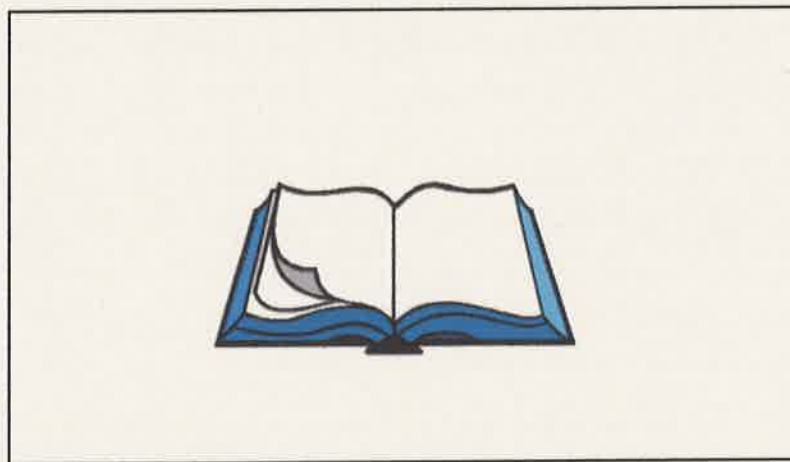


**SCHOOL DISTRICT
OF
WEST CAPE MAY**



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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual
Financial Report**

of the

West Cape May Board of Education

West Cape May, New Jersey

For the Fiscal Year Ended June 30, 2016

**Prepared by
West Cape May Board of Education
Finance Department**

WEST CAPE MAY SCHOOL DISTRICT

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	2
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

FINANCIAL SECTION

Independent Auditor's Report	10
K-1 Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	13
Required Supplementary Information - Part I Management's Discussion and Analysis	16
Basic Financial Statements	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	25
A-2 Statement of Activities	26
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	28
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	29
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Proprietary Funds:	
B-4 Statement of Net Position	31
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	32
B-6 Statement of Cash Flows	33
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	34
B-8 Statement of Changes in Fiduciary Net Position	35
Notes to the Financial Statements	36

Required Supplementary Information - Part II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule - General Fund	62
C-1a	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (if applicable)	N/A
C-2	Budgetary Comparison Schedule - Special Revenue Fund	67

Notes to the Required Supplementary Information

C-3	Budget-to-GAAP Reconciliation	68
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Required Supplementary Information - Part III

L. Schedules Related to Accounting and Reporting for Pensions (GASB-68)

L-1	Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System	70
L-2	Schedule of the District Contributions - Public Employees Retirement System	71
L-3	Schedule of the District's Proportionate Share of the Net Pension Liability - Teachers' Pension and Annuity Fund	72

Notes to the Required Supplementary Information - Part III 73

Other Supplementary Information

D.	School Level Schedules :	N/A
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E. Special Revenue Fund:

E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	76
E-2	Preschool Education Aid Schedule of Expenditures - Budgetary Basis	N/A

F. Capital Projects Fund:

F-1	Summary Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	78
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G. Proprietary Fund:

Enterprise Fund:

G-1	Combining Statement of Net Position	82
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	83
G-3	Combining Statement of Cash Flows	84

H.	Fiduciary Funds:	
H-1	Combining Statement of Fiduciary Net Position	86
H-2	Combining Statement of Changes in Fiduciary Net Position	87
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	88
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	89
I.	Long-Term Debt:	
I-1	Schedule of Serial Bonds	91
I-2	Schedule of Obligations under Capital Leases	92
I-3	Budgetary Comparison Schedule - Debt Service Fund	93

STATISTICAL SECTION (Unaudited)

J-1	Net Position by Component	95
J-2	Changes in Net Position, Last ten Fiscal Years	96
J-3	Fund Balances, Governmental Funds, Last Ten Fiscal Years	98
J-4	Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	99
J-5	General Fund - Other Local Revenue by Source, Last Ten Fiscal Years	100
J-6	Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years	101
J-7	Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	102
J-8	Principal Property Tax Payers, Current Year and Nine Years Ago	103
J-9	Property Tax Levies and Collections, Last Ten Fiscal Years	104
J-10	Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	105
J-11	Ratios of Net General Bonded Debt Outstanding, Last Ten Fiscal Years	106
J-12	Ratios of Overlapping Governmental Activities Debt, As of December 31, 2015	107
J-13	Legal Debt Margin Information, Last Ten Fiscal Years	108
J-14	Demographic and Economic Statistics	109
J-15	Principal Employers, Current Year & Nine Years Ago (information not available)	N/A
J-16	Full-time Equivalent District Employees by Function/Program, Last Ten Fiscal Years	110
J-17	Operating Statistics, Last Ten Fiscal Years	111
J-18	School Building Information, Last Ten Fiscal Years	112
J-19	Schedule of Required Maintenance, Last Ten Fiscal Years	113
J-20	Insurance Schedule	114

SINGLE AUDIT SECTION

K-2	Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and Schedule of Expenditures of State Financial Assistance as Required by New Jersey Treasury Circular OMB 15-08	N/A
K-3	Schedule of Expenditures of Federal Awards, Schedule A	116
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	117
K-5	Notes to the Schedules of Awards and Financial Assistance	118
K-6	Schedule of Findings and Questioned Costs	120
K-7	Summary Schedule of Prior Audit Findings	124

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

September 15, 2016

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, 2016. 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 Title 2 U.S. Code of Federal Regulations, cost principles, and audit requirements for federal awards (uniform guidance), and State of New Jersey Circular OMB 15-08. 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 2015-2016 fiscal year with an enrollment of 82 students, which is the same enrollment as the previous year. The following details the changes in the student enrollment of the District over the last ten

"We Are West Cape May Proud"

years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percentage Change
2015-2016	82	-
2014-2015	82	9.33%
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%)

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 years of growth noted in the table above. There are many applications for the 2016-17 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 four 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 10 years. Three years ago, a rooftop HVAC unit was replaced in the gymnasium through the NJ Direct Install program. Each classroom is 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 three years ago. After amending its Long-Range Facilities Plan and approval of two (2) Regular Operating District (ROD) grants, the district upgraded security with a secure vestibule at the entrance, HVAC upgrades in the old section of the building, and new doors and windows in the old section of the building. The Board is looking at various expansion alternatives to accommodate the growth in student enrollment, with nearly 100 students expected for the 2016-17 school year.

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, 2016.

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 Title 2 U.S. Code of Federal Regulations, cost principles, and audit requirements for federal awards (uniform guidance), and State of New Jersey Circular OMB 15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this

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

10) **ACKNOWLEDGEMENTS:**

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

Respectfully submitted,

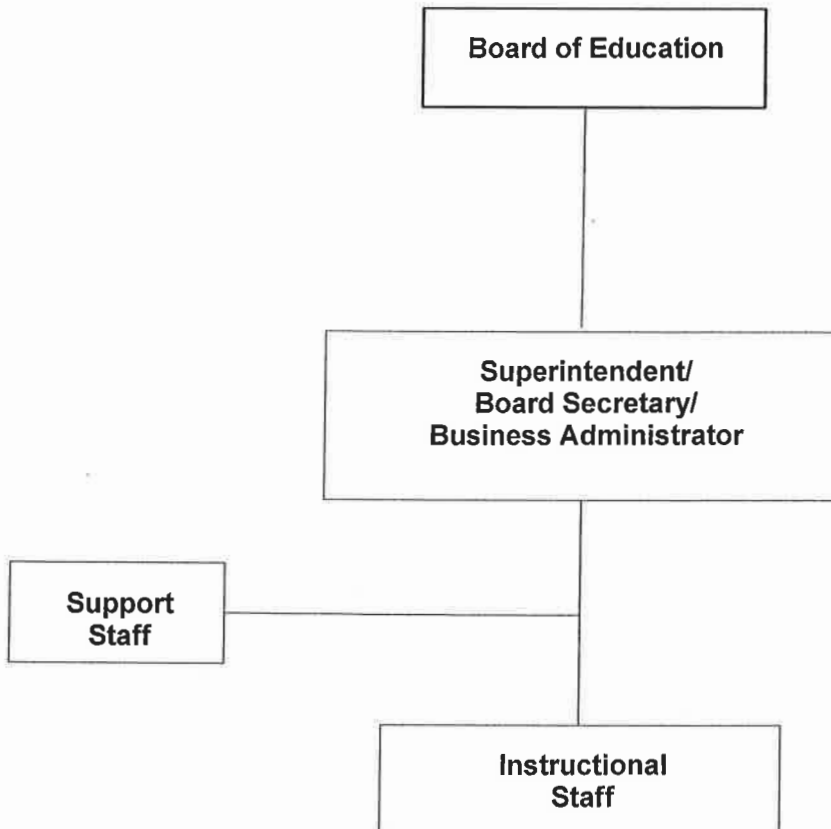


Alfred Savio, Ed.D.

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, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Robert Cwik – President	2017
Thomas J. Belasco – Vice-President	2018
Dr. David La Puma	2019
Elaine Lawler	2019
Leonard Wilmore	2016

Other Officials

Alfred Savio, Ed. D., Superintendent &
School Business Administrator
Frank Donato, Treasurer
Brett Gorman, Esq., Solicitor

WEST CAPE MAY BOARD OF EDUCATION
Consultants and Advisors

Architect

Spiegle Architectural Group
120 Sanhican Drive
Trenton, NJ 08618

Audit Firm

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

Attorney

Parker McCay, P.A.
9000 Midlantic Drive
Suite 300
Mount Laurel, NJ 08055

Official Depository

Sturdy Savings Bank
701 Washington Street
Cape May, NJ 08204

Financial Section

INVERSO & STEWART, LLC
Certified Public Accountants

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-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, 2016, 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, 2016, 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, budgetary comparison information, and pension 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 Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Treasury Circular OMB 15-08, as applicable, 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 September 15, 2016 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
September 15, 2016

INVERSO & STEWART, LLC
 Certified Public Accountants

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

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

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, 2016, 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 September 15, 2016.

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
September 15, 2016

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, 2016**

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, 2016. 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 \$1,116,088 (*net position*).
- Governmental activities have a deficit unassigned net position of \$42,026. 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 decreased by \$352,944, or a 24.02% decrease from the prior fiscal year-end balance. The majority of the decrease is attributable to results of operations in the governmental funds.
- Fund balance of the School District's governmental funds decreased by \$598,457 resulting in an ending fund balance of \$698,898. The decrease in ending fund balance is due to the results of operations in the General Fund and Capital Projects Fund.
- Business-type activities have unrestricted net position of \$2,561, 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 increased by \$74,360 which is the result of the principal payment on long-term debt obligations and capital leases, an increase in compensated absences, and an increase in net pension liability.

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 considered to be major funds.

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 2016. 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 2016.

The assets of the primary government activities exceeded liabilities by \$1,111,542 with a deficit unassigned balance of \$42,026. The net position of the primary government does not include internal balances.

A net investment of \$658,988 in land, improvements, buildings, equipment and vehicles which provide the services to the School District's 82 public school students, represents 59.28% of the School District's net position. Net position of \$269,196 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 \$52,414 is restricted as excess surplus, \$2,879 is reserved for encumbrances and \$50,091 has been appropriated in the 2016/2017 Budget.

