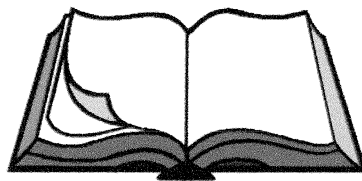


**SCHOOL DISTRICT
OF
WEST CAPE MAY**



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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017**

**Comprehensive Annual
Financial Report**

of the

West Cape May Board of Education

West Cape May, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by
West Cape May Board of Education
Finance Department

WEST CAPE MAY SCHOOL DISTRICT

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Introductory Section

WEST CAPE MAY BOARD OF EDUCATION

301 Moore Street

West Cape May, New Jersey 08204-1199

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

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

Maureen McLaughlin
Supervisor

October 12, 2017

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, 2017. 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 2016-2017 fiscal year with an enrollment of 96 students, up from 86 during the previous year. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percentage Change
2016-2017	96	17.1%
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%

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 2017-18 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 five 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. Four 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 four years ago. After amending its Long-Range Facilities Plan and approval of two (2) Regular Operating District (ROD) grants, two years ago, 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. New 3M film has been installed on all doors and windows in the building. Although we expect over 100 students to walk into the building in September, there are no expansion or renovation plans. The current goal is to reduce the number of unfunded Choice students in the school.

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 County Superintendent, or in the case of a budget that exceeds the 2% tax levy cap, the voters of the Borough of West Cape May. 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, 2017.

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,

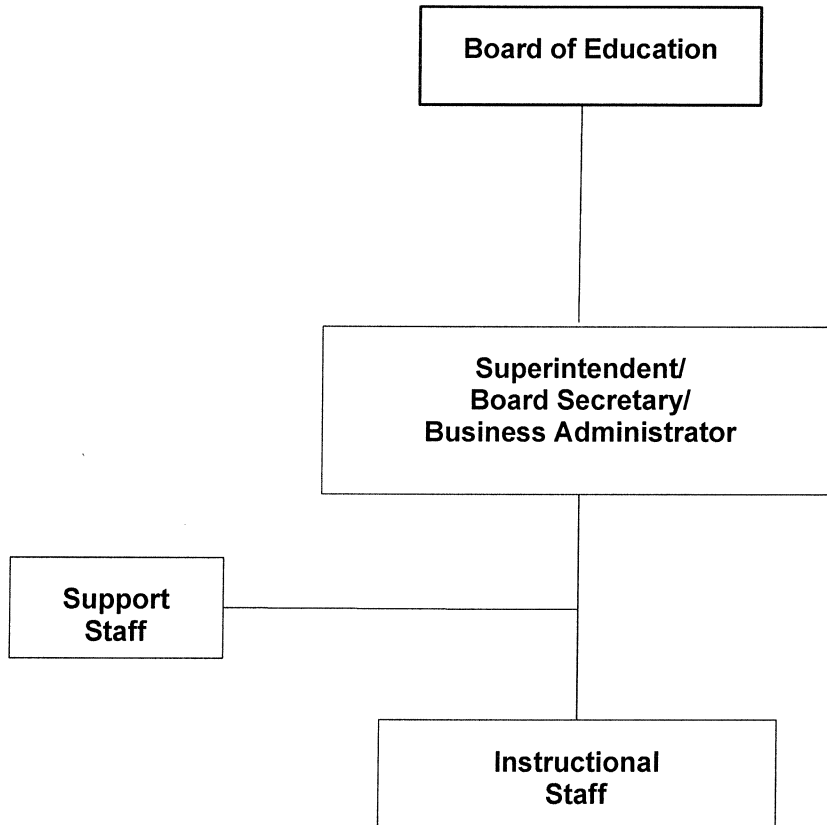


Alfred Savio, Ed.D.

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, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Robert Cwik – President	2020
Thomas J. Belasco – Vice-President	2018
Dr. David La Puma	2019
Elaine Lawler	2019
Leonard Wilmore	2020

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

Spiezle 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, 2017, 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 from 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, 2017, 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, schedule of the School District's proportionate share of the net pension liability, and schedule of the School District's contributions, 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 introductory section, combining statements and related major fund supporting statements and schedules, statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey and are not a required part of the basic financial statements. The accompanying schedule of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

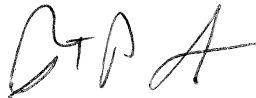
The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records 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 accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical section listed in the table of contents 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 October 12, 2017 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 No. CS001095

Marlton, New Jersey
October 12, 2017

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, 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, 2017, 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 October 12, 2017.

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 from 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, and federal and state awarding agencies and pass-through entities, 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 No. CS001095

Marlton, New Jersey
October 12, 2017

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, 2017**

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, 2017. 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 \$1,254,397 (*net position*).
- Governmental activities have a deficit unassigned net position of \$104,105. The accounting treatment in the governmental funds for compensated absences payable, and the last two state aid payments are primarily responsible for this balance.
- The total net position of the School District increased by \$138,309, or a 12.39% increase from the prior fiscal year-end balance. The majority of the increase is attributable to results of operations in the governmental funds.
- Fund balance of the School District's governmental funds increased by \$118,217 resulting in an ending fund balance of \$817,115. The increase in ending fund balance is due to the results of operations in the General Fund.
- Business-type activities have unrestricted net position of \$1,139, 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 \$1,772 which is the result of the principal payment on long-term debt obligations and capital leases, a decrease 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 2017. 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 2017.

The assets of the primary government activities exceeded liabilities by \$1,251,435 with a deficit unassigned balance of \$104,105. The net position of the primary government does not include internal balances.

A net investment of \$725,674 in land, improvements, buildings, equipment and vehicles which provide the services to the School District's 98 public school students, represents 57.99% of the School District's net position. Net position of \$398,369 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 \$52,162 is restricted as excess surplus, \$6,720 is reserved for encumbrances and \$52,414 has been appropriated in the 2017/2018 Budget.

**West Cape May School District
Comparative Summary of Net Position
As of June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		District-Wide	
	2017	2016	2017	2016	2017	2016
Assets:						
Current assets	\$ 821,315	\$ 704,973	\$ 1,139	\$ 2,561	\$ 822,454	\$ 707,534
Capital assets	977,883	1,013,109	1,823	1,985	979,706	1,015,094
Total assets	1,799,198	1,718,082	2,962	4,546	1,802,160	1,722,628
Deferred Outflows of Resources	209,203	157,032			209,203	157,032
Liabilities:						
Current Liabilities	123,337	112,010			123,337	112,010
Noncurrent Liabilities	586,260	585,548			586,260	585,548
Total liabilities	709,597	697,558			709,597	697,558
Deferred Inflows of Resources	47,369	66,014			47,369	66,014
Net position	\$ 1,251,435	\$ 1,111,542	\$ 2,962	\$ 4,546	\$ 1,254,397	\$ 1,116,088
Net position consists of:						
Investment in capital						
Assets	\$ 725,674	\$ 658,988	\$ 1,823	\$ 1,985	\$ 727,497	\$ 660,973
Restricted net position	629,866	494,580			629,866	494,580
Unrestricted net position	(104,105)	(42,026)	1,139	\$ 2,561	(102,966)	(39,495)
Net position	\$ 1,251,435	\$ 1,111,542	\$ 2,962	\$ 4,546	\$ 1,254,397	\$ 1,116,088

Governmental Activities

Governmental activities increased the net position of the School District by \$139,893 during the current fiscal year. Key elements of the increase in net position for governmental activities are as follows:

- Depreciation expense of \$55,163.
- Capital outlay of \$19,937.
- Repayment of bond principal of \$60,000.

Business-type Activities

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

- Food Service program expenditures exceeded revenues by \$1,535.
- Child Care program expenditures exceeded revenues by \$49.

