:</b>		
Held in trust for unemployment claims and other purposes	<u>\$438</u>	

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

**WEST CAPE MAY SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2011**

	Unemployment Compensation Insurance Trust
<b>ADDITIONS:</b>	
Contributions:	
Board contributions	\$11,884
Employee contributions	1,642
Total Contributions	13,526
Investment earnings:	
Interest	3
Net investment earnings	3
Total additions	13,529
<b>DEDUCTIONS:</b>	
Unemployment claims	14,739
Total deductions	14,739
Change in net assets	(1,210)
Net assets - July 1	1,648
Net assets - June 30	\$438

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

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** - The Borough of West Cape May School District ("School District") is a Type II district located in the County of Cape May, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board of Education is comprised of five members elected to three-year terms. These terms are staggered so that one or two member's terms expire each year. The purpose of the School District is to provide educational services for resident students in grades K through 6. The West Cape May School District has an approximate enrollment at June 30, 2011 of 42 students.

Criteria for determining if other entities are potential component units which should be reported within the School District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600. The application of these criteria provides for identification of any entities for which the School District is financially accountable and other organizations that the nature and significance of their relationship with the School District are such that exclusion would cause the School District's basic financial statements to be misleading or incomplete.

Based on the application of these criteria, there were no organizations that are considered to be component units.

**Basis of Presentation**

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

The School District's basic financial statements consists of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-wide Statements** - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

**Special Revenue Fund** - The special revenue fund is used to account for the proceeds of specific revenues from the 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 New Jersey Economic Development Authority grants, temporary notes or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

**Proprietary Funds** - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those in the private sector.

**Enterprise Funds** - The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the School District is that all costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Proprietary Funds (Continued)**

The School District's enterprise funds are:

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

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net assets) is segregated into investment in capital assets, net of related debt, and unrestricted net assets, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

**Fiduciary Funds** - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds (i.e. payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has three fiduciary funds; an unemployment compensation trust fund, a student activity fund, and a payroll fund.

**Measurement Focus**

**Government-wide Financial Statements** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets.

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

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

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting**

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

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end; tuition, grants, fees, and rentals.

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

**Budgets/Budgetary Control** - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23A-16.2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund 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.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets/Budgetary Control (Continued)**

The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on Exhibit C-1, Exhibit C-2 and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances – governmental funds. Note that the School District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the one or more June state aid payments.

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

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

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

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

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

N.J.S.A. 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA), a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

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

**Tuition Payable** - Tuition charges for the fiscal years ended June 30, 2011 and 2010 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventories** - Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out basis.

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

Inventories recorded in the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

**Prepaid Expenses** - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required. This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

**Deferred Expenditures** - Deferred expenditures are disbursements that are made in one period, but are more accurately reflected as an expenditure/expense in the next fiscal period. Unlike prepaid expenses, deferred expenditures are not regularly recurring cost of operations.

**Short-Term Interfund Receivables / Payables** - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as interfunds receivable and/or interfunds payable.

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

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business -Type Activities Estimated Lives</u>
Land Improvements	10-20 years	N/A
Buildings and Improvements	10-50 years	N/A
Furniture and Equipment	5-20 years	12 years
Vehicles	5-10 years	4-6 years

**West Cape May School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

**Net 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 borrowings 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.

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

**Fund Equity** - In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

*Restricted fund balance* - This classification reflects constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balances* - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the School District - the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Equity (Continued)**

*Assigned fund balance* – This classification reflects the amounts constrained by the School District’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board of Education and the Chief School Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted fund balances are available for use, it is the School District’s policy to use externally restricted fund balances first, then unrestricted fund balance – committed, assigned, and unassigned – in order as needed.

**Operating and Non-Operating Revenues and Expenses** - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program. Non-operating revenues principally consist of interest income earned on various interest bearing accounts and federal and state subsidy reimbursements for the food service program.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. There are no non-operating expenses

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

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

**2. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** – With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the School District’s deposits may not be returned to it. Although the School District does not have a formal policy regarding custodial credit risk, state statutes requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit. Banks that qualify as public depositories under New Jersey statutes hold cash deposits, with bank balances totaling \$749,636 at June 30, 2011. All deposits are insured by federal depository insurance and/or collateralized with securities held in New Jersey’s multiple financial institution collateral pool as required by N.J.S.A. 17.9-41 et seq.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**3. CAPITAL RESERVE ACCOUNT**

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

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the New Jersey Department of Education, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Balance – July 1, 2010		\$ 127,134
Increased by:		
Interest earned	\$216	
Board resolution	30,000	
		30,216
		157,350
Decreased by:		
Budget withdrawal		
Balance – June 30, 2011		\$157,350

The June 30, 2011 LRFP balance of local support costs of uncompleted projects is \$159,000.

**4. ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2011 consisted of accounts (fees) and intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Accounts receivable at June 30, 2011 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Proprietary Funds</b>	<b>Total</b>
Intergovernmental	\$1,923	\$13,465	\$17	\$15,405
Other	7,186		637	7,823
<b>Total Accounts Receivable</b>	<b>\$9,109</b>	<b>\$13,465</b>	<b>\$654</b>	<b>\$23,228</b>

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Balance June 30, 2011</u>
<b>Governmental Activities:</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 333,100		\$ 212,406	\$ 120,694
Construction in progress				
Total capital assets not being depreciated	<u>333,100</u>		<u>212,406</u>	<u>120,694</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements				1,173,975
Building and Improvements	1,173,975			1,173,975
Equipment	88,839	\$ 124,637		213,476
Total capital assets being depreciated	<u>1,262,814</u>	<u>124,637</u>		<u>1,387,451</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements				
Building and Improvements	(482,679)	(24,644)		(507,323)
Equipment	(86,047)	(78,264)		(164,311)
Total accumulated depreciation	<u>(568,726)</u>	<u>(102,908)</u>		<u>(671,634)</u>
Total capital assets being depreciated, net	<u>694,088</u>	<u>21,729</u>		<u>715,817</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,027,188</u>	<u>\$ 21,729</u>	<u>\$ 212,406</u>	<u>\$ 836,511</u>

Depreciation expense in the amount of \$102,908 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 82,326
Plant Operations and Maintenance	10,291
Administration	<u>10,291</u>
Total depreciation expense	<u>\$ 102,908</u>

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**6. LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2011, the following changes occurred in long-term obligations:

<b>Governmental Activities:</b>	<b>Principal Outstanding July 1, 2010</b>	<b>Additions</b>	<b>Reductions</b>	<b>Principal Outstanding June 30, 2011</b>	<b>Due Within One Year</b>
Compensated Absences	\$ 14,653		\$ 10,901	\$ 3,752	
General Obligation Bonds	<u>510,000</u>		<u>50,000</u>	<u>460,000</u>	<u>\$ 55,000</u>
	<u>\$ 524,653</u>	<u>-</u>	<u>\$ 60,901</u>	<u>\$ 463,752</u>	<u>\$ 55,000</u>

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

1998 School Bonds dated July 15, 1998 in the amount of \$460,000 due in annual installments through July 15, 2018, bearing interest rate of 4.875%.

**Debt Service Requirements**

Principal and interest due on bonds outstanding is as follows:

<b><u>Year ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2012	\$ 55,000	\$ 21,084	\$ 76,084
2013	55,000	18,403	73,403
2014	55,000	15,722	70,722
2015	55,000	13,041	68,041
2016	60,000	10,238	70,238
2017-2019	<u>180,000</u>	<u>13,162</u>	<u>193,162</u>
	<u>\$ 460,000</u>	<u>\$ 91,650</u>	<u>\$551,650</u>

As of June 30, 2011 the School District had no authorized but not issued bonds.

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

**7. PENSION PLANS**

**Description of Plans** – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). The TPAF and PERS are defined benefit pension plans while the DCRP is a defined contribution pension plan. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**7. PENSION PLANS (CONTINUED)**

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

The Teachers' Pension and Annuity Fund is a cost-sharing contributory defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

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

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

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability.

The School District's contributions to the PERS, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability</u>	<u>Paid by School District</u>
2011	\$ 3,314	\$ 5,281	\$ 653	\$ 9,248	\$ 9,248
2010	2,758	3,544	874	7,176	7,176
2009	1,985	1,901		4,368	4,368

***Defined Contribution Retirement Program (DCRP)***

The Defined Contribution Retirement Program is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**7. PENSION PLANS (CONTINUED)**

***Defined Contribution Retirement Program (DCRP) (Continued)***

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists. In addition, to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

There were no School District employees enrolled in the DCRP for the fiscal years ended June 30, 2011, 2010 and 2009

**8. POST-RETIREMENT BENEFITS**

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2010 there were 87,288 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State's contribution rate is based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in Fiscal Year 2009.