**West Cape May School District
Comparative Summary of Net Position
As of June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		District-Wide	
	2016	2015	2016	2015	2016	2015
Assets:						
Current assets	\$ 704,973	\$ 1,298,998	\$ 2,561	\$ 2,319	\$ 707,534	\$ 1,301,317
Capital assets	1,013,109	858,534	1,985	2,146	1,015,094	860,680
Total assets	1,718,082	2,157,532	4,546	4,465	1,722,628	2,161,997
Deferred Outflows of Resources	157,032	9,748			157,032	9,748
Liabilities:						
Current Liabilities	112,010	107,885			112,010	107,885
Noncurrent Liabilities	585,548	512,222			585,548	512,222
Total liabilities	697,558	620,107			697,558	620,107
Deferred Inflows of Resources	66,014	82,606			66,014	82,606
Net position	\$ 1,111,542	\$ 1,464,567	\$ 4,546	\$ 4,465	\$ 1,116,088	\$ 1,469,032
Net position consists of:						
Investment in capital						
Assets	\$ 658,988	\$ 403,534	\$ 1,985	\$ 2,146	\$ 660,973	\$ 405,680
Restricted net position	494,580	1,094,371			494,580	1,094,371
Unrestricted net position	(42,026)	(33,338)	2,561	\$ 2,319	(39,495)	(31,019)
Net position	\$ 1,111,542	\$ 1,464,567	\$ 4,546	\$ 4,465	\$ 1,116,088	\$ 1,469,032

Governmental Activities

Governmental activities decreased the net position of the School District by \$353,025 during the current fiscal year. Key elements of the decrease in net position for governmental activities are as follows:

- Depreciation expense of \$51,680.
- Capital outlay of \$206,255.
- Repayment of bond principal of \$60,000.
- Results of operations in the Capital Fund of a loss of \$528,891.

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 expenditures exceeded revenues by \$28.
- Child Care program revenue exceeded expenditures by \$109.

West Cape May School District
Comparative Schedule of Changes in Net Position
As of and for the Fiscal Years Ended June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		District-Wide	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues						
Charges for services	\$ -	\$ -	\$ 27,204	\$ 13,551	\$ 27,204	\$ 13,551
Operating grants and Contributions	215,910	203,445	14,034	15,875	229,944	219,320
General Revenues:						
Property Taxes	1,025,402	887,788			1,025,402	887,788
Unrestricted State Aid	512,342	814,598			512,342	814,598
Tuition	14,400	3,070			14,400	3,070
Other Revenues	1,978	225,874	2,974	3	4,952	225,877
Total Revenues	1,770,032	2,134,775	44,212	29,429	1,814,244	2,164,204
Expenses:						
Governmental Activities:						
Instruction	804,920	746,498			804,920	746,498
Tuition	27,358	14,067			27,358	14,067
Related Services	277,702	240,549			277,702	240,549
Administrative Services	74,553	66,453			74,553	66,453
Operations and Maintenance	635,239	434,335			635,239	434,335
Transportation	10,974	10,702			10,974	10,702
Unallocated Benefits	283,414	205,986			283,414	205,986
Interest on long-term Debt	8,897	11,812			8,897	11,812
Other						
Business-Type Activities:						
Child Care			21,360	8,517	21,360	8,517
Food Service Operations			22,771	22,660	22,771	22,660
Total Expenses	2,123,057	1,730,402	44,131	31,177	2,167,188	1,761,579
Increase in net position						
Before transfers	(353,025)	404,373	81	(1,748)	(352,944)	402,625
Transfers						
Changes in net position	(353,025)	403,373	81	(1,748)	(352,944)	402,625
Net position, July 1,	1,464,567	1,060,194	4,465	6,213	1,469,033	1,066,407
Net position, June 30,	\$ 1,111,542	\$ 1,464,567	\$ 4,546	\$ 4,465	\$ 1,116,088	\$ 1,469,032

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 \$698,898, a decrease of \$598,457 in comparison with the prior year. The decrease is the result of operations in the General Fund and Capital Projects 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 \$204,318 and Capital Projects fund of \$2,957. 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 \$266,239, \$70,000 is reserved for maintenance, \$50,000 is reserved for emergencies, \$52,414 is reserved for excess surplus, \$2,879 is reserved for encumbrances, and \$50,091 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 \$250,184 while total fund balance (budgetary basis) was \$741,807. 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 \$1,720,749. Unassigned fund balance (budgetary basis) represents 14.54% of expenditures while total fund balance (budgetary basis) represents 43.11% 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, 2016, totaled \$1,015,095 (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 \$154,414 or a 17.94% increase. The increase is due to additions less depreciation expense.

**West Cape May School District
Capital Asset (net of accumulated depreciation)
June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		District-Wide	
	2016	2015	2016	2015	2016	2015
Land	\$ 120,694	\$ 120,694	\$ -	\$ -	\$ 120,694	\$ 120,694
Buildings and Improvements	755,100	584,665			755,100	584,665
Equipment	137,315	153,175	1,985	2,146	139,300	155,321
Net position	<u>\$ 1,013,109</u>	<u>\$ 858,534</u>	<u>\$ 1,985</u>	<u>\$ 2,146</u>	<u>\$ 1,015,094</u>	<u>\$ 860,680</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, 2016, the School District had \$180,000 outstanding in serial bonds and \$174,121 in capital leases.

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 \$10,833,196. The available debt limit as of June 30, 2016 is \$10,653,196.

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 2016-17 fiscal year.

- For 2016-17 fiscal year the School District will not be receiving an increase in state aid. The local tax levy in the General Fund increased by \$19,577 or 20.0%. Salaries continue to increase contractually; however, the District has managed to control costs. The 2016-17 General Fund Budget is \$165,693 greater than the previous year. The tax rate increased slightly from 22.5 cents in 2015 to 22.8 cents in 2016.

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, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 289,681	\$ 1,451	\$ 291,132
Receivables, net	148,894	1,269	150,163
Internal Balances	159	(159)	
Restricted Assets:			
Capital Reserve Account	266,239		266,239
Capital Assets, net (Note 5)	1,013,109	1,985	1,015,094
Total Assets	<u>1,718,082</u>	<u>4,546</u>	<u>1,722,628</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows of Resources From Pensions	<u>157,032</u>		<u>157,032</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>1,875,114</u>	<u>4,546</u>	<u>1,879,660</u>
LIABILITIES:			
Unearned Revenue	6,075		6,075
Accrued Interest	4,022		4,022
Noncurrent Liabilities:			
Due Within One Year	101,913		101,913
Due Beyond One Year	585,548		585,548
Total Liabilities	<u>697,558</u>		<u>697,558</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of Resources From Pensions	<u>66,014</u>		<u>66,014</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>763,572</u>	<u>-</u>	<u>763,572</u>
NET POSITION:			
Net Investment in Capital Assets	658,988	1,985	660,973
Restricted for:			
Capital Projects	269,196		269,196
Other Purposes	225,384		225,384
Unrestricted	<u>(42,026)</u>	<u>2,561</u>	<u>(39,465)</u>
Total Net Position	<u>\$ 1,111,542</u>	<u>\$ 4,546</u>	<u>\$ 1,116,088</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, 2016

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	\$ 640,823	\$ -	\$ 15,844	\$ (624,979)	\$ -	\$ (624,979)
Special education	151,731		21,144	(130,587)		(130,587)
Other instruction	12,366			(12,366)		(12,366)
Support Services:						
Tuition	27,358			(27,358)		(27,358)
Student & instruction related services	277,702		11,623	(266,079)		(266,079)
General administrative services	65,247			(65,247)		(65,247)
Central services	9,306			(9,306)		(9,306)
Plant operations and maintenance	635,239			(635,239)		(635,239)
Pupil transportation	10,974			(10,974)		(10,974)
Employee benefits	283,414		143,595	(139,819)		(139,819)
Interest on long-term debt	8,897		23,704	14,807		14,807
Unallocated depreciation and amortization						
Total governmental activities	<u>2,123,057</u>		<u>215,910</u>	<u>(1,907,147)</u>		<u>(1,907,147)</u>
Business-type activities:						
Child Care	21,360	21,467			107	107
Food service	22,771	5,737	14,034		(3,000)	(3,000)
Total business-type activities	<u>44,131</u>	<u>27,204</u>	<u>14,034</u>		<u>(2,893)</u>	<u>(2,893)</u>
Total primary government	<u>\$ 2,167,188</u>	<u>\$ 27,204</u>	<u>\$ 229,944</u>	<u>\$ (1,907,147)</u>	<u>\$ (2,893)</u>	<u>\$ (1,910,040)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net				978,868		978,868
Taxes levied for debt service				46,534		46,534
Federal and State aid not restricted				512,342		512,342
Investment earnings				10		10
Tuition revenue				14,400		14,400
Miscellaneous				1,968	2,974	4,942
Transfer						
Total general revenues, special items, extraordinary items and transfers				<u>1,554,122</u>	<u>2,974</u>	<u>1,557,096</u>
Change in Net Position				(353,025)	81	(352,944)
Net Position - July 1				1,464,567	4,465	1,469,032
Net Position - June 30				<u>\$ 1,111,542</u>	<u>\$ 4,546</u>	<u>\$ 1,116,088</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, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Assets:					
Cash and Cash Equivalents	\$ 289,681	\$ -	\$ -	\$ -	\$ 289,681
Receivables, Net	11,873	8,025	80,427		100,325
Interfund Receivables, Net	376,082		243,705		619,787
Restricted Cash and Cash Equivalents	266,239				266,239
Total Assets	\$ 943,875	\$ 8,025	\$ 324,132	\$ -	\$ 1,276,032
LIABILITIES AND FUND BALANCES					
Interfund Payable	247,934	1,950	321,175		571,059
Unearned Revenue		6,075			6,075
Total Liabilities	247,934	8,025	321,175	-	577,134
FUND BALANCES					
Fund Balances:					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	50,091				50,091
Reserve for Excess Surplus	52,414				52,414
Maintenance Reserve	70,000				70,000
Capital Reserve	266,239				266,239
Emergency Reserve	50,000				50,000
Assigned Fund Balance:					
Reserve for Encumbrances Designated for Subsequent Year's Expenditures	2,879				2,879
Unassigned fund balance	204,318		2,957		207,275
Total Fund Balances	695,941	-	2,957	-	698,898
Total Liabilities and Fund Balances	\$ 943,875	\$ 8,025	\$ 324,132	\$ -	-

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 \$1,977,972 and the accumulated depreciation is \$964,863. 1,013,109

Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the funds. (4,022)

The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:

Deferred Outflows of resources from Pensions	157,032	
Net Pension Liability	(303,195)	
Deferred Inflows of resources from Pensions	(66,014)	(212,177)

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. (384,266)

Net position of governmental activities **\$ 1,111,542**

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, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 978,868	\$ -	\$ -	\$ 46,534	\$ 1,025,402
Tuition charges	14,400				14,400
Capital Reserve interest earned	10				10
Miscellaneous	1,968				1,968
Total revenues-local sources	995,246			46,534	1,041,780
State sources	655,937			23,704	679,641
Federal sources		38,611			38,611
Local sources		10,000			10,000
Total revenues	1,651,183	48,611		70,238	1,770,032
EXPENDITURES:					
Current expense:					
Regular instruction	582,433	15,844			598,277
Special education instruction	130,587	21,144			151,731
Other instruction	12,366				12,366
Support services and undistributed costs:					
Tuition	27,358				27,358
Student & instruction related services	266,079	11,623			277,702
General administrative services	60,079				60,079
Central services	9,306				9,306
Plant operations and maintenance	121,344				121,344
Pupil transportation	10,974				10,974
Unallocated employee benefits	273,253				273,253
Capital Outlay	72,496		683,365		755,861
Debt service:					
Principal				60,000	60,000
Interest and other charges				10,238	10,238
Total expenditures	1,566,275	48,611	683,365	70,238	2,368,489
Excess (deficiency) of revenues over (under) expenditures	<u>84,908</u>		<u>(683,365)</u>		<u>(598,457)</u>
Other Financing Sources (Uses):					
Proceeds of Capital Lease					
Transfers in			154,474		154,474
Transfers out	(154,474)				(154,474)
Total other financing sources (uses)	<u>(154,474)</u>		<u>154,474</u>		
Net change in fund balance	(69,566)		(528,891)		(598,457)
Fund balances, July 1	765,507		531,848		1,297,355
Fund balances, June 30	<u>\$ 695,941</u>	<u>\$ -</u>	<u>\$ 2,957</u>	<u>\$ -</u>	<u>\$ 698,898</u>

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, 2016

Total net change in fund balances - governmental funds (from B-2)		\$ (598,457)
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	\$ (51,680)	
Capital outlay	<u>206,255</u>	154,575
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.		60,000
Payment of capital lease 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.		40,879
Accrued interest is not due and payable in the current period and therefore is not reported as an expenditure in the governmental funds.		1,341
Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.		(10,161)
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>(1,202)</u>
Change in net position of governmental activities		<u>\$ (353,025)</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, 2016