West Cape May School District
Comparative Schedule of Changes in Net Position
As of and for the Fiscal Years Ended June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		District-Wide	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues						
Charges for services	\$ -	\$ -	\$ 22,482	\$ 27,204	\$ 22,482	\$ 27,204
Operating grants and Contributions	268,734	215,910	16,546	14,034	285,280	229,944
General Revenues:						
Property Taxes	1,043,241	1,025,402			1,043,241	1,025,402
Unrestricted State Aid	592,136	512,342			592,136	512,342
Tuition	14,454	14,400			14,454	14,400
Other Revenues	6,418	1,978	2	2,974	6,420	4,952
Total Revenues	1,924,983	1,770,032	39,030	44,212	1,964,013	1,814,244
Expenses:						
Governmental Activities:						
Instruction	865,552	804,920			865,552	804,920
Tuition	18,326	27,358			18,326	27,358
Related Services	267,216	277,702			267,216	277,702
Administrative Services	93,811	74,553			93,811	74,553
Operations and Maintenance	194,013	635,239			194,013	635,239
Transportation	2,858	10,974			2,858	10,974
Unallocated Benefits	334,743	283,414			334,743	283,414
Interest on long-term Debt	5,971	8,897			5,971	8,897
Other						
Business-Type Activities:						
Child Care			14,772	21,360	14,772	21,360
Food Service Operations			28,442	22,771	28,442	22,771
Total Expenses	1,782,490	2,123,057	43,214	44,131	1,825,704	2,167,188
Increase in net position						
Before transfers	142,492	(353,025)	(4,184)	81	138,309	(352,944)
Transfers	(2,600)		2,600			
Changes in net position	139,893	(353,025)	(1,584)	81	138,309	(352,944)
Net position, July 1,	1,111,542	1,464,567	4,546	4,465	1,116,088	1,469,032
Net position, June 30,	\$ 1,251,435	\$ 1,111,542	\$ 2,962	\$ 4,546	\$ 1,254,397	\$ 1,116,088

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 \$817,115, an increase of \$118,217 in comparison with the prior year. The increase is the result of operations in the General Fund.

The fund balance for the School District at the end of the fiscal year consists of unassigned fund balance in the General Fund of \$187,249 and Debt Service fund of \$201. 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 \$398,369, \$70,000 is reserved for maintenance, \$50,000 is reserved for emergencies, \$52,162 is reserved for excess surplus, \$6,720 is reserved for encumbrances, and \$52,414 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 \$250,174 while total fund balance (budgetary basis) was \$879,839. 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 \$1,678,526. Unassigned fund balance (budgetary basis) represents 14.90% of expenditures while total fund balance (budgetary basis) represents 52.42% 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, 2017, totaled \$979,706 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$35,388 or a 3.49% decrease. The decrease is due to additions less depreciation expense.

**West Cape May School District
Capital Asset (net of accumulated depreciation)
June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		District-Wide	
	2017	2016	2017	2016	2017	2016
Land	\$ 120,694	\$ 120,694	\$ -	\$ -	\$ 120,694	\$ 120,694
Buildings and Improvements	734,352	755,100			734,352	755,100
Equipment	122,837	137,315	1,823	1,985	124,660	139,300
Net position	<u>\$ 977,883</u>	<u>\$ 1,013,109</u>	<u>\$ 1,823</u>	<u>\$ 1,985</u>	<u>\$ 979,706</u>	<u>\$ 1,015,094</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, 2017, the School District had \$120,000 outstanding in serial bonds and \$132,209 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 \$11,118,407. The available debt limit as of June 30, 2017 is \$10,998,407.

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 2017-18 fiscal year.

- For 2017-18 fiscal year the School District will not be receiving an increase in state aid. The local tax levy in the General Fund increased by \$27,480 or 2.75%. Salaries continue to increase contractually; however, the District has managed to control costs. The 2017-18 General Fund Budget is \$28,803 greater than the previous year. The tax rate increased slightly from \$.228 in 2016 to \$.229 in 2017.

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, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 285,782	\$ 3,809	\$ 289,591
Receivables, net	133,489	1,005	134,494
Internal Balances	3,675	(3,675)	
Restricted Assets:			
Capital Reserve Account	398,369		398,369
Capital Assets, net (Note 5)	977,883	1,823	979,706
Total Assets	<u>1,799,198</u>	<u>2,962</u>	<u>1,802,160</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows of Resources From Pensions	<u>209,203</u>		<u>209,203</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>2,008,401</u>	<u>2,962</u>	<u>2,011,363</u>
LIABILITIES:			
Accounts Payable			
Related to Pensions	13,483		13,483
Unearned Revenue	4,200		4,200
Accrued Interest	2,681		2,681
Noncurrent Liabilities:			
Due Within One Year	102,973		102,973
Due Beyond One Year	586,260		586,260
Total Liabilities	<u>709,597</u>		<u>709,597</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of Resources From Pensions	<u>47,369</u>		<u>47,369</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>756,966</u>	<u>-</u>	<u>756,966</u>
NET POSITION:			
Net Investment in Capital Assets	725,674	1,823	727,497
Restricted for:			
Capital Projects	398,369		398,369
Other Purposes	231,497		231,497
Unrestricted	(104,105)	1,139	(102,966)
Total Net Position	<u>\$ 1,251,435</u>	<u>\$ 2,962</u>	<u>\$ 1,254,397</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, 2017

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	\$ 726,167	\$ -	\$ 51,018	\$ (675,149)	\$ -	\$ (675,149)
Special education	128,220			(128,220)		(128,220)
Other instruction	11,165			(11,165)		(11,165)
Support Services:						
Tuition	18,326		17,462	(864)		(864)
Student & instruction related services	267,216		11,046	(256,170)		(256,170)
General administrative services	88,082			(88,082)		(88,082)
Central services	5,729			(5,729)		(5,729)
Plant operations and maintenance	194,013			(194,013)		(194,013)
Pupil transportation	2,858			(2,858)		(2,858)
Employee benefits	334,743		166,491	(168,252)		(168,252)
Interest on long-term debt	5,971		22,717	16,746		16,746
Unallocated depreciation and amortization				-		-
Total governmental activities	<u>1,782,490</u>		<u>268,734</u>	<u>(1,513,756)</u>		<u>(1,513,756)</u>
Business-type activities:						
Child Care	14,772	14,722			(50)	(50)
Food service	28,442	7,760	16,546		(4,136)	(4,136)
Total business-type activities	<u>43,214</u>	<u>22,482</u>	<u>16,546</u>		<u>(4,186)</u>	<u>(4,186)</u>
Total primary government	<u>\$ 1,825,704</u>	<u>\$ 22,482</u>	<u>\$ 285,280</u>	<u>\$ (1,513,756)</u>	<u>\$ (4,186)</u>	<u>\$ (1,517,942)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net				998,445		998,445
Taxes levied for debt service				44,796		44,796
Federal and State aid not restricted				592,136		592,136
Investment earnings				23		23
Tuition revenue				14,454		14,454
Miscellaneous				6,395		6,397
Transfer				(2,600)	2,600	
Total general revenues, special items, extraordinary items and transfers				<u>1,653,649</u>	<u>2,602</u>	<u>1,656,251</u>
Change in Net Position				139,893	(1,584)	138,309
Net Position - July 1				1,111,542	4,546	1,116,088
Net Position - June 30				<u>\$ 1,251,435</u>	<u>\$ 2,962</u>	<u>\$ 1,254,397</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, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Assets:					
Cash and Cash Equivalents	\$ 285,581	\$ -	\$ -	\$ 201	\$ 285,782
Receivables, Net	7,143	53,035			60,178
Interfund Receivables, Net	127,421				127,421
Restricted Cash and Cash Equivalents	398,369				398,369
Total Assets	\$ 818,514	\$ 53,035	\$ -	\$ 201	\$ 871,750
LIABILITIES AND FUND BALANCES					
Interfund Payable	1,600	48,835			50,435
Unearned Revenue		4,200			4,200
Total Liabilities	1,600	53,035	-		54,635
FUND BALANCES					
Fund Balances:					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	52,414				52,414
Reserve for Excess Surplus	52,162				52,162
Maintenance Reserve	70,000				70,000
Capital Reserve	398,369				398,369
Emergency Reserve	50,000				50,000
Assigned Fund Balance:					
Reserve for Encumbrances Designated for Subsequent Year's Expenditures	6,720				6,720
Unassigned fund balance	187,249			201	187,450
Total Fund Balances	816,914			201	817,115
Total Liabilities and Fund Balances	\$ 818,514	\$ 53,035	\$ -	\$ 201	