The state is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

**9. ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2011, the School District has recognized as revenues and expenditures on-bhalf payments made by the State of New Jersey for normal costs and post-retirement costs related to TPAF. The amounts recognized as revenues and expenditures for NCGI premiums and post-retirement medical contributions were \$1,475 and \$31,332, respectively. In addition, the State of New Jersey reimbursed the School District \$32,841 during the fiscal year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has also been included as a revenue and expenditure in the basic financial statements, and the combining and individual fund statements and schedules in accordance with GASB 24.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**10. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters.

**Property and Liability Insurance** - The School 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.

**Joint Insurance Pool** - The School District is a member of the School Boards Association Insurance Group. Insurance coverage as provided by the Fund can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The Fund publishes its own financial report which can be obtained by writing to: School Boards Association Insurance Group, 450 Veterans Drive, Burlington, New Jersey, 08102.

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

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Interest Earned</u>	<u>Ending Balance</u>
2010-2011	\$11,884	\$1,642	\$14,739	\$3	\$438
2009-2010		1,234	961	5	1,648
2008-2009	1,604	1,312	1,604	1	1,370

**11. DEFERRED COMPENSATION**

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, available to all permanent School District employees, permit them to defer a portion of their current salary to all future years. Participation in the plans is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and therefore are not reflected on the financial statements of the School District.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**12. COMPENSATED ABSENCES**

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

School District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policy. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the School District for the unused sick leave in accordance with the School District's agreements with the various employee unions.

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2011, the liability for compensated absences in the governmental activities fund types was \$3,752.

**13. INTERFUND RECEIVABLES/PAYABLES**

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2012. The following interfund receivables/payables were recorded on the various balance sheets as of June 30, 2011:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$20,959	
Special Revenue		\$13,382
Proprietary		1,774
Fiduciary		5,803
	\$20,959	\$20,959

**14. CONTINGENCIES**

The School District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School District may be required to reimburse the grantor government.

At June 30, 2011, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, deferred revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011**

**15. FUND BALANCES**

The School District has classified its fund balances with the following hierarchy:

*Spendable* – The School District has classified the spendable fund balances as *Restricted, Assigned and Unassigned* and considered each to have been spent when expenditures are incurred. The School District currently has no funds classified as *Committed*.

*Restricted Items:*

**Capital Reserve** – As of June 30, 2011, the balance in the capital reserve account is \$157,350 and is restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

**Excess Surplus** – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict 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 year's budget. The excess fund balance at June 30, 2011 is \$55,392. Of this amount \$6,375 has been appropriated in the 2011-2012 Budget.

**Maintenance Reserve Account** – As of June 30, 2011, the balance in the maintenance reserve account is \$70,000. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

**Emergency Reserve** – As of June 30, 2011, the balance in the emergency reserve is \$50,000. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S.A. 18A:7F-41c(1).

*Assigned:*

**Year-end Encumbrances** – At June 30, 2011 a total of \$20,643 in the General Fund is committed to meet contractual obligations. The School District has purchase orders outstanding with vendors in this amount and expects the vendors to deliver the goods and services in the upcoming year.

**Designated for Subsequent Year's Expenditures** – In the General Fund the School District has assigned a total of \$31,208 for appropriation of existing unassigned fund balance at year-end to eliminate a deficit in the upcoming 2011-2012 budget.

*Unassigned items* - Represents the remainder of the School District's equity in governmental fund type balances. The balance at June 30, 2011 in the General Fund is \$246,239.

**Required Supplementary Information - Part II**

**Budgetary Comparison Schedules**

**WEST CAPE MAY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$838,582		\$838,582	\$838,582	
Tuition	15,750		15,750	20,480	\$4,730
Interest Earned on Capital Reserve	10		10	216	206
Unrestricted Miscellaneous Revenue	2,000		2,000	38,860	36,860
<b>Total local sources</b>	<b>856,342</b>		<b>856,342</b>	<b>898,138</b>	<b>41,796</b>
State sources:					
Categorical Special Education Aid	16,446		16,446	16,446	
Categorical Security Aid	3,918		3,918	3,918	
Adjustment Aid	103,221		103,221	103,221	
Categorical Transportation Aid	5,668		5,668	5,668	
Nonpublic Transportation Aid				314	314
On-behalf TPAF pension contributions (non-budgeted)				32,807	32,807
Reimbursed TPAF social security contributions (non-budgeted)				32,841	32,841
<b>Total state sources</b>	<b>129,253</b>		<b>129,253</b>	<b>195,215</b>	<b>65,962</b>
<b>TOTAL REVENUES</b>	<b>985,595</b>		<b>985,595</b>	<b>1,093,353</b>	<b>107,758</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Salaries of teachers					
Kindergarten	69,472	\$18,021	87,493	87,493	
Grades 1-5	251,035	9,369	260,404	260,404	
Grades 6-8	46,632	2,314	48,946	48,946	
<b>Total Instruction</b>	<b>367,139</b>	<b>29,704</b>	<b>396,843</b>	<b>396,843</b>	
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	27,620	(6,503)	21,117	20,846	271
Purchased technical services	6,555	59	6,614	6,034	580
General supplies	20,808	(59)	20,749	18,364	2,385
Textbooks	10,404		10,404	5,459	4,945
<b>Total Undistributed Instruction</b>	<b>65,387</b>	<b>(6,503)</b>	<b>58,884</b>	<b>50,703</b>	<b>8,181</b>
<b>Total - Regular Programs - Instruction</b>	<b>432,526</b>	<b>23,201</b>	<b>455,727</b>	<b>447,546</b>	<b>8,181</b>

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

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**WEST CAPE MAY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2011**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Educ Instruction: Multiple Disabilities					
General supplies	\$208		\$208		\$208
Total Multiple Disabilities	208		208		208
Special Educ Instruction: Res. Room/Res. Center					
Salaries of teachers	51,363		51,363	\$45,910	5,453
Other Salaries for Instruction	5,410		5,410		5,410
General supplies	416	\$634	1,050	1,050	
Textbooks	208	6,764	6,972	379	6,593
Total Resource Room/Resource Center	57,397	7,398	64,795	47,339	17,456
Total Special Education - Instruction	57,605	7,398	65,003	47,339	17,664
Basic Skills/Remedial - Instruction					
Salaries of teachers	22,173	(7,219)	14,954		14,954
General supplies	312		312		312
Textbooks	208		208		208
Total Basic Skills/Remedial - Instruction	22,693	(7,219)	15,474		15,474
School-Sponsored Cocurricular Act - Inst.					
Purchased services	364	236	600	600	
Total School-Sponsored Cocurr. Act. - Inst	364	236	600	600	
Undistributed Expenditures - Instruction					
Tuition to CSSD & reg. day schools	62,416	(3,398)	59,018	59,018	
Total Undistributed Expenditures - Instruction	62,416	(3,398)	59,018	59,018	
Undistributed Expenditures - Attend. and Social Work					
Salaries of teachers	6,964	1,126	8,090	8,090	
Purchased professional and technical services	4,682	(4,682)			
Other Purchased Services	5,225	(1,416)	3,809	3,809	
Total Undistributed Expenditures - Attendance	16,871	(4,972)	11,899	11,899	
Undistributed Expenditures - Health Services					
Salaries	8,132	(157)	7,975	7,975	
Supplies and materials	1,040	2,816	3,856	3,856	
Total Undistributed Expenditures - Health Svcs.	9,172	2,659	11,831	11,831	