	Business-type Activities		
	Child Care Program	Food Service Program	Total
ASSETS:			
Current assets:			
Cash and Cash Equivalents	\$ 1,161	\$ 290	\$ 1,451
Accounts Receivable		1,269	1,269
Total Current Assets	<u>1,161</u>	<u>1,559</u>	<u>2,720</u>
Noncurrent Assets:			
Equipment		2,550	2,550
Less Accumulated Depreciation		(565)	(565)
Total Noncurrent Assets		<u>1,985</u>	<u>1,985</u>
Total Assets	<u>\$ 1,161</u>	<u>\$ 3,544</u>	<u>\$ 4,705</u>
LIABILITIES			
Current Liabilities:			
Interfund Payable		159	159
Total Liabilities		<u>159</u>	<u>159</u>
NET POSITION			
Net Investment in Capital Assets		1,985	1,985
Unrestricted	1,161	1,400	2,561
Total Net Position	<u>\$ 1,161</u>	<u>\$ 3,385</u>	<u>\$ 4,546</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, 2016

	Business-type Activities		
	Enterprise Funds		
	<u>Child Care Program</u>	<u>Food Service Program</u>	<u>Total</u>
Operating revenues:			
Charges for services:			
Daily sales-reimbursable programs	\$ -	\$ 5,737	\$ 5,737
Program fees	21,467		21,467
Total operating revenue	<u>21,467</u>	<u>5,737</u>	<u>27,204</u>
Operating expenses:			
Salaries	16,901		16,901
Supplies and materials		179	179
Depreciation		161	161
Miscellaneous		260	260
Cost of sales	4,459	22,171	26,630
Total operating expenses	<u>21,360</u>	<u>22,771</u>	<u>44,131</u>
Operating income (loss)	<u>107</u>	<u>(17,034)</u>	<u>(16,927)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program		214	214
Federal sources:			
National school lunch program		13,820	13,820
Local sources:			
Miscellaneous revenue		2,970	2,970
Interest revenue	2	2	4
Total nonoperating revenues (expenses)	<u>2</u>	<u>17,006</u>	<u>17,008</u>
Change in net position	109	(28)	81
Total net position - July 1, 2015	<u>1,052</u>	<u>3,413</u>	<u>4,465</u>
Total net position - June 30, 2016	<u>\$ 1,161</u>	<u>\$ 3,385</u>	<u>\$ 4,546</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, 2016

	Business-type Activities		
	<u>Child Care Program</u>	<u>Food Service Program</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 21,467	\$ 5,896	\$ 27,363
Payments to employees	(16,901)		(16,901)
Payments to suppliers	(4,459)	(22,610)	(27,069)
Net cash used for operating activities	<u>107</u>	<u>(16,714)</u>	<u>(16,607)</u>
Cash flows from noncapital financing activities:			
State and Federal sources		14,008	14,008
Net cash provided by non-capital financing activities		<u>14,008</u>	<u>14,008</u>
Cash flows from capital activities :			
Purchases of fixed assets			
Cash flows from investing activities:			
Interest and dividends	<u>2</u>	<u>2</u>	<u>4</u>
Net cash provided by investing activities	<u>2</u>	<u>2</u>	<u>4</u>
Net increase in cash and cash equivalents	109	(2,704)	(2,595)
Balances - July 1, 2015	<u>1,052</u>	<u>2,994</u>	<u>4,046</u>
Balances - June 30, 2016	<u>\$ 1,161</u>	<u>\$ 290</u>	<u>\$ 1,451</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 107	\$ (17,034)	\$ (16,927)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation		161	161
Increase (decrease) in deferred revenue		159	159
Total adjustments		<u>320</u>	<u>320</u>
Net cash provided by (used for) operating activities	<u>\$ 107</u>	<u>\$ (16,714)</u>	<u>\$ (16,607)</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, 2016

	Unemployment Compensation Insurance Trust	Agency Fund
	<u> </u>	<u> </u>
ASSETS:		
Cash and Cash Equivalents	\$ 3,177	\$ 61,605
Other Accounts Receivable		1,271
Interfund Receivable	<u> 1,828</u>	
Total assets	<u>\$ 5,005</u>	<u>\$ 62,876</u>
LIABILITIES:		
Payroll Withholdings	\$ -	\$ 10,818
Accounts Payable	3,303	
Interfund Payable		50,556
Due to Student Groups		<u> 1,502</u>
Total Liabilities	<u>\$ 3,303</u>	<u>\$ 62,876</u>
NET POSITION:		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 1,702</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, 2016

	Unemployment Compensation Insurance Trust
ADDITIONS:	
Contributions:	
Employee Contributions	\$ 1,828
Total Contributions	<u>1,828</u>
Investment earnings:	
Interest	1
Net Investment Earnings	<u>1</u>
Total Additions	<u>1,829</u>
DEDUCTIONS:	
Unemployment Claims	3,303
Total Deductions	<u>3,303</u>
Change in Net Position	(1,474)
Net Position - July 1	<u>3,176</u>
Net Position - June 30	<u><u>\$ 1,702</u></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, 2016

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, 2016 of 88 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, 2016

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.

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

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

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds (Continued)

The School District's enterprise funds are:

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

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 three fiduciary funds; an unemployment compensation trust fund, student activities 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.

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.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

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.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Encumbrances - Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. 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.

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. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the 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, 2016 and 2015 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

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.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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.

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.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued) - 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

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.

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.

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.

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.

West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2016.

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.

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.

West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements—In June 2015, the GASB issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. This Statement is effective for financial statements for periods beginning after June 15, 2016 and will not have any effect on the District's financial reporting.

In June 2015, the GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are *not* administered through trusts that meet the specified criteria. This Statement is effective for financial statements for periods beginning after June 15, 2016. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In June, 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for financial statements for periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In December 2015, the GASB issued Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued) -

In March 2016, the GASB issued Statement 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. Furthermore, this Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures. Also, this Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

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 \$656,933 as of June 30, 2016, \$250,000 was insured under FDIC and the remaining balance of \$406,933 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.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

3. CAPITAL RESERVE ACCOUNT (Continued)

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Balance July 1, 2015	\$	336,054
Increased by:		
Interest Earned	\$	10
Board Resolution		<u>80,000</u>
		<u>80,010</u>
		416,064
Decreased by:		
2015 - 16 Budget		<u>149,825</u>
Balance June 30, 2016	\$	<u><u>266,239</u></u>

The June 30, 2016 capital reserve balance does not exceed the LRFPP balance of local support costs of uncompleted project

4. ACCOUNTS RECEIVABLE

Accounts receivables at June 30, 2016 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, 2016 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>Capital Projects Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Intergovernmental					
State	\$ 5,188	\$ -	\$ 80,427	\$ 19	\$ 85,634
Federal		8,025		1,250	9,275
Other	<u>6,685</u>				<u>6,685</u>
Total	<u>\$ 11,873</u>	<u>\$ 8,025</u>	<u>\$ 80,427</u>	<u>\$ 1,269</u>	<u>\$ 101,594</u>

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Balance June 30, 2016</u>
Governmental Activities:				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 120,694	\$ -	\$ -	\$ 120,694
Construction in progress	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total capital assets not being depreciated	<u>120,694</u>	<u> </u>	<u> </u>	<u>120,694</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements				
Building and Improvements	1,199,824	200,750		1,400,604
Equipment	<u>451,199</u>	<u>5,475</u>	<u> </u>	<u>456,674</u>
Total capital assets being depreciated	<u>1,651,023</u>	<u>206,255</u>	<u> </u>	<u>1,857,278</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements				
Building and Improvements	(615,159)	(30,345)		(645,504)
Equipment	<u>(298,024)</u>	<u>(21,335)</u>	<u> </u>	<u>(319,359)</u>
Total accumulated depreciation	<u>(913,183)</u>	<u>(51,680)</u>	<u> </u>	<u>(964,863)</u>
Total capital assets being depreciated, net	<u>737,840</u>	<u>154,575</u>	<u> </u>	<u>892,415</u>
Governmental Activities Capital Assets, Net	<u>\$ 858,534</u>	<u>\$ 154,575</u>	<u>\$ -</u>	<u>\$ 1,013,109</u>
Business-Type Activities:				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 2,550	\$	\$	\$ 2,550
Less accumulated depreciation	<u>(404)</u>	<u>(161)</u>	<u> </u>	<u>(565)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,146</u>	<u>\$ (161)</u>	<u>\$ -</u>	<u>\$ 1,985</u>

Depreciation expense in the amount of \$51,680 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 41,344
Plant Operations and Maintenance	5,168
Administration	<u>5,168</u>
Total depreciation expense	<u>\$ 51,680</u>

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

6. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations:

Governmental Activities:	Principal Outstanding June 30, 2015	Additions	Reductions	Principal Outstanding June 30, 2016	Due Within One Year
Compensated Absences	\$ 28,943	\$ 1,202	\$ -	\$ 30,145	\$ -
Capital Leases	215,000		40,879	174,121	41,913
General Obligation Bonds	240,000		60,000	180,000	60,000
Net Pension Liability	129,158	174,037		303,195	
	<u>\$ 613,101</u>	<u>\$ 175,239</u>	<u>\$ 100,879</u>	<u>\$ 687,461</u>	<u>\$ 101,913</u>

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

1998 School Bonds dated July 15, 1998 in the amount of \$180,000 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:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 60,000	\$ 7,312	\$ 67,312
2018	60,000	4,388	64,388
2019	60,000	1,462	61,462
	<u>\$ 180,000</u>	<u>\$ 13,162</u>	<u>\$ 193,162</u>

As of June 30, 2016 the School District had no authorized but not issued bonds.

Capital Leases

The District is leasing HVAC totaling \$215,000 under a capital lease. The following is a schedule of the future minimum lease payments under this capital lease agreement:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 41,913	\$ 4,405	\$ 46,318
2018	42,973	3,345	46,318
2019	44,060	2,258	46,318
2020	45,175	1,143	46,318
	<u>\$ 174,121</u>	<u>\$ 11,151</u>	<u>\$ 185,272</u>

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

6. LONG-TERM OBLIGATIONS (Continued)

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

7. OPERATING LEASES

At June 30, 2016, 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, 2016 and 2015, were \$2,010, and \$2,010 respectively. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2017	2,010
June 30, 2018	<u>1,340</u>
Total future minimum lease payments	<u>\$ 3,350</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 P.L. 2007 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, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being 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, 2016**

8. PENSION PLANS (Continued)

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended June 30, 2016, the District recognized pension expense of \$191,961 and revenue of \$191,961 for support provided by the State. Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district.

The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	06/30/15	06/30/14
Collective deferred outflows of resources	\$ 7,521,378,257	\$ 2,306,623,861
Collective deferred inflows of resources	554,399,005	1,763,205,593
Collective net pension liability (Non-Employer – State of New Jersey)	63,577,864,440	53,446,745,367
State's portion of the net pension liability that was associated with the district	3,143,866	2,369,435
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	.0049741360%	.0044332634%

Actuarial assumptions – The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

- Inflation: 2.5%
- Salary Increases: Varies based on experience
- Investment Rate of Return: 7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

8. PENSION PLANS (Continued)

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	05.00%	0.53%
Government Bonds	01.75%	1.39%
Credit Bonds	13.50%	2.72%
Mortgages	02.10%	2.54%
Inflation-Indexed Bonds	01.50%	1.47%
High Yield Bonds	02.00%	4.57%
Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	06.40%	8.46%
Private Real Estate Property	04.25%	3.97%
Timber	01.00%	4.09%
Farmland	01.00%	4.61%
Private Equity	09.25%	9.15%
Commodities	01.00%	3.58%
Hedge Funds – MultiStrategy	04.00%	4.59%
Hedge Funds – Equity Hedge	04.00%	5.68%
Hedge Funds - Distressed	04.00%	4.30%
	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. Since the District has no proportionate share of the net pension liability, because of the special funding situation, the district would not be sensitive to any changes in the discount rate.

Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

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.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012 and increases each subsequent July 1. 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 Contributions</u>	<u>Adjustment</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability Paid by District</u>
2016	\$ 1,966		\$ 9,056	\$ 590	\$ 11,612
2015	947		4,379	361	5,687
2014	1,584		6,965	145	8,694

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended June 30, 2016, the District recognized pension expense of \$28,358. At June 30, 2016, the District reported a liability of \$303,195 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,233	\$ -
Changes of assumptions	32,561	
Net Difference between projected and actual earnings on pension plan investments		4,875
Changes in proportion	104,965	61,139
District contributions subsequent to the measurement date	12,273	
Total	\$ 157,032	\$ 66,014

\$12,273 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net liability in the year ended June 30, 2016.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	Net Deferred Outflows of Resources
2016	9,047
2017	9,047
2018	9,047
2019	29,699
2020	21,905
Total	\$ 78,745

Additional Information

Collective balances at June 30, 2015 and 2014 are as follows:

	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$ 3,578,755,666	\$ 952,194,675
Collective deferred inflows of resources	\$ 993,410,455	\$ 1,479,224,662
Collective net pension liability	\$ 22,447,996,119	\$ 18,722,735,003
District's Proportion	.0013506538%	.0006898471%

Actuarial assumptions – The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

- Inflation rate: 3.04%
- Salary Increases:
 - 2012-2021: 2.15-4.40% based on age
 - Thereafter: 3.15-5.40% based on age
- Investment Rate of Return: 7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	05.00%	01.04%
U.S. Treasuries	01.75%	01.64%
Investment Grade Credit	10.00%	01.79%
Mortgages	02.10%	01.62%
High Yield Bonds	02.00%	04.03%
Inflation Indexed Bonds	01.50%	03.25%
Broad US Equities	27.25%	08.52%
Developed Foreign Equities	12.00%	06.88%
Emerging Market Equities	06.40%	10.00%
Private Equity	09.25%	12.41%
Hedge Funds/Absolute Ret	12.00%	04.72%
Real Estate (Property)	02.00%	06.83%
Commodities	01.00%	05.32%
Global Debt ex US	03.50%	-0.40%
REIT	04.25%	5.12%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.8% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability measured as of June 30, 2015, calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.90%) or 1 percentage point higher (5.90%) than the current rate:

	<u>1% Decrease (3.90%)</u>	<u>Current Discount Rate (4.90%)</u>	<u>1% Increase (5.90%)</u>
District's proportionate share of the net pension liability	\$ 376,834	\$ 303,195	\$ 241,456

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Pension Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

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. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

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>
2016	\$ 3,474	\$ 3,474
2015	534	534
2014	-	-

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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 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.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

9. POST-RETIREMENT BENEFITS (Continued)

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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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, 2016 was \$54,156 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.

The School Employees Health Benefits Program (SEHBP) 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 Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website.

10. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2016, the School District has recognized as revenues and expenditures \$45,482 of on-behalf payments made by the State of New Jersey for normal retirement costs related to TPAF and \$43,957 for employer's share of social security contributions for TPAF members, as calculated on their base salaries.

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.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

11. RISK MANAGEMENT (Continued)

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>
2015-2016	\$ -	\$ 1,828	\$ 1	\$ 3,303	\$ 1,702
2014-2015		1,714	1		3,176
2013-2014		1,595	1	2,695	1,461

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.

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, 2016, the liability for compensated absences in the governmental activities fund types was \$30,145.

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, 2016. The following interfund balances were recorded on the various balance sheets as of June 30, 2016:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 376,082	\$ 247,934
Special Revenue		1,950
Capital Projects	243,705	321,175
Fiduciary	1,828	50,556
	<u>\$ 621,615</u>	<u>\$ 621,615</u>

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

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, 2016, 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. DEFICIT UNRESTRICTED NET POSITIONS

As of June 30, 2016, a deficit of \$42,026 existed in the Unrestricted Net Position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Position reported on Exhibited A-1 as follows:

Balances June 30, 2016	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds):	
Fund Balance – Unassigned	\$ 204,318
Liabilities:	
Accrued Interest Payable	(4,022)
Net Pension Differences	(212,177)
Compensated Absences	<u>(30,145)</u>
Unrestricted Net Position (Deficit)	<u>\$ (42,026)</u>

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, 2016 is \$52,414 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$50,091 of excess fund balance generated during the 2014-2015 fiscal year has been restricted and designated for utilization in the 2016-2017 budget.

Capital Reserve – As of June 30, 2016, the balance in the capital reserve account is \$266,239 which is restricted for future capital outlay expenditures for capital projects in the School District’s approved Long Range Facilities Plan.

West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

17. FUND BALANCES (Continued)

Maintenance Reserve Account – As of June 30, 2016, 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, 2016, 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).

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, 2016 the School District has \$2,879 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

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, 2016, \$204,318 of general fund balance was unassigned.

Capital Projects Fund – As of June 30, 2016, \$2,957 of capital projects fund balance was unassigned.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

WEST CAPE MAY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 978,868	\$ -	\$ 978,868	\$ 978,868	\$ -
Tuition from individuals	9,000		9,000	14,400	5,400
Interest Earned on Capital Reserve	10		10	10	-
Unrestricted Miscellaneous Revenue	900		900	1,968	1,068
Total local sources	988,778		988,778	995,246	6,468
State sources:					
School Choice Aid	428,064		428,064	428,064	
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	
PARCC Readiness Aid	830		830	830	
Per Pupil Growth Aid	830		830	830	
Extraordinary Aid				184	184
Homeless Tuition Aid				2,990	2,990
On-behalf TPAF pension contributions (non-budgeted)				45,482	45,482
On-behalf TPAF post retirement medical (non-budgeted)				54,156	54,156
Reimbursed TPAF social security contributions (non-budgeted)				43,957	43,957
Total state sources	508,018		508,018	654,787	146,769
TOTAL REVENUES	1,496,796		1,496,796	1,650,033	153,237
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction :					
Salaries of teachers					
Preschool	18,300	2,340	20,640	20,633	7
Kindergarten	74,442	2,000	76,442	75,003	1,439
Grades 1-5	321,584	(16,465)	305,119	300,633	4,486
Grades 6-8	50,022	-	50,022	49,784	238
Total Instruction	464,348	(12,125)	452,223	446,053	6,170
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	62,892	260	63,152	63,147	5
Purchased technical services	16,200	-	16,200	15,886	314
General supplies	60,317	(18,340)	41,977	40,639	1,338
Textbooks	16,170	330	16,500	16,493	7
Other undistributed instruction		215	215	215	
Total Undistributed Instruction	155,579	(17,535)	138,044	136,380	1,664
Total - Regular Programs - Instruction	619,927	(29,660)	590,267	582,433	7,834

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, 2016

(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	\$ 110,615	\$ 17,150	\$ 127,765	\$ 127,716	\$ 49
Other Salaries for Instruction					-
General supplies	2,639	210	2,849	2,841	8
Textbooks	<u>275</u>		<u>275</u>	<u>30</u>	<u>245</u>
Total Resource Room/Resource Center	<u>113,529</u>	<u>17,360</u>	<u>130,889</u>	<u>130,587</u>	<u>302</u>
Total Special Education - Instruction	<u>113,529</u>	<u>17,360</u>	<u>130,889</u>	<u>130,587</u>	<u>302</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	8,868	420	9,288	9,278	10
General supplies	280		280	278	2
Textbooks	<u>250</u>		<u>250</u>	<u>250</u>	<u>-</u>
Total Basic Skills/Remedial - Instruction	<u>9,398</u>	<u>420</u>	<u>9,818</u>	<u>9,806</u>	<u>12</u>
School-Sponsored Cocurricular Act - Inst.					
Purchased services	<u>2,000</u>	<u>560</u>	<u>2,560</u>	<u>2,560</u>	<u>-</u>
Total School-Sponsored Cocurr. Act. - Inst	<u>2,000</u>	<u>560</u>	<u>2,560</u>	<u>2,560</u>	<u>-</u>
Undistributed Expenditures - Instruction					
Tuition to CSSD & reg. day schools	<u>27,400</u>	<u>45</u>	<u>27,445</u>	<u>27,358</u>	<u>87</u>
Total Undistributed Expenditures - Instruction	<u>27,400</u>	<u>45</u>	<u>27,445</u>	<u>27,358</u>	<u>87</u>
Undistributed Expenditures - Attend. and Social Work					
Salaries of teachers	23,091		23,091	21,691	1,400
Purchased professional and technical services	8,568	455	9,023	9,021	2
Other Purchased Services	<u>15,216</u>	<u>(565)</u>	<u>14,651</u>	<u>14,607</u>	<u>44</u>
Total Undistributed Expenditures - Attendance	<u>46,875</u>	<u>(110)</u>	<u>46,765</u>	<u>45,319</u>	<u>1,446</u>
Undistributed Expenditures - Health Services					
Salaries	8,781	110	8,891	8,890	1
Supplies and materials	<u>2,200</u>		<u>2,200</u>	<u>2,127</u>	<u>73</u>
Total Undistributed Expenditures - Health Svcs.	<u>10,981</u>	<u>110</u>	<u>11,091</u>	<u>11,017</u>	<u>74</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, 2016

(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	\$ 14,000	\$ -	\$ 14,000	\$ 14,000	\$ -
Total Undst. Expend. - Speech, OT, PT & Rel. Serv.	14,000		14,000	14,000	
Undist. Expend. - Guidance Supplies and materials	300		300	77	223
Total Undst. Expend. - Guidance	300		300	77	223
Undist. Expend. - Child Study Teams Salaries of Other Professional Staff	12,172	(350)	11,822	10,956	866
Salaries of Secretarial and Clerical Assistants	11,236	350	11,586	11,586	
Purchased professional and educational services	16,000	(1,800)	14,200	14,200	
Other purchased professional and technical services	13,800	12,220	26,020	26,018	2
Total Undst. Expend. - Child study Teams	53,208	10,420	63,628	62,760	868
Undist. Expend. - Improvement of Instructional Services Salaries of Supervisors of Instruction	26,216	(650)	25,566	25,562	4
Salaries of Other Professional Staff	7,491	235	7,726	7,724	2
Total Undst. Expend. - Imp. of Instructional Services	33,707	(415)	33,292	33,286	6
Undist. Expend. - Educ. Media Serv./Sch. Library Salaries	15,297	1,040	16,337	16,334	3
Purchased professional and technical services	300		300	260	40
Other purchased services	4,618		4,618	2,524	2,094
Supplies and materials	4,044	(1,500)	2,544	2,512	32
Other objects	4,235		4,235	4,235	
Total Undst. Expend. - Educ. Media Serv./Sch. Library	28,494	(460)	28,034	25,865	2,169
Undist. Expend. - Instructional Staff Training Services Salaries of Supervisors of Instruction	32,422		32,422	31,649	773
Purchased professional and educ. services	2,224		2,224	2,139	85
Purchased professional and tech. services	39,561	(495)	39,066	38,952	114
Other purchased services (400-500)	350	665	1,015	1,015	
Total Undst. Expend. - Instr. Staff Training Services	74,557	170	74,727	73,755	972
Undist. Expend. - Supp. Serv. General Admin. Salaries	3,500		3,500	3,500	
Legal services	13,110	1,739	14,849	14,845	4
Audit Fees	8,900		8,900	8,900	
Other purchased professional services	16,000	(1,740)	14,260	12,469	1,791
Purchased technical services	17,000		17,000	13,766	3,234
Communications/Telephone	1,700		1,700	647	1,053
Miscellaneous purchased services					
General Supplies	850		850	850	
BOE in-house training/meeting supplies	1,100		1,100		1,100
BOE membership dues and fees	5,200		5,200	5,102	98
Total Undst. Expend. - Supp. Serv. General Admin.	67,360	(1)	67,359	60,079	7,280