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 \$1,997,909 and the accumulated depreciation is \$1,020,026.	977,883
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the funds.	(2,681)
Accounts payable related to the April 1, 2018 required PERS contribution that is not to be liquidated with current financial resources.	(13,483)
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	209,203
Net Pension Liability	(409,159)
Deferred Inflows of resources from Pensions	(47,369)
	(247,325)
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.	(280,074)
Net position of governmental activities	\$ 1,251,435

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, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 998,445	\$ -	\$ -	\$ 44,796	\$ 1,043,241
Tuition charges	14,454				14,454
Capital Reserve interest earned	23				23
Miscellaneous	6,395				6,395
Total revenues-local sources	1,019,317			44,796	1,064,113
State sources	780,182		(21,555)	22,717	781,344
Federal sources		77,526			77,526
Local sources		2,000			2,000
Total revenues	1,799,499	79,526	(21,555)	67,513	1,924,983
EXPENDITURES:					
Current expense:					
Regular instruction	633,298	51,018			684,316
Special education instruction	128,220				128,220
Other instruction	11,165				11,165
Support services and undistributed costs:					
Tuition	864	17,462			18,326
Student & instruction related services	256,170	11,046			267,216
General administrative services	82,566				82,566
Central services	5,729				5,729
Plant operations and maintenance	112,136				112,136
Pupil transportation	2,858				2,858
Unallocated employee benefits	286,112				286,112
Capital Outlay	138,197		13		138,210
Debt service:					
Principal				60,000	60,000
Interest and other charges				7,312	7,312
Total expenditures	1,657,315	79,526	13	67,312	1,804,166
Excess (deficiency) of revenues over (under) expenditures	142,184		(21,568)	201	120,817
Other Financing Sources (Uses):					
Transfers in			18,611		18,611
Transfers out	(21,211)				(21,211)
Total other financing sources (uses)	(21,211)		18,611		(2,600)
Net change in fund balance	120,973		(2,957)	201	118,217
Fund balances, July 1	695,941		2,957		698,898
Fund balances, June 30	\$ 816,914	\$ -	\$ -	\$ 201	\$ 817,115

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, 2017

Total net change in fund balances - governmental funds (from B-2)	\$	118,217
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <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	\$ (55,163)	
Capital outlay	19,937	(35,226)
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.		41,912
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.		(48,631)
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 (+).		2,280
Change in net position of governmental activities	\$	139,893

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, 2017

	Business-type Activities		
	Child Care Program	Food Service Program	Total
ASSETS:			
Current assets:			
Cash and Cash Equivalents	\$ 6,303	\$ -	\$ 6,303
Interfund Receivable		1,600	1,600
Accounts Receivable	84	921	1,005
Total Current Assets	<u>6,387</u>	<u>2,521</u>	<u>8,908</u>
Noncurrent Assets:			
Equipment		2,550	2,550
Less Accumulated Depreciation		<u>(727)</u>	<u>(727)</u>
Total Noncurrent Assets		<u>1,823</u>	<u>1,823</u>
Total Assets	<u>\$ 6,387</u>	<u>\$ 4,344</u>	<u>\$ 10,731</u>
LIABILITIES			
Current Liabilities:			
Cash Overdraft		2,494	2,494
Interfund Payable	5,275		5,275
Total Liabilities	<u>5,275</u>	<u>2,494</u>	<u>7,769</u>
NET POSITION			
Net Investment in Capital Assets		1,823	1,823
Unrestricted	1,112	27	1,139
Total Net Position	<u>\$ 1,112</u>	<u>\$ 1,850</u>	<u>\$ 2,962</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, 2017

	Business-type Activities		Enterprise Funds
	Child Care Program	Food Service Program	
Operating revenues:			
Charges for services:			
Daily sales-reimbursable programs	\$ -	\$ 7,760	\$ 7,760
Program fees	14,722		14,722
Total operating revenue	<u>14,722</u>	<u>7,760</u>	<u>22,482</u>
Operating expenses:			
Salaries	10,334		10,334
Supplies and materials			
Depreciation		162	162
Miscellaneous		340	340
Cost of sales - reimbursable programs		27,940	27,940
Cost of sales - nonreimbursable programs	4,438		4,438
Total operating expenses	<u>14,772</u>	<u>28,442</u>	<u>43,214</u>
Operating income (loss)	<u>(50)</u>	<u>(20,682)</u>	<u>(20,732)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program		506	506
Federal sources:			
National school lunch program		10,405	10,405
National school breakfast program		5,635	5,635
Local sources:			
Interest revenue	1	1	2
Total nonoperating revenues (expenses)	<u>1</u>	<u>16,547</u>	<u>16,548</u>
Change in net position before transfers	(49)	(4,135)	(4,184)
Other financing sources and uses:			
Operating transfer in:		2,600	2,600
Change in net position	(49)	(1,535)	(1,584)
Total net position - July 1, 2016	<u>1,161</u>	<u>3,385</u>	<u>4,546</u>
Total net position - June 30, 2017	<u>\$ 1,112</u>	<u>\$ 1,850</u>	<u>\$ 2,962</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, 2017

	Business-type Activities		
	<u>Child Care Program</u>	<u>Food Service Program</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 14,638	\$ 7,602	\$ 22,240
Payments to employees	(5,059)		(5,059)
Payments to suppliers	<u>(4,438)</u>	<u>(28,281)</u>	<u>(32,719)</u>
Net cash used for operating activities	<u>5,141</u>	<u>(20,679)</u>	<u>(15,538)</u>
Cash flows from noncapital financing activities:			
State and Federal sources		16,894	16,894
Board contribution		1,000	1,000
Net cash provided by non-capital financing activities		<u>17,894</u>	<u>17,894</u>
Cash flows from capital activities:			
Purchases of fixed assets			
Cash flows from investing activities:			
Interest and dividends	<u>1</u>	<u>1</u>	<u>2</u>
Net cash provided by investing activities	<u>1</u>	<u>1</u>	<u>2</u>
Net increase in cash and cash equivalents	5,142	(2,784)	2,358
Balances - July 1, 2016	<u>1,161</u>	<u>290</u>	<u>1,451</u>
Balances - June 30, 2017	<u>\$ 6,303</u>	<u>\$ (2,494)</u>	<u>\$ 3,809</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (50)	\$ (20,682)	\$ (20,732)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation		162	162
(Increase)/ decrease in accounts receivable	(84)		(84)
Increase (decrease) in deferred revenue		(159)	(159)
Increase (decrease) in interfund payable	<u>5,275</u>		<u>5,275</u>
Total adjustments	<u>5,191</u>	<u>3</u>	<u>5,194</u>
Net cash provided by (used for) operating activities	<u>\$ 5,141</u>	<u>\$ (20,679)</u>	<u>\$ (15,538)</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, 2017

	Unemployment Compensation Insurance Trust	Agency Fund
	<u> </u>	<u> </u>
ASSETS:		
Cash and Cash Equivalents	\$ 6,913	\$ 87,251
	<u> </u>	<u> </u>
Total assets	<u>\$ 6,913</u>	<u>\$ 87,251</u>
LIABILITIES:		
Payroll Withholdings	\$ -	\$ 13,357
Accounts Payable	14	
Interfund Payable		73,311
Due to Student Groups		583
	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 14</u>	<u>\$ 87,251</u>
NET POSITION:		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 6,899</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, 2017

	Unemployment Compensation Insurance Trust
ADDITIONS:	
Contributions:	
Employee Contributions	\$ 1,907
Miscellaneous	3,303
Total Contributions	5,210
Investment earnings:	
Interest	1
Net Investment Earnings	1
Total Additions	5,211
DEDUCTIONS:	
Unemployment Claims	14
Total Deductions	14
Change in Net Position	5,197
Net Position - July 1	1,702
Net Position - June 30	\$ 6,899

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, 2017

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, 2017 of 95 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. GASB Statement No. 80, *Blending Requirements for Certain Component Units* - an Amendment of GASB Statement No. 14 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. 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.