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

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**WEST CAPE MAY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2011**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Speech, OT, PT & Rel. Serv. Purchased prof. and educational services	\$31,212	(\$19,542)	\$11,670	\$11,670	
Total Undst. Expend. - Speech, OT, PT & Rel. Serv.	31,212	(19,542)	11,670	11,670	
Undist. Expend. - Guidance Supplies and materials	2,185	(\$1,608)	577	577	
Total Undst. Expend. - Guidance	2,185	(1,608)	577	577	
Undist. Expend. - Child Study Teams Salaries of Other Professional Staff	5,600	10	5,610	5,566	\$44
Salaries of Secretarial and Clerical Assistants	10,298	(1,812)	8,484	8,484	
Purchased professional and educational services	17,458	(17,458)			
Other purchased professional and technical services	39,535	(18,568)	20,967	20,967	
Total Undst. Expend. - Child study Teams	72,889	(37,828)	35,061	35,017	44
Undist. Expend. - Improvement of Instructional Services Salaries of Supervisors of Instruction	8,775		8,775	8,775	
Salaries of Other Professional Staff	20,449	(14,100)	6,349	5,465	884
Total Undst. Expend. - Imp. of Instructional Services	29,224	(14,100)	15,124	14,240	884
Undist. Expend. - Educ. Media Serv./Sch. Library Salaries	3,932		3,932	3,645	287
Purchased professional and technical services	79		79	72	7
Other purchased services	8,323	(2,856)	5,467	2,126	3,341
Supplies and materials	8,323	(2,327)	5,996	1,408	4,588
Other objects	5,930	2,327	8,257	8,257	
Total Undst. Expend. - Educ. Media Serv./Sch. Library	26,587	(2,856)	23,731	15,508	8,223
Undist. Expend. - Instructional Staff Training Services Salaries of Supervisors of Instruction	8,775		8,775	8,775	
Purchased professional and educ. services	1,040	1,582	2,622	2,622	
Purchased professional and tech. services	14,640		14,640		14,640
Other purchased services (400-500)	312		312	218	94
Total Undst. Expend. - Instr. Staff Training Services	24,767	1,582	26,349	11,615	14,734
Undist. Expend. - Supp. Serv. General Admin. Salaries		14,100	14,100	14,040	60
Legal services	3,570	(10)	3,560	2,888	672
Audit Fees	8,670	(46)	8,624	8,300	324
Communications / telephone	1,561		1,561	584	977
Other purchased services (400-500)	728	631	1,359	1,359	
General Supplies	791	83	874	874	
BOE in-house training/meeting supplies	936		936	680	256
BOE membership dues and fees	5,306		5,306	4,598	708
Total Undst. Expend. - Supp. Serv. General Admin.	21,562	14,758	36,320	33,323	2,997

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

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**WEST CAPE MAY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2011**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services					
Salaries		\$13,682	\$13,682	\$13,682	
Purchased professional services	\$4,370		4,370	3,407	\$963
Purchased technical services	17,594	(5,400)	12,194	4,336	7,858
Supplies and materials	893		893	870	23
Miscellaneous expenditures	312		312	145	167
<b>Total Undst. Expend. - Business &amp; Other Supp. Services</b>	<b>23,169</b>	<b>8,282</b>	<b>31,451</b>	<b>22,440</b>	<b>9,011</b>
Undist. Expend. - Required Maint. Sch. Facilities					
Cleaning, repair, and maintenance services	8,216	20,179	28,395	17,425	10,970
<b>Total Undst. Expend. - Required Maint. Sch. Facilities</b>	<b>8,216</b>	<b>20,179</b>	<b>28,395</b>	<b>17,425</b>	<b>10,970</b>
Undist. Expend. - Other Oper. & Maint. of Plant					
Salaries	45,639	(1,546)	44,093	41,676	2,417
Cleaning, repair, and maintenance services	20,912	14,116	35,028	25,848	9,180
Other purchased property services	1,248		1,248	1,149	99
Insurance	26,530		26,530	8,632	17,898
General supplies	4,162		4,162	1,907	2,255
Energy (electricity)	34,593		34,593	19,306	15,287
<b>Total Undst. Expend. - Other oper. &amp; Maint. of Plant</b>	<b>133,084</b>	<b>12,570</b>	<b>145,654</b>	<b>98,518</b>	<b>47,136</b>
<b>Total Undst. Expend. - Oper. &amp; Maint. of Plant Services</b>	<b>141,300</b>	<b>32,749</b>	<b>174,049</b>	<b>115,943</b>	<b>58,106</b>
Undist. Expend. - Student Trans. Services					
Contr. serv. (other than bet. home & sch.) - vendors	624	104	728	728	
Contr. serv. (bet. home and school) - joint agreements	5,918	1,023	6,941	6,941	
Contr. serv. (sp ed stds) - ESC's & CTSA's	10,883	(2,825)	8,058	7,954	104
<b>Total Undst. Expend. - Student Trans. Services</b>	<b>17,425</b>	<b>(1,698)</b>	<b>15,727</b>	<b>15,623</b>	<b>104</b>
Regular Programs - Instruction - Employee Benefits					
Group Insurance	4,517		4,517		4,517
Workmen's compensation	15,086	(15,086)			
Health Benefits	65,346	(15,489)	49,857	49,857	
Tuition Reimbursement	9,464	(164)	9,300	9,300	
Other Employee Benefits	1,183	(1,183)			
<b>Total regular Programs - Instruction</b>	<b>95,596</b>	<b>(31,922)</b>	<b>63,674</b>	<b>59,157</b>	<b>4,517</b>
Unallocated Benefits - Employee Benefits					
Social security contributions	8,531	2,825	11,356	11,356	
Other retirement contributions - PERS	4,798	4,450	9,248	9,248	
Unemployment compensation	2,000	11,861	13,861	13,860	1
Workmen's compensation	1,040	10,222	11,262	6,844	4,418
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>16,369</b>	<b>29,358</b>	<b>45,727</b>	<b>41,308</b>	<b>4,419</b>
On-behalf TPAF pension contributions (non-budgeted)				32,807	(32,807)
Reimbursed TPAF social security contributions (non-budgeted)				32,841	(32,841)
<b>Total Undistributed Expenditures - TPAF</b>				<b>65,648</b>	<b>(65,648)</b>

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

(CONTINUED TO NEXT PAGE)

**WEST CAPE MAY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2011**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Undistributed Expenditures	\$590,744	(\$28,536)	\$562,208	\$524,817	\$37,391
Total General Current Expense	1,103,932	(4,920)	1,099,012	1,020,302	78,710
<b>CAPITAL OUTLAY:</b>					
Facilities Acquisition and Construction Services					
Infrastructure	19,944	4,920	24,864	19,944	4,920
Other Objects	56		56	56	
Total Facilities Acquisition and Construction Services	20,000	4,920	24,920	20,000	4,920
Total Capital Outlay	20,000	4,920	24,920	20,000	4,920
Total Expenditures	\$1,123,932		\$1,123,932	\$1,040,302	\$83,630
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(138,337)		(138,337)	53,051	191,388
Other Financing Sources:					
Total Other Financing Sources					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(138,337)		(138,337)	53,051	191,388
Fund Balance, July 1	581,856		581,856	581,856	
Fund Balance, June 30	\$443,519		\$443,519	\$634,907	\$191,388
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures				\$8,375	
Reserve for Excess Surplus Maintenance Reserve				49,017	
Capital Reserve Account				70,000	
Emergency Reserve				157,350	
Assigned Fund Balance:				50,000	
Year-end Encumbrances				20,643	
Designated for Subsequent Year's Expenditures				31,208	
Unassigned Fund Balance				250,314	
				634,907	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(4,075)	
Fund Balance per Governmental Funds (GAAP)				\$630,832	

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

**WEST CAPE MAY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State sources					
Federal sources	\$12,294	\$18,096	\$30,390	\$30,390	
Local sources		500	500	442	(\$58)
<b>Total revenues</b>	<b>12,294</b>	<b>18,596</b>	<b>30,890</b>	<b>30,832</b>	<b>(58)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Purchased professional - educ. services					
Tuition	12,294	1,171	13,465	13,465	
General supplies		17,425	17,425	17,367	58
<b>Total Instruction</b>	<b>12,294</b>	<b>18,596</b>	<b>30,890</b>	<b>30,832</b>	<b>58</b>
<b>Total expenditures</b>	<b>12,294</b>	<b>18,596</b>	<b>30,890</b>	<b>30,832</b>	
<b>Total outflows</b>	<b>12,294</b>	<b>18,596</b>	<b>30,890</b>	<b>30,832</b>	
<b>Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 1,093,353	\$ 30,832
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
The last State aid payment from the prior year is recognized as revenue for GAAP and differs from the budgetary basis which recognized this revenue in the prior year.	12,548	
The last State aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	<u>(4,075)</u>	<u>                    </u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 1,101,826</u>	<u>\$ 30,832</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 1,040,302	\$ 30,832
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u>                    </u>	<u>                    </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,040,302</u>	<u>\$ 30,832</u>

**Other Supplementary Information**

**Special Revenue Fund  
Detail Statements**

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

**WEST CAPE MAY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Statement of Revenues and Expenditures**  
**Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2011**  
**(With comparative totals for June 30, 2010)**

	Cape Education Grant	REAP Grant	IDEA Basic	IDEA Preschool	Total 2011	Total 2010
<b>REVENUES:</b>						
State sources						
Federal sources		\$16,925	\$12,969	\$496	\$30,390	\$35,793
Local sources	\$442				442	650
<b>Total Revenues</b>	<b>442</b>	<b>16,925</b>	<b>12,969</b>	<b>496</b>	<b>30,832</b>	<b>36,443</b>
<b>EXPENDITURES:</b>						
Instruction:						
Purchase professional and technical services						
Tuition			12,969	496	13,465	12,132
General supplies	442	16,925			17,367	24,311
<b>Total instruction</b>	<b>442</b>	<b>16,925</b>	<b>12,969</b>	<b>496</b>	<b>30,832</b>	<b>36,443</b>
<b>Total Expenditures</b>	<b>\$442</b>	<b>\$16,925</b>	<b>\$12,969</b>	<b>\$496</b>	<b>\$30,832</b>	<b>\$36,443</b>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---	---

**Proprietary Funds  
Detail Statements**

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

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

**WEST CAPE MAY SCHOOL DISTRICT**  
**Enterprise Funds**  
**Statement of Net Assets**  
**as of June 30, 2011 and 2010**

	2011	2010
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$1,501	\$1,887
Accounts receivable:		
State	17	20
Federal	637	396
Interfund		349
	2,155	2,652
Total current assets		
	2,155	2,652
<b>Total assets</b>	<b>\$2,155</b>	<b>\$2,652</b>
 <b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable		\$1,617
Interfund payable	\$1,774	
	1,774	1,617
Total liabilities		
	1,774	1,617
 <b>NET ASSETS</b>		
Unrestricted	\$381	\$1,035
Total net assets	<b>\$381</b>	<b>\$1,035</b>

**WEST CAPE MAY SCHOOL DISTRICT**  
**Enterprise Funds**  
Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets  
for the Fiscal Years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>OPERATING REVENUES:</b>		
Local sources:		
Daily sales-reimbursable programs:		
School breakfast program	\$34	
School lunch program	<u>3,085</u>	<u>\$4,170</u>
Total-daily sales-reimbursable programs	3,119	4,170
Daily sales non-raimbursable programs	<u>255</u>	
Total operating revenue	<u>3,374</u>	<u>4,170</u>
<b>OPERATING EXPENSES:</b>		
Salaries	765	10,293
Fringe Benefits	59	787
Supplies and materials	244	141
Cost of Sales	<u>8,309</u>	<u>7,107</u>
Total operating expenses	<u>9,377</u>	<u>18,328</u>
Operating income (loss)	<u>(6,003)</u>	<u>(14,158)</u>
<b>Non-operating revenues:</b>		
State sources:		
State school lunch program	130	184
Federal sources:		
National school lunch program	5,216	3,363
Local Sources:		
Interest revenue	3	4
Operating transfer in		<u>11,080</u>
Total non-operating revenues	<u>5,349</u>	<u>14,631</u>
Net income (loss)	(654)	473
Net assets - July 1	<u>1,035</u>	<u>562</u>
Net assets - June 30	<u><u>\$381</u></u>	<u><u>\$1,035</u></u>

**WEST CAPE MAY SCHOOL DISTRICT**  
**Enterprise Funds**  
**Statement of Cash Flows**  
for the Fiscal Years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash receipts from customers	\$3,372	\$4,170
Cash payments to employees for services		(11,081)
Cash payments to suppliers for goods and services	<u>(10,170)</u>	<u>(5,968)</u>
Net cash used by operating activities	<u>(6,798)</u>	<u>(12,879)</u>
Cash flows from noncapital financing activities:		
Operating transfer in		11,081
Cash advance from General Fund	880	
Cash received from state and federal reimbursements	<u>5,529</u>	<u>3,154</u>
Net cash provided by noncapital financing activities	<u>6,409</u>	<u>14,235</u>
Cash flows from investing activities:		
Interest on investments	<u>3</u>	<u>4</u>
Net cash provided by investing activities	<u>3</u>	<u>4</u>
Net increase (decrease) in cash and cash equivalents	(386)	1,360
Cash and cash equivalents, July 1	<u>1,887</u>	<u>527</u>
Cash and cash equivalents, June 30	<u><u>\$1,501</u></u>	<u><u>\$1,887</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(\$6,003)	(\$14,158)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Change in assets and liabilities:		
(Decrease)/(increase) in interfund receivable	822	
Increase/(decrease) in accounts payable	(1,617)	1,279
Increase/(decrease) in interfund payable		
Net cash used by operating activities	<u>(6,798)</u>	<u>(12,879)</u>

## **Fiduciary Funds Detail Statements**

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

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

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

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

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

**WEST CAPE MAY SCHOOL DISTRICT**  
**Fiduciary Funds**  
 Combining Statement of Net Assets  
 June 30, 2011  
 (With comparative totals for June 30, 2010)

	Agency Funds		Unemployment Compensation Insurance Fund	Totals	
	Student Activity	Payroll		2011	2010
<b>ASSETS:</b>					
Cash and cash equivalents	\$2,922	\$16,964	\$1,651	\$21,537	\$13,358
Interfund receivable					
<b>TOTAL ASSETS</b>	<b>\$2,922</b>	<b>\$16,964</b>	<b>\$1,651</b>	<b>\$21,537</b>	<b>\$13,358</b>
<b>LIABILITIES</b>					
<b>LIABILITIES:</b>					
Accounts payable			\$1,213	\$1,213	
Interfund payable		\$5,803		5,803	3,306
Payroll withholdings		11,161		11,161	5,438
Due to student groups	\$2,922			2,922	2,966
<b>Total liabilities</b>	<b>2,922</b>	<b>16,964</b>	<b>1,213</b>	<b>21,099</b>	<b>11,710</b>
<b>NET ASSETS</b>					
Reserved for unemployment claims			438	438	1,648
<b>Total net assets</b>	<b>---</b>	<b>---</b>	<b>\$438</b>	<b>\$438</b>	<b>\$13,358</b>

**WEST CAPE MAY SCHOOL DISTRICT**  
**Fiduciary Fund**  
 Comparative Statement of Changes in Fiduciary Net Assets  
 for the Fiscal Years ended June 30, 2011 and 2010

	Totals Unemployment Compensation Insurance Trust	
	2011	2010
<b>REVENUES:</b>		
Local sources:		
Board contribution	\$11,884	
Employee contributions	1,642	\$1,234
Interest on Investments	3	5
<b>Total Revenues</b>	<b>13,529</b>	<b>1,239</b>
 <b>EXPENDITURES:</b>		
Current Expense:		
Undistributed Expenditures:		
Unemployment claims	14,739	961
<b>Total Expenditures</b>	<b>14,739</b>	<b>961</b>
<b>Excess (deficiency) of revenues over (under) expenditures)</b>	<b>(1,210)</b>	<b>278</b>
 Net Assets July 1	 1,648	 1,370
 Net Assets June 30	 \$438	 \$1,648

**WEST CAPE MAY SCHOOL DISTRICT**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**for the Fiscal Year ended June 30, 2011**

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	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Accounts Payable June 30, 2011</u>	<u>Balance June 30, 2011</u>
<b>Assets:</b>					
West Cape May Elementary	<u>\$2,966</u>	<u>\$557</u>	<u>\$601</u>	<u>---</u>	<u>\$2,922</u>
<b>Total</b>	<u><u>\$2,966</u></u>	<u><u>\$557</u></u>	<u><u>\$601</u></u>	<u><u>---</u></u>	<u><u>\$2,922</u></u>

**WEST CAPE MAY SCHOOL DISTRICT**  
**Payroll Agency Fund**  
 Schedule of Receipts and Disbursements  
 for the Fiscal Year ended June 30, 2011

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$8,744	\$651,392	\$643,172	\$16,964
Interfund receivable				
<b>Total assets</b>	<u>\$8,744</u>	<u>\$651,392</u>	<u>\$643,172</u>	<u>\$16,964</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	\$5,438	\$209,954	\$204,231	\$11,161
Net payroll		414,661	414,661	
Interfund payable	3,306	26,777	24,280	5,803
<b>Total liabilities</b>	<u>\$8,744</u>	<u>\$651,392</u>	<u>\$643,172</u>	<u>\$16,964</u>

## Long-Term Debt Schedules

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

**WEST CAPE MAY SCHOOL DISTRICT**  
**General Long-Term Debt Account Group**  
 Statement of Serial Bonds  
 June 30, 2011

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Rate of Interest</u>	<u>Balance July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
			<u>Date</u>	<u>Amount</u>					
School Bonds	07/15/1998	\$970,000	07/15/11	\$55,000	5.40%	\$510,000		\$50,000	\$460,000
			07/15/12	55,000					
			07/15/13	55,000					
			07/15/14	55,000					
			07/15/15	60,000					
			07/15/16	60,000					
			07/15/17	60,000					
			07/15/18	60,000					
						\$510,000	---	\$50,000	\$460,000

**WEST CAPE MAY SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 Fiscal Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$48,483		\$48,483	\$48,483	
Miscellaneous					
Total revenues - local sources	<u>48,483</u>		<u>48,483</u>	<u>48,483</u>	
State sources:					
Debt service aid type II	24,854		24,854	24,854	
Total revenues - state sources	<u>24,854</u>		<u>24,854</u>	<u>24,854</u>	
Total Revenues	<u>73,337</u>		<u>73,337</u>	<u>73,337</u>	
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	23,644		23,644	23,644	
Redemption of principal	<u>50,000</u>		<u>50,000</u>	<u>50,000</u>	
Total Expenditures	<u>73,644</u>		<u>73,644</u>	<u>73,644</u>	
Excess (Deficiency) of revenues over (under) expenditures	(307)		(307)	(307)	
Other Financing Sources (Uses):					
Operating transfer in					
Total other financing sources (uses)					
Net change in fund balance	(307)		(307)	(307)	
Fund Balances, July 1	<u>307</u>		<u>307</u>	<u>307</u>	
Fund Balances, June 30	<u>-</u>		<u>-</u>	<u>-</u>	
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	<u>---</u>		<u>---</u>	<u>---</u>	

**Statistical Section**

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

Exhibit J-1

	Fiscal Year Ending June 30,							
	(A) 2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities:</b>								
Invested in capital assets, net of related debt	\$ 391,938	\$ 410,913	\$ 429,478	\$ 446,043	\$ 471,189	\$ 493,227	\$ 517,188	\$ 376,511
Restricted for:								
Capital projects	2,617	2,643	2,725	2,824	2,890	2,431	127,134	157,350
Debt service	-	-	-	-	-	307	307	-
Other purposes	15,655	93,512	88,663	-	37,150	175,497	204,722	227,243
Unrestricted	110,914	89,283	68,688	152,648	236,493	230,020	231,076	248,866
<b>Total governmental activities net assets</b>	<b>\$ 521,124</b>	<b>\$ 596,351</b>	<b>\$ 589,554</b>	<b>\$ 601,515</b>	<b>\$ 747,722</b>	<b>\$ 901,482</b>	<b>\$ 1,080,427</b>	<b>\$ 1,008,970</b>
<b>Business-type activities:</b>								
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	882	995	1,340	1,360	822	562	1,035	381
<b>Total business-type activities net assets</b>	<b>\$ 882</b>	<b>\$ 995</b>	<b>\$ 1,340</b>	<b>\$ 1,360</b>	<b>\$ 822</b>	<b>\$ 562</b>	<b>\$ 1,035</b>	<b>\$ 381</b>
<b>District-wide:</b>								
Invested in capital assets, net of related debt	\$ 391,938	\$ 410,913	\$ 429,478	\$ 446,043	\$ 471,189	\$ 493,227	\$ 517,188	\$ 376,511
Restricted:								
Capital projects	2,617	2,643	2,725	2,824	2,890	2,431	127,134	157,350
Debt service	-	-	-	-	-	307	307	-
Other purposes	15,655	93,512	88,663	-	37,150	175,497	204,722	227,243
Unrestricted	111,786	90,278	70,028	154,008	237,315	230,582	232,111	249,247
<b>Total district net assets</b>	<b>\$ 522,006</b>	<b>\$ 597,346</b>	<b>\$ 590,894</b>	<b>\$ 602,875</b>	<b>\$ 748,544</b>	<b>\$ 902,044</b>	<b>\$ 1,081,462</b>	<b>\$ 1,010,351</b>

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

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

Exhibit J-2

Fiscal Year Ending June 30,

	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses:</b>								
<b>Governmental activities:</b>								
Instruction:								
Regular	\$ 497,749	\$ 526,581	\$ 565,976	\$ 461,017	\$ 747,846	\$ 494,965	\$ 437,229	\$ 518,971
Special education	19,659	23,241	42,242	37,301	57,092	50,013	69,541	60,804
Other instruction	37,023	37,583	270	19,631	148	2,020		600
Support Services:								
Tuition	90,819	52,585	149,805	158,413	77,611	65,039	47,884	59,018
Student & instruction related services	103,907	108,967	129,774	119,110	117,256	125,766	124,355	129,724
School administrative services			-	-	-	-		
General and business administrative services	196,581	187,995	115,583	89,518	61,257	57,986	49,918	55,763
Plant operations and maintenance	98,869	97,322	101,372	97,674	100,906	112,056	104,661	234,003
Pupil transportation	34,283	15,623	4,010	7,912	8,182	10,000	7,398	15,623
Business and other support services								
Unallocated employee benefits			100,207	213,592	211,374	149,122	146,262	166,113
Special schools			-	-	-	-		
Charter schools			-	-	-	-		
Interest on long-term debt	39,975	55,006	34,714	32,276	30,757	26,485	24,965	23,356
Unallocated depreciation	3,971	3,840	1,347	2,186	4,671	4,982	4,790	12,477
<b>Total governmental activities expenses</b>	<b>1,122,836</b>	<b>1,108,743</b>	<b>1,245,300</b>	<b>1,238,630</b>	<b>1,417,100</b>	<b>1,098,434</b>	<b>1,017,003</b>	<b>1,276,452</b>
<b>Business-type activities:</b>								
Food service	17,479	18,432	14,752	15,264	15,789	16,988	18,328	9,377
<b>Total business-type activities expense</b>	<b>17,479</b>	<b>18,432</b>	<b>14,752</b>	<b>15,264</b>	<b>15,789</b>	<b>16,988</b>	<b>18,328</b>	<b>9,377</b>
<b>Total district expenses</b>	<b>\$ 1,140,315</b>	<b>\$ 1,127,175</b>	<b>1,260,052</b>	<b>1,253,894</b>	<b>1,432,889</b>	<b>1,115,422</b>	<b>1,035,331</b>	<b>1,285,829</b>
<b>Program Revenues:</b>								
<b>Governmental activities:</b>								
Charges for services:								
Instruction (tuition)	\$ -		\$ -	\$ -	\$ -	\$ -		
Operating grants and contributions	144,945	155,469	75,050	50,141	192,095	124,303	127,456	121,334
<b>Total governmental activities program revenues</b>	<b>144,945</b>	<b>155,469</b>	<b>75,050</b>	<b>50,141</b>	<b>192,095</b>	<b>124,303</b>	<b>127,456</b>	<b>121,334</b>
(Continued)								
<b>Business-type activities:</b>								
Charges for services:								
Food service	7,186	7,446	6,387	6,439	4,578	3,950	4,170	3,374
Operating grants and contributions	2,453	2,787	1,415	2,469	2,684	2,282	3,547	5,346
Capital grants and contributions								
<b>Total business type activities program revenues</b>	<b>9,639</b>	<b>10,233</b>	<b>7,802</b>	<b>8,908</b>	<b>7,262</b>	<b>6,232</b>	<b>7,717</b>	<b>8,720</b>
<b>Total district program revenues</b>	<b>\$ 154,584</b>	<b>\$ 165,702</b>	<b>\$ 82,852</b>	<b>\$ 59,049</b>	<b>\$ 199,357</b>	<b>\$ 130,535</b>	<b>\$ 135,173</b>	<b>\$ 130,054</b>
<b>Net (Expense)/Revenue:</b>								
Governmental activities	\$ (977,891)	\$ (953,274)	\$ (1,170,250)	\$ (1,188,489)	\$ (1,225,005)	\$ (974,131)	\$ (889,547)	\$ (1,155,118)
Business-type activities	(7,840)	(8,199)	(6,950)	(6,356)	(8,527)	(10,756)	(10,611)	(657)
<b>Total district-wide net expense</b>	<b>\$ (985,731)</b>	<b>\$ (961,473)</b>	<b>\$ (1,177,200)</b>	<b>\$ (1,194,845)</b>	<b>\$ (1,233,532)</b>	<b>\$ (984,887)</b>	<b>\$ (900,158)</b>	<b>\$ (1,155,775)</b>

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

**Exhibit J-2**

Fiscal Year Ending June 30,

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>General Revenues and Other Changes in Net Assets:</b>								
Governmental activities:								
Property taxes levied for general purposes, net	\$ 718,729	\$ 763,311	\$ 793,176	\$ 786,505	\$ 817,965	\$ 850,684	\$ 847,561	\$ 838,582
Taxes levied for debt service	48,222	47,046	51,754	50,283	48,813	47,162	45,568	48,483
Unrestricted grants and contributions	193,981	180,760	275,983	309,085	181,104	179,025	141,349	138,040
Tuition revenue	41,328	42,750	41,500	54,100	51,000	32,576	25,000	20,480
Investment earnings	600	26	6,270	6,780	7,275	3,890	1,981	1,321
Miscellaneous income	286	2,918	2,000	-	-	25,043	18,113	37,755
Transfers	(8,293)	(8,310)	(7,230)	(6,303)	(7,945)	(10,489)	(11,080)	-
<b>Total governmental activities</b>	<u>994,853</u>	<u>1,028,501</u>	<u>1,163,453</u>	<u>1,200,450</u>	<u>1,098,212</u>	<u>1,127,891</u>	<u>1,068,492</u>	<u>1,084,661</u>
Business-type activities:								
Investment earnings	2	2	65	73	44	7	4	3
Transfers	8,293	8,310	7,230	6,303	7,945	10,489	11,080	-
<b>Total business-type activities</b>	<u>8,295</u>	<u>8,312</u>	<u>7,295</u>	<u>6,376</u>	<u>7,989</u>	<u>10,496</u>	<u>11,084</u>	<u>3</u>
<b>Total district-wide</b>	<u>\$ 1,003,148</u>	<u>\$ 1,036,813</u>	<u>\$ 1,170,748</u>	<u>\$ 1,206,826</u>	<u>\$ 1,106,201</u>	<u>\$ 1,138,387</u>	<u>\$ 1,079,576</u>	<u>\$ 1,084,664</u>
<b>Change in Net Assets:</b>								
Governmental activities	\$ 16,962	\$ 75,227	\$ (6,797)	\$ 11,961	\$ (126,793)	\$ 153,760	\$ 178,945	\$ (70,457)
Business-type activities	455	113	345	20	(538)	(260)	473	(654)
<b>Total district-wide</b>	<u>\$ 17,417</u>	<u>\$ 75,340</u>	<u>\$ (6,452)</u>	<u>\$ 11,981</u>	<u>\$ (127,331)</u>	<u>\$ 153,500</u>	<u>\$ 179,418</u>	<u>\$ (71,111)</u>

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

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

**Exhibit J-3**

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	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>General Fund:</b>								
Reserved for:								
Encumbrances			\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,643
Capital reserve	\$ 2,617	\$ 2,643	2,725	2,824	2,890	2,431	127,134	157,350
Maintenance reserve							60,000	70,000
Emergency reserve								50,000
Excess surplus	15,855	84,074	76,110	-	37,150	175,497	144,722	55,392
Assigned fund balance								
Designated for subsequent year's expenditures								31,208
Unassigned	97,127	104,433	85,611	159,060	243,912	237,681	237,452	246,239
<b>Total general fund</b>	<u>\$ 115,399</u>	<u>\$ 191,150</u>	<u>\$ 164,446</u>	<u>\$ 161,884</u>	<u>\$ 283,952</u>	<u>\$ 415,609</u>	<u>\$ 569,308</u>	<u>\$ 630,832</u>
<b>All Other Governmental Funds</b>								
Reserved:			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Encumbrances	\$ -							
Unreserved, reported in:								
Special revenue fund								
Capital projects fund								
Debt service fund	-	\$ -						
<b>Total all other governmental funds</b>	<u>\$ -</u>							

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

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
Tax levy	\$ 731,060	\$ 674,648	\$ 766,951	\$ 810,357	\$ 844,930	\$ 836,788	\$ 866,778	\$ 897,846	\$ 893,129	\$ 887,065
Tuition charges	34,250	39,525	41,328	42,750	41,500	54,100	51,000	32,576	25,000	20,480
Interest earnings	200		600	553	6,270	6,780	4,953	3,890	1,981	1,321
Miscellaneous	3,760	25,325	2,286	3,384	3,000	918	2,643	26,543	18,763	38,197
State sources	185,941	301,235	299,935	291,135	313,484	345,311	344,470	272,900	232,362	228,542
Federal sources	20,344	15,113	36,991	44,101	38,549	12,997	28,408	28,928	35,793	30,390
<b>Total revenue</b>	<b>975,555</b>	<b>1,055,846</b>	<b>1,148,091</b>	<b>1,192,280</b>	<b>1,245,733</b>	<b>1,256,894</b>	<b>1,298,252</b>	<b>1,262,683</b>	<b>1,207,028</b>	<b>1,205,995</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	387,073	413,150	388,517	413,538	474,914	433,296	455,942	472,505	418,752	447,546
Special education instruction	14,875	11,416	15,951	18,795	42,242	37,301	57,092	50,013	69,541	60,804
Other special instruction	39,338	40,449	29,738	30,094		18,631	148	2,020	-	600
Other instruction					270	-				
<b>Support Services:</b>										
Tuition	76,246	103,605	90,819	52,585	149,805	158,413	77,611	65,039	47,884	59,018
Student & instruction related services	76,833	77,409	90,896	105,355	129,774	119,110	117,256	125,766	124,355	129,724
School administrative services					-	-				
General and business admin. services	139,444	148,389	162,196	153,845	112,439	86,174	61,257	57,986	49,918	55,763
Plant operations and maintenance	81,540	82,559	90,323	88,522	93,485	92,745	98,421	109,260	94,830	115,943
Pupil transportation	16,701	16,003	34,283	15,623	4,010	7,912	8,182	10,000	7,398	15,623
Other support services	85,676	115,253	136,667	142,222	166,122	213,592	211,374	149,122	146,262	166,113
<b>Special Schools</b>										
Charter Schools										
Capital outlay	3,049	18,372		9,615	6,314	1,585			7,227	20,000
<b>Debt service:</b>										
Principal	30,000	40,000	40,000	40,000	50,000	50,000	50,000	50,000	50,000	50,000
Interest and other charges	43,831	41,925	39,975	38,025	35,832	33,394	30,956	28,519	26,082	23,644
<b>Total expenditures</b>	<b>994,406</b>	<b>1,108,510</b>	<b>1,119,363</b>	<b>1,108,219</b>	<b>1,265,207</b>	<b>1,253,153</b>	<b>1,168,239</b>	<b>1,120,230</b>	<b>1,042,249</b>	<b>1,144,778</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>(18,851)</b>	<b>(52,664)</b>	<b>28,728</b>	<b>84,061</b>	<b>(19,474)</b>	<b>3,741</b>	<b>130,013</b>	<b>142,453</b>	<b>164,779</b>	<b>61,217</b>
<b>Other Financing sources (uses)</b>										
Proceeds from borrowing	-	-	-	-	-	-	-	-	-	-
Accrued interest on sale of bonds	-	-	-	-	-	-	-	-	-	-
Capital contribution										
Transfers in		7,759						489	307	
Transfers out	(8,864)	(16,095)	(8,293)	(8,310)	(7,230)	(8,303)	(7,945)	(10,978)	(11,387)	
<b>Total other financing sources (uses)</b>	<b>(8,864)</b>	<b>(8,336)</b>	<b>(8,293)</b>	<b>(8,310)</b>	<b>(7,230)</b>	<b>(6,303)</b>	<b>(7,945)</b>	<b>(10,489)</b>	<b>(11,080)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (27,715)</b>	<b>\$ (61,000)</b>	<b>\$ 20,435</b>	<b>\$ 75,751</b>	<b>\$ (26,704)</b>	<b>\$ (2,562)</b>	<b>\$ 122,068</b>	<b>\$ 131,964</b>	<b>\$ 153,699</b>	<b>\$ 61,217</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>7.43%</b>	<b>7.52%</b>	<b>7.14%</b>	<b>7.10%</b>	<b>6.82%</b>	<b>6.66%</b>	<b>6.93%</b>	<b>7.01%</b>	<b>7.35%</b>	<b>6.55%</b>

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

**West Cape May School District**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

**Exhibit J-5**

<u>Fiscal Year Ending June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Prior Year Refunds</u>	<u>Miscellaneous</u>	<u>Total</u>
2002	\$ 3,242	\$ 34,250		\$ 218	\$ 37,710
2003	1,384	39,525			40,909
2004	600	41,328		286	42,214
2005	553	42,750	\$ 769	1,622	45,694
2006	6,270	41,500	2,000		49,770
2007	6,780	54,100			60,880
2008	4,953	51,000	2,322		58,275
2009	3,890	32,576	25,043		61,509
2010	1,971	25,000	18,113		45,084
2011	1,105	20,480	33,428	4,327	59,340
	<u>\$ 30,748</u>	<u>\$ 382,509</u>	<u>\$ 81,675</u>	<u>\$ 6,453</u>	<u>\$ 501,385</u>

**Source: District records**

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2002	\$ 7,290,700	\$ 140,056,700	\$ 713,100	\$ 163,700	\$ 17,937,900		\$ 486,100	\$ 168,648,200	\$ 266,261	\$ 168,914,461	\$ 6,452,400	0.400	\$ 189,850,578
2003	6,667,300	144,669,800	713,100	162,900	17,937,900		486,100	170,637,100	246,000	170,883,100	6,184,300	0.455	225,832,378
2004	18,928,500	255,094,500	936,100	158,400	28,944,900		746,700	304,809,100	299,552	305,108,652	6,957,100	0.266	262,776,052
2005	19,493,000	256,750,500	936,100	158,400	28,934,400		746,700	307,018,100	260,603	307,279,703	6,957,100	0.275	330,629,236
2006	19,000,900	259,645,700	1,295,400	160,300	28,934,400		746,700	309,783,400	193,518	309,976,918	6,967,000	0.334	398,452,287
2007	r 29,117,700	432,355,900	3,610,600	239,600	40,776,000		1,189,500	507,289,300	249,741	507,539,041	8,696,100	0.171	465,437,929
2008	33,282,200	433,366,600	2,591,600	73,700	40,370,900		1,189,500	510,874,500	257,281	511,131,781	9,464,500	0.176	492,160,703
2009	29,943,600	439,225,500	3,463,600	165,800	41,342,300		1,189,500	515,330,300	274,134	515,604,434	9,464,500	0.174	550,005,474
2010	26,233,300	443,515,200	3,582,300	216,100	40,695,500		1,189,500	515,431,900	266,363	515,698,263	9,970,200	0.173	469,807,800
2011	20,996,200	385,812,600	3,828,600	205,800	36,180,700		1,066,100	448,090,000	225,357	448,315,357	9,143,300	0.202	490,883,288

Source: Municipal Tax Assessor

**Notes:**

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

c Information not available.

r Reassessment.

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

**Exhibit J-7**

Fiscal Year Ended June 30,	West Cape May School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of West Cape May	Regional School	Cape May County	
2002	\$ 0.362	\$ 0.038	\$ 0.400	\$ 0.439	\$ 0.428	\$ 0.432	\$ 1.699
2003	0.439	0.016	0.455	0.439	0.508	0.439	1.841
2004	0.250	0.016	0.266	0.253	0.313	0.248	1.080
2005	0.260	0.015	0.275	0.254	0.384	0.267	1.180
2006	0.317	0.017	0.334	0.271	0.443	0.272	1.320
2007	0.161	0.010	0.171	0.236	0.317	0.176	0.900
2008	0.167	0.009	0.176	0.279	0.306	0.184	0.945
2009	0.165	0.009	0.174	0.273	0.335	0.197	0.979
2010	0.164	0.009	0.173	0.283	0.333	0.202	0.991
2011	0.112	0.090	0.202	0.337	0.389	0.242	1.170

Source: Municipal Tax Collector

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

**Exhibit J-8**

Taxpayer	2010-2011		Taxpayer	2001-2002	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Depot Travel Park, Inc.	\$ 4,050,300	0.90%	Raysun Property Management	1,193,700	0.74%
Rayson Properties	3,382,200	0.75%	Cape May Lumber Co.	718,600	0.44%
Wilbraham Mansion, LLC	2,854,600	0.64%	Depot Travel Park	614,800	0.38%
CVS	2,479,000	0.55%	Cape West Associates	516,500	0.32%
Cape May Lumber	2,138,900	0.48%	Individual #1	491,000	0.30%
Individual #1	2,058,200	0.46%	NJ Bell Telephone Co.	457,713	0.28%
Cape West Associates	1,862,800	0.42%	Pharmacy Development	441,000	0.27%
Individual #2	1,594,300	0.36%	Wilbraham Partnership	438,200	0.27%
Individual #3	1,018,500	0.23%	Leslie Rea Farms	361,900	0.22%
Individual #4	996,400	0.22%	Individual #2	347,600	0.22%
<b>Total</b>	<b>\$ 22,435,200</b>	<b>5.01%</b>		<b>\$ 5,581,013</b>	<b>3.44%</b>

**Source:** Municipal Tax Assessor

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

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 731,060	\$ 731,060	100.00%	-
2003	674,648	674,648	100.00%	-
2004	766,951	766,951	100.00%	-
2005	810,357	810,357	100.00%	-
2006	844,930	844,930	100.00%	-
2007	836,788	836,788	100.00%	-
2008	866,778	866,778	100.00%	-
2009	897,846	897,846	100.00%	-
2010	893,129	893,129	100.00%	-
2011	890,097	890,097	100.00%	-

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

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

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Unfunded Pension Liability	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2002	\$ 880,000		\$ -	\$ -	\$ -	\$ 880,000	2.23%	804
2003	840,000		-	-	-	840,000	2.09%	773
2004	800,000		-	-	-	800,000	1.95%	757
2005	760,000		-	-	-	760,000	1.83%	739
2006	710,000		-	-	-	710,000	1.67%	706
2007	660,000		-	-	-	660,000	1.50%	668
2008	610,000		-	-	-	610,000	1.35%	619
2009	560,000		-	-	-	560,000	1.23%	569
2010	510,000		-	-	-	510,000	c	c
2011	460,000		-	-	-	460,000	c	c

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

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

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

**Exhibit J-11**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	\$ 880,000	\$ -	\$ 880,000	0.53%	804
2003	840,000	-	840,000	0.49%	773
2004	800,000	-	800,000	0.26%	757
2005	760,000	-	760,000	0.25%	739
2006	710,000	-	710,000	0.23%	706
2007	660,000	-	660,000	0.13%	668
2008	610,000	-	610,000	0.12%	619
2009	560,000	-	560,000	0.11%	569
2010	510,000	-	510,000	0.10%	c
2011	460,000	-	460,000	0.10%	c

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

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

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

**c** Not available.

**West Cape May School District  
 Ratios of Overlapping Governmental Activities Debt  
 As of December 31, 2010**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of West Cape May	\$ 494,450	100.000%	\$ 494,450
Lower Cape May Regional School Debt	9,285,000	6.476%	601,352
Cape May County General Obligation Debt	81,583,964	0.915%	746,412
			<hr/>
Subtotal, overlapping debt			1,842,214
<b>West Cape May School District Direct Debt</b>			<hr/> <b>460,000</b>
<b>Total direct and overlapping debt</b>			<hr/> <b>\$ 2,302,214</b> <hr/>

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized valuation basis	
	2010	\$ 488,320,133
	2009	489,123,256
	2008	499,730,510
	[A]	<u>\$ 1,477,173,899</u>
Average equalized valuation of taxable property	[A/3]	\$ 492,391,300
Debt limit (2 1/2% of average equalized valuation)	[B]	12,309,782 <sup>a</sup>
Net bonded school debt	[C]	<u>460,000</u>
Legal debt margin	[B-C]	<u>\$ 11,849,782</u>

Fiscal Year

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 3,890,219	\$ 4,631,221	\$ 5,521,042	\$ 6,725,118	\$ 8,177,399	\$ 9,838,472	\$ 11,174,764	\$ 12,053,590	\$ 12,306,830	\$ 12,309,782
Total net debt applicable to limit	<u>880,000</u>	<u>840,000</u>	<u>800,000</u>	<u>760,000</u>	<u>710,000</u>	<u>660,000</u>	<u>610,000</u>	<u>560,000</u>	<u>510,000</u>	<u>460,000</u>
Legal debt margin	<u>\$ 3,010,219</u>	<u>\$ 3,791,221</u>	<u>\$ 4,721,042</u>	<u>\$ 5,965,118</u>	<u>\$ 7,467,399</u>	<u>\$ 9,178,472</u>	<u>\$ 10,564,764</u>	<u>\$ 11,493,590</u>	<u>\$ 11,796,830</u>	<u>\$ 11,849,782</u>
Total net debt applicable to the limit as a percentage of debt limit	22.62%	18.14%	14.49%	11.30%	8.68%	6.71%	5.46%	4.65%	4.14%	3.74%

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

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

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

**Exhibit J-14**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2002	1,094	\$ 39,441,982	\$ 36,053	5.0%
2003	1,086	40,119,012	36,942	5.2%
2004	1,057	40,948,180	38,740	7.4%
2005	1,029	41,485,164	40,316	7.4%
2006	1,006	42,575,932	42,322	7.8%
2007	988	44,040,100	44,575	7.4%
2008	985	45,375,995	46,067	9.1%
2009	985	45,634,065	46,329	13.0%
2010	e	e	e	13.5%
2011	e	e	e	e

**Source:**

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

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

**Exhibit J-16**

<b>Function/Program</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Instruction										
Regular	7	7	7	7	7	7	7	7	7	5
Special education	1	1	1	1	1	1	1	1	1	1
Other instruction	3	3	3	3	3	3	3	3	3	3
Support Services:										
General and business administrative services	1	1	1	1	1	1	1	1	1	1
Plant operations and maintenance	1	1	1	1	1	1	1	1	1	1
Business and other support services	1	1	1	1	1	1	1	1	1	1
<b>Total</b>	<b>14</b>	<b>12</b>								

Source: District Personnel Records

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

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
							Elementary				
2002	97	\$ 917,726	\$ 9,461	-5.52%	7		1 to 14	95.0	92.0	5.55%	96.84%
2003	86	1,008,213	11,723	12.50%	7		1 to 13	91.0	87.0	-4.21%	95.60%
2004	79	1,039,388	13,157	20.30%	7		1 to 11	79.0	76.0	-13.19%	96.20%
2005	71	1,020,579	14,374	11.06%	7		1 to 10	70.0	67.0	-11.39%	95.71%
2006	57	1,173,061	20,580	11.06%	7		1 to 8	56.2	52.0	-20.00%	93.40%
2007	50	1,168,174	23,363	13.52%	7		1 to 7	50.0	47.0	-10.71%	93.80%
2008	52	1,087,283	20,909	-10.50%	7		1 to 7	52.0	49.0	4.00%	94.23%
2009	42	1,041,711	24,803	23.40%	7		1 to 6	42.2	39.5	-19.20%	93.60%
2010	36	958,940	26,637	7.39%	7		1 to 6	37.2	35.4	-11.85%	95.16%
2011	40	1,051,134	26,278	-0.13%	5		1 to 8	42.0	39.5	12.90%	94.05%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

**Exhibit J-18**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
West Cape May Elementary (1963)										
Square Feet	12,715	12,715	12,715	12,715	12,715	12,715	12,715	12,715	12,715	12,715
Capacity (students)	118	118	118	118	118	118	118	118	118	118
Enrollment	97	86	79	71	57	50	52	42	37	42

Number of Schools at June 30, 2010  
 Elementary = 1  
 Other = 0

**Source:** District Facilities Office

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

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

Exhibit J-19

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
* School Facilities											
West Cape May School	\$ 27,208	\$ 3,858	\$ 12,002	\$ 5,967	\$ 5,992	\$ 5,370	\$ 6,354	\$ 8,757	\$ 3,603	\$ 17,425	\$ 96,536
Project # (s)											
Total School Facilities	<u>\$ 27,208</u>	<u>\$ 3,858</u>	<u>\$ 12,002</u>	<u>\$ 5,967</u>	<u>\$ 5,992</u>	<u>\$ 5,370</u>	<u>\$ 6,354</u>	<u>\$ 8,757</u>	<u>\$ 3,603</u>	<u>\$ 17,425</u>	<u>\$ 96,536</u>

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

Source: District records

**West Cape May School District  
Insurance Schedule  
June 30, 2011**

**Exhibit J-20**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Property - Blanket and Personal Property	\$ 2,511,980	\$ 1,000
Extra Expense	50,000,000	1,000
Valuable Papers and Records	10,000,000	1,000
Equipment Breakdown	100,000,000	1,000
Environmental Package	1,000,000	10,000
Computer Hardware	100,000	1,000
Blanket Faithful Performance	50,000	1,000
Depositors Forgery and Alteration	25,000	1,000
Money and Securities	10,000	1,000
Computer Fraud	25,000	1,000
General Liability Including Student Accident (1)	6,000,000	
Automobile Non Ownership Liability (1)	6,000,000	
School Leaders Errors and Omissions (1)	1,000,000	5,000
Workers Compensation (1)	Statutory	
Surety Bonds - RLI Insurance Co.		
Board Secretary/Business Administrator	110,000	500

(1) - New Jersey School Boards Association Insurance Group

Source: District records

**Single Audit Section**

WEST CAPE MAY SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period	June 30, 2010			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2011		
					Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
<b>U.S. Department of Education</b>														
<b>Special Revenue Fund:</b>														
REAP Grant	84.358A	5610-11	\$16,925	9/1/10 - 8/31/11					\$16,925	(\$16,925)				
<b>Individuals With Disabilities Imp. Act (I.D.E.A.)</b>														
Part B - Basic - Current Year	84.027	FT-5610-11	12,969	9/1/10 - 8/31/11					12,969	(12,969)				
Part B - Preschool - Current Year	84.173	PS-5610-11	496	9/1/10 - 8/31/11					496	(496)				
<b>Total Special Revenue Fund</b>					<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>30,390</u>	<u>(30,390)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>U.S. Department of Agriculture</b>														
<b>Enterprise Fund:</b>														
National School Lunch Program	10.555	N/A	3,363	9/1/09 - 6/30/10	(\$396)				396					
National School Lunch Program	10.555	N/A	4,286	9/1/10 - 6/30/11					3,764	(4,286)		(\$522)		
School Breakfast Program	10.553	N/A	930	9/1/10 - 6/30/11					815	(930)		(115)		
<b>Total Enterprise Fund</b>					<u>(396)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,975</u>	<u>(5,216)</u>	<u>—</u>	<u>(637)</u>	<u>—</u>	<u>—</u>
<b>Total Federal Awards</b>					<u>(\$396)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>\$35,365</u>	<u>(\$35,606)</u>	<u>—</u>	<u>(\$637)</u>	<u>—</u>	<u>—</u>

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

**WEST CAPE MAY SCHOOL DISTRICT**  
Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2011

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2010			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	June 30, 2011		
				Accounts Receivable	Deferred Revenue	Due to Grantor at				Accounts Receivable	Deferred Revenue	Due to Grantor at
<b>State Department of Education</b>												
<u>General Fund:</u>												
Special Education Categorical Aid	10-495-034-5120-089	\$13,157	7/1/09 - 6/30/10	(\$1,166)				\$1,166				
Special Education Categorical Aid	11-495-034-5120-089	16,446	7/1/10 - 6/30/11					15,928	(\$16,446)		(\$518)	
Security Aid	10-495-034-5120-084	2,148	7/1/09 - 6/30/10	(190)				190				
Security Aid	11-495-034-5120-084	3,918	7/1/10 - 6/30/11					3,794	(3,918)		(124)	
Adjustment Aid	10-495-034-5120-085	117,812	7/1/09 - 6/30/10	(10,442)				10,442				
Adjustment Aid	11-495-034-5120-085	103,221	7/1/10 - 6/30/11					99,967	(103,221)		(3,254)	
Transportation Aid	10-495-034-5120-014	8,461	7/1/09 - 6/30/10	(750)				750				
Transportation Aid	11-495-034-5120-014	5,668	7/1/10 - 6/30/11					5,489	(5,668)		(179)	
Reimbursement of Nonpublic Transportation	11-495-034-5120-014	314	7/1/10 - 6/30/11						(314)		(314)	
On Behalf TPAF Post Retirement Medical	11-495-034-5095-001	31,332	7/1/10 - 6/30/11					31,332	(31,332)			
On Behalf TPAF Non-Contributory Insurance	11-495-034-5095-007	1,475	7/1/10 - 6/30/11					1,475	(1,475)			
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	32,669	7/1/09 - 6/30/10	(1,638)				1,638				
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	32,841	7/1/10 - 6/30/11					31,232	(32,841)		(1,609)	
<b>Total General Fund</b>				<b>(14,166)</b>				<b>203,403</b>	<b>(195,215)</b>		<b>(5,998)</b>	
<b>86</b>												
<u>Debt Service Fund</u>												
Debt Service Aid Type II	11-495-034-5120-017	24,894	7/1/10 - 6/30/11	---				24,854	(24,854)		---	
<b>State Department of Agriculture</b>												
<u>Enterprise Fund:</u>												
State School Lunch Program	10-100-010-3350-023	184	7/1/09 - 6/30/10	(20)				20				
State School Lunch Program	11-100-010-3350-023	130	7/1/10 - 6/30/11					113	(130)		(17)	
<b>Total Enterprise Fund</b>				<b>(20)</b>				<b>133</b>	<b>(130)</b>		<b>(17)</b>	
<b>Total State Financial Assistance</b>				<b>(\$14,206)</b>				<b>\$228,390</b>	<b>(\$220,199)</b>		<b>(\$6,015)</b>	

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

**West Cape May School District  
Notes to Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2011**

**1. GENERAL**

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

**2. BASIS OF ACCOUNTING**

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

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$8,473 for the general fund and \$-0- for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures are reported in the School District's basic financial statements on a GAAP basis as presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General		\$203,688	\$203,688
Special Revenue	\$30,390		30,390
Debt Service		24,854	24,854
Food Service	5,216	130	5,346
<b>Total</b>	<b>\$35,606</b>	<b>\$228,672</b>	<b>\$264,278</b>

**West Cape May School District**  
**Notes to the Schedules of Expenditures**  
**of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2011**  
**(Continued)**

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

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

**5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distribution, respectively. TPAF Pension Contributions represents the amount paid by the State on behalf of the School District for the year ended June 30, 2011. 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, 2011.

**WEST CAPE MAY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**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?

\_\_\_\_\_ yes      X   none reported

Noncompliance material to basic financial  
statements noted?

\_\_\_\_\_ yes      X   no

**WEST CAPE MAY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Section 2 – Schedule of Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting in a Circular A-133 audit. See paragraphs 13.15 and 13.35.

No findings identified.

**WEST CAPE MAY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

**FEDERAL AWARDS**

A federal single audit was not required.

**STATE AWARDS**

A state single audit was not required.

**WEST CAPE MAY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**FINANCIAL STATEMENT FINDINGS**

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

**FEDERAL AWARDS**

A federal single audit was not required.

**STATE AWARDS**

A state single audit was not required.