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, 2016

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services					
Purchased professional services	\$ 4,550	\$ -	\$ 4,550	\$ 2,300	\$ 2,250
Supplies and materials	1,250		1,249	1,248	1
Interest on Lease Purchase Agreements	5,439	1	5,440	5,439	1
Miscellaneous expenditures	400		400	319	81
Total Undst. Expend. - Business & Other Supp. Services	11,639	1	11,639	9,306	2,333
Undist. Expend. - Required Maint. Sch. Facilities					
Cleaning, repair, and maintenance services	13,000	2,010	15,010	15,010	
Total Undst. Expend. - Required Maint. Sch. Facilities	13,000	2,010	15,010	15,010	
Undist. Expend. - Custodial Services					
Salaries	45,879	1,500	47,379	47,370	9
Cleaning, repair, and maintenance services	24,000		24,000	21,236	2,764
Other purchased property services	6,839	(3,500)	3,339	1,467	1,872
Insurance	14,500		14,500	14,434	66
General supplies	5,000		5,000	2,410	2,590
Energy (natural gas)	15,000		15,000	9,708	5,292
Energy (electricity)	15,000		15,000	9,709	5,291
Total Undst. Expend. - Custodial Services	126,218	(2,000)	124,218	106,334	17,884
Total Undst. Expend. - Oper. & Maint. of Plant Services	139,218	10	139,228	121,344	17,884
Undist. Expend. - Student Trans. Services					
Contr. serv. (other than bet. home & sch.) - vendors	650		650	162	488
Contr. serv. (bet. home and school) - joint agreements	4,000	(1,220)	2,780	2,652	128
Contr. serv. (sp ed stds) - ESC's & CTSA's	9,000		9,000	8,160	840
Total Undst. Expend. - Student Trans. Services	13,650	(1,220)	12,430	10,974	1,456
Regular Programs - Instruction - Employee Benefits					
Group Insurance	8,600	(8,600)			
Workmen's compensation	11,650	(11,650)			
Health Benefits	108,900	(108,900)			
Tuition Reimbursement	2,000	(2,000)			
Other Employee Benefits					
Total regular Programs - Instruction	131,150	(131,150)			
Unallocated Benefits - Employee Benefits					
Group Insurance		6,970	6,970	5,190	1,780
Social security contributions	22,000	1,220	23,220	23,211	9
Other retirement contributions - PERS	10,000	1,630	11,630	11,628	2
Workmen's compensation		11,650	11,650	11,620	30
Health Benefits		108,900	108,900	74,464	34,436
Tuition Reimbursement		3,550	3,550	3,545	5
Total Unallocated Benefits - Employee Benefits	32,000	133,920	165,920	129,658	36,262
On-behalf TPAF pension contributions (non-budgeted)				45,482	(45,482)
On-behalf TPAF post retirement medical (non-budgeted)				54,156	(54,156)
Reimbursed TPAF social security contributions (non-budgeted)				43,957	(43,957)
Total Undistributed Expenditures - TPAF				143,595	(143,595)

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, 2016

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Undistributed Expenditures	\$ 684,539	\$ 11,320	\$ 695,858	\$ 768,393	\$ (72,535)
Total General Current Expense	1,429,393		1,429,392	1,493,779	(64,387)
CAPITAL OUTLAY:					
Equipment					
Undistributed Expend. - Required Maint for School Fac.	14,000		14,000	11,044	2,956
Undistributed Expend. - Instructional Staff	13,062		13,062	12,419	643
Total Equipment	27,062		27,062	23,463	3,599
Facilities Acquisition and Construction Services					
Architectural/Engineering services	20,000		20,000	2,300	17,700
Construction services	10,882		10,882	5,785	5,097
Lease Purchase Agreements - Principle	40,879		40,879	40,879	
Assessment for Debt Service on SDA Funding	69		69	69	
Total Facilities Acquisition and Construction Services	71,830		71,830	49,033	22,797
Total Capital Outlay	98,892		98,892	72,496	26,396
Total Expenditures	1,528,285	-	1,528,284	1,566,275	(37,991)
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(31,489)		(31,488)	83,758	115,246
Other Financing Sources:					
Operating transfer out - Food Service Fund	(20,230)		(20,230)		20,230
Operating transfer out - Capital Projects Fund	(154,474)		(154,474)	(154,474)	
Total Other Financing Sources	(174,704)		(174,704)	(154,474)	20,230
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(206,193)		(206,192)	(70,716)	135,476
Fund Balance, July 1	812,523		812,523	812,523	
Fund Balance, June 30	\$ 606,330	\$ -	\$ 606,331	\$ 741,807	\$ 135,476
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 50,091	
Reserve for Excess Surplus				52,414	
Maintenance Reserve				70,000	
Capital Reserve Account				266,239	
Emergency Reserve				50,000	
Assigned Fund Balance:					
Year-end Encumbrances				2,879	
Designated for Subsequent Year's Expenditures					
Unassigned Fund Balance				250,184	
				741,807	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis					(45,866)
Fund Balance per Governmental Funds (GAAP)				\$ 695,941	

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, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 44,221	\$ 8,005	\$ 52,226	\$ 38,611	\$ (13,615)
Local sources		10,000	10,000	10,000	
Total revenues	44,221	18,005	62,226	48,611	(13,615)
EXPENDITURES:					
Instruction:					
Tuition	16,215	4,359	20,574	20,574	
Other purchased services	11,936	3,076	15,012	15,012	
General supplies	14,400	570	14,970	1,402	(13,568)
Total instruction	42,551	8,005	50,556	36,988	(13,568)
Support Services:					
Purchased professional and technical services	1,670		1,670	1,623	(47)
Other Objects		10,000	10,000	10,000	
Total support services	1,670	10,000	11,670	11,623	(47)
Total expenditures	44,221	18,005	62,226	48,611	(13,615)
Total outflows	44,221	18,005	62,226	48,611	(13,615)
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 1,650,033	\$ 48,611
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.	47,016	
The last State aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	(45,866)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 1,651,183	\$ 48,611
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 1,566,275	\$ 48,611
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	\$ 1,566,275	\$ 48,611

Required Supplementary Information - Part III
Schedules Related to Accounting and Reporting
For Pensions (GASB 68)

WEST CAPE MAY SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees Retirement System
Last Three Fiscal Years

	June 30, 2016	June 30, 2015	June 30, 2014
District's proportionate share of the net pension liability (asset)	0.0013506538%	0.0006898471%	0.0011538468%
District's proportionate share of the net pension liability (asset)	\$ 303,195	\$ 129,158	\$ 220,523
District's covered-employee payroll	95,290	94,616	91,100
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	318.18%	136.51%	242.07%
Plan fiduciary net position as a percentage of the total pension liability	38.21%	42.74%	40.71%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

WEST CAPE MAY SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Contributions
Public Employees Retirement System
Last Three Fiscal Years

	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 12,273	\$ 11,612	\$ 5,687
Contributions in relation to the contractually required contributions	<u>(12,273)</u>	<u>(11,612)</u>	<u>(5,687)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	95,290	94,616	91,100
Contributions as a percentage of covered-employee payroll	12.88%	12.27%	6.24%

This schedule does not contain ten years of information as
GASB 68 was implemented during the fiscal year
ended June 30, 2015.

WEST CAPE MAY SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Three Fiscal Years

	June 30, 2016	June 30, 2015	June 30, 2015
District's proportion of the net pension liability (asset)	0.0049741360%	0.0044332634%	0.0046440706%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	3,143,866	2,369,435	2,347,077
Total	\$ 3,143,866	\$ 2,369,435	\$ 2,347,077
District's covered-employee payroll	\$ 632,675	\$ 600,328	\$ 578,017
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

**West Cape May School District
Notes to Required Supplementary Information
Pension Schedules
For the Fiscal Year Ended June 30, 2016**

1. Teacher's Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Changes of assumptions: Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

2. Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

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, 2016**

	REAP Grant	Title I	Title IIA	IDEA Basic	IDEA Preschool	Sustainable Jersey Grant	Total
REVENUES:							
State sources							
Federal sources	\$ 15,012	\$ 832	\$ 1,623	\$ 20,574	\$ 570	\$ -	\$ 38,611
Local sources						10,000	10,000
Total Revenues	15,012	832	1,623	20,574	570	10,000	48,611
EXPENDITURES:							
Instruction:							
Tuition				20,574			20,574
Other purchased services	15,012						15,012
General supplies		832			570		1,402
Total Instruction	15,012	832		20,574	570		36,988
Support Services:							
Purchase professional and technical services			1,623				1,623
Other objects						10,000	10,000
Total Support Services			1,623			10,000	11,623
Total Expenditures	\$ 15,012	\$ 832	\$ 1,623	\$ 20,574	\$ 570	\$ 10,000	\$ 48,611
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---	---	---

Capital Projects Fund
Detail Statements

WEST CAPE MAY SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year ended June 30, 2016

Revenues and Other Financing Sources:

Transfer from Capital Outlay	\$ 154,474
State Aid - SDA Grant	-
Proceeds of Capital Lease	-
Total Revenues	<u>154,474</u>

Expenditures and Other Financing Uses:

Purchased Professional Services	\$ 9,414
Construction Services	673,951
Total Expenditures	<u>683,365</u>

Excess (Deficiency) or Revenues Over (Under) Expenditures	(528,891)
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Fund Balance - July 1, 2015	<u>531,848</u>
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Fund Balance - June 30, 2016	<u>\$ 2,957</u>
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WEST CAPE MAY SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
HVAC Upgrades
From Inception and for the Fiscal Year ended June 30, 2016

	Prior Periods	Current Year	Total	Revised Authorized Costs
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 200,780	\$ -	\$ 200,780	\$ 200,780
Proceeds of Capital Lease	215,000		215,000	215,000
Transfer from Capital Outlay	86,170	(53,000)	33,170	33,170
Total Revenues	<u>501,950</u>	<u>(53,000)</u>	<u>448,950</u>	<u>448,950</u>
Expenditures and Other Financing Uses:				
Purchased Professional Services	30,104	5,985	36,089	36,089
Construction Services	23,845	386,600	410,445	410,445
Transfer to General Fund				
Total Expenditures	<u>53,949</u>	<u>392,585</u>	<u>446,534</u>	<u>446,534</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 448,001</u>	<u>\$ (445,585)</u>	<u>\$ 2,416</u>	<u>\$ 2,416</u>

Additional project information:

Project Number	#5610-050-14-1003-G04
Grant Date	5/1/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 501,950
Additional Authorized Cost	\$ (53,000)
Revised Authorized Cost	\$ 448,950

Percentage Increase over Original

Authorized Cost	0.00%
Percentage Completion	88.96%
Original target completion date	8/31/2015
Revised target completion date	N/A

WEST CAPE MAY SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Doors, Windows, Masonry, and Security Vestibule
From Inception and for the Fiscal Year ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 105,024	\$ -	\$ 105,024	\$ 105,024
Transfer from Capital Outlay	3,061	207,474	210,535	210,535
Total Revenues	<u>108,085</u>	<u>207,474</u>	<u>315,559</u>	<u>315,559</u>
Expenditures and Other Financing Uses:				
Purchased Professional Services	16,657	3,429	20,086	20,086
Construction services	7,581	287,351	294,932	294,932
Total Expenditures	<u>24,238</u>	<u>290,780</u>	<u>315,018</u>	<u>315,018</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 83,847</u>	<u>\$ (83,306)</u>	<u>\$ 541</u>	<u>\$ 541</u>
Additional project information:				
Project Number	#5610-050-14-1001-G04			
Grant Date	5/1/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 262,559			
Additional Authorized Cost	\$ 53,000			
Revised Authorized Cost	\$ 315,559			
Percentage Increase over Original Authorized Cost				
Percentage Completion	9.23%			
Original target completion date	8/31/2015			
Revised target completion date	N/A			

Proprietary Funds
Detail Statements

WEST CAPE MAY SCHOOL DISTRICT
Enterprise Funds
Statement of Net Position
as of June 30, 2016

	<u>Child Care Program</u>	<u>Food Service</u>	<u>Total</u>
ASSETS:			
Current assets:			
Cash and Cash Equivalents	\$ 1,161	\$ 290	\$ 1,451
Accounts receivable:			
State		19	19
Federal		1,250	1,250
Total Current Assets	<u>1,161</u>	<u>1,559</u>	<u>2,720</u>
Fixed Assets:			
Equipment		2,550	2,550
Less Accumulated depreciation		<u>(565)</u>	<u>(565)</u>
Total Fixed Assets		<u>1,985</u>	<u>1,985</u>
Total Assets	<u>\$ 1,161</u>	<u>\$ 3,544</u>	<u>\$ 4,705</u>
LIABILITIES:			
Current Liabilities:			
Deferred revenue		<u>159</u>	<u>159</u>
Total Current Liabilities		<u>159</u>	<u>159</u>
NET POSITION:			
Net Investment in Capital Assets		1,985	1,985
Unreserved Retained Earnings	<u>1,161</u>	<u>1,400</u>	<u>2,561</u>
Total Net Position	<u>\$ 1,161</u>	<u>\$ 3,385</u>	<u>\$ 4,546</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, 2016

	<u>Child Care Program</u>	<u>Food Service</u>	<u>Total</u>
OPERATING REVENUES:			
Local sources:			
Daily sales-reimbursable programs:			
School lunch program	\$ -	\$ 5,737	\$ 5,737
Total-daily sales-reimbursable programs		5,737	5,737
Program fees	21,467		21,467
Total operating revenue	21,467	5,737	27,204
OPERATING EXPENSES:			
Salaries	16,901		16,901
Supplies and materials		179	179
Depreciation		161	161
Miscellaneous		260	260
Cost of Sales	4,459	22,171	26,630
Total operating expenses	21,360	22,771	44,131
Operating income (loss)	107	(17,034)	(16,927)
Non-operating revenues:			
State sources:			
State school lunch program		214	214
Federal sources:			
National school lunch program		13,820	13,820
Miscellaneous revenue		2,970	2,970
Interest revenue	2	2	4
Total non-operating revenues	2	17,006	17,008
Net income (loss) before transfers	109	(28)	81
Other Financing Sources and Uses:			
Operating transfers in			
Change in Net Position	109	(28)	81
Net Position - July 1	1,052	3,413	4,465
Net Position - June 30	\$ 1,161	\$ 3,385	\$ 4,546

WEST CAPE MAY SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
for the Fiscal Year ended June 30, 2016

	<u>Child Care Program</u>	<u>Food Service</u>	<u>Total</u>
Cash flows from operating activities:			
Cash receipts from customers	\$ 21,467	\$ 5,896	\$ 27,363
Cash payments to employees for services	(16,901)	-	(16,901)
Cash payments to suppliers for goods and services	(4,459)	(22,610)	(27,069)
Net cash used by operating activities	<u>107</u>	<u>(16,714)</u>	<u>(16,607)</u>
Cash flows from noncapital financing activities:			
Cash received from state and federal reimbursements	<u>-</u>	<u>14,008</u>	<u>14,008</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>14,008</u>	<u>14,008</u>
Cash flows from capital financing activities:			
Purchases of fixed assets	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used by capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest on investments	<u>2</u>	<u>2</u>	<u>4</u>
Net cash provided by investing activities	<u>2</u>	<u>2</u>	<u>4</u>
Net increase (decrease) in cash and cash equivalents	109	(2,704)	(2,595)
Cash and cash equivalents, July 1	<u>1,052</u>	<u>2,994</u>	<u>4,046</u>
Cash and cash equivalents, June 30	<u>\$ 1,161</u>	<u>\$ 290</u>	<u>\$ 1,451</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 107	\$ (17,034)	\$ (16,927)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation		161	161
Change in assets and liabilities:			
Increase/(decrease) in deferred revenue		159	159
Net cash used by operating activities	<u>\$ 107</u>	<u>\$ (16,714)</u>	<u>\$ (16,607)</u>

Fiduciary Funds
Detail Statements

WEST CAPE MAY SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Net Position
June 30, 2016

	Agency Funds		Unemployment Compensation Insurance Fund	Total
	Student Activity	Payroll		
ASSETS:				
Cash and Cash Equivalents	\$ 1,502	\$ 60,103	\$ 3,177	\$ 64,782
Interfund Receivable			1,828	1,828
Other Accounts Receivable		1,271		1,271
TOTAL ASSETS	\$ 1,502	\$ 61,374	\$ 5,005	\$ 67,881
LIABILITIES				
LIABILITIES:				
Accounts Payable			3,303	3,303
Interfund Payable		50,556		50,556
Payroll Withholdings		10,818		10,818
Due to Student Groups	1,502			1,502
Total Liabilities	1,502	61,374	3,303	66,179
NET POSITION				
Reserved for unemployment claims			1,702	1,702
Total net position	\$ -	\$ -	\$ 1,702	\$ 1,702

WEST CAPE MAY SCHOOL DISTRICT
Fiduciary Fund
 Statement of Changes in Fiduciary Net Position
 for the Fiscal Year ended June 30, 2016

	<u>Unemployment Compensation Insurance Trust</u>	<u>Total</u>
REVENUES:		
Local sources:		
Employee contributions	\$ 1,828	\$ 1,828
Employer contributions		
Interest on Investments	<u>1</u>	<u>1</u>
Total Revenues	<u>1,829</u>	<u>1,829</u>
 EXPENDITURES:		
Current Expense:		
Undistributed Expenditures:		
Unemployment claims	<u>3,303</u>	<u>3,303</u>
Total Expenditures	<u>3,303</u>	<u>3,303</u>
Excess (deficiency) of revenues over (under) expenditures	(1,474)	(1,474)
Net Position July 1	<u>3,176</u>	<u>3,176</u>
Net Position June 30	<u><u>\$ 1,702</u></u>	<u><u>\$ 1,702</u></u>

WEST CAPE MAY SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2016

	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Accounts Payable June 30, 2016</u>	<u>Balance June 30, 2016</u>
Assets:					
West Cape May Elementary	<u>\$ 2,532</u>	<u>\$ 1,595</u>	<u>\$ 2,625</u>	<u>\$ -</u>	<u>\$ 1,502</u>
Total	<u>\$ 2,532</u>	<u>\$ 1,595</u>	<u>\$ 2,625</u>	<u>\$ -</u>	<u>\$ 1,502</u>

WEST CAPE MAY SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and cash equivalents	\$ 12,193	\$ 1,012,014	\$ 964,104	\$ 60,103
Other Accounts Receivable		<u>1,271</u>		<u>1,271</u>
Total assets	<u>\$ 12,193</u>	<u>\$ 1,013,285</u>	<u>\$ 964,104</u>	<u>\$ 61,374</u>
LIABILITIES:				
Payroll deductions and withholdings	\$ 1,631	\$ 382,771	\$ 373,584	\$ 10,818
Net payroll		590,520	590,520	
Interfund payable	<u>10,562</u>	<u>39,994</u>		<u>50,556</u>
Total liabilities	<u>\$ 12,193</u>	<u>\$ 1,013,285</u>	<u>\$ 964,104</u>	<u>\$ 61,374</u>

Long-Term Debt Schedules

WEST CAPE MAY SCHOOL DISTRICT
General Long-Term Debt Account Group
 Statement of Serial Bonds
 June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Rate of Interest	Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
			Date	Amount					
School Bonds	07/15/1998	\$970,000	07/15/16	\$ 60,000	4.875%	\$ 240,000	\$ -	\$ 60,000	\$ 180,000
			07/15/17	60,000	4.875%				
			07/15/18	60,000	4.875%				
						<u>\$ 240,000</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 180,000</u>

WEST CAPE MAY SCHOOL DISTRICT
General Long-Term Debt Account Group
 Statement of Obligations Under Capital Leases
 June 30, 2016

Purpose	Interest Rate Payable	Amount of Original Issue	Amount Outstanding July 1, 2015	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2016
Heating, Ventilation, and Air Conditioning	2.53%	\$ 215,000	\$ 215,000	\$ -	\$ 40,879	\$ 174,121
			<u>\$ 215,000</u>	<u>\$ -</u>	<u>\$ 40,879</u>	<u>\$ 174,121</u>

WEST CAPE MAY SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 46,534		\$ 46,534	\$ 46,534	
Miscellaneous					
Total revenues - local sources	<u>46,534</u>		<u>46,534</u>	<u>46,534</u>	
State sources:					
Debt service aid type II	<u>23,704</u>		<u>23,704</u>	<u>23,704</u>	
Total revenues - state sources	<u>23,704</u>		<u>23,704</u>	<u>23,704</u>	
Total Revenues	<u>70,238</u>		<u>70,238</u>	<u>70,238</u>	
EXPENDITURES:					
Regular debt service:					
Interest	10,238		10,238	10,238	
Redemption of principal	<u>60,000</u>		<u>60,000</u>	<u>60,000</u>	
Total Expenditures	<u>70,238</u>		<u>70,238</u>	<u>70,238</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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Net investment in capital assets	\$ 446,043	\$ 471,189	\$ 493,227	\$ 517,188	\$ 376,511	\$ 401,478	\$ 426,445	\$ 597,808	\$ 403,534	\$ 658,988
Restricted for:										
Capital projects	2,824	2,890	2,431	127,134	157,350	157,076	157,076	242,222	867,902	269,196
Debt service	-	-	307	307	-	-	-	-	-	-
Other purposes	-	37,150	175,497	204,722	227,243	215,263	210,240	261,530	226,469	225,384
Unrestricted	152,648	236,493	230,020	231,076	248,866	235,107	208,439	170,453	(33,338)	(42,026)
Total governmental activities net position	\$ 601,515	\$ 747,722	\$ 901,482	\$ 1,080,427	\$ 1,009,970	\$ 1,008,924	\$ 1,002,200	\$ 1,272,023	\$ 1,464,567	\$ 1,111,542
Business-type activities:										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,308	\$ 2,146	\$ 1,985
Unrestricted	1,360	822	562	1,035	381	3,519	3,076	3,905	2,319	2,561
Total business-type activities net position	\$ 1,360	\$ 822	\$ 562	\$ 1,035	\$ 381	\$ 3,519	\$ 3,076	\$ 6,213	\$ 4,465	\$ 4,546
District-wide:										
Net investment in capital assets	\$ 446,043	\$ 471,189	\$ 493,227	\$ 517,188	\$ 376,511	\$ 401,478	\$ 426,445	\$ 600,116	\$ 405,680	\$ 660,973
Restricted:										
Capital projects	2,824	2,890	2,431	127,134	157,350	157,076	157,076	242,222	867,902	269,196
Debt service	-	-	307	307	-	-	-	-	-	-
Other purposes	-	37,150	175,497	204,722	227,243	215,263	210,240	261,530	226,469	225,384
Unrestricted	154,008	237,315	230,582	232,111	249,247	238,626	211,515	174,368	(31,019)	(39,465)
Total district net position	\$ 602,875	\$ 748,544	\$ 902,044	\$ 1,081,462	\$ 1,010,351	\$ 1,012,443	\$ 1,005,276	\$ 1,278,236	\$ 1,469,032	\$ 1,116,088

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

Exhibit J-2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 461,017	\$ 747,846	\$ 494,965	\$ 437,229	\$ 518,971	\$ 449,998	\$ 501,919	\$ 641,168	\$ 651,275	\$ 640,823
Special education	37,301	57,092	50,013	69,541	60,804	74,135	68,480	93,245	83,295	151,731
Other instruction	19,631	148	2,020		600	550	8,524	8,526	11,928	12,366
Support Services:										
Tuition	158,413	77,611	65,039	47,884	59,018	18,353	2,300	22,167	14,067	27,358
Student & instruction related services	119,110	117,256	125,766	124,355	129,724	162,650	207,469	258,963	240,549	277,702
General and business administrative services	89,518	61,257	57,986	49,918	55,763	56,310	66,784	72,239	66,453	74,553
Plant operations and maintenance	97,674	100,906	112,056	104,661	234,003	242,154	120,608	129,453	434,335	635,239
Pupil transportation	7,912	8,182	10,000	7,398	15,623	30,411	7,102	9,011	10,702	10,974
Unallocated employee benefits	213,592	211,374	149,122	146,262	166,113	177,619	318,733	197,764	205,986	283,414
Special schools	-	-	-	-	-	-	-	-	-	-
Charter schools	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	32,276	30,757	26,485	24,965	23,356	19,025	17,174	14,494	11,812	8,897
Unallocated depreciation	2,186	4,671	4,982	4,790	12,477	5,189	3,003			
Total governmental activities expenses	<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>	<u>1,730,402</u>	<u>2,123,057</u>
Business-type activities:										
Food service	15,264	15,789	16,988	18,328	9,377	13,384	16,842	11,264	22,660	22,771
Child care	-	-	-	-	-	-	-	6,064	8,517	21,360
Total business-type activities expense	<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>	<u>31,177</u>	<u>44,131</u>
Total district expenses	<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>	<u>1,761,579</u>	<u>2,167,188</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	50,141	192,095	124,303	127,456	121,334	129,441	162,986	175,687	203,445	215,910
Total governmental activities program revenues	<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>	<u>203,445</u>	<u>215,910</u>

(Continued)

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

Exhibit J-2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services:										
Food service	\$ 6,439	\$ 4,578	\$ 3,950	\$ 4,170	\$ 3,374	\$ 4,167	\$ 3,689	\$ 3,591	\$ 5,370	\$ 5,737
Child care								7,450	8,181	21,467
Operating grants and contributions	2,469	2,684	2,282	3,547	5,346	12,353	12,709	9,421	15,875	14,034
Capital grants and contributions										
Total business type activities program revenues	<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>	<u>29,426</u>	<u>41,238</u>
Total district-wide program revenues	<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>	<u>\$ 232,871</u>	<u>\$ 257,148</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (1,188,489)	\$ (1,225,005)	\$ (974,131)	\$ (889,547)	\$ (1,155,118)	\$ (1,106,953)	\$ (1,159,110)	\$ (1,271,343)	\$ (1,526,957)	\$ (1,907,147)
Business-type activities	(6,356)	(8,527)	(10,756)	(10,611)	(657)	3,136	(444)	3,134	(1,751)	(2,893)
Total district-wide net expense	<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>	<u>\$ (1,528,708)</u>	<u>\$ (1,910,040)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 786,505	\$ 817,965	\$ 850,684	\$ 847,561	\$ 838,582	\$ 855,354	\$ 809,987	\$ 826,187	\$ 842,710	\$ 978,868
Taxes levied for debt service	50,283	48,813	47,162	45,568	48,483	50,100	48,631	46,854	45,078	46,534
Unrestricted grants and contributions	309,085	181,104	179,025	141,349	138,040	190,317	298,779	462,366	814,598	512,342
Tuition revenue	54,100	51,000	32,576	25,000	20,480	540	7,360	14,400	3,070	14,400
Investment earnings	6,780	7,275	3,890	1,981	1,321	32	73	146	63	10
Miscellaneous income			25,043	18,113	37,755	9,564	2,857	15,366	10,811	1,968
Proceeds of capital lease									215,000	
Transfers	(6,303)	(7,945)	(10,489)	(11,080)	-	-	-	-	-	-
Total governmental activities	<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>	<u>1,931,330</u>	<u>1,554,122</u>
Business-type activities:										
Miscellaneous income	73	44	7	4	3	2	1	3	3	2,974
Transfers	6,303	7,945	10,489	11,080	-	-	-	-	-	-
Total business-type activities	<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>	<u>3</u>	<u>2,974</u>
Total district-wide	<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>	<u>\$ 1,931,333</u>	<u>\$ 1,557,096</u>
Change in Net Position:										
Governmental activities	\$ 11,961	\$ (126,793)	\$ 153,760	\$ 178,945	\$ (70,457)	\$ (1,046)	\$ 8,577	\$ 93,996	\$ 404,373	\$ (353,025)
Business-type activities	20	(538)	(260)	473	(654)	3,138	(443)	3,137	(1,748)	81
Total district-wide	<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>	<u>\$ 402,625</u>	<u>\$ (352,944)</u>

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

Exhibit J-3

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved for:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ 20,643	\$ -	\$ -	\$ 42,532	\$ 8,311	\$ 2,879
Capital reserve	2,824	2,890	2,431	127,134	157,350	157,076	157,076	242,222	336,054	266,239
Maintenance reserve				60,000	70,000	70,000	70,000	70,000	70,000	70,000
Emergency reserve					50,000	50,000	50,000	50,000	50,000	50,000
Excess surplus		37,150	175,497	144,722	55,392	88,487	90,240	98,684	98,005	102,505
Assigned fund balance										
Designated for subsequent year's expenditures					31,208	6,776	-	314	153	-
Unassigned	159,060	243,912	237,681	237,452	246,239	232,440	220,538	202,361	202,984	204,318
Total general fund	\$ 161,884	\$ 283,952	\$ 415,609	\$ 569,308	\$ 630,832	\$ 604,779	\$ 587,854	\$ 706,113	\$ 765,507	\$ 695,941
All Other Governmental Funds										
Reserved:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Encumbrances										
Unreserved, reported in:										
Special revenue fund										
Capital projects fund									531,848	2,957
Debt service fund										
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 531,848	\$ 2,957

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

Exhibit J-4

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 836,788	\$ 866,778	\$ 897,846	\$ 893,129	\$ 887,065	\$ 905,454	\$ 858,618	\$ 873,041	\$ 887,788	\$ 1,025,402
Tuition charges	54,100	51,000	32,576	25,000	20,480	540	7,360	14,400	3,070	14,400
Interest earnings	6,780	4,953	3,890	1,981	1,321	32	73	146	63	157
Miscellaneous	918	2,643	26,543	18,763	38,197	9,564	4,369	15,426	13,311	11,821
State sources	345,311	344,470	272,900	232,362	228,542	289,903	416,496	576,423	950,525	679,641
Federal sources	12,997	28,408	28,928	35,793	30,390	29,855	43,757	61,590	65,018	38,611
Total revenue	1,256,894	1,298,252	1,262,683	1,207,028	1,205,995	1,235,348	1,330,673	1,541,026	1,919,775	1,770,032
Expenditures										
Instruction										
Regular instruction	433,296	455,942	472,505	418,752	447,546	425,518	477,198	512,501	610,091	598,277
Special education instruction	37,301	57,092	50,013	69,541	60,804	74,135	68,480	93,245	83,295	151,731
Other special instruction	19,631	148	2,020	-	600	550	8,524	8,526	11,928	12,366
Other instruction	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	158,413	77,611	65,039	47,884	59,018	18,353	2,300	22,167	14,067	27,358
Student & instruction related services	119,110	117,256	125,766	124,355	129,724	162,650	207,469	258,963	240,549	277,702
School administrative services	-	-	-	-	-	-	-	-	-	-
General and business admin. services	86,174	61,257	57,986	49,918	55,763	56,310	66,784	58,784	61,760	69,385
Plant operations and maintenance	92,745	98,421	109,260	94,830	115,943	147,378	117,605	115,998	103,660	121,344
Pupil transportation	7,912	8,182	10,000	7,398	15,623	30,411	7,102	9,011	10,702	10,974
Other support services	213,592	211,374	149,122	146,262	166,113	177,619	193,166	197,764	215,799	273,253
Special Schools										
Charter Schools	-	-	-	-	-	-	-	-	-	-
Capital outlay	1,585	-	-	7,227	20,000	92,393	125,567	75,086	123,641	755,861
Debt service:										
Principal	50,000	50,000	50,000	50,000	50,000	55,000	55,000	55,000	55,000	60,000
Interest and other charges	33,394	30,956	28,519	26,082	23,644	21,084	18,403	15,722	13,041	10,238
Total expenditures	1,253,153	1,168,239	1,120,230	1,042,249	1,144,778	1,261,401	1,347,598	1,422,767	1,543,533	2,368,489
Excess (Deficiency) of revenues over (under) expenditures	3,741	130,013	142,453	164,779	61,217	(26,053)	(16,925)	118,259	376,242	(598,457)
Other Financing sources (uses)										
Proceeds from borrowing	-	-	-	-	-	-	-	-	215,000	-
Accrued interest on sale of bonds	-	-	-	-	-	-	-	-	-	-
Capital contribution	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	489	307	-	306	-	-	89,231	154,474
Transfers out	(6,303)	(7,945)	(10,978)	(11,387)	-	(306)	-	-	(89,231)	(154,474)
Total other financing sources (uses)	(6,303)	(7,945)	(10,489)	(11,080)	-	-	-	-	215,000	-
Net change in fund balances	\$ (2,562)	\$ 122,068	\$ 131,964	\$ 153,699	\$ 61,217	\$ (26,053)	\$ (16,925)	\$ 118,259	\$ 591,242	\$ (598,457)
Debt service as a percentage of noncapital expenditures	6.66%	6.93%	7.01%	7.35%	6.55%	6.51%	6.01%	5.25%	4.79%	4.36%
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

100

<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>
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
2015	278	3,070	7,276	820	2,500		13,944
2016	157	14,400		1,821			16,378
	<u>\$ 20,281</u>	<u>\$ 222,926</u>	<u>\$ 102,007</u>	<u>\$ 8,733</u>	<u>\$ 6,500</u>	<u>\$ 5,050</u>	<u>\$ 365,497</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
2007	\$ 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
2015	18,717,700	397,040,600	3,301,300	210,200	35,427,900		1,066,100	455,763,800	150,096	455,913,896	10,094,500	0.225	429,146,511
2016	18,128,200	399,794,400	3,301,300	210,200	35,069,100		1,066,100	457,569,300	146,736	457,716,036	10,094,500	0.228	439,244,856

Source: Municipal Tax Assessor

Note:

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

c Information not available

r Reassessment.

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

Exhibit J-7

Fiscal Year Ended June 30,	West Cape May School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of West Cape May	Regional School	Cape May County	
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	0.010	0.197	0.330	0.378	0.244	1.149
2015	0.215	0.010	0.225	0.331	0.353	0.240	1.149
2016	0.218	0.010	0.228	0.350	0.397	0.247	1.222

Source: Municipal Tax Collector

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

Exhibit J-8

Taxpayer	2016		Taxpayer	2007	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Rayson Property Management	\$ 2,929,400	0.64%	Raysun Property Management	\$ 2,975,500	0.59%
Wilbraham Mansion, LLC	2,854,600	0.62%	CVS Property Management	2,149,900	0.42%
The Depot Travel Park, Inc.	2,729,900	0.60%	Depot Travel Park, Inc.	2,520,300	0.50%
Cape May Lumber Company	2,412,100	0.53%	Cape May Lumber	1,807,400	0.36%
CVS, Inc.	2,300,000	0.50%	Individual #1	1,516,600	0.30%
Individual #1	2,058,200	0.45%	Cape West Associates Inc.	1,353,400	0.27%
Cape West Associates, Inc.	1,862,800	0.41%	CMC Development Inc.	1,186,700	0.23%
Individual #2	1,594,300	0.35%	West Cape May Properties	995,800	0.20%
SPE Labrusciano, LLC	1,114,800	0.24%	Linnington/Citrino Partnership	826,600	0.16%
Individual #3	998,800	0.22%	Individual #2	824,200	0.16%
Total	\$ 20,854,900	4.56%		\$ 16,156,400	3.18%

Source: Municipal Tax Assessor

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

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2015	887,788	887,788	100.00%	-
2016	1,025,402	1,025,402	100.00%	-

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

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

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^b
	General Obligation Bonds	Unfunded Pension Liability	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2007	\$ 660,000	\$ -	\$ -	\$ -	\$ -	\$ 660,000	1.61%	668
2008	610,000	-	-	-	-	610,000	1.44%	619
2009	560,000	-	-	-	-	560,000	1.29%	569
2010	510,000	-	-	-	-	510,000	1.11%	499
2011	460,000	-	-	-	-	460,000	0.94%	448
2012	405,000	-	-	-	-	405,000	0.80%	395
2013	350,000	-	-	-	-	350,000	0.69%	342
2014	295,000	-	-	-	-	295,000	0.56%	290
2015	240,000	-	215,000	-	-	455,000	c	448
2016	180,000	-	174,121	-	-	354,121	c	c

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

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

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

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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%	51
2011	460,000	-	460,000	0.10%	448
2012	405,000	-	405,000	0.09%	395
2013	350,000	-	350,000	0.08%	342
2014	295,000	-	295,000	0.07%	290
2015	240,000	-	240,000	0.05%	236
2016	180,000	-	180,000	0.04%	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, 2015**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of West Cape May	\$ 717,946	100.000%	\$ 717,946
Lower Cape May Regional School Debt	4,695,000	6.000%	296,315
Cape May County General Obligation Debt	181,705,600	0.909%	1,651,704
			2,665,965
Subtotal, overlapping debt			2,665,965
West Cape May School District Direct Debt			180,000
Total direct and overlapping debt			\$ 2,845,965

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

Debt outstanding data provided by each governmental unit.

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized valuation basis	
	2013	\$ 437,349,782
	2014	425,659,865
	2015	<u>436,973,921</u>
	[A]	<u>\$ 1,299,983,568</u>
Average equalized valuation of taxable property	[A/3]	\$ 433,327,856
Debt limit (2 1/2% of average equalized valuation)	[B]	10,833,196 ^a
Net bonded school debt	[C]	<u>180,000</u>
Legal debt margin	[B-C]	<u>\$ 10,653,196</u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 9,838,472	\$ 11,174,764	\$ 12,053,590	\$ 12,306,830	\$ 12,309,782	\$ 12,241,548	\$ 11,950,487	\$ 11,525,734	\$ 10,976,713	\$ 10,833,196
Total net debt applicable to limit	<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>	<u>240,000</u>	<u>180,000</u>
Legal debt margin	<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>	<u>\$ 10,736,713</u>	<u>\$ 10,653,196</u>
Total net debt applicable to the limit as a percentage of debt limit	6.71%	5.46%	4.65%	4.14%	3.74%	3.31%	2.93%	2.56%	2.19%	1.66%

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

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

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

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2007	988	\$ 40,869,608	\$ 41,366	7.4%
2008	985	42,380,610	43,026	9.1%
2009	985	43,356,745	44,017	13.0%
2010	1,023	45,999,195	44,965	13.5%
2011	1,026	48,848,886	47,611	14.2%
2012	1,026	50,588,982	49,307	15.2%
2013	1,023	50,859,468	49,716	18.8%
2014	1,018	52,744,616	51,812	10.4%
2015	1,016	e	e	9.9%
2016	e	e	e	e

Source:

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

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

Exhibit J-16

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction										
Regular	7	7	7	7	5	6	4	5	5	6
Special education	1	1	1	1	1	1	1	1	1	1
Other instruction	3	3	3	3	3	3	5	5	6	6
Support Services:										
General and business administrative services	1	1	1	1	1	1	1	1	2	2
Plant operations and maintenance	1	1	1	1	1	1	1	1	1	1
Business and other support services	1	1	1	1	1	1	1	1	1	1
Total	14	14	14	14	12	13	13	14	16	17

Source: District Personnel Records

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

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
							Elementary				
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%
2015	80	1,351,851	16,898	3.21%	6		1 to 14	82.1	76.6	8.89%	93.30%
2016	88	1,542,390	17,527	3.72%	8		1 to 11	82.4	79.1	0.36%	95.91%

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>District Building</u>										
<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	50	52	42	37	42	56	65	75	82	88

Number of Schools at June 30, 2016
 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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
* School Facilities											
West Cape May School	\$ 5,370	\$ 6,354	\$ 8,757	\$ 3,603	\$ 17,425	\$ 44,396	\$ 18,980	\$ 12,185	\$ 8,413	\$ 15,010	\$ 140,493
Project # (s)											
Total School Facilities	<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>\$ 8,413</u>	<u>\$ 15,010</u>	<u>\$ 140,493</u>

113

* 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, 2016**

Exhibit J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Property - Blanket and Personal Property	\$ 4,592,000	\$ 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
Cyber Liability	1,000,000	
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 (2)		
Accidental Medical Benefits	1,000,000	
Excess Medical Benefits	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

(2) - McCloskey Insurance

Source: District records

Single Audit Section

WEST CAPE MAY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period	June 30, 2015			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2016		
						Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
U.S. Department of Education															
<u>Special Revenue Fund:</u>															
REAP Grant	84 358A	S358A150030	5610-16	\$ 15,012	7/1/15 - 6/30/16	\$ -	\$ -	\$ -	\$ -	\$ 15,012	\$ (15,012)	\$ -	\$ -	\$ -	\$ -
<u>No Child Left Behind(N.C.L.B.)</u>															
Title I - Current Year	84 010A	S010A150030	NCLB-5610-16	14,400	7/1/15 - 6/30/16						(832)		(832)		
Title II - Part A - Current Year	84 367A	S367A150029	NCLB-5610-16	1,670	7/1/15 - 6/30/16						(1,623)		(1,623)		
Title II - Part A - Prior Year	84 367A	S367A150029	NCLB-5610-15	2,357	7/1/14 - 6/30/15	(2,357)				2,357					
<u>Individuals With Disabilities Imp. Act (I.D.E.A.)</u>															
Part B - Basic - Current Year	84 027	H027A150100	IDEA-5610-16	20,574	7/1/15 - 6/30/16					20,574	(20,574)				
Part B - Basic - Prior Year	84 027	H027A150100	IDEA-5610-15	23,758	7/1/14 - 6/30/15	(23,758)				23,758					
Part B - Preschool - Current Year	84 173	H173A150114	IDEA-5610-16	570	7/1/15 - 6/30/16						(570)		(570)		
Part B - Preschool - Prior Year	84 173	H173A150114	IDEA-5610-15	853	7/1/14 - 6/30/15	(844)				844					
Total Special Revenue Fund						(26,959)	---	---	---	62,545	(38,611)	---	(3,025)	---	---
U.S. Department of Agriculture															
<u>Enterprise Fund:</u>															
National School Lunch Program	10 555	16161NJ304N1099	N/A	8,621	7/1/15 - 6/30/16					7,817	(8,621)		(804)		
National School Lunch Program	10 555	16161NJ304N1099	N/A	10,097	7/1/14 - 6/30/15	(886)				886					
School Breakfast Program	10 553	16161NJ304N1099	N/A	5,199	7/1/15 - 6/30/16					4,753	(5,199)		(446)		
School Breakfast Program	10 553	16161NJ304N1099	N/A	5,531	7/1/14 - 6/30/15	(335)				335					
Total Enterprise Fund						(1,221)	---	---	---	13,791	(13,820)	---	(1,250)	---	---
Total Federal Awards						\$ (28,180)	\$ -	\$ -	\$ -	\$ 76,336	\$ (52,431)	\$ -	\$ (4,275)	\$ -	\$ -

110

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, 2016

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2015			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	June 30, 2016		
				Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
State Department of Education													
<u>General Fund:</u>													
Special Education Categorical Aid	16-495-034-5120-089	\$ 27,618	7/1/15 - 6/30/16	\$ -	\$ -	\$ -	\$ -	\$ 25,124	\$ (27,618)	\$ -	\$ (2,494)	\$ -	
Special Education Categorical Aid	15-495-034-5120-089	27,618	7/1/14 - 6/30/15	(2,556)				2,556					
Security Aid	16-495-034-5120-084	6,484	7/1/15 - 6/30/16					5,899	(6,484)		(585)		
Security Aid	15-495-034-5120-084	6,484	7/1/14 - 6/30/15	(600)				600					
School Choice Aid	16-495-034-5120-068	428,064	7/1/15 - 6/30/16					389,417	(428,064)		(38,647)		
School Choice Aid	15-495-034-5120-068	428,064	7/1/14 - 6/30/15	(39,616)				39,616					
Transportation Aid	16-495-034-5120-014	5,502	7/1/15 - 6/30/16					5,005	(5,502)		(497)		
Transportation Aid	15-495-034-5120-014	5,502	7/1/14 - 6/30/15	(509)				509					
Under Adequacy Aid	16-495-034-5120-083	38,690	7/1/15 - 6/30/16					35,197	(38,690)		(3,493)		
Under Adequacy Aid	15-495-034-5120-083	38,690	7/1/14 - 6/30/15	(3,581)				3,581					
PARCC Readiness Aid	16-495-034-5120-098	830	7/1/15 - 6/30/16					755	(830)		(75)		
PARCC Readiness Aid	15-495-034-5120-098	830	7/1/14 - 6/30/15	(77)				77					
Per Pupil Growth Aid	16-495-034-5120-097	830	7/1/15 - 6/30/16					755	(830)		(75)		
Per Pupil Growth Aid	15-495-034-5120-097	830	7/1/14 - 6/30/15	(77)				77					
Extraordinary Aid	16-495-034-5120-044	184	7/1/15 - 6/30/16						(184)		(184)		
Homeless Tuition Aid	16-495-034-5120-005	2,990	7/1/15 - 6/30/16						(2,990)		(2,990)		
On Behalf TPAF Pension	16-495-034-5094-002	45,482	7/1/15 - 6/30/16					45,482	(45,482)				
On Behalf TPAF Post Retirement Medical	16-495-034-5094-001	54,156	7/1/15 - 6/30/16					54,156	(54,156)				
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	43,957	7/1/15 - 6/30/16					41,943	(43,957)		(2,014)		
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	43,381	7/1/14 - 6/30/15	(2,039)				2,039					
117 Total General Fund				(49,055)				652,786	(654,787)		(51,054)		
<u>Debt Service Fund</u>													
Debt Service Aid Type II	16-495-034-5120-017	23,704	7/1/15 - 6/30/16					23,704	(23,704)				
New Jersey School Development Authority													
<u>Capital Projects Fund</u>													
HVAC System	5610-050-14-1003-G04	200,780	7/1/14 - 6/30/16	(200,780)				141,358			(59,422)		
Windows, Doors, Masonry & Vestibule Security	5610-050-14-1001-G04	105,024	7/1/14 - 6/30/16	(105,024)				84,019			(21,005)		
Total Capital Projects Fund				(305,804)				225,377			(80,427)		
State Department of Agriculture													
<u>Enterprise Fund:</u>													
State School Lunch Program	16-100-010-3350-023	214	7/1/15 - 6/30/16					195	(214)		(19)		
State School Lunch Program	15-100-010-3350-023	247	7/1/14 - 6/30/15	(22)				22					
Total Enterprise Fund				(22)				217	(214)		(19)		
Total State Financial Assistance				\$ (354,881)	\$ -	\$ -	\$ -	\$ 902,086	\$ (678,705)	\$ -	\$ (131,500)	\$ -	
Less: State Financial Assistance Not Subject to Major Program Determination													
On-Behalf TPAF Contribution - Pension (Non-Budgeted) (45,482)													
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted) (54,156)													
Total State Financial Assistance Subject to Major Program Determination (579,067)													

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, 2016**

1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, West Cape May School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, 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 Title 2 U.S. Code of Federal Regulations Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,150 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 revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ -	\$ 655,937	\$ 655,937
Special Revenue	38,611	-	38,611
Debt Service	-	23,704	23,704
Food Service	<u>13,820</u>	<u>214</u>	<u>14,034</u>
Total	<u>\$ 52,431</u>	<u>\$ 679,855</u>	<u>\$ 732,286</u>

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.

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, 2016
(Continued)

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2016. 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, 2016.

6. MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

WEST CAPE MAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section 1 -- Summary of Auditor's Results (Cont'd)

State Awards Section

NOT APPLICABLE

Dollar threshold used to distinguish between type A and type B programs: _____

Auditee qualified as low-risk auditee? _____ yes _____ no

Internal Control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 as applicable? _____ yes _____ no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**WEST CAPE MAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section 2 -- Schedule of Financial Statement Findings

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

No findings identified.

**WEST CAPE MAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* and NJOMB Circular Letter 15-08, as applicable.

FEDERAL AWARDS:

A federal single audit was not required.

STATE AWARDS:

A state single audit was not required.

**WEST CAPE MAY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

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*, USOMB *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and NJOMB's Circular 14-04 and/or 15-08, as applicable.

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

There were no prior year audit findings.