West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Statements (Continued) -The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds (Continued)

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

The School District's enterprise funds are:

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

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

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

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

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

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

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Accounting

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

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

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

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

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

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.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets/Budgetary Control (Continued) - Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

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

Encumbrances - Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Encumbrances are a component of fund balance at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, and all eligibility and time requirements satisfied are reflected on the balance sheet as unearned grant revenue at fiscal year end.

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

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

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

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

West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents and Investments (Continued) - 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, 2017 and 2016 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

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

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

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

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

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, 2017**

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, 2017

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, 2017.

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, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements - 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 30, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

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.

In November 2016, the GASB issued Statement 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. 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, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued) -

In March 2017, the GASB issued Statement 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting 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 May 2017, the GASB issued Statement 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting 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 June 2017, the GASB issued Statement 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. 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 \$862,675 as of June 30, 2017, \$250,000 was insured under FDIC and the remaining balance of \$612,675 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, 2017**

3. CAPITAL RESERVE ACCOUNT (Continued)

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Balance July 1, 2016		\$	266,239
Increased by:			
Interest Earned	\$	23	
Unspent Appropriations		150,718	
Board Resolution		<u>180,000</u>	
			<u>330,741</u>
			596,980
Decreased by:			
2016 - 17 Budget		180,000	
Withdraw per Resolution		<u>18,611</u>	
			<u>198,611</u>
Balance June 30, 2017		<u>\$</u>	<u>398,369</u>

The June 30, 2017 capital reserve balance does not exceed the LRFPP balance of local support costs of uncompleted project

4. ACCOUNTS RECEIVABLE

Accounts receivables at June 30, 2017 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, 2017 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Intergovernmental				
State	\$ 1,177	\$ -	\$ 263	\$ 1,440
Federal		53,035	658	53,693
Other	<u>5,966</u>		<u>84</u>	<u>6,050</u>
Total	<u>\$ 7,143</u>	<u>\$ 53,035</u>	<u>\$ 1,005</u>	<u>\$ 61,183</u>

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Balance June 30, 2017</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	1,400,604	13,960		1,414,564
Equipment	<u>456,674</u>	<u>5,977</u>	<u> </u>	<u>462,651</u>
Total capital assets being depreciated	<u>1,857,278</u>	<u>19,937</u>	<u> </u>	<u>1,877,215</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements				
Building and Improvements	(645,504)	(34,708)		(680,212)
Equipment	<u>(319,359)</u>	<u>(20,455)</u>	<u> </u>	<u>(339,814)</u>
Total accumulated depreciation	<u>(964,863)</u>	<u>(55,163)</u>	<u> </u>	<u>(1,020,026)</u>
Total capital assets being depreciated, net	<u>892,415</u>	<u>(35,226)</u>	<u> </u>	<u>857,189</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,013,109</u>	<u>\$ (35,226)</u>	<u>\$ -</u>	<u>\$ 977,883</u>
Business-Type Activities:				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 2,550	\$ -	\$ -	\$ 2,550
Less accumulated depreciation	<u>(565)</u>	<u>(162)</u>	<u> </u>	<u>(727)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,985</u>	<u>\$ (162)</u>	<u>\$ -</u>	<u>\$ 1,823</u>

Depreciation expense in the amount of \$55,163 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 44,131
Plant Operations and Maintenance	5,516
Administration	<u>5,516</u>
Total depreciation expense	<u>\$ 55,163</u>

West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

6. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2017, the following changes occurred in long-term obligations:

Governmental Activities:	Principal Outstanding June 30, 2016	Additions	Reductions	Principal Outstanding June 30, 2017	Due Within One Year
Compensated Absences	\$ 30,145	\$ -	\$ 2,280	\$ 27,865	\$ -
Capital Leases	174,121		41,912	132,209	42,973
General Obligation Bonds	180,000		60,000	120,000	60,000
Net Pension Liability	303,195	105,964		409,159	
	<u>\$ 687,461</u>	<u>\$ 105,964</u>	<u>\$ 104,192</u>	<u>\$ 689,233</u>	<u>\$ 102,973</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 \$120,000 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
2018	\$ 60,000	\$ 4,388	\$ 64,388
2019	60,000	1,462	61,462
	<u>\$ 120,000</u>	<u>\$ 5,850</u>	<u>\$ 125,850</u>

As of June 30, 2017 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
2018	\$ 42,973	\$ 3,345	\$ 46,318
2019	44,061	2,257	46,318
2020	45,175	1,143	46,318
	<u>\$ 132,209</u>	<u>\$ 6,745</u>	<u>\$ 138,954</u>

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

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, 2017, 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, 2017 and 2016, were \$2,010, and \$2,010 respectively. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2018	\$ 1,340
Total future minimum lease payments	<u>\$ 1,340</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) and the Public Employees' Retirement System (PERS). IN addition, several School District employees participate in the Defined Contribution Retirement Program (DCRP), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. 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)

Plan Description - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement, death and disability, and medical benefits to qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Vesting and Benefit Provisions – 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 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.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

8. PENSION PLANS (Continued)

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

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
4	Members who were eligible to enroll on or after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

Contributions - The contribution requirements of plan members are determined by N.J.S.A.18A:66 and requires contributions by active members and contributing employers. 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 member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

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. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2017 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2017 was \$45,241 and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$47,144.

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions - 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.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

8. PENSION PLANS (Continued)

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

At June 30, 2017, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

For the year ended June 30, 2017, the School District recognized pension expense of \$335,769 and revenue of \$335,769 for support provided by the State. Although the School 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 School District.

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

	<u>06/30/16</u>	<u>06/30/15</u>
Collective deferred outflows of resources	\$ 17,414,701,002	\$ 7,521,378,257
Collective deferred inflows of resources	134,532,594	554,399,005
Collective net pension liability (Non-Employer – State of New Jersey)	79,028,907,033	63,577,864,440
State's portion of the net pension liability that was associated with the School District	4,468,812	3,143,866
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.0056807149%	.0049741360%

Actuarial assumptions – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. 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: 7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

8. PENSION PLANS (Continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 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%	0.39%
Government Bonds	01.50%	1.28%
Credit Bonds	13.00%	2.76%
Mortgages	02.00%	2.38%
Inflation-Indexed Bonds	01.50%	1.41%
High Yield Bonds	02.00%	4.70%
Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	06.50%	8.16%
Private Real Estate Property	05.25%	3.64%
Timber	01.00%	3.86%
Farmland	01.00%	4.39%
Private Equity	09.00%	8.97%
Commodities	00.50%	2.87%
Hedge Funds – MultiStrategy	05.00%	3.70%
Hedge Funds – Equity Hedge	03.75%	4.72%
Hedge Funds - Distressed	03.75%	3.49%
	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 contribution rate in the most recent fiscal year. The state contributed 30% of the actuarially determined 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

8. PENSION PLANS (Continued)

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

As such, the proportionate share of the net pension liability as of June 30, 2016, the pension plans measurement date, attributable to the School District is \$0.00, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.13%, as well as what the School 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 (3.13%) or 1 percentage point higher (5.13%) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	5,336,760	4,468,812	3,760,020
	\$ 5,336,760	\$ 4,468,812	\$ 3,760,020

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)

Plan Description - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS designated purpose is to provide retirement, death and disability, and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Vesting and Benefit Provisions - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
4	Members who were eligible to enroll on or after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

Contributions - The contribution requirements of plan members are determined by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. 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 member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 336, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2017 was 13.71% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2016, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2017 was \$12,273 and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$7,080.

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>
2017	\$ 1,920	\$ -	\$ 9,770	\$ 583	\$ 12,273
2016	1,966	-	9,056	590	11,612
2015	947	-	4,379	361	5,687

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions – 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.

At June 30, 2017, the School District reported a liability of \$409,159 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The School District's proportion of the of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

For the year ended June 30, 2017, the School District recognized pension expense of \$48,631. At June 30, 2017, the School District reported a liability of \$409,159 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	\$ 7,609	\$ -
Changes of assumptions	84,756	
Net Difference between projected and actual earnings on pension plan investments	15,602	
Changes in proportion	87,753	47,369
District contributions subsequent to the measurement date	13,483	
Total	\$ 209,203	\$ 47,369

\$13,483 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, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net liability in the year ended June 30, 2017.

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
2017	\$ 25,596
2018	25,596
2019	46,247
2020	38,453
2021	12,459
Total	\$ 148,351

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience			
Year of Pension Plan Deferral:			
	June 30, 2014	-	-
	June 30, 2015	5.72	-
	June 30, 2016	5.57	-
Changes of assumptions			
Year of Pension Plan Deferral:			
	June 30, 2014	6.44	-
	June 30, 2015	5.72	-
	June 30, 2016	5.57	-
Net Difference between projected and actual earnings on pension plan investments			
Year of Pension Plan Deferral:			
	June 30, 2014	-	5.00
	June 30, 2015	-	5.00
	June 30, 2016	-	5.00
Changes in proportion			
Year of Pension Plan Deferral:			
	June 30, 2014	6.44	6.44
	June 30, 2015	5.72	5.72
	June 30, 2016	5.57	5.57

Additional Information

Collective balances at June 30, 2016 and 2015 are as follows:

	6/30/2016	6/30/2015
Collective deferred outflows of resources	\$ 8,685,338,380	\$ 3,578,755,666
Collective deferred inflows of resources	\$ 870,133,595	\$ 993,410,455
Collective net pension liability	\$ 29,617,131,759	\$ 22,447,996,119
District's Proportion	.0013814945%	.0013506538%

Actuarial assumptions – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

- Inflation rate: 3.08%
- Salary Increases:
 - Through 2025: 1.65-4.15% based on age
 - Thereafter: 2.65-5.15% based on age
- Investment Rate of Return: 7.65%

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 3 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 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%	00.87%
U.S. Treasuries	01.50%	01.74%
Investment Grade Credit	08.00%	01.79%
Mortgages	02.00%	01.67%
High Yield Bonds	02.00%	04.56%
Inflation Indexed Bonds	01.50%	03.44%
Broad US Equities	26.00%	08.53%
Developed Foreign Equities	13.25%	06.83%
Emerging Market Equities	06.50%	09.95%
Private Equity	09.00%	12.40%
Hedge Funds/Absolute Ret	12.50%	04.68%
Real Estate (Property)	02.00%	06.91%
Commodities	00.50%	05.45%
Global Debt ex US	05.00%	-0.25%
REIT	05.25%	05.63%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Discount rate (Continued) - 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 contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. The following presents the School District's proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 3.98%, as well as what the School 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 (2.98%) or 1 percentage point higher (4.98%) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the net pension liability	\$ 501,377	\$ 409,159	\$ 333,025

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>
2017	\$ 1,150	\$ 1,150
2016	3,474	3,474
2015	534	534

West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

9. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.1 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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 at:

<http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

10. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2017, the School District has recognized as revenues and expenditures on-behalf payments made by the state for normal retirement costs, post-retirement medical costs and long term disability insurance related to TPAF, in the fund statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs and long term disability insurance were \$65,492, \$54,570, and \$88, respectively. In addition, \$46,341 on-behalf payments were made by the state for the 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.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

11. RISK MANAGEMENT (Continued)

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Miscellaneous</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 3,303	\$ 1,907	\$ 1	\$ 14	\$ 6,899
2015-2016		1,828	1	3,303	1,702
2014-2015		1,714	1		3,176

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, 2017, the liability for compensated absences in the governmental activities fund types was \$27,865.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

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, 2018. The following interfund balances were recorded on the various balance sheets as of June 30, 2017:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 127,421	\$ 1,600
Special Revenue		48,835
Proprietary Fund	1,600	5,275
Fiduciary		73,311
	<u>\$ 129,021</u>	<u>\$ 129,021</u>

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. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

17. DEFICIT UNRESTRICTED NET POSITIONS

As of June 30, 2017, a deficit of \$104,105 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, 2017	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds):	
Fund Balance – Unassigned	\$ 187,249
Liabilities:	
Accrued Interest Payable	(2,681)
Net Pension Differences	(260,808)
Compensated Absences	<u>(27,865)</u>
Unrestricted Net Position (Deficit)	<u>\$ (104,105)</u>

18. 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, 2017 is \$52,162 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$52,414 of excess fund balance generated during the 2015-2016 fiscal year has been restricted and designated for utilization in the 2017-2018 budget.

Capital Reserve – As of June 30, 2017, the balance in the capital reserve account is \$398,369 which is restricted for future capital outlay expenditures for capital projects in the School District’s approved Long Range Facilities Plan. Of this amount, \$180,000 has been appropriated in the 2017-2018 budget.

Maintenance Reserve Account – As of June 30, 2017, 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, 2017, the balance in the emergency reserve is \$50,000. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a through and efficient education in accordance with N.J.S.A. 18A:7F-41c(1).

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

18. FUND BALANCES (CONTINUED)

ASSIGNED

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

General Fund:

Other Purposes – At June 30, 2017 the School District has \$6,720 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, 2017, \$187,249 of general fund balance was unassigned.

Debt Service Fund – As of June 30, 2017, \$201 of debt service 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, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 998,445	\$ -	\$ 998,445	\$ 998,445	\$ -
Tuition from individuals	9,000	-	9,000	14,454	5,454
Interest Earned on Capital Reserve	10	-	10	23	13
Unrestricted Miscellaneous Revenue	900	-	900	6,395	5,495
Total local sources	1,008,355	-	1,008,355	1,019,317	10,962
State sources:					
School Choice Aid	548,457	-	548,457	548,457	
Categorical Special Education Aid	28,525	-	28,525	28,525	
Categorical Security Aid	6,810	-	6,810	6,810	
Categorical Transportation Aid	5,454	-	5,454	5,454	
Under Adequacy Aid	38,690	-	38,690	38,690	
PARCC Readiness Aid	830	-	830	830	
Per Pupil Growth Aid	830	-	830	830	
Professional Learning Community Aid	650	-	650	650	
Nonpublic Transportation Aid				174	174
Lead Testing for Schools Aid				330	330
On-behalf TPAF pension contributions (non-budgeted)				65,492	65,492
On-behalf TPAF post retirement medical (non-budgeted)				54,570	54,570
On-behalf TPAF-LTGI (non-budgeted)				88	88
Reimbursed TPAF social security contributions (non-budgeted)				46,341	46,341
Total state sources	630,246	-	630,246	797,241	166,995
TOTAL REVENUES	1,638,601	-	1,638,601	1,816,558	177,957
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Preschool	22,217	300	22,517	22,486	31
Kindergarten	76,984	1,300	78,284	78,236	48
Grades 1-5	312,052	1,920	313,972	313,944	28
Grades 6-8	50,686	-	50,686	50,049	637
Total Instruction	461,939	3,520	465,459	464,715	744
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	66,704	17,000	83,704	83,669	35
Purchased technical services	17,000	4,000	21,000	19,149	1,851
General supplies	65,000	(4,000)	61,000	56,333	4,667
Textbooks	17,000	-	17,000	9,432	7,568
Total Undistributed Instruction	165,704	17,000	182,704	168,583	14,121
Total - Regular Programs - Instruction	627,643	20,520	648,163	633,298	14,865

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, 2017

(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	\$ 132,891	\$ -	\$ 132,891	\$ 122,696	\$ 10,195
General supplies	2,700	2,550	5,250	5,249	1
Textbooks	275	-	275	275	-
Total Resource Room/Resource Center	<u>135,866</u>	<u>2,550</u>	<u>138,416</u>	<u>128,220</u>	<u>10,196</u>
Total Special Education - Instruction	<u>135,866</u>	<u>2,550</u>	<u>138,416</u>	<u>128,220</u>	<u>10,196</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	9,531	75	9,606	9,595	11
General supplies	300	-	300	300	-
Textbooks	250	-	250	250	-
Total Basic Skills/Remedial - Instruction	<u>10,081</u>	<u>75</u>	<u>10,156</u>	<u>10,145</u>	<u>11</u>
School-Sponsored Cocurricular Act - Inst.					
Purchased services	4,000	-	4,000	1,020	2,980
Total School-Sponsored Cocurr. Act. - Inst	<u>4,000</u>	<u>-</u>	<u>4,000</u>	<u>1,020</u>	<u>2,980</u>
Undistributed Expenditures - Instruction					
Tuition to CSSD & reg. day schools	53,300	(25,440)	27,860	864	26,996
Total Undistributed Expenditures - Instruction	<u>53,300</u>	<u>(25,440)</u>	<u>27,860</u>	<u>864</u>	<u>26,996</u>
Undistributed Expenditures - Attend. and Social Work					
Salaries of teachers	57,994	(9,800)	48,194	48,156	38
Purchased professional and technical services	17,136	(8,400)	8,736	8,672	64
Other Purchased Services	15,520	60	15,580	15,572	8
Total Undistributed Expenditures - Attendance	<u>90,650</u>	<u>(18,140)</u>	<u>72,510</u>	<u>72,400</u>	<u>110</u>
Undistributed Expenditures - Health Services					
Salaries	9,156	10	9,166	9,156	10
Supplies and materials	2,200	(750)	1,450	1,398	52
Total Undistributed Expenditures - Health Svcs.	<u>11,356</u>	<u>(740)</u>	<u>10,616</u>	<u>10,554</u>	<u>62</u>
Undist. Expend. - Speech, OT, PT & Rel. Serv.					
Purchased prof. and educational services	14,000	420	14,420	14,420	-
Total Undst. Expend. - Speech, OT, PT & Rel. Serv.	<u>14,000</u>	<u>420</u>	<u>14,420</u>	<u>14,420</u>	<u>-</u>
Undist. Expend. - Guidance					
Supplies and materials	1,000	(1,000)	-	-	-
Total Undst. Expend. - Guidance	<u>1,000</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>

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, 2017

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	\$ 12,416	\$ 150	\$ 12,566	\$ 12,520	\$ 46
Salaries of Secretarial and Clerical Assistants	11,715	10	11,725	11,715	10
Purchased professional and educational services	18,500	(18,500)	-	-	-
Other purchased professional and technical services	15,000	22,000	37,000	36,241	759
Total Undst. Expend. - Child study Teams	57,631	3,660	61,291	60,476	815
Undist. Expend. - Improvement of Instructional Services					
Salaries of Supervisors of Instruction	15,520	-	15,520	14,641	879
Salaries of Other Professional Staff	7,810	10	7,820	7,810	10
Total Undst. Expend. - Imp. of Instructional Services	23,330	10	23,340	22,451	889
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	15,794	1,000	16,794	16,794	-
Purchased professional and technical services	500	(225)	275	273	2
Other purchased services	9,000	-	9,000	1,844	7,156
Supplies and materials	5,000	-	5,000	2,083	2,917
Other objects	6,200	-	6,200	5,775	425
Total Undst. Expend. - Educ. Media Serv./Sch. Library	36,494	775	37,269	26,769	10,500
Undist. Expend. - Instructional Staff Training Services					
Salaries of Supervisors of Instruction	31,144	-	31,144	-	31,144
Purchased professional and educ. services	2,250	850	3,100	3,030	70
Purchased professional and tech. services	40,352	5,300	45,652	45,628	24
Other purchased services (400-500)	600	-	600	442	158
Total Undst. Expend. - Instr. Staff Training Services	74,346	6,150	80,496	49,100	31,396
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	17,150	7,285	24,435	24,435	-
Legal services	4,000	5,200	9,200	9,197	3
Audit Fees	9,100	-	9,100	9,100	-
Other purchased professional services	16,000	(1,100)	14,900	13,895	1,005
Purchased technical services	17,000	1,000	18,000	17,386	614
Communications/Telephone	1,700	150	1,850	1,829	21
Miscellaneous purchased services	800	(650)	150	-	150
General Supplies	850	-	850	850	-
BOE in-house training/meeting supplies	1,100	-	1,100	376	724
BOE membership dues and fees	5,200	300	5,500	5,498	2
Total Undst. Expend. - Supp. Serv. General Admin.	72,900	12,185	85,085	82,566	2,519
Undist. Expend. - Central Services					
Purchased professional services	4,550	(4,475)	75	75	-
Supplies and materials	1,250	(1)	1,249	1,249	-
Interest on Lease Purchase Agreements	4,405	1	4,406	4,405	1
Miscellaneous expenditures	400	-	400	-	400
Total Undst. Expend. - Central Services	10,605	(4,475)	6,130	5,729	401

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, 2017

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maint. Sch. Facilities					
Cleaning, repair, and maintenance services	\$ 13,000	\$ -	\$ 13,000	\$ 8,274	\$ 4,726
Total Undst. Expend. - Required Maint. Sch. Facilities	<u>13,000</u>	<u>-</u>	<u>13,000</u>	<u>8,274</u>	<u>4,726</u>
Undist. Expend. - Custodial Services					
Salaries	45,732	1,950	47,682	47,232	450
Cleaning, repair, and maintenance services	28,000	(500)	27,500	16,680	10,820
Other purchased property services	6,839	-	6,839	1,630	5,209
Insurance	19,000	-	19,000	14,484	4,516
General supplies	5,000	1,800	6,800	5,222	1,578
Energy (natural gas)	15,000	-	15,000	7,316	7,684
Energy (electricity)	15,000	-	15,000	11,298	3,702
Total Undst. Expend. - Custodial Services	<u>134,571</u>	<u>3,250</u>	<u>137,821</u>	<u>103,862</u>	<u>33,959</u>
Total Undst. Expend. - Oper. & Maint. of Plant Services	<u>147,571</u>	<u>3,250</u>	<u>150,821</u>	<u>112,136</u>	<u>38,685</u>
Undist. Expend. - Student Trans. Services					
Contr. serv. (other than bet. home & sch.) - vendors	650	-	650		650
Contr. serv. (bet. home and school) - joint agreements	19,000	(1,700)	17,300	2,652	14,648
Contr. serv. (sp ed stds) - ESC's & CTSA's	9,000	-	9,000	206	8,794
Total Undst. Expend. - Student Trans. Services	<u>28,650</u>	<u>(1,700)</u>	<u>26,950</u>	<u>2,858</u>	<u>24,092</u>
Regular Programs - Instruction - Employee Benefits					
Group Insurance	8,600	(8,600)			-
Workmen's compensation	11,300	(11,300)			-
Health Benefits	110,000	(110,000)			-
Tuition Reimbursement	10,000	(10,000)			-
Other Employee Benefits	5,200	-	5,200		5,200
Total regular Pograms - Instruction	<u>145,100</u>	<u>(139,900)</u>	<u>5,200</u>	<u>-</u>	<u>5,200</u>
Unallocated Benefits - Employee Benefits					
Group Insurance		6,000	6,000	4,913	1,087
Social security contributions	25,000	-	25,000	22,510	2,490
Other retirement contributions - PERS	13,000	-	13,000	12,618	382
Unemployment Compensation	10,000	-	10,000	56	9,944
Workmen's compensation	-	13,000	13,000	12,955	45
Health Benefits		110,000	110,000	64,619	45,381
Tuition Reimbursement		10,000	10,000	1,950	8,050
Total Unallocated Benefits - Employee Benefits	<u>48,000</u>	<u>139,000</u>	<u>187,000</u>	<u>119,621</u>	<u>67,379</u>
On-behalf TPAF pension contributions (non-budgeted)				65,492	(65,492)
On-behalf TPAF post retirement medical (non-budgeted)				54,570	(54,570)
On-behalf TPAF-LTGI (non-budgeted)				88	(88)
Reimbursed TPAF social security contributions (non-budgeted)				46,341	(46,341)
Total Undistributed Expenditures - TPAF	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,491</u>	<u>(166,491)</u>

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, 2017

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Undistributed Expenditures	\$ 814,933	\$ (25,945)	\$ 788,988	\$ 746,435	\$ 42,553
Total General Current Expense	1,592,523	(2,800)	1,589,723	1,519,118	70,605
CAPITAL OUTLAY:					
Equipment					
Undistributed Expend. - Required Maintenance	2,879		2,879	2,879	
Undistributed Expend. - Security		43,100	43,100	43,092	8
Undistributed Expend. - Non-Instructional Services	24,177	(7,300)	16,877	16,805	72
Total Equipment	27,056	35,800	62,856	62,776	80
Facilities Acquisition and Construction Services					
Architectural/Engineering services	40,000	(29,500)	10,500	10,232	268
Construction services	20,000	3,250	23,250	23,207	43
Lease Purchase Agreements - Principle	41,913		41,913	41,913	
Bldgs. Other than Lease Purchase Agreements	150,000	(9,350)	140,650		140,650
Assessment for Debt Service on SDA Funding	69		69	69	
Total Facilities Acquisition and Construction Services	251,982	(35,600)	216,382	75,421	140,961
Total Capital Outlay	279,038	200	279,238	138,197	141,041
Total Expenditures	1,871,561	(2,600)	1,868,961	1,657,315	211,646
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(232,960)	2,600	(230,360)	159,243	389,603
Other Financing Sources:					
Operating transfer out - Food Service Fund			(2,600)	(2,600)	
Operating transfer out - Capital Projects Fund				(18,611)	(18,611)
Total Other Financing Sources			(2,600)	(21,211)	(18,611)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(232,960)	2,600	(232,960)	138,032	370,992
Fund Balance, July 1	741,807		741,807	741,807	
Fund Balance, June 30	\$ 508,847	\$ 2,600	\$ 508,847	\$ 879,839	\$ 370,992
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 52,414	
Reserve for Excess Surplus				52,162	
Maintenance Reserve				70,000	
Capital Reserve Account				398,369	
Emergency Reserve				50,000	
Assigned Fund Balance:					
Year-end Encumbrances				6,720	
Designated for Subsequent Year's Expenditures					
Unassigned Fund Balance				250,174	
				879,839	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(62,925)	
Fund Balance per Governmental Funds (GAAP)				\$ 816,914	

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, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 38,524	\$ 55,341	\$ 93,865	\$ 77,526	\$ (16,339)
Local sources	2,000		2,000	2,000	
Total revenues	<u>40,524</u>	<u>55,341</u>	<u>95,865</u>	<u>79,526</u>	<u>(16,339)</u>
EXPENDITURES:					
Instruction:					
Tuition	21,114	(2,914)	18,200	17,462	738
Professional educational services	15,012	23,894	38,906	24,233	14,673
Other purchased services		16,122	16,122	16,122	
General supplies	2,000	9,583	11,583	10,663	920
Total instruction	<u>38,126</u>	<u>46,685</u>	<u>84,811</u>	<u>68,480</u>	<u>16,331</u>
Support Services:					
Purchased professional and technical services	2,398	8,656	11,054	11,046	8
Total support services	<u>2,398</u>	<u>8,656</u>	<u>11,054</u>	<u>11,046</u>	<u>8</u>
Total expenditures	<u>40,524</u>	<u>55,341</u>	<u>95,865</u>	<u>79,526</u>	<u>16,339</u>
Total outflows	<u>40,524</u>	<u>55,341</u>	<u>95,865</u>	<u>79,526</u>	<u>16,339</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 1,816,558	\$ 79,526
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.	45,866	
The last State aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognizes this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	(62,925)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 1,799,499	\$ 79,526
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 1,657,315	\$ 79,526
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	\$ 1,657,315	\$ 79,526

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 Four Fiscal Years

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0013814945%	0.0013506538%	0.0006898471%	0.0011538468%
District's proportionate share of the net pension liability (asset)	\$ 409,159	\$ 303,195	\$ 129,158	\$ 220,523
District's covered-employee payroll	98,314	95,290	94,616	91,100
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	416.18%	318.18%	136.51%	242.07%
Plan fiduciary net position as a percentage of the total pension liability	31.20%	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 Four Fiscal Years

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 13,483	\$ 12,273	\$ 11,612	\$ 5,687
Contributions in relation to the contractually required contributions	<u>(13,483)</u>	<u>(12,273)</u>	<u>(11,612)</u>	<u>(5,687)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	98,314	95,290	94,616	91,100
Contributions as a percentage of covered-employee payroll	13.71%	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 Four Fiscal Years

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2015
District's proportion of the net pension liability (asset)	0.0056807149%	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	<u>4,468,812</u>	<u>3,143,866</u>	<u>2,369,435</u>	<u>2,347,077</u>
Total	<u>\$ 4,468,812</u>	<u>\$ 3,143,866</u>	<u>\$ 2,369,435</u>	<u>\$ 2,347,077</u>
District's covered-employee payroll	\$ 654,778	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	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, 2017

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

Changes of benefit term: 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: Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

2. Public Employees' Retirement System (PERS)

Changes of benefit term: 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: Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 3 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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, 2017

	REAP Grant	Title I	Title IIA	Title III	IDEA Basic	IDEA Preschool	Sustainable Jersey Grant	Total
REVENUES:								
State sources								
Federal sources	\$ 16,122	\$ 39,081	\$ 3,085	\$ 728	\$ 18,510	\$ -	\$ -	\$ 77,526
Local sources							2,000	2,000
Total Revenues	<u>16,122</u>	<u>39,081</u>	<u>3,085</u>	<u>728</u>	<u>18,510</u>		<u>2,000</u>	<u>79,526</u>
 EXPENDITURES:								
Instruction:								
Tuition					17,462			17,462
Professional educational services		24,233						24,233
Other purchased services	16,122							16,122
General supplies		6,887		728	1,048		2,000	10,663
Total Instruction	<u>16,122</u>	<u>31,120</u>		<u>728</u>	<u>18,510</u>		<u>2,000</u>	<u>68,480</u>
Support Services:								
Purchase professional and technical services		7,961	3,085					11,046
Other objects								
Total Support Services		<u>7,961</u>	<u>3,085</u>					<u>11,046</u>
Total Expenditures	<u>\$ 16,122</u>	<u>\$ 39,081</u>	<u>\$ 3,085</u>	<u>\$ 728</u>	<u>\$ 18,510</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 79,526</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>

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, 2017

Revenues and Other Financing Sources:

Transfer from Capital Reserve	\$ 18,611
State Aid - SDA Grant	(21,555)
Proceeds of Capital Lease	-
	(2,944)
Total Revenues	(2,944)

Expenditures and Other Financing Uses:

Purchased Professional Services	\$ -
Construction Services	13
	13
Total Expenditures	13
Excess (Deficiency) or Revenues Over (Under) Expenditures	(2,957)
Fund Balance - July 1, 2016	2,957
Fund Balance - June 30, 2017	\$ -

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, 2017

	<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	\$ 200,780	\$ (21,555)	\$ 179,225	\$ 179,225
Proceeds of Capital Lease	215,000		215,000	215,000
Transfer from Capital Outlay	33,170		33,170	33,170
Transfer from Capital Reserve		19,139	19,139	19,139
Total Revenues	<u>448,950</u>	<u>(2,416)</u>	<u>446,534</u>	<u>446,534</u>
Expenditures and Other Financing Uses:				
Purchased Professional Services	36,089		36,089	36,089
Construction Services	410,445		410,445	410,445
Transfer to General Fund				
Total Expenditures	<u>446,534</u>	<u></u>	<u>446,534</u>	<u>446,534</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 2,416</u>	<u>\$ (2,416)</u>	<u>\$ -</u>	<u>\$ -</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, 2017

	Prior Periods	Current Year	Total	Revised Authorized Costs
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 105,024	\$ -	\$ 105,024	\$ 105,024
Transfer from Capital Outlay	210,535		210,535	210,535
Transfer from Capital Reserve		(528)	(528)	
Total Revenues	315,559	(528)	315,031	315,559
Expenditures and Other Financing Uses:				
Purchased Professional Services	20,086		20,086	20,086
Construction services	294,932	13	294,945	294,945
Total Expenditures	315,018	13	315,031	315,031
Excess (deficiency) or Revenues over (under) Expenditures	\$ 541	\$ (541)	\$ -	\$ 528
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, 2017

	Child Care Program	Food Service	Total
ASSETS:			
Current assets:			
Cash and Cash Equivalents	\$ 6,303	\$ -	\$ 6,303
Accounts receivable:			
State		263	263
Federal		658	658
Other	84		84
Interfund receivable		1,600	1,600
Total Current Assets	6,387	2,521	8,908
Fixed Assets:			
Equipment		2,550	2,550
Less Accumulated depreciation		(727)	(727)
Total Fixed Assets		1,823	1,823
Total Assets	\$ 6,387	\$ 4,344	\$ 10,731
LIABILITIES:			
Current Liabilities:			
Cash Overdraft		2,494	2,494
Interfund payable	5,275		5,275
Total Current Liabilities	5,275	2,494	7,769
NET POSITION:			
Net Investment in Capital Assets		1,823	1,823
Unreserved Retained Earnings	1,112	27	1,139
Total Net Position	\$ 1,112	\$ 1,850	\$ 2,962

WEST CAPE MAY SCHOOL DISTRICT
Enterprise Funds

Combined Statement of Revenues, Expenses and Changes in Net Position
for the Fiscal Year ended June 30, 2017

	<u>Child Care Program</u>	<u>Food Service</u>	<u>Total</u>
OPERATING REVENUES:			
Local sources:			
Daily sales-reimbursable programs:			
School lunch program	\$ -	\$ 7,760	\$ 7,760
Total-daily sales-reimbursable programs		7,760	7,760
Program fees	14,722		14,722
Total operating revenue	14,722	7,760	22,482
OPERATING EXPENSES:			
Salaries	10,334		10,334
Supplies and materials			
Depreciation		162	162
Miscellaneous		340	340
Cost of Sales - reimbursable		27,940	27,940
Cost of Sales - nonreimbursable	4,438		4,438
Total operating expenses	14,772	28,442	43,214
Operating income (loss)	(50)	(20,682)	(20,732)
Non-operating revenues:			
State sources:			
State school lunch program		506	506
Federal sources:			
National school lunch program		10,405	10,405
National school breakfast program		5,635	5,635
Miscellaneous revenue			
Interest revenue	1	1	2
Total non-operating revenues	1	16,547	16,548
Net income (loss) before transfers	(49)	(4,135)	(4,184)
Other Financing Sources and Uses:			
Operating transfers in		2,600	2,600
Change in Net Position	(49)	(1,535)	(1,584)
Net Position - July 1	1,161	3,385	4,546
Net Position - June 30	\$ 1,112	\$ 1,850	\$ 2,962

WEST CAPE MAY SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
for the Fiscal Year ended June 30, 2017

	Child Care Program	Food Service	Total
Cash flows from operating activities:			
Cash receipts from customers	\$ 14,638	\$ 7,602	\$ 22,240
Cash payments to employees for services	(5,059)	-	(5,059)
Cash payments to suppliers for goods and services	(4,438)	(28,281)	(32,719)
Net cash used by operating activities	<u>5,141</u>	<u>(20,679)</u>	<u>(15,538)</u>
Cash flows from noncapital financing activities:			
Cash received from state and federal reimbursements		16,894	16,894
Cash received from board contribution		1,000	1,000
Net cash provided by noncapital financing activities	<u>-</u>	<u>17,894</u>	<u>17,894</u>
Cash flows from capital financing activities:			
Purchases of fixed assets			
Net cash used by capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest on investments	1	1	2
Net cash provided by investing activities	<u>1</u>	<u>1</u>	<u>2</u>
Net increase (decrease) in cash and cash equivalents	5,142	(2,784)	2,358
Cash and cash equivalents, July 1	<u>1,161</u>	<u>290</u>	<u>1,451</u>
Cash and cash equivalents, June 30	<u>\$ 6,303</u>	<u>\$ (2,494)</u>	<u>\$ 3,809</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (50)	\$ (20,682)	\$ (20,732)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation		162	162
Change in assets and liabilities:			
(Increase)/decrease in accounts receivable	(84)		(84)
Increase/(decrease) in deferred revenue		(159)	(159)
Increase/(decrease) in interfund payable	5,275		5,275
Net cash used by operating activities	<u>\$ 5,141</u>	<u>\$ (20,679)</u>	<u>\$ (15,538)</u>

Fiduciary Funds
Detail Statements

WEST CAPE MAY SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Net Position
June 30, 2017

	Agency Funds		Unemployment Compensation Insurance Fund	Total
	Student Activity	Payroll		
ASSETS:				
Cash and Cash Equivalents	\$ 583	\$ 86,668	\$ 6,913	\$ 94,164
TOTAL ASSETS	\$ 583	\$ 86,668	\$ 6,913	\$ 94,164
LIABILITIES				
LIABILITIES:				
Accounts Payable			14	14
Interfund Payable		73,311		73,311
Payroll Withholdings		13,357		13,357
Due to Student Groups	583			583
Total Liabilities	583	86,668	14	87,265
NET POSITION				
Reserved for unemployment claims			6,899	6,899
Total net position	\$ -	\$ -	\$ 6,899	\$ 6,899

WEST CAPE MAY SCHOOL DISTRICT
Fiduciary Fund
 Statement of Changes in Fiduciary Net Position
 for the Fiscal Year ended June 30, 2017

	<u>Unemployment Compensation Insurance Trust</u>	<u>Total</u>
REVENUES:		
Local sources:		
Employee contributions	\$ 1,907	\$ 1,907
Miscellaneous Revenue	3,303	3,303
Interest on Investments	1	1
	5,211	5,211
Total Revenues	5,211	5,211
EXPENDITURES:		
Current Expense:		
Undistributed Expenditures:		
Unemployment claims	14	14
	14	14
Total Expenditures	14	14
Excess (deficiency) of revenues over (under) expenditures)	5,197	5,197
Net Position July 1	1,702	1,702
Net Position June 30	<u>\$ 6,899</u>	<u>\$ 6,899</u>

WEST CAPE MAY SCHOOL DISTRICT
Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 for the Fiscal Year ended June 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u> <u>June 30, 2017</u>	<u>Balance</u> <u>June 30, 2017</u>
Assets:					
West Cape May Elementary	\$ 1,502	\$ 1,506	\$ 2,425	\$ -	\$ 583
Total	<u>\$ 1,502</u>	<u>\$ 1,506</u>	<u>\$ 2,425</u>	<u>\$ -</u>	<u>\$ 583</u>

WEST CAPE MAY SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2017

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
ASSETS:				
Cash and cash equivalents	\$ 60,103	\$ 1,052,589	\$ 1,026,024	\$ 86,668
Other Accounts Receivable	<u>1,271</u>		<u>1,271</u>	
Total assets	<u><u>\$ 61,374</u></u>	<u><u>\$ 1,052,589</u></u>	<u><u>\$ 1,027,295</u></u>	<u><u>\$ 86,668</u></u>
LIABILITIES:				
Payroll deductions and withholdings	\$ 10,818	\$ 368,163	\$ 365,624	\$ 13,357
Net payroