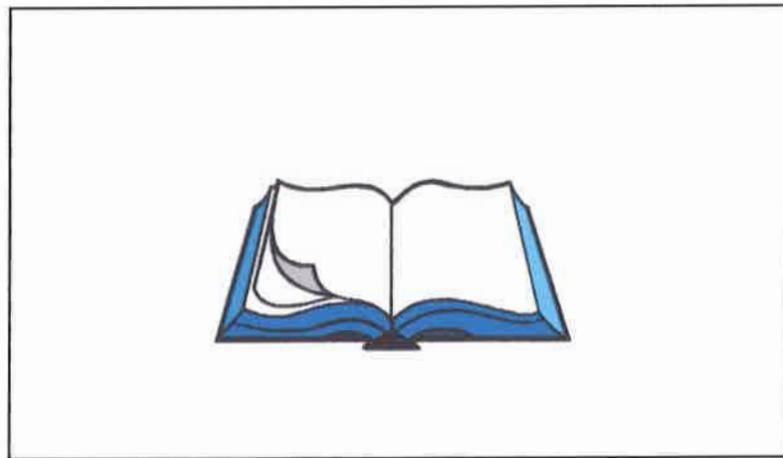


**SCHOOL DISTRICT  
OF  
WEST CAPE MAY**



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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2014**

**Comprehensive Annual  
Financial Report**

**of the**

**West Cape May Board of Education**

**West Cape May, New Jersey**

**For the Fiscal Year Ended June 30, 2014**

**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

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

*Maureen McLaughlin*  
*Supervisor*

August 30, 2014

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, 2014. 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 Pre-Kindergarten through 6. These include regular as well as special education for handicapped youngsters. The District completed the 2013-2014 fiscal year with an enrollment of 73 students, which is an increase of 8 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.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percentage Change
2013-2014	75	15.38%
2012-2013	65	25.00%
2011-2012	52	23.80%
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%)

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. Due to the district's approval by the New Jersey Department of Education as an Interdistrict Public School Choice school since the 2011-12 school year, we have accepted many new students in the district, contributing to the three consecutive years of growth noted in the table above. There are many applications for the 2014-15 school year that will allow for continued growth in the coming year. The outlook for the district's long-term viability continues to be very positive.

3) **MAJOR INITIATIVES:** The solar panels installed three years ago under a 15-year Power Purchase Agreement with Cambria Solar have allowed the district to drastically cut its electric bill, with savings to continue over the next 12 years. Last year, a rooftop HVAC unit was replaced in the gymnasium through the NJ Direct Install program. Each classroom is now equipped with a SMART board to enhance use of technology in the delivery of instruction. A new writing program for all grade levels was implemented last year. The district amended its Long-Range Facilities Plan, with two (2) Regular Operating District (ROD) grants awarded to the district for security upgrades, HVAC upgrades in the old section of the building, and new doors and windows in the old section of the building.

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, 2014.

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

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

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

9) **OTHER INFORMATION:**

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

section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10) **ACKNOWLEDGEMENTS:**

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

Respectfully submitted,

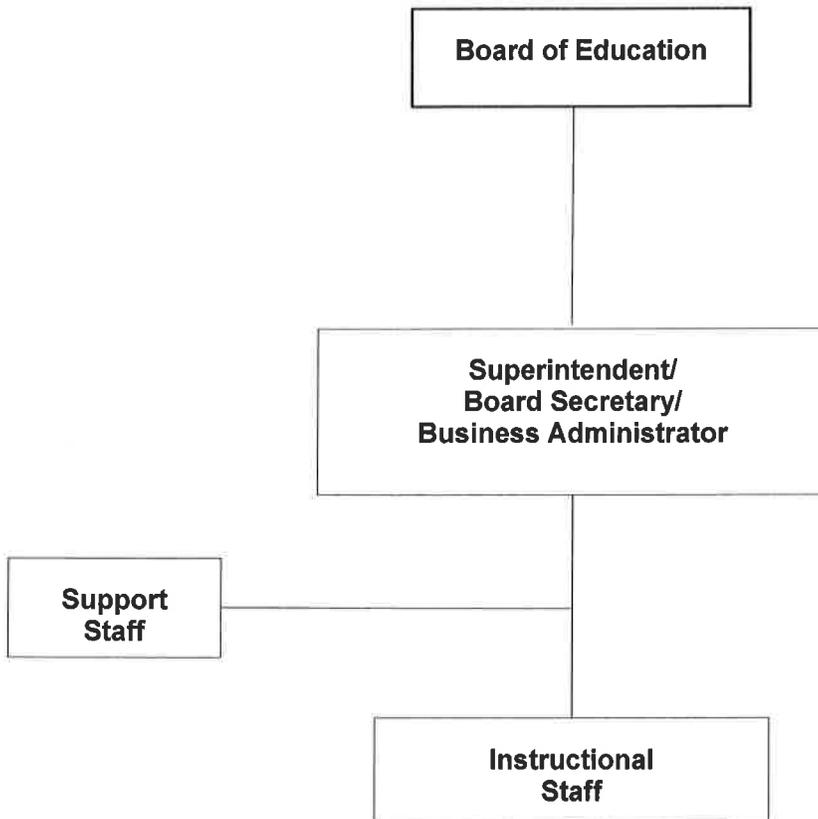
A handwritten signature in blue ink, appearing to be 'A Savio', written over a faint horizontal line.

Alfred Savio, Ed.D.

Chief School Administrator / 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, 2014**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Christopher H. Wood – President	2017
Jan Conwell – Vice-President	2016
Thomas Belasco	2015
Robert Cwik	2017
Leonard Wilmore	2016

**Other Officials**

Alfred Savio, Ed. D., Superintendent &  
School Business Administrator  
Frank Donato, Treasurer  
Mark G. Toscano, Esq., Solicitor

**WEST CAPE MAY BOARD OF EDUCATION**  
**Consultants and Advisors**

**Architect**

Spiezele Architectural Group  
120 Sanhican Drive  
Trenton, NJ 08618

**Audit Firm**

Inverso & Stewart, LLC  
651 Route 73 North  
Suite 402  
Marlton, NJ 08053

**Attorney**

Mark G. Toscano  
Comegno Group  
521 Pleasant Valley Avenue  
Moorestown, NJ 08057

**Official Depository**

Sturdy Savings Bank  
701 Washington Street  
Cape May, NJ 08204

**Financial Section**

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

651 Route 73 North, Suite 402  
Marlton, New Jersey 08053  
(856) 983-2244  
Fax (856) 983-6674  
E-Mail: [lscpas@concentric.net](mailto:lscpas@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

***Report on the Financial Statements***

I 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, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the West Cape May School District, in the County of Cape May, State of New Jersey, as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the 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 the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Cape May School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and State of New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and Schedules 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

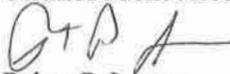
The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated August 15, 2014 on my consideration of the West Cape May School District's internal control over financial reporting and my 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 my 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* in considering the West Cape May School District's internal control over financial reporting and compliance.

***INVERSO & STEWART, LLC***

Certified Public Accountants



Robert P. Inverso

Certified Public Accountant

Public School Accountant

Marlton, New Jersey

August 15, 2014

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

651 Route 73 North, Suite 402  
 Marlton, New Jersey 08053  
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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**

**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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Cape May School District, in the County of Cape May, State of New Jersey, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated August 15, 2014.

***Internal Control Over Financial Reporting***

In planning and performing my audit of the financial statements, I considered the West Cape May School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, I do not express an opinion on the effectiveness of the West Cape May School District's internal control.

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

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the West Cape May School District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

***Purpose of this Report***

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

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



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant

Marlton, New Jersey  
August 15, 2014

**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, 2014**

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, 2014. 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 \$1,278,236(*net position*).
- Governmental activities have unassigned net position of \$170,463. 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 position of the School District increased by \$97,133, or an 8.22% increase from the prior fiscal year-end balance. The majority of the increase is attributable to results of operations in the governmental funds.
- Fund balance of the School District's governmental funds increased by \$118,259 resulting in an ending fund balance of \$706,113. The increase in ending fund balance is due to the results of operations in the General Fund.
- Business-type activities have unrestricted net position of \$3,905, which may be used to meet the School District's ongoing obligations of the food service and child care operations.
- The School District's long-term obligations decreased by \$33,973 which is the result of the principal payment on long-term debt obligations and an increase in compensated absences.

**Overview of the Basic Financial Statements**

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

**District-wide Financial Statements**

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

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets and liabilities is reported as net position. Over time, changes in net position 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 position of the School District changed during the current fiscal year. Changes in net position 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 funds are the Food Service Fund and the Child Care Fund which are 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 statement.

### **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 2014. 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 2014.

The assets of the primary government activities exceeded liabilities by \$1,272,023 with an unassigned balance of \$170,463. The net position of the primary government does not include internal balances.

A net investment of \$597,808 in land, improvements, buildings, equipment and vehicles which provide the services to the School District's 75 public school students, represents 46.99% of the School District's net position. Net position of \$242,222 has 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 \$47,914 is restricted as excess surplus, \$42,532 is reserved for encumbrances and \$51,084 has been appropriated in the 2014/2015 Budget.

As mentioned earlier, unassigned net position of \$202,361 is primarily due to the accounting treatment for compensated absences payable and the last two state aid payments.

**West Cape May School District  
Comparative Summary of Net Position  
As of June 30, 2014 and 2013**

	Governmental Activities		Business-Type Activities		District-Wide	
	2014	2013	2014	2013	2014	2013
<b>Assets:</b>						
Current assets	\$ 704,718	\$ 588,694	\$ 7,814	\$ 7,627	\$ 712,532	\$ 596,321
Capital assets	<u>892,808</u>	<u>776,445</u>	<u>2,308</u>		<u>895,116</u>	<u>776,445</u>
Total assets	<u>1,597,526</u>	<u>1,365,139</u>	<u>10,122</u>	<u>7,627</u>	<u>1,607,648</u>	<u>1,372,766</u>
<b>Liabilities:</b>						
Current Liabilities	60,197	63,660	3,909	4,551	64,106	68,211
Noncurrent Liabilities	<u>265,306</u>	<u>299,279</u>			<u>265,306</u>	<u>299,279</u>
Total liabilities	<u>325,503</u>	<u>362,939</u>	<u>3,909</u>	<u>4,551</u>	<u>329,412</u>	<u>367,490</u>
Net position	<u>\$ 1,272,023</u>	<u>\$ 1,002,200</u>	<u>\$ 6,213</u>	<u>\$ 3,076</u>	<u>\$ 1,278,236</u>	<u>\$ 1,005,276</u>
<b>Net position consists of:</b>						
<b>Investment in capital</b>						
Assets	\$ 597,808	\$ 426,445	\$ 2,308		\$ 600,116	\$ 426,445
Restricted net position	503,752	367,316			503,752	367,316
Unrestricted net position	<u>170,463</u>	<u>208,439</u>	<u>3,905</u>	<u>\$ 3,076</u>	<u>174,368</u>	<u>211,515</u>
Net position	<u>\$ 1,272,023</u>	<u>\$ 1,002,200</u>	<u>\$ 6,213</u>	<u>\$ 3,076</u>	<u>\$ 1,278,236</u>	<u>\$ 1,005,276</u>

**Governmental Activities**

Governmental activities increased the net position of the School District by \$118,259 during the current fiscal year. Key elements of the increase in net position for governmental activities are as follows:

- Depreciation expense of \$134,550.
- Capital outlay of \$75,086.
- Repayment of bond principal of \$55,000.

**Business-type Activities**

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

- Food Service program revenues exceeded expenditures by \$1,750.
- Child Care program revenues exceeded expenditures by \$1,387.

**West Cape May School District**  
**Comparative Schedule of Changes in Net Position**  
**As of and for the Fiscal Years Ended June 30, 2014 and 2013**

	Governmental Activities		Business-Type Activities		District-Wide	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues						
Charges for services			\$ 11,041	\$ 3,689	\$ 11,041	\$ 3,689
Operating grants and Contributions	\$ 175,687	\$ 162,986	9,421	12,709	185,108	175,695
General Revenues:						
Property Taxes	873,041	858,618			873,041	858,618
Unrestricted State Aid	462,386	298,779			462,386	298,779
Tuition	14,400	7,360			14,400	7,360
Other Revenues	15,512	2,930	3	1	15,515	2,931
<b>Total Revenues</b>	<b>1,541,026</b>	<b>1,330,673</b>	<b>20,465</b>	<b>16,399</b>	<b>1,561,491</b>	<b>1,347,072</b>
Expenses:						
Governmental Activities:						
Instruction	742,939	578,923			742,939	578,923
Tuition	22,167	2,300			22,167	2,300
Related Services	258,963	207,469			258,963	207,469
Administrative Services	72,239	66,784			72,239	66,784
Operations and Maintenance	129,453	120,608			129,453	120,608
Transportation	9,011	7,102			9,011	7,102
Unallocated Benefits	197,764	318,733			197,764	318,733
Interest on long-term Debt	14,494	17,174			14,494	17,174
Other		3,003				3,003
Business-Type Activities:						
Child Care			6,064		6,064	
Food Service Operations			11,264	16,842	11,264	16,842
<b>Total Expenses</b>	<b>1,447,030</b>	<b>1,322,096</b>	<b>17,328</b>	<b>16,842</b>	<b>1,464,358</b>	<b>1,338,938</b>
Increase in net position						
Before transfers	93,996	8,577	3,137	(443)	97,133	8,134
Transfers						
Changes in net position	93,996	8,577	3,137	(443)	97,133	8,134
Net position, July 1,	1,178,027	993,623	3,076	3,519	1,181,103	997,142
Net position, June 30,	\$ 1,272,023	\$ 1,002,200	\$ 6,213	\$ 3,076	\$ 1,278,236	\$ 1,005,276

## **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 \$706,113, an increase of \$118,259 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 \$202,361. 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 \$242,222, \$70,000 is reserved for maintenance, \$50,000 is reserved for emergencies, \$47,914 is reserved for excess surplus, \$42,532 is reserved for encumbrances, and \$51,084 is 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 \$250,153 while total fund balance (budgetary basis) was \$753,905. 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 \$1,200,226. Unassigned fund balance (budgetary basis) represents 20.84% of expenditures while total fund balance (budgetary basis) represents 62.81% of that same amount.

### **Capital Asset and Debt Administration**

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2014, totaled \$895,116 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total increase in the District's investment in capital assets for the current fiscal year was \$118,671 or a 5.46% increase. The increase is due to additions less depreciation expense.

**West Cape May School District  
Capital Asset (net of accumulated depreciation)  
June 30, 2014 and 2013**

	Governmental Activities		Business-Type Activities		District-Wide	
	2014	2013	2014	2013	2014	2013
Land	\$ 120,694	\$ 120,694			\$ 120,694	\$ 120,694
Buildings and Improvements	610,994	617,358			610,994	617,358
Equipment	161,120	38,393	\$ 2,308	\$ -	163,428	38,393
Net position	<u>\$ 1,572,948</u>	<u>\$ 776,445</u>	<u>\$ 2,308</u>	<u>\$ -</u>	<u>\$ 895,116</u>	<u>\$ 776,445</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, 2014, the School District had \$295,000 outstanding in serial bonds.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$11,525,734. The available debt limit as of June 30, 2014 is \$11,230,734.

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 2014-15 fiscal year.

- For 2014-15 fiscal year the School District will be receiving an increase in state aid. The local tax levy in the General Fund increased by \$16,523 or 1.99%. Salaries continue to increase contractually; however, the District has managed to control costs. The 2014-15 General Fund Budget is \$219,351 greater than the previous year. The tax rate increased slightly from 19.4 cents in 2014 to 19.7 cents in 2015.

**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

**WEST CAPE MAY SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2014**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 418,615	\$ 7,066	\$ 425,681
Receivables, net	43,881	748	44,629
Restricted assets:			
Capital reserve account	242,222		242,222
Capital assets, net (Note 5)	<u>892,808</u>	<u>2,308</u>	<u>895,116</u>
Total assets	<u>1,597,526</u>	<u>10,122</u>	<u>1,607,648</u>
<b>LIABILITIES:</b>			
Accounts payable		939	939
Unearned revenue	1,575		1,575
Internal balances	(2,970)	2,970	
Accrued interest	6,592		6,592
Noncurrent liabilities (Note 6):			
Due within one year	55,000		55,000
Due beyond one year	<u>265,306</u>		<u>265,306</u>
Total liabilities	<u>325,503</u>	<u>3,909</u>	<u>329,412</u>
<b>NET POSITION:</b>			
Net investment in capital assets	597,808	2,308	600,116
Restricted for:			
Capital Projects	242,222		242,222
Other Purposes	261,530		261,530
Unrestricted	<u>170,463</u>	<u>3,905</u>	<u>174,368</u>
Total net position	<u>\$ 1,272,023</u>	<u>\$ 6,213</u>	<u>\$ 1,278,236</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, 2014**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 641,168			\$ (641,168)		\$ (641,168)
Special education	93,245		\$ 26,687	(66,558)		(66,558)
Other instruction	8,526			(8,526)		(8,526)
Support Services:						
Tuition	22,167			(22,167)		(22,167)
Student & instruction related services	258,963		34,963	(224,000)		(224,000)
General administrative services	70,894			(70,894)		(70,894)
Central services	1,345			(1,345)		(1,345)
Plant operations and maintenance	129,453			(129,453)		(129,453)
Pupil transportation	9,011			(9,011)		(9,011)
Employee benefits	197,764		90,169	(107,595)		(107,595)
Interest on long-term debt	14,494		23,868	9,374		9,374
Unallocated depreciation and amortization						
Total governmental activities	<u>1,447,030</u>		<u>175,687</u>	<u>(1,271,343)</u>		<u>(1,271,343)</u>
Business-type activities:						
Child Care	6,064	\$ 7,450			\$ 1,386	1,386
Food service	11,264	3,591	9,421		1,748	1,748
Total business-type activities	<u>17,328</u>	<u>11,041</u>	<u>9,421</u>		<u>3,134</u>	<u>3,134</u>
Total primary government	<u>\$ 1,464,358</u>	<u>\$ 11,041</u>	<u>\$ 185,108</u>	<u>\$ (1,271,343)</u>	<u>\$ 3,134</u>	<u>\$ (1,268,209)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net				826,187		826,187
Taxes levied for debt service				46,854		46,854
Federal and State aid not restricted				462,386		462,386
Investment earnings				146	3	149
Tuition revenue				14,400		14,400
Miscellaneous				15,366		15,366
Transfer						
Total general revenues, special items, extraordinary items and transfers				<u>1,365,339</u>	<u>3</u>	<u>1,365,342</u>
Change in Net Position				93,996	3,137	97,133
Net Position - July 1 (Restated)				1,178,027	3,076	1,181,103
Net Position - June 30				<u>\$ 1,272,023</u>	<u>\$ 6,213</u>	<u>\$ 1,278,236</u>

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

**Fund Financial Statements**

**WEST CAPE MAY SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Assets:					
Cash and cash equivalents	\$ 418,615	\$ -	\$ -	\$ -	\$ 418,615
Receivables, net	8,295	33,244			41,539
Interfund receivables, net	36,981				36,981
Restricted cash and cash equivalents	<u>242,222</u>				<u>242,222</u>
Total assets	<u>\$ 706,113</u>	<u>\$ 33,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 739,357</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable					
Interfund payable	-	31,669			31,669
Unearned revenue		<u>1,575</u>			<u>1,575</u>
Total liabilities	<u>-</u>	<u>33,244</u>			<u>33,244</u>
<b>FUND BALANCES</b>					
Fund Balances:					
Restricted Fund Balance:					
Reserved excess surplus - designated for for subsequent year's expenditures	50,770				50,770
Reserve for excess surplus	47,914				47,914
Maintenance reserve	70,000				70,000
Capital reserve	242,222				242,222
Emergency reserve	50,000				50,000
Assigned Fund Balance:					
Reserve for encumbrances	42,532				42,532
Designated for subsequent year's expenditures	314				314
Unassigned fund balance	<u>202,361</u>				<u>202,361</u>
Total fund balances	<u>706,113</u>				<u>706,113</u>
Total liabilities and fund balances	<u>\$ 706,113</u>	<u>\$ 33,244</u>	<u>-</u>	<u>-</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,759,058 and the accumulated depreciation is \$866,250.	892,808
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the funds.	(6,592)
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>(320,306)</u>
Net position of governmental activities	<u>\$ 1,272,023</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, 2014**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 826,187	\$ -	\$ -	\$ 46,854	\$ 873,041
Tuition charges	14,400				14,400
Capital Reserve interest earned	146				146
Miscellaneous	15,366				15,366
Total revenues-local sources	856,099			46,854	902,953
State sources	552,555			23,868	576,423
Federal sources		61,590			61,590
Local sources		60			60
Total revenues	1,408,654	61,650		70,722	1,541,026
<b>EXPENDITURES:</b>					
Current expense:					
Regular instruction	512,501				512,501
Special education instruction	66,558	26,687			93,245
Other instruction	8,526				8,526
Support services and undistributed costs:					
Tuition	22,167				22,167
Student & instruction related services	224,000	34,963			258,963
General administrative services	57,439				57,439
Central services	1,345				1,345
Plant operations and maintenance	115,998				115,998
Pupil transportation	9,011				9,011
Instruction - employee benefits	66,054				66,054
Unallocated employee benefits	131,710				131,710
Capital Outlay	75,086				75,086
Debt service:					
Principal				55,000	55,000
Interest and other charges				15,722	15,722
Total expenditures	1,290,395	61,650		70,722	1,422,767
Excess (deficiency) of revenues over (under) expenditures	118,259				118,259
Other Financing Sources (Uses):					
Transfers in					
Transfers out					
Total other financing sources (uses)					
Net change in fund balance	118,259				118,259
Fund balances, July 1	587,854				587,854
Fund balances, June 30	\$ 706,113	-	-	-	\$ 706,113

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, 2014**

Total net change in fund balances - governmental funds (from B-2)		\$ 118,259
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	\$ (134,550)	
Capital outlay	<u>75,086</u>	(59,464)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.		55,000
Accrued interest is not due and payable in the current period and therefore is not reported as an expenditure in the governmental funds.		1,228
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 (+).		<u>(21,027)</u>
Change in net position of governmental activities		<u>\$ 93,996</u>

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

**WEST CAPE MAY SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

	<b>Business-type Activities</b>		
	<u>Child Care Program</u>	<u>Food Service Program</u>	<u>Total</u>
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 1,387	\$ 5,679	\$ 7,066
Accounts receivable		748	748
Total current assets	<u>1,387</u>	<u>6,427</u>	<u>7,814</u>
Noncurrent assets:			
Equipment		2,550	2,550
Less accumulated depreciation		<u>(242)</u>	<u>(242)</u>
Total noncurrent assets		<u>2,308</u>	<u>2,308</u>
Total assets	<u>\$ 1,387</u>	<u>\$ 8,735</u>	<u>\$ 10,122</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable		939	939
Interfund Payable		<u>2,970</u>	<u>2,970</u>
Total liabilities		<u>3,909</u>	<u>3,909</u>
<b>NET POSITION</b>			
Net investment in capital assets		2,308	2,308
Unrestricted	<u>1,387</u>	<u>2,518</u>	<u>3,905</u>
Total net position	<u>\$ 1,387</u>	<u>\$ 4,826</u>	<u>\$ 6,213</u>

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

**WEST CAPE MAY SCHOOL DISTRICT**  
**Statement of Revenues, Expenses and Changes In Fund Position**  
**Proprietary Funds**  
**for the Fiscal Year Ended June 30, 2014**

	<b>Business-type Activities</b>		<b>Enterprise Funds</b>
	<b>Child Care Program</b>	<b>Food Service Program</b>	
<b>Operating revenues:</b>			
Charges for services:			
Daily sales-reimbursable programs		\$ 3,591	\$ 3,591
Program fees	\$ 7,450		7,450
Total operating revenue	<u>7,450</u>	<u>3,591</u>	<u>11,041</u>
<b>Operating expenses:</b>			
Salaries	4,891	2,153	7,044
Supplies and materials		39	39
Depreciation		242	242
Miscellaneous		191	191
Cost of sales	1,173	8,639	9,812
Total operating expenses	<u>6,064</u>	<u>11,264</u>	<u>17,328</u>
Operating income (loss)	<u>1,386</u>	<u>(7,673)</u>	<u>(6,287)</u>
<b>Nonoperating revenues (expenses):</b>			
State sources:			
State school lunch program		212	212
Federal sources:			
National school lunch program		9,209	9,209
Local sources:			
Interest revenue	1	2	3
Total nonoperating revenues (expenses)	<u>1</u>	<u>9,423</u>	<u>9,424</u>
Change in net position	1,387	1,750	3,137
Total net position - July 1, 2013	<u>          </u>	<u>3,076</u>	<u>3,076</u>
Total net position - June 30, 2014	<u>\$ 1,387</u>	<u>\$ 4,826</u>	<u>\$ 6,213</u>

**The accompanying Notes to 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, 2014**

	<b>Business-type Activities</b>		
	<u>Child Care Program</u>	<u>Food Service Program</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 7,450	\$ 3,592	\$ 11,042
Payments to employees	(4,891)	(2,398)	(7,289)
Payments to suppliers	(1,173)	(7,931)	(9,104)
Net cash used for operating activities	<u>1,386</u>	<u>(6,737)</u>	<u>(5,351)</u>
<b>Cash flows from noncapital financing activities:</b>			
Operating transfer in			
Miscellaneous			
State and Federal sources		13,875	13,875
Net cash provided by non-capital financing activities		<u>13,875</u>	<u>13,875</u>
<b>Cash flows from capital activities:</b>			
Purchases of fixed assets		(2,550)	(2,550)
		<u>(2,550)</u>	<u>(2,550)</u>
<b>Cash flows from investing activities:</b>			
Interest and dividends	1	2	3
Net cash provided by investing activities	<u>1</u>	<u>2</u>	<u>3</u>
Net increase in cash and cash equivalents	1,387	4,590	5,977
Balances - July 1, 2013		1,089	1,089
Balances - June 30, 2014	<u>\$ 1,387</u>	<u>\$ 5,679</u>	<u>\$ 7,066</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 1,386	\$ (7,673)	\$ (6,287)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation		242	242
Federal commodities			
(Increase) decrease in accounts receivable			
(Increase) decrease in interfund receivable		1,336	1,336
(Increase) decrease in inventories			
Increase (decrease) in deferred revenue			
Increase (decrease) in interfund payable, net		817	817
Increase (decrease) in accounts payable		(1,459)	(1,459)
Total adjustments		<u>936</u>	<u>936</u>
Net cash provided by (used for) operating activities	<u>\$ 1,386</u>	<u>\$ (6,737)</u>	<u>\$ (5,351)</u>

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

**WEST CAPE MAY SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2014**

	<u>Flexible Spending Account</u>	<u>Unemployment Compensation Insurance Trust</u>	<u>Agency Fund</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ -	\$ 1,570	\$ 6,360
Accounts receivable			2,975
Total assets	<u>\$ -</u>	<u>\$ 1,570</u>	<u>\$ 9,335</u>
 <b>LIABILITIES:</b>			
Payroll Withholdings			\$ 3,560
Interfund payable			2,342
Accounts payable		\$ 109	
Due to student groups			3,433
Total liabilities	<u>\$</u>	<u>\$ 109</u>	<u>\$ 9,335</u>
 <b>NET POSITION:</b>			
Held in trust for unemployment claims and other purposes		<u>\$ 1,461</u>	
Reserve for flexible benefits	<u>\$ -</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 Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Flexible Spending Account</u>	<u>Unemployment Compensation Insurance Trust</u>
<b>ADDITIONS:</b>		
Contributions:		
Employer contributions	\$ 27	
Employee contributions	500	\$ 1,595
Total Contributions	<u>527</u>	<u>1,595</u>
Investment earnings:		
Interest		1
Net investment earnings		<u>1</u>
Total additions	<u>527</u>	<u>1,596</u>
<b>DEDUCTIONS:</b>		
Flexible spending benefits	609	
Unemployment claims		2,695
Total deductions	<u>609</u>	<u>2,695</u>
Change in net position	(82)	(1,099)
Net position - July 1	<u>82</u>	<u>2,560</u>
Net position - June 30	<u>\$ -</u>	<u>\$ 1,461</u>

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, 2014**

**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, 2014 of 75 students.

The primary criteria for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School district over which the Board exercises operating control.

**Component Units** – GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Unit*, provide guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

**Basis of Presentation**

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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 position 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 position 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 position 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, 2014**

**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 and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**Capital Projects Fund** - The capital projects fund is used to account and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, 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 and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

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

**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.

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.

**Child Care Program** - This fund accounts for the financial activity related to providing day care services for School District students.

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 position) is segregated into investment in capital assets, net of related debt, and unrestricted net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

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 position and changes in net position. The fiduciary fund category is split into two classifications: 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 two fiduciary funds; an unemployment compensation trust 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 position.

**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.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

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

**Fund Financial Statements (Continued)** - 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 position. The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net total position. 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.

**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 unearned 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 sixty days after 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 is reported in the operating statement as an expense. Unused donated commodities are reported as unearned 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.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

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

**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 for their approval. 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. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The budget, as detailed on Exhibit C-1, 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. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, and all eligibility and time requirements satisfied are reflected on the balance sheet as unearned grant revenue 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. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. 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.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

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

**Cash, Cash Equivalents and Investments (Continued)** - 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, 2014 and 2013 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

**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, 2014.

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 (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

**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 position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**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 position 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 position and the proprietary fund statement of net position.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

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

**Capital Assets (Continued)** - 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 maintenance and repairs that do not add to the value of the asset or materially extend an 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 and 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

**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.

**Unearned Revenue** - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

**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 Position** - Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

**Net Investment in Capital Assets** - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

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

**Restricted** – Net position is 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 law or regulations of other governments.

**Unrestricted** – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

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

**Fund Balance** – The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

**Nonspendable** – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2014.

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

**Committed** – This fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, which for the School District is the Board of Education. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action imposing the commitment.

**Assigned** – This fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the Business Administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the School District's policy to spend restricted fund balances first. Likewise, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

**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.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

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

**Interfunds** – Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed.

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

**2. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District’s deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School district in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District’s amount on deposit of \$732,315 as of June 30, 2014, \$250,000 was insured under FDIC and the remaining balance of \$482,315 was collateralized under GUDPA.

**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, 2013 to June 30, 2014 fiscal year is as follows:

Balance – July 1, 2013		\$	157,076
Increased by:			
Interest earned	\$	146	
Board resolution	85,000		85,146
			242,222
Decreased by:			
Budget withdrawal			
Balance – June 30, 2014		<u>\$</u>	<u>242,222</u>

The June 30, 2014 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**4. ACCOUNTS RECEIVABLE**

Accounts receivables at June 30, 2014 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, 2014 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
State	\$ 2,129		\$ 28	\$ 2,157
Federal		\$ 33,244	720	33,964
Other	6,166			6,166
<b>Total Accounts Receivable</b>	<b>\$ 8,295</b>	<b>\$ 33,244</b>	<b>\$ 748</b>	<b>\$ 42,287</b>

**5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Balance June 30, 2014</u>
<b>Governmental Activities:</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 120,694			\$ 120,694
Construction in progress				
Total capital assets not being depreciated	120,694			120,694
<i>Capital Assets, being depreciated:</i>				
Land Improvements				
Building and Improvements	1,173,975	\$ 25,849		1,199,824
Equipment	389,303	49,237		438,540
Total capital assets being depreciated	1,563,278	75,086		1,638,364
<i>Less Accumulated Depreciation:</i>				
Land Improvements				
Building and Improvements	(556,617)	(32,213)		(588,830)
Equipment	(175,083)	(102,337)		(277,420)
Total accumulated depreciation	(731,700)	(134,550)		(866,250)
Total capital assets being depreciated, net	831,578	(59,464)		772,114
Governmental Activities Capital Assets, Net	\$ 952,272	\$ (59,464)	\$ -	\$ 892,808
<b>Business-Type Activities:</b>				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ -	\$ 2,550	\$ -	\$ 2,550
Less accumulated depreciation		(242)		(242)
Business-Type Activities Capital Assets, Net	\$ -	\$ 2,308	\$ -	\$ 2,308

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**5. CAPITAL ASSETS (Continued)**

Depreciation expense in the amount of \$134,550 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 107,640
Plant Operations and Maintenance	13,455
Administration	13,455
Total depreciation expense	\$ 134,550

**6. LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2014, the following changes occurred in long-term obligations:

	<u>Principal Outstanding July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2014</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Compensated Absences	\$ 4,279	\$ 21,027		\$ 25,306	
General Obligation Bonds	350,000		\$ 55,000	295,000	\$ 55,000
	\$ 354,279	\$ 21,027	\$ 55,000	\$ 320,306	\$ 55,000

**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 \$295,000 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:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 55,000	\$ 13,041	\$ 68,041
2016	60,000	10,238	70,238
2017	60,000	7,312	67,312
2018	60,000	4,388	64,388
2019	60,000	1,462	61,462
	\$ 295,000	\$ 36,441	\$ 331,441

As of June 30, 2014 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.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**7. OPERATING LEASES**

At June 30, 2014, the School District had an operating lease agreement in effect for the following:

Copiers

Total operating lease payments made during the year ended June 30, 2014 and 2013, were \$2,214, and \$2,214 respectively. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2015	\$ 2,010
June 30, 2016	2,010
June 30, 2017	2,010
June 30, 2018	<u>1,340</u>
Total future minimum lease payments	<u>\$ 7,370</u>

**8. 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). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

***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 Chapters 113, 114, 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years beginning on July 1, 2012. The State Treasurer has the right under current law to make temporary reductions in member 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.

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.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**8. PENSION PLANS (Continued)**

***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 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, 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. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years beginning on July 1, 2012. 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, 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>
2014	\$ 1,584	\$ 6,965	\$ 145	\$ 8,694	\$ 8,694
2013	1,116	2,669	225	4,010	4,010
2012	2,802	5,604	536	8,942	8,942

***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.

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. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2014 and continuing each year until the rate reaches 7.5% in July 2018. 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, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. The employee contributions along with the School District's contribution 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.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**8. PENSION PLANS (Continued)**

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

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

<u>Year</u>	<u>Total Liability</u>	<u>Paid by District</u>
2014	\$ -	\$ -
2013	266	266
2012	-	-

**Related Party Investments** – The Division of Pensions and Benefits does not invest in securities issued by the School District.

**9. POST-RETIREMENT BENEFITS**

The School District contributes to the New Jersey State Health Benefits Program (SHBP), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established to provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

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, 2013, there were 100,134 retirees receiving post-retirement medical benefits, and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

The State establishes the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the 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's contribution to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the year ended June 30, 2014 was \$30,751 which equaled the required contributions. The State's contribution to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**10. ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2014, the School District has recognized as revenues and expenditures \$18,754 of on-behalf payments made by the State of New Jersey for normal retirement costs related to TPAF and \$40,664 for employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**11. 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>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013-2014		\$ 1,595	\$ 1	\$ 2,695	\$ 1,461
2012-2013		907	1		2,560
2011-2012	\$ 16,401		1	15,188	1,652

**12. 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 participants to defer a portion of their current salary to 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 are administered by a third party therefore they are not reflected on the financial statements of the School District.

**13. 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.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**13. COMPENSATED ABSENCES (Continued)**

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, 2014, the liability for compensated absences in the governmental activities fund types was \$25,306.

**14. 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, 2014. The following interfund balances were recorded on the various balance sheets as of June 30, 2014:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 36,981	
Special Revenue		\$ 31,669
Proprietary		2,970
Fiduciary		2,342
	<hr/>	<hr/>
	\$ 36,981	\$ 36,981

**15. 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, 2014, 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.

**16. FLEXIBLE BENEFITS PROGRAM**

The School District offers its employees a Flexible Benefits Program. The purpose of the program is to provide a tax incentive for plan participants incurring health premium expenses, dependent care expenses and other medical expenses not covered by other insurance. The School District, who is the plan administrator, has contracted with a third party to act as its agent to furnish reimbursement services. The plan participants redirect a prescribed amount of their gross pay (tax-free) into a reimbursement account and then in-turn submit claims to the third party for repayment. Because of Internal Revenue Service regulations, if at the end of any plan year unexpended funds remain, these funds will be forfeited by the participants and returned to the School District.

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**16. FLEXIBLE BENEFITS PROGRAM (Continued)**

The following is a summary of School District contributions, employee contributions, reimbursements to the plan participants for benefits paid and the ending balance of the School District's fiduciary fund for the current and prior two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013-2014	\$ 27	\$ 500	\$ 609	\$ -
2012-2013		770	741	82
2011-2012		755	702	53

**17. FUND BALANCES**

*RESTRICTED*

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

**General Fund:**

**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 years' budget. The excess fund balance at June 30, 2014 is \$47,914 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$50,770 of excess fund balance generated during the 2012-2013 fiscal year has been restricted and designated for utilization in the 2014-2015 budget.

**Capital Reserve** – As of June 30, 2014, the balance in the capital reserve account is \$242,222 which is restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

**Maintenance Reserve Account** – As of June 30, 2014, 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, 2014, 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 through and efficient education in accordance with N.J.S.A. 18A:7F-41c(1).

**West Cape May School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**17. FUND BALANCES (Continued)**

*ASSIGNED*

As stated in Note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

**General Fund:**

**Other Purposes** – At June 30, 2014 the School District has \$42,532 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

**Designated for Subsequent Year's Expenditures** – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2014, \$314 of general fund balance at June 30, 2014.

*UNASSIGNED*

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

**General Fund** – As of June 30, 2014, \$202,361 of general fund balance was unassigned.

**18. RESTATEMENT OF NET POSITION**

As a result of a physical inventory of capital assets, net position as of June 30, 2013 has been restated as follows:

Net Position, June 30, 2013	\$ 1,002,200
Increase in Capital Assets	<u>175,827</u>
Net Position, June 30, 2013 (Restated)	<u>\$ 1,178,027</u>

**Required Supplementary Information - Part II**

**WEST CAPE MAY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2014**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 826,187		\$ 826,187	\$ 826,187	
Tuition	3,200		3,200	14,400	\$ 11,200
Interest Earned on Capital Reserve	10		10	146	136
Unrestricted Miscellaneous Revenue	900		900	15,366	14,466
<b>Total local sources</b>	<b>830,297</b>		<b>830,297</b>	<b>856,099</b>	<b>25,802</b>
State sources:					
School Choice Aid	401,310		401,310	401,310	
Categorical Special Education Aid	27,618		27,618	27,618	
Categorical Security Aid	6,484		6,484	6,484	
Categorical Transportation Aid	5,502		5,502	5,502	
Under Adequacy Aid	38,690		38,690	38,690	
Nonpublic Transportation Aid				153	153
Anti-Bullying				645	645
On-behalf TPAF pension contributions (non-budgeted)				18,754	18,754
On-behalf TPAF (non-budgeted)				30,751	30,751
Reimbursed TPAF social security contributions (non-budgeted)				40,664	40,664
<b>Total state sources</b>	<b>479,604</b>		<b>479,604</b>	<b>570,571</b>	<b>90,967</b>
<b>TOTAL REVENUES</b>	<b>1,309,901</b>		<b>1,309,901</b>	<b>1,426,670</b>	<b>116,769</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Salaries of teachers					
Kindergarten	70,789	\$ (2,487)	68,302	68,271	31
Grades 1-5	308,950	(38,144)	270,806	270,179	627
Grades 6-8	47,664	1,191	48,855	48,819	36
<b>Total Instruction</b>	<b>427,403</b>	<b>(39,440)</b>	<b>387,963</b>	<b>387,269</b>	<b>694</b>
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	40,188	26,275	66,463	66,453	10
Purchased technical services	8,000	3,000	11,000	9,737	1,263
General supplies	63,690	(1,365)	62,325	34,800	27,525
Textbooks	10,000	4,300	14,300	14,242	58
<b>Total Undistributed Instruction</b>	<b>121,878</b>	<b>32,210</b>	<b>154,088</b>	<b>125,232</b>	<b>28,856</b>
<b>Total - Regular Programs - Instruction</b>	<b>549,281</b>	<b>(7,230)</b>	<b>542,051</b>	<b>512,501</b>	<b>29,550</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, 2014**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Educ Instruction: Res. Room/Res. Center					
Salaries of teachers	\$ 54,605	\$ 200	\$ 54,805	\$ 54,805	\$ -
Other Salaries for Instruction	9,056		9,056	9,056	-
General supplies	500	2,200	2,700	2,697	3
Textbooks	250	(124)	126	-	126
Total Resource Room/Resource Center	<u>64,411</u>	<u>2,276</u>	<u>66,687</u>	<u>66,558</u>	<u>129</u>
Total Special Education - Instruction	<u>64,411</u>	<u>2,276</u>	<u>66,687</u>	<u>66,558</u>	<u>129</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	8,463		8,463	8,463	-
General supplies	250		250		250
Textbooks	250		250		250
Total Basic Skills/Remedial - Instruction	<u>8,963</u>	<u>-</u>	<u>8,963</u>	<u>8,463</u>	<u>500</u>
School-Sponsored Cocurricular Act - Inst.					
Purchased services	2,000		2,000	63	1,937
Total School-Sponsored Cocurr. Act. - Inst	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>63</u>	<u>1,937</u>
Undistributed Expenditures - Instruction					
Tuition to CSSD & reg. day schools	30,000	(7,400)	22,600	22,167	433
Total Undistributed Expenditures - Instruction	<u>30,000</u>	<u>(7,400)</u>	<u>22,600</u>	<u>22,167</u>	<u>433</u>
Undistributed Expenditures - Attend. and Social Work					
Salaries of teachers	21,500	12,500	34,000	33,937	63
Purchased professional and technical services	5,000	(647)	4,353	4,353	-
Other Purchased Services	10,710	(10,710)			-
Total Undistributed Expenditures - Attendance	<u>37,210</u>	<u>1,143</u>	<u>38,353</u>	<u>38,290</u>	<u>63</u>
Undistributed Expenditures - Health Services					
Salaries	8,463	60	8,523	8,519	4
Supplies and materials	1,100	(353)	747	457	290
Total Undistributed Expenditures - Health Svcs.	<u>9,563</u>	<u>(293)</u>	<u>9,270</u>	<u>8,976</u>	<u>294</u>

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, 2014**

(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	\$ 13,500	\$ 2,000	\$ 15,500	\$ 15,034	\$ 466
Total Undst. Expend. - Speech, OT, PT & Rel. Serv.	13,500	2,000	15,500	15,034	466
Undist. Expend. - Guidance Supplies and materials	2,500	(2,000)	500	186	\$314
Total Undst. Expend. - Guidance	2,500	(2,000)	500	186	314
Undist. Expend. - Child Study Teams Salaries of Other Professional Staff	7,548	810	8,358	8,355	3
Salaries of Secretarial and Clerical Assistants	10,800		10,800	10,800	
Purchased professional and educational services	18,100	(7,639)	10,461	7,754	2,707
Other purchased professional and technical services	13,500		13,500	4,205	9,295
Total Undst. Expend. - Child study Teams	49,948	(6,829)	43,119	31,114	12,005
Undist. Expend. - Improvement of Instructional Services Salaries of Supervisors of Instruction	8,160		8,160	8,160	
Salaries of Other Professional Staff	7,200	3,000	10,200	10,200	
Total Undst. Expend. - Imp. of Instructional Services	15,360	3,000	18,360	18,360	
Undist. Expend. - Educ. Media Serv./Sch. Library Salaries	10,340	5,347	15,687	15,687	
Purchased professional and technical services	2,000	(2,000)			
Other purchased services	9,000	(6,233)	2,767	2,147	620
Supplies and materials	9,000	(6,097)	2,903	2,633	270
Other objects	6,100	(5,335)	765	674	91
Total Undst. Expend. - Educ. Media Serv./Sch. Library	36,440	(14,318)	22,122	21,141	981
Undist. Expend. - Instructional Staff Training Services Salaries of Supervisors of Instruction	21,216		21,216	21,216	
Purchased professional and educ. services	1,200	2,335	3,535	3,464	71
Purchased professional and tech. services	27,846	39,270	67,116	65,340	1,776
Other purchased services (400-500)	350	530	880	879	1
Total Undst. Expend. - Instr. Staff Training Services	50,612	42,135	92,747	90,899	1,848
Undist. Expend. - Supp. Serv. General Admin. Salaries		5,311	5,311	5,311	
Legal services	3,700	402	4,102	4,102	
Audit Fees	8,700		8,700	8,700	
Other purchased professional services	15,500	(12,241)	3,259	2,950	309
Purchased technical services	16,500	11,819	28,319	28,319	
Communications/Telephone	1,600	200	1,800	1,718	82
Miscellaneous purchased services	775	(200)	575		575
General Supplies	825	100	925	901	24
BOE in-house training/meeting supplies	1,050	(500)	550	20	530
BOE membership dues and fees	5,000	420	5,420	5,418	2
Total Undst. Expend. - Supp. Serv. General Admin.	53,650	5,311	58,961	57,439	1,522

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, 2014**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased professional services	4,450	(4,450)	-	-	-
Purchased technical services					
Supplies and materials	1,000		1,000	995	5
Miscellaneous expenditures	350		350	350	-
<b>Total Undst. Expend. - Business &amp; Other Supp. Services</b>	<b>5,800</b>	<b>(4,450)</b>	<b>1,350</b>	<b>1,345</b>	<b>5</b>
Undist. Expend. - Required Maint. Sch. Facilities					
Cleaning, repair, and maintenance services	10,000	3,568	13,568	12,185	1,383
<b>Total Undst. Expend. - Required Maint. Sch. Facilities</b>	<b>10,000</b>	<b>3,568</b>	<b>13,568</b>	<b>12,185</b>	<b>1,383</b>
Undist. Expend. - Custodial Services					
Salaries	42,175	(2,800)	39,375	39,310	65
Cleaning, repair, and maintenance services	25,000	(943)	24,057	23,854	203
Other purchased property services	1,350	405	1,755	1,700	55
Insurance	18,300	(5,900)	12,400	12,394	6
General supplies	4,245	1,815	6,060	6,059	1
Energy (electricity)	30,000	(4,440)	25,560	20,496	5,064
<b>Total Undst. Expend. - Custodial Services</b>	<b>121,070</b>	<b>(11,863)</b>	<b>109,207</b>	<b>103,813</b>	<b>5,394</b>
<b>Total Undst. Expend. - Oper. &amp; Maint. of Plant Services</b>	<b>131,070</b>	<b>(8,295)</b>	<b>122,775</b>	<b>115,998</b>	<b>6,777</b>
Undist. Expend. - Student Trans. Services					
Contr. serv. (other than bet. home & sch.) - vendors	650		650	630	20
Contr. serv. (bet. home and school) - joint agreements	6,750	2,000	8,750	8,381	369
Contr. serv. (sp ed stds) - ESC's & CTSA's	5,000	(5,000)	-	-	-
<b>Total Undst. Expend. - Student Trans. Services</b>	<b>12,400</b>	<b>(3,000)</b>	<b>9,400</b>	<b>9,011</b>	<b>389</b>
Regular Programs - Instruction - Employee Benefits					
Group Insurance	4,517		4,517	3,210	1,307
Workmen's compensation	16,500	(16,500)	-	-	-
Health Benefits	77,469		77,469	62,844	14,625
Tuition Reimbursement	9,300	(9,300)	-	-	-
Other Employee Benefits	5,200	(5,200)	-	-	-
<b>Total regular Programs - Instruction</b>	<b>112,986</b>	<b>(31,000)</b>	<b>81,986</b>	<b>66,054</b>	<b>15,932</b>
Unallocated Benefits - Employee Benefits					
Social security contributions	9,500	16,300	25,800	14,777	11,023
Other retirement contributions - PERS	4,500	4,200	8,700	8,694	6
Unemployment compensation	12,000		12,000	9,005	2,995
Workmen's compensation	1,050	8,450	9,500	9,065	435
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>27,050</b>	<b>28,950</b>	<b>56,000</b>	<b>41,541</b>	<b>14,459</b>
On-behalf TPAF pension contributions (non-budgeted)				18,754	(18,754)
On-behalf TPAF post retirement medical (non-budgeted)				30,751	(30,751)
Reimbursed TPAF social security contributions (non-budgeted)				40,664	(40,664)
<b>Total Undistributed Expenditures - TPAF</b>				<b>90,169</b>	<b>(90,169)</b>

(CONTINUED TO NEXT PAGE)

**WEST CAPE MAY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2014**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Undistributed Expenditures	\$ 588,089	\$ 4,954	\$ 593,043	\$ 627,724	\$ (34,681)
Total General Current Expense	1,212,744		1,212,744	1,215,309	(2,565)
<b>CAPITAL OUTLAY:</b>					
Equipment					
Grades 1-5	8,000				
Undistributed Expend. - Instructional Staff	37,000		50,000	40,236	9,764
Undistributed Expend. - Security	5,000				
	<u>50,000</u>		<u>50,000</u>	<u>40,236</u>	<u>9,764</u>
Facilities Acquisition and Construction Services					
Construction services	64,271		64,271	14,956	49,315
Supplies and Materials	22,277		22,277	19,825	2,452
Assessment for Debt Service on SDA Funding	69		69	69	
Total Facilities Acquisition and Construction Services	<u>86,617</u>		<u>86,617</u>	<u>34,850</u>	<u>51,767</u>
Total Capital Outlay	<u>136,617</u>		<u>136,617</u>	<u>75,086</u>	<u>61,531</u>
Total Expenditures	<u>\$ 1,349,361</u>	<u>\$ -</u>	<u>\$ 1,349,361</u>	<u>\$ 1,290,395</u>	<u>\$ 58,966</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(39,460)</u>		<u>(39,460)</u>	<u>136,275</u>	<u>175,735</u>
Other Financing Sources:					
Operating transfer out					
Total Other Financing Sources					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	<u>(39,460)</u>		<u>(39,460)</u>	<u>136,275</u>	<u>175,735</u>
Fund Balance, July 1	<u>617,630</u>		<u>617,630</u>	<u>617,630</u>	
Fund Balance, June 30	<u>\$ 578,170</u>	<u>\$ -</u>	<u>\$ 578,170</u>	<u>\$ 753,905</u>	<u>\$ 175,735</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 50,770	
Reserve for Excess Surplus Maintenance Reserve				47,914	
Capital Reserve Account				70,000	
Emergency Reserve				242,222	
Assigned Fund Balance:				50,000	
Year-end Encumbrances				42,532	
Designated for Subsequent Year's Expenditures				314	
Unassigned Fund Balance				<u>250,153</u>	
				753,905	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(47,792)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 706,113</u>	

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, 2014**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
State sources					
Federal sources	\$ 71,668	\$ -	\$ 71,668	\$ 61,590	\$ (10,078)
Local sources	500		500	60	(440)
<b>Total revenues</b>	<u>72,168</u>		<u>72,168</u>	<u>61,650</u>	<u>(10,518)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Other purchased services	13,742		13,742	13,742	
General supplies	15,304		15,304	11,510	3,794
<b>Total instruction</b>	<u>29,046</u>		<u>29,046</u>	<u>25,252</u>	<u>3,794</u>
Support Services:					
Purchased professional and technical services	43,122		43,122	36,398	6,724
<b>Total support services</b>	<u>43,122</u>		<u>43,122</u>	<u>36,398</u>	<u>6,724</u>
<b>Total expenditures</b>	<u>72,168</u>		<u>72,168</u>	<u>61,650</u>	<u>10,518</u>
<b>Total outflows</b>	<u>72,168</u>		<u>72,168</u>	<u>61,650</u>	<u>10,518</u>
<b>Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)</b>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>

**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	\$ 1,426,670	\$ 61,650
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.	29,776	
The last State aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognizes this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	<u>(47,792)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 1,408,654</u>	<u>\$ 61,650</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 1,290,395	\$ 61,650
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,290,395</u>	<u>\$ 61,650</u>

Other Supplementary Information

**Special Revenue Fund  
Detail Statements**

**WEST CAPE MAY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Statement of Revenues and Expenditures**  
**Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2014**

	REAP Grant	Title I	Title IIA	IDEA Basic	IDEA Preschool	Cape Education Fund	Total
<b>REVENUES:</b>							
State sources							
Federal sources	\$ 13,742	\$ 18,850	\$ 2,311	\$ 26,129	\$ 558		\$ 61,590
Local sources						\$ 60	60
<b>Total Revenues</b>	<b>13,742</b>	<b>18,850</b>	<b>2,311</b>	<b>26,129</b>	<b>558</b>	<b>60</b>	<b>61,650</b>
<b>EXPENDITURES:</b>							
Instruction:							
Other purchased services	13,742						13,742
General supplies		10,892			558	60	11,510
<b>Total Instruction</b>	<b>13,742</b>	<b>10,892</b>			<b>558</b>	<b>60</b>	<b>25,252</b>
Support Services:							
Purchase professional and technical services		7,958	2,311	26,129			36,398
<b>Total Support Services</b>		<b>7,958</b>	<b>2,311</b>	<b>26,129</b>			<b>36,398</b>
<b>Total Expenditures</b>	<b>\$ 13,742</b>	<b>\$ 18,850</b>	<b>\$ 2,311</b>	<b>\$ 26,129</b>	<b>\$ 558</b>	<b>\$ 60</b>	<b>\$ 61,650</b>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---	---	---

**Proprietary Funds  
Detail Statements**

**WEST CAPE MAY SCHOOL DISTRICT**  
**Enterprise Funds**  
Statement of Net Position  
as of June 30, 2014

	Child Care Program	Food Service	Total
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 1,387	\$ 5,679	\$ 7,066
Accounts receivable:			
State		28	28
Federal		720	720
Total current assets	<u>1,387</u>	<u>6,427</u>	<u>7,814</u>
Fixed assets:			
Equipment		2,550	2,550
Less Accumulated depreciation		<u>(242)</u>	<u>(242)</u>
Total fixed assets		<u>2,308</u>	<u>2,308</u>
Total assets	<u>\$ 1,387</u>	<u>\$ 8,735</u>	<u>\$ 10,122</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable		939	939
Interfund payable		<u>2,970</u>	<u>2,970</u>
Total current liabilities		<u>3,909</u>	<u>3,909</u>
<b>NET POSITION:</b>			
Net Investment in capital assets		2,308	2,308
Unreserved retained earnings	<u>1,387</u>	<u>2,518</u>	<u>3,905</u>
Total net position	<u>\$ 1,387</u>	<u>\$ 4,826</u>	<u>\$ 6,213</u>

**WEST CAPE MAY SCHOOL DISTRICT**  
**Enterprise Funds**

Combined Statement of Revenues, Expenses and Changes in Net Position  
for the Fiscal Year ended June 30, 2014

	<u>Child Care Program</u>	<u>Food Service</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Local sources:			
Daily sales-reimbursable programs:			
School lunch program	<u>                    </u>	<u>\$ 3,591</u>	<u>\$ 3,591</u>
Total-daily sales-reimbursable programs		3,591	3,591
Daily sales non-reimbursable programs			
Program fees	<u>7,450</u>	<u>                    </u>	<u>7,450</u>
Total operating revenue	<u>7,450</u>	<u>3,591</u>	<u>11,041</u>
<b>OPERATING EXPENSES:</b>			
Salaries	4,891	2,153	7,044
Supplies and materials		39	39
Depreciation		242	242
Miscellaneous		191	191
Cost of Sales	<u>1,173</u>	<u>8,639</u>	<u>9,812</u>
Total operating expenses	<u>6,064</u>	<u>11,264</u>	<u>17,328</u>
Operating income (loss)	<u>1,386</u>	<u>(7,673)</u>	<u>(6,287)</u>
Non-operating revenues:			
State sources:			
State school lunch program		212	212
Federal sources:			
National school lunch program		9,209	9,209
Interest revenue	<u>1</u>	<u>2</u>	<u>3</u>
Total non-operating revenues	<u>1</u>	<u>9,423</u>	<u>9,424</u>
Net income (loss) before transfers	1,387	1,750	3,137
Other Financing Sources and Uses:			
Operating transfers in	<u>                    </u>	<u>                    </u>	<u>                    </u>
Change in Net Position	1,387	1,750	3,137
Net Position - July 1	<u>                    </u>	<u>3,076</u>	<u>3,076</u>
Net Position - June 30	<u>\$ 1,387</u>	<u>\$ 4,826</u>	<u>\$ 6,213</u>

**WEST CAPE MAY SCHOOL DISTRICT**  
**Enterprise Funds**  
Statement of Cash Flows  
for the Fiscal Year ended June 30, 2014

	<u>Child Care Program</u>	<u>Food Service</u>	<u>Total</u>
Cash flows from operating activities:			
Cash receipts from customers	\$ 7,450	\$ 3,592	\$ 11,042
Cash payments to employees for services	(4,891)	(2,398)	(7,289)
Cash payments to suppliers for goods and services	<u>(1,173)</u>	<u>(7,931)</u>	<u>(9,104)</u>
Net cash used by operating activities	<u>1,386</u>	<u>(6,737)</u>	<u>(5,351)</u>
Cash flows from noncapital financing activities:			
Miscellaneous			-
Operating transfer in			-
Cash received from state and federal reimbursements		<u>13,875</u>	<u>13,875</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>13,875</u>	<u>13,875</u>
Cash flows from capital financing activities:			
Purchases of fixed assets		<u>(2,550)</u>	<u>(2,550)</u>
Net cash used by capital financing activities	<u>-</u>	<u>(2,550)</u>	<u>(2,550)</u>
Cash flows from investing activities:			
Interest on investments	<u>1</u>	<u>2</u>	<u>3</u>
Net cash provided by investing activities	<u>1</u>	<u>2</u>	<u>3</u>
Net increase (decrease) in cash and cash equivalents	1,387	4,590	5,977
Cash and cash equivalents, July 1		<u>1,089</u>	<u>1,089</u>
Cash and cash equivalents, June 30	<u>\$ 1,387</u>	<u>\$ 5,679</u>	<u>\$ 7,066</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 1,386	\$ (7,673)	\$ (6,287)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			-
Depreciation		242	242
Change in assets and liabilities:			-
(Increase)/decrease in accounts receivable			-
(Increase)/decrease in interfund receivable		1,336	1,336
(Increase)/decrease in inventory			-
Increase/(decrease) in accounts payable		(1,459)	(1,459)
Increase/(decrease) in interfund payable		817	817
Net cash used by operating activities	<u>\$ 1,386</u>	<u>\$ (6,737)</u>	<u>\$ (5,351)</u>

**Fiduciary Funds  
Detail Statements**

**WEST CAPE MAY SCHOOL DISTRICT**  
**Fiduciary Funds**  
Combining Statement of Net Position  
June 30, 2014

	<u>Agency Funds</u>		<u>Flexible Spending Account</u>	<u>Unemployment Compensation Insurance Fund</u>	<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>			
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 3,433	\$ 2,927	\$ -	\$ 1,570	\$ 7,930
Accounts receivable		2,975			2,975
<b>TOTAL ASSETS</b>	<u>\$ 3,433</u>	<u>\$ 5,902</u>	<u>\$ -</u>	<u>\$ 1,570</u>	<u>\$ 10,905</u>
<b>LIABILITIES</b>					
<b>LIABILITIES:</b>					
Interfund payable		\$ 2,342			\$ 2,342
Payroll withholdings		3,560			3,560
Accounts payable				\$ 109	109
Due to student groups	\$ 3,433				3,433
<b>Total liabilities</b>	<u>3,433</u>	<u>5,902</u>			<u>9,444</u>
<b>NET POSITION</b>					
Reserved for unemployment claims				\$ 1,461	1,461
Reserved for flexible spending			\$ -		
<b>Total net position</b>	<u>---</u>	<u>---</u>	<u>\$ -</u>	<u>\$ 1,461</u>	<u>\$ 1,461</u>

**WEST CAPE MAY SCHOOL DISTRICT**  
**Fiduciary Fund**  
Statement of Changes in Fiduciary Net Position  
for the Fiscal Year ended June 30, 2014

	<u>Flexible Spending Account</u>	<u>Unemployment Compensation Insurance Trust</u>	<u>Total</u>
<b>REVENUES:</b>			
Local sources:			
Employee contributions	\$ 500	\$ 1,595	\$ 2,095
Employer contributions	27		27
Interest on Investments		<u>1</u>	<u>1</u>
Total Revenues	<u>527</u>	<u>1,596</u>	<u>2,123</u>
<b>EXPENDITURES:</b>			
Current Expense:			
Undistributed Expenditures:			
Flexible Spending claims	\$ 609		\$ 609
Unemployment claims		<u>\$ 2,695</u>	<u>2,695</u>
Total Expenditures	<u>609</u>	<u>2,695</u>	<u>3,304</u>
Excess (deficiency) of revenues over (under) expenditures	(82)	(1,099)	(1,181)
Net Position July 1	<u>82</u>	<u>2,560</u>	<u>2,642</u>
Net Position June 30	<u>\$ -</u>	<u>\$ 1,461</u>	<u>\$ 1,461</u>

**WEST CAPE MAY SCHOOL DISTRICT**  
**Student Activity Agency Fund**  
 Schedule of Receipts and Disbursements  
 for the Fiscal Year ended June 30, 2014

	<u>Balance July 1, 2013</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Accounts Payable June 30, 2014</u>	<u>Balance June 30, 2014</u>
<b>Assets:</b>					
West Cape May Elementary	<u>\$ 3,223</u>	<u>\$ 1,627</u>	<u>\$ 1,417</u>	<u>—</u>	<u>\$ 3,433</u>
<b>Total</b>	<u><u>\$ 3,223</u></u>	<u><u>\$ 1,627</u></u>	<u><u>\$ 1,417</u></u>	<u><u>—</u></u>	<u><u>\$ 3,433</u></u>

**WEST CAPE MAY SCHOOL DISTRICT**  
**Payroll Agency Fund**  
Schedule of Receipts and Disbursements  
for the Fiscal Year ended June 30, 2014

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ (710)	\$ 808,375	\$ 801,763	\$ 5,902
Interfund receivable	<u>1,858</u>		<u>1,858</u>	
<b>Total assets</b>	<u><u>\$ 1,148</u></u>	<u><u>\$ 808,375</u></u>	<u><u>\$ 803,621</u></u>	<u><u>\$ 5,902</u></u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	\$ 1,148	\$ 292,590	\$ 290,178	\$ 3,560
Net payroll		513,443	513,443	
Interfund payable		<u>2,342</u>		<u>2,342</u>
<b>Total liabilities</b>	<u><u>\$ 1,148</u></u>	<u><u>\$ 808,375</u></u>	<u><u>\$ 803,621</u></u>	<u><u>\$ 5,902</u></u>

Long-Term Debt Schedules

**WEST CAPE MAY SCHOOL DISTRICT**  
**General Long-Term Debt Account Group**  
**Statement of Serial Bonds**  
**June 30, 2014**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Rate of Interest	Balance July 1, 2013	Issued	Retired	Balance June 30, 2014
			Date	Amount					
School Bonds	07/15/1998	\$970,000	07/15/14	\$ 55,000	4.875%	\$ 350,000		\$ 55,000	\$ 295,000
			07/15/15	60,000	4.875%				
			07/15/16	60,000	4.875%				
			07/15/17	60,000	4.875%				
			07/15/18	60,000	4.875%				
						<u>\$ 350,000</u>	<u>—</u>	<u>\$ 55,000</u>	<u>\$ 295,000</u>

**WEST CAPE MAY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**Fiscal Year Ended June 30, 2014**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 46,854		\$ 46,854	\$ 46,854	
Miscellaneous					
Total revenues - local sources	<u>46,854</u>		<u>46,854</u>	<u>46,854</u>	
State sources:					
Debt service aid type II	23,868		23,868	23,868	
Total revenues - state sources	<u>23,868</u>		<u>23,868</u>	<u>23,868</u>	
Total Revenues	<u>70,722</u>		<u>70,722</u>	<u>70,722</u>	
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	15,722		15,722	15,722	
Redemption of principal	55,000		55,000	55,000	
Total Expenditures	<u>70,722</u>		<u>70,722</u>	<u>70,722</u>	
Excess (Deficiency) of revenues over (under) expenditures					
Other Financing Sources (Uses):					
Operating transfer in					
Total other financing sources (uses)					
Net change in fund balance					
Fund Balances, July 1					
Fund Balances, June 30	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Statistical Section**

West Cape May School District  
 Net Position by Component,  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

Exhibit J-1

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 410,913	\$ 429,478	\$ 446,043	\$ 471,189	\$ 493,227	\$ 517,188	\$ 376,511	\$ 401,478	\$ 426,445	\$ 597,808
Restricted for:										
Capital projects	2,643	2,725	2,824	2,890	2,431	127,134	157,350	157,076	157,076	242,222
Debt service	-	-	-	-	307	307	-	-	-	-
Other purposes	93,512	88,663	-	37,150	175,497	204,722	227,243	215,263	210,240	261,530
Unrestricted	89,283	68,688	152,648	236,493	230,020	231,076	248,866	235,107	208,439	170,463
<b>Total governmental activities net position</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>\$ 1,009,970</b>	<b>\$ 1,008,924</b>	<b>\$ 1,002,200</b>	<b>\$ 1,272,023</b>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,308
Unrestricted	995	1,340	1,360	822	562	1,035	381	3,519	3,076	3,905
<b>Total business-type activities net position</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>\$ 3,519</b>	<b>\$ 3,076</b>	<b>\$ 6,213</b>
<b>District-wide:</b>										
Net investment in capital assets	\$ 410,913	\$ 429,478	\$ 446,043	\$ 471,189	\$ 493,227	\$ 517,188	\$ 376,511	\$ 401,478	\$ 426,445	\$ 600,116
Restricted:										
Capital projects	2,643	2,725	2,824	2,890	2,431	127,134	157,350	157,076	157,076	242,222
Debt service	-	-	-	-	307	307	-	-	-	-
Other purposes	93,512	88,663	-	37,150	175,497	204,722	227,243	215,263	210,240	261,530
Unrestricted	90,278	70,028	154,008	237,315	230,582	232,111	249,247	238,626	211,515	174,368
<b>Total district net position</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>	<b>\$ 1,012,443</b>	<b>\$ 1,005,276</b>	<b>\$ 1,278,236</b>

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

Exhibit J-2

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses:</b>										
Governmental activities:										
Instruction:										
Regular	\$ 526,581	\$ 565,976	\$ 461,017	\$ 747,846	\$ 494,965	\$ 437,229	\$ 518,971	\$ 449,998	\$ 501,919	\$ 641,168
Special education	23,241	42,242	37,301	57,092	50,013	69,541	60,804	74,135	68,480	93,245
Other instruction	37,583	270	19,631	148	2,020		600	550	8,524	8,526
Support Services:										
Tuition	52,585	149,805	158,413	77,611	65,039	47,884	59,018	18,353	2,300	22,167
Student & instruction related services	108,967	129,774	119,110	117,256	125,766	124,355	129,724	162,650	207,469	258,963
General and business administrative services	187,995	115,583	89,518	61,257	57,986	49,918	55,763	56,310	66,784	72,239
Plant operations and maintenance	97,322	101,372	97,674	100,906	112,056	104,661	234,003	242,154	120,608	129,453
Pupil transportation	15,623	4,010	7,912	8,182	10,000	7,398	15,623	30,411	7,102	9,011
Unallocated employee benefits		100,207	213,592	211,374	149,122	146,262	166,113	177,619	318,733	197,764
Special schools										
Charter schools										
Interest on long-term debt	55,006	34,714	32,276	30,757	26,485	24,965	23,356	19,025	17,174	14,494
Unallocated depreciation	3,840	1,347	2,186	4,671	4,982	4,790	12,477	5,189	3,003	
Total governmental activities expenses	<u>1,108,743</u>	<u>1,245,300</u>	<u>1,238,630</u>	<u>1,417,100</u>	<u>1,098,434</u>	<u>1,017,003</u>	<u>1,276,452</u>	<u>1,236,394</u>	<u>1,322,096</u>	<u>1,447,030</u>
Business-type activities:										
Food service	18,432	14,752	15,264	15,789	16,988	18,328	9,377	13,384	16,842	11,264
Child care										6,064
Total business-type activities expense	<u>18,432</u>	<u>14,752</u>	<u>15,264</u>	<u>15,789</u>	<u>16,988</u>	<u>18,328</u>	<u>9,377</u>	<u>13,384</u>	<u>16,842</u>	<u>17,328</u>
Total district expenses	<u>\$ 1,127,175</u>	<u>1,260,052</u>	<u>1,253,894</u>	<u>1,432,889</u>	<u>1,115,422</u>	<u>1,035,331</u>	<u>1,285,829</u>	<u>1,249,778</u>	<u>1,338,938</u>	<u>1,464,358</u>
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)										
Operating grants and contributions	\$ 155,469	\$ 75,050	\$ 50,141	\$ 192,095	\$ 124,303	\$ 127,456	\$ 121,334	\$ 129,441	\$ 162,986	\$ 175,687
Total governmental activities program revenues	<u>155,469</u>	<u>75,050</u>	<u>50,141</u>	<u>192,095</u>	<u>124,303</u>	<u>127,456</u>	<u>121,334</u>	<u>129,441</u>	<u>162,986</u>	<u>175,687</u>

(Continued)

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

Exhibit J-2

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Business-type activities:</b>										
Charges for services:										
Food service	\$ 7,446	\$ 6,387	\$ 6,439	\$ 4,578	\$ 3,950	\$ 4,170	\$ 3,374	\$ 4,167	\$ 3,689	\$ 3,591
Child care										7,450
Operating grants and contributions	2,787	1,415	2,469	2,684	2,282	3,547	5,346	12,353	12,709	9,421
Capital grants and contributions										
Total business type activities program revenues	<u>10,233</u>	<u>7,802</u>	<u>8,908</u>	<u>7,262</u>	<u>6,232</u>	<u>7,717</u>	<u>8,720</u>	<u>16,520</u>	<u>16,398</u>	<u>20,462</u>
Total district program revenues	<u>\$ 165,702</u>	<u>\$ 82,852</u>	<u>\$ 59,049</u>	<u>\$ 199,357</u>	<u>\$ 130,535</u>	<u>\$ 135,173</u>	<u>\$ 130,054</u>	<u>\$ 145,961</u>	<u>\$ 179,384</u>	<u>\$ 196,149</u>
<b>Net (Expense)/Revenue:</b>										
Governmental activities	\$ (953,274)	\$ (1,170,250)	\$ (1,188,489)	\$ (1,225,005)	\$ (974,131)	\$ (889,547)	\$ (1,155,118)	\$ (1,106,953)	\$ (1,159,110)	\$ (1,271,343)
Business-type activities	(8,199)	(6,950)	(6,356)	(8,527)	(10,756)	(10,811)	(657)	3,136	(444)	3,134
Total district-wide net expense	<u>\$ (961,473)</u>	<u>\$ (1,177,200)</u>	<u>\$ (1,194,845)</u>	<u>\$ (1,233,532)</u>	<u>\$ (984,887)</u>	<u>\$ (900,158)</u>	<u>\$ (1,155,775)</u>	<u>\$ (1,103,817)</u>	<u>\$ (1,159,554)</u>	<u>\$ (1,268,209)</u>
<b>General Revenues and Other Changes in Net Position:</b>										
<b>Governmental activities:</b>										
Property taxes levied for general purposes, net	\$ 763,311	\$ 793,176	\$ 786,505	\$ 817,965	\$ 850,684	\$ 847,561	\$ 838,582	\$ 855,354	\$ 809,987	\$ 826,187
Taxes levied for debt service	47,046	51,754	50,283	48,813	47,162	45,568	48,483	50,100	48,631	46,854
Unrestricted grants and contributions	180,760	275,983	309,085	181,104	179,025	141,349	138,040	190,317	298,779	462,386
Tuition revenue	42,750	41,500	54,100	51,000	32,576	25,000	20,480	540	7,360	14,400
Investment earnings	26	6,270	6,780	7,275	3,890	1,981	1,321	32	73	146
Miscellaneous income	2,918	2,000	-	-	25,043	18,113	37,755	9,564	2,857	15,366
Transfers	(8,310)	(7,230)	(6,303)	(7,945)	(10,489)	(11,080)	-	-	-	-
Total governmental activities	<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>	<u>1,105,907</u>	<u>1,167,687</u>	<u>1,365,339</u>
<b>Business-type activities:</b>										
Investment earnings	2	65	73	44	7	4	3	2	1	3
Transfers	8,310	7,230	6,303	7,945	10,489	11,080	-	-	-	-
Total business-type activities	<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>	<u>2</u>	<u>1</u>	<u>3</u>
Total district-wide	<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>	<u>\$ 1,105,909</u>	<u>\$ 1,167,688</u>	<u>\$ 1,365,342</u>
<b>Change in Net Position:</b>										
Governmental activities	\$ 75,227	\$ (6,797)	\$ 11,961	\$ (126,793)	\$ 153,760	\$ 178,945	\$ (70,457)	\$ (1,046)	\$ 8,577	\$ 93,996
Business-type activities	113	345	20	(538)	(260)	473	(654)	3,138	(443)	3,137
Total district-wide	<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>	<u>\$ 2,092</u>	<u>\$ 8,134</u>	<u>\$ 97,133</u>

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

Exhibit J-3

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Reserved for:										
Encumbrances							\$ 20,643			\$ 42,532
Capital reserve	\$ 2,643	\$ 2,725	\$ 2,824	\$ 2,890	\$ 2,431	\$ 127,134	\$ 157,350	\$ 157,076	\$ 157,076	\$ 242,222
Maintenance reserve						60,000	70,000	70,000	70,000	70,000
Emergency reserve							50,000	50,000	50,000	50,000
Excess surplus	84,074	76,110	-	37,150	175,497	144,722	55,392	88,487	90,240	98,684
Assigned fund balance										
Designated for subsequent year's expenditures							31,208	6,776	-	314
Unassigned	104,433	85,611	159,060	243,912	237,681	237,452	246,239	232,440	220,538	202,361
Total general fund	<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>	<u>\$ 604,779</u>	<u>\$ 587,854</u>	<u>\$ 706,113</u>
All Other Governmental Funds										
Reserved:										
Encumbrances										
Unreserved, reported in:										
Special revenue fund										
Capital projects fund										
Debt service fund	\$ -									
Total all other governmental funds	<u>\$ -</u>									

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

Exhibit J-4

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>											
Tax levy	\$ 766,951	\$ 810,357	\$ 844,930	\$ 836,788	\$ 866,778	\$ 897,846	\$ 893,129	\$ 887,065	\$ 905,454	\$ 858,618	\$ 873,041
Tuition charges	41,328	42,750	41,500	54,100	51,000	32,576	25,000	20,480	540	7,360	14,400
Interest earnings	600	553	6,270	6,780	4,953	3,890	1,981	1,321	32	73	146
Miscellaneous	2,286	3,384	3,000	918	2,643	26,543	18,763	38,197	9,564	4,369	15,426
State sources	299,935	291,135	313,484	345,311	344,470	272,900	232,362	228,542	289,903	416,496	576,423
Federal sources	36,991	44,101	36,549	12,997	28,408	28,928	35,793	30,390	29,855	43,757	61,590
<b>Total revenue</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>1,282,683</b>	<b>1,207,028</b>	<b>1,205,995</b>	<b>1,235,348</b>	<b>1,330,673</b>	<b>1,541,026</b>
<b>Expenditures</b>											
<b>Instruction</b>											
Regular instruction	388,517	413,538	474,914	433,296	455,942	472,505	418,752	447,546	425,518	477,198	512,501
Special education instruction	15,951	18,795	42,242	37,301	57,092	50,013	69,541	60,804	74,135	68,480	93,245
Other special instruction	29,736	30,094		19,631	148	2,020		600	550	8,524	8,526
Other instruction			270								
<b>Support Services:</b>											
Tuition	90,819	52,585	149,805	158,413	77,611	65,039	47,884	59,018	18,353	2,300	22,167
Student & instruction related services	90,896	105,355	129,774	119,110	117,256	125,766	124,355	129,724	162,650	207,469	258,963
School administrative services											
General and business admin. services	162,196	153,845	112,439	86,174	61,257	57,986	49,918	55,763	56,310	66,784	58,784
Plant operations and maintenance	90,323	88,522	93,485	92,745	98,421	109,260	94,830	115,943	147,378	117,605	115,998
Pupil transportation	34,283	15,623	4,010	7,912	8,182	10,000	7,398	15,623	30,411	7,102	9,011
Other support services	136,667	142,222	166,122	213,592	211,374	149,122	146,262	166,113	177,619	193,166	197,764
Special Schools											
Charter Schools											
Capital outlay		9,615	6,314	1,585			7,227	20,000	92,393	125,567	75,086
<b>Debt service:</b>											
Principal	40,000	40,000	50,000	50,000	50,000	50,000	50,000	50,000	55,000	55,000	55,000
Interest and other charges	39,975	38,025	35,832	33,394	30,956	28,519	26,082	23,644	21,084	18,403	15,722
<b>Total expenditures</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>1,261,401</b>	<b>1,347,598</b>	<b>1,422,767</b>
Excess (Deficiency) of revenues over (under) expenditures	28,728	84,061	(19,474)	3,741	130,013	142,453	164,779	61,217	(26,053)	(16,925)	118,259
<b>Other Financing sources (uses)</b>											
Proceeds from borrowing	-	-	-	-	-	-	-	-	-	-	-
Accrued interest on sale of bonds	-	-	-	-	-	-	-	-	-	-	-
Capital contribution	-	-	-	-	-	-	-	-	-	-	-
Transfers in						489	307		306		
Transfers out	(8,293)	(8,310)	(7,230)	(6,303)	(7,945)	(10,978)	(11,387)		(306)		
<b>Total other financing sources (uses)</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>Net change in fund balances</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>\$ (26,053)</b>	<b>\$ (16,925)</b>	<b>\$ 118,259</b>
Debt service as a percentage of noncapital expenditures	7.14%	7.10%	6.82%	6.66%	6.93%	7.01%	7.35%	6.55%	6.51%	6.01%	5.25%

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**

8

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Refunds</u>	<u>Miscellaneous</u>	<u>Donations</u>	<u>Rentals</u>	<u>Total</u>
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
2012	752	540	3,151	611		\$ 5,050	10,104
2013	216	7,360	-	641	\$ 2,000	-	10,217
2014	179	14,400	12,674	513	2,000	-	29,766
	<u>\$ 26,669</u>	<u>\$ 289,706</u>	<u>\$ 97,500</u>	<u>\$ 7,714</u>	<u>\$ 4,000</u>	<u>\$ 5,050</u>	<u>\$ 430,639</u>

**Source: District records**

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
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	307,019,100	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	8,686,100	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
2012	19,404,000	389,387,800	3,828,600	205,800	36,215,900		1,066,100	450,108,200	210,266	450,318,466	9,445,000	0.191	494,415,656
2013	19,596,100	391,522,000	3,301,300	210,200	35,430,600		1,066,100	451,126,300	226,124	451,352,424	9,445,000	0.194	455,908,033
2014	18,272,800	394,148,500	3,301,300	210,200	35,647,800		1,066,100	452,646,700	153,222	452,799,922	9,662,400	0.197	439,431,249

Source: Municipal Tax Assessor

Note:

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

c Information not available.

r Reassessment.

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

Exhibit J-7

Fiscal Year Ended June 30,	West Cape May School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation		Borough of West Cape May	Regional School	Cape May County	
		Debt Service	Total Direct				
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	0.191	0.011	0.202	0.337	0.389	0.242	1.170
2012	0.180	0.011	0.191	0.346	0.356	0.256	1.149
2013	0.184	0.010	0.194	0.331	0.294	0.248	1.067
2014	0.107	0.090	0.197	0.330	0.378	0.244	1.149

Source: Municipal Tax Collector

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

**Exhibit J-8**

Taxpayer	2013-2014	
	Taxable Assessed Value	% of Total District Net Assessed Value
Rayson Property Management	\$ 2,929,400	0.65%
Wilbraham Mansion, LLC	2,854,600	0.63%
The Depot Travel Park, Inc.	2,729,900	0.60%
Cape May Lumber Company	2,412,100	0.53%
CVS, Inc.	2,300,000	0.51%
Individual #1	2,058,200	0.45%
Cape West Associates, Inc.	1,862,800	0.41%
Individual #2	1,594,300	0.35%
SPE Labrusciano, LLC	1,114,800	0.25%
Individual #3	1,018,500	0.22%
<b>Total</b>	<b>\$ 20,874,600</b>	<b>5.01%</b>

Taxpayer	2004-2005	
	Taxable Assessed Value	% of Total District Net Assessed Value
Raysun Property Management	\$ 3,347,400	1.10%
CVS Property Management	2,149,900	0.70%
Depot Travel Park, Inc.	2,520,300	0.83%
Individual #1	1,817,800	0.60%
Cape May Lumber	1,807,400	0.59%
Individual #2	1,353,700	0.44%
Cape West Associates Inc.	1,353,400	0.44%
Wilbraham Partnership	1,207,600	0.40%
Individual #3	1,113,600	0.36%
CMC Development Inc.	1,186,700	0.39%
<b>Total</b>	<b>\$ 17,857,800</b>	<b>5.85%</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	
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	887,065	887,065	100.00%	-
2012	905,454	905,454	100.00%	-
2013	858,618	858,618	100.00%	-
2014	873,041	873,041	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		
2005	\$ 760,000		\$ -	\$ -	\$ -	\$ 760,000	1.77%	739
2006	710,000		-	-	-	710,000	1.62%	706
2007	660,000		-	-	-	660,000	1.46%	668
2008	610,000		-	-	-	610,000	1.31%	619
2009	560,000		-	-	-	560,000	1.19%	569
2010	510,000		-	-	-	510,000	1.03%	499
2011	460,000		-	-	-	460,000	0.89%	452
2012	405,000		-	-	-	405,000	0.76%	396
2013	350,000		-	-	-	350,000	c	343
2014	295,000		-	-	-	295,000	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		
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%	499
2011	460,000	-	460,000	0.10%	452
2012	405,000	-	405,000	0.09%	396
2013	350,000	-	350,000	0.08%	343
2014	295,000	-	295,000	0.07%	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, 2013**

**Exhibit J-12**

<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	\$ 849,154	100.000%	\$ 849,154
Lower Cape May Regional School Debt	6,500,000	6.497%	422,345
Cape May County General Obligation Debt	176,957,999	0.966%	1,709,414
			2,980,913
<b>Subtotal, overlapping debt</b>			2,980,913
<b>West Cape May School District Direct Debt</b>			295,000
<b>Total direct and overlapping debt</b>			\$ 3,275,913

**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.

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2014

	Equalized valuation basis	
	2013	\$ 437,349,782
	2012	454,195,964
	2011	491,542,343
	[A]	<u>\$ 1,383,088,089</u>
Average equalized valuation of taxable property	[A/3]	\$ 461,029,363
Debt limit (2 1/2% of average equalized valuation)	[B]	11,525,734 <sup>a</sup>
Net bonded school debt	[C]	295,000
Legal debt margin	[B-C]	<u>\$ 11,230,734</u>

Fiscal Year

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 6,725,118	\$ 8,177,399	\$ 9,838,472	\$ 11,174,764	\$ 12,053,590	\$ 12,306,830	\$ 12,309,782	\$ 12,241,548	\$ 11,950,487	\$ 11,525,734
Total net debt applicable to limit	<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>	<u>405,000</u>	<u>350,000</u>	<u>295,000</u>
Legal debt margin	<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>	<u>\$ 11,836,548</u>	<u>\$ 11,600,487</u>	<u>\$ 11,230,734</u>
Total net debt applicable to the limit as a percentage of debt limit	11.30%	8.68%	6.71%	5.46%	4.65%	4.14%	3.74%	3.31%	2.93%	2.56%

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>
2005	1,029	\$ 42,937,083	\$ 41,727	7.4%
2006	1,006	43,793,192	43,532	7.8%
2007	988	45,125,912	45,674	7.4%
2008	985	46,687,030	47,398	9.1%
2009	985	47,081,030	47,798	13.0%
2010	1,023	49,705,524	48,588	13.5%
2011	1,017	51,556,815	50,695	14.2%
2012	1,022	53,426,072	52,276	15.2%
2013	1,020	e	e	18.8%
2014	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>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Instruction										
Regular	7	7	7	7	7	7	5	6	4	5
Special education	1	1	1	1	1	1	1	1	1	1
Other instruction	3	3	3	3	3	3	3	3	5	5
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>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>12</b>	<b>13</b>	<b>13</b>	<b>14</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				
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%
2012	56	1,092,924	19,517	-25.73%	5		1 to 10	51.8	49.5	23.33%	95.56%
2013	71	1,148,628	16,178	-17.11%	5		1 to 13	65.8	62.2	27.03%	94.53%
2014	78	1,276,959	16,371	1.19%	6		1 to 13	75.4	71.7	14.59%	95.06%

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>District Building</b>										
<u>Elementary</u>										
West Cape May Elementary (1963)										
Square Feet	17,233	17,233	17,233	17,233	17,233	17,233	17,233	17,233	17,233	17,233
Capacity (students)	118	118	118	118	118	118	118	118	118	118
Enrollment	71	57	50	52	42	37	42	56	65	75

Number of Schools at June 30, 2014  
 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 Ten Fiscal Years

Exhibit J-19

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
* School Facilities											
West Cape May School	\$ 5,967	\$ 5,992	\$ 5,370	\$ 6,354	\$ 8,757	\$ 3,603	\$ 17,425	\$ 44,396	\$ 18,980	\$ 12,185	\$ 129,029
Project # (s)											
Total School Facilities	<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>\$ 44,396</u>	<u>\$ 18,980</u>	<u>\$ 12,185</u>	<u>\$ 129,029</u>

96

\* 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, 2014**

**Exhibit J-20**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Property - Blanket and Personal Property	\$ 2,588,270	\$ 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)	6,000,000	5,000
Workers Compensation (1)	Statutory	
Student Accident Coverage		
Accidental Medical Benefits	1,000,000	
Excess Medical Benefit	5,000,000	25,000
Surety Bonds - (1)		
Board Secretary/Business Administrator	100,000	1,000
Treasurer	115,000	1,000

(1) - New Jersey School Boards Association Insurance Group

Source: District records

**Single Audit Section**

**INVERSO & STEWART, LLC**  
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K-2

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
AS REQUIRED BY OMB CIRCULAR A-133  
AND NEW JERSEY OMB CIRCULAR 04-04**

**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

***Report on Compliance for the one Major State Program***

I have audited West Cape May School District (School District), in the County of Cape May, State of New Jersey's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's one major state program for the fiscal year ended June 30, 2014. The School District's one major state program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

I believe that my audit provides a reasonable basis for my opinion on compliance for the one major state program. However, my audit does not provide a legal determination of the School District's compliance.

***Opinion on the one Major State Program***

In my opinion, the West Cape May School District, in the County of Cape May, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2014.

***Report on Internal Control Over Compliance***

Management of the West Cape May School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the West Cape May's School District's internal control over compliance.

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

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

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

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



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant

Marlton, New Jersey  
August 15, 2014

WEST CAPE MAY SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period	June 30, 2013			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2014		
					Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
<b>U.S. Department of Education</b>														
<u>Special Revenue Fund:</u>														
REAP Grant	84.358A	5610-14	\$ 13,742	7/1/13 - 6/30/14				\$ 13,742	\$ (13,742)					
<u>No Child Left Behind(N.C.L.B.)</u>														
Title I - Current Year	84.010A	NCLB-5610-14	23,934	7/1/13 - 6/30/14				12,293	(18,850)		\$ (6,557)			
Title I - Prior Year	84.010A	NCLB-5610-13	11,653	9/1/12 - 8/31/13	\$ (7,659)			7,659						
Title II - Part A - Current Year	84.367A	NCLB-3010-14	2,311	7/1/13 - 6/30/14				2,311	(2,311)					
Title II - Part A - Prior Year	84.367A	NCLB-3010-13	2,450	9/1/12 - 8/31/13	(2,450)			2,450						
<u>Individuals With Disabilities Imp. Act (I.D.E.A.)</u>														
Part B - Basic - Current Year	84.027	FT-5610-14	30,811	7/1/13 - 6/30/14					(26,129)		(26,129)			
Part B - Basic - Prior Year	84.027	FT-5610-13	20,617	9/1/12 - 8/31/13	(9,547)			9,547						
Part B - Preschool - Current Year	84.173	PS-5610-14	870	7/1/13 - 6/30/14					(558)		(558)			
Part B - Preschool - Prior Year	84.173	PS-5610-13	602	9/1/12 - 8/31/13	(290)			290						
Total Special Revenue Fund					(19,946)	---	---	---	48,292	(61,590)	---	(33,244)	---	
<b>U.S. Department of Agriculture</b>														
<u>Enterprise Fund:</u>														
National School Lunch Program	10.555	N/A	8,752	9/1/13 - 6/30/14				8,074	(8,752)		(678)			
National School Lunch Program	10.555	N/A	10,937	9/1/12 - 6/30/13	(544)			544						
School Breakfast Program	10.553	N/A	457	9/1/13 - 6/30/14				415	(457)		(42)			
School Breakfast Program	10.553	N/A	1,520	9/1/12 - 6/30/13	(52)			52						
Total Enterprise Fund					(596)	---	---	---	9,085	(9,209)	---	(720)	---	
Total Federal Awards					\$ (20,542)	---	---	---	\$ 57,377	\$ (70,799)	---	\$ (33,964)	---	

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, 2014**

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2013			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	June 30, 2014		
				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	14-495-034-5120-089	\$ 27,618	7/1/13 - 6/30/14					\$ 24,866	\$ (27,618)	\$ (2,752)		
Special Education Categorical Aid	13-495-034-5120-089	20,133	7/1/12 - 6/30/13	\$ (633)				633				
Security Aid	14-495-034-5120-084	6,484	7/1/13 - 6/30/14					5,838	(6,484)	(646)		
Security Aid	13-495-034-5120-084	5,246	7/1/12 - 6/30/13	(1,972)				1,972				
School Choice Aid	14-495-034-5120-068	401,310	7/1/13 - 6/30/14					361,320	(401,310)	(39,990)		
School Choice Aid	13-495-034-5120-068	272,182	7/1/12 - 6/30/13	(26,657)				26,657				
Transportation Aid	14-495-034-5120-014	5,502	7/1/13 - 6/30/14					4,954	(5,502)	(548)		
Transportation Aid	13-495-034-5120-014	6,465	7/1/12 - 6/30/13	(514)				514				
Under Adequacy Aid	14-495-034-5120-083	38,690	7/1/13 - 6/30/14					34,834	(38,690)	(3,856)		
Reimbursement of Nonpublic Transportation	14-495-034-5120-014	153	7/1/13 - 6/30/14						(153)	(153)		
Reimbursement of Nonpublic Transportation	13-495-034-5120-014	314	7/1/12 - 6/30/13	(314)				314				
Anti-Bullying Aid	N/A	645	7/1/13 - 6/30/14					645	(645)			
On Behalf TPAF Pension	14-495-034-5095-006	18,754	7/1/13 - 6/30/14					18,754	(18,754)			
On Behalf TPAF Post Retirement Medical	14-495-034-5095-001	30,751	7/1/13 - 6/30/14					30,751	(30,751)			
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	40,664	7/1/13 - 6/30/14					38,688	(40,664)	(1,976)		
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	35,345	7/1/12 - 6/30/13	(1,700)				1,700				
<b>Total General Fund</b>				<b>(31,790)</b>				<b>552,440</b>	<b>(570,571)</b>	<b>(49,921)</b>		
<u>Debt Service Fund</u>												
Debt Service Aid Type II	14-495-034-5120-017	23,868	7/1/13 - 6/30/14	---				23,868	(23,868)	---		
<b>State Department of Agriculture</b>												
<u>Enterprise Fund:</u>												
State School Lunch Program	14-100-010-3350-023	212	7/1/13 - 6/30/14					184	(212)	(28)		
State School Lunch Program	13-100-010-3350-023	252	7/1/12 - 6/30/13	(12)				12				
<b>Total Enterprise Fund</b>				<b>(12)</b>				<b>196</b>	<b>(212)</b>	<b>(28)</b>		
<b>Total State Financial Assistance</b>				<b>\$ (31,802)</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ 576,504</b>	<b>\$ (594,651)</b>	<b>\$ (49,949)</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, 2014**

**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 (\$18,016) 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		\$ 552,555	\$ 552,555
Special Revenue	\$ 61,590		61,590
Debt Service		23,868	23,868
Food Service	<u>9,209</u>	<u>212</u>	<u>9,421</u>
<b>Total</b>	<b><u>\$ 70,799</u></b>	<b><u>\$ 576,635</u></b>	<b><u>\$ 647,434</u></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, 2014  
(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, 2014. 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, 2014.





**WEST CAPE MAY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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

No findings identified.

**WEST CAPE MAY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal and State programs, as required by OMB Circular A-133 and New Jersey Circular 04-04 OMB.

**FEDERAL AWARDS**

A federal single audit was not required.

**STATE AWARDS**

No findings identified.

**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, 2014**

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, OMB Circular A-133 and State of New Jersey OMB's Circular 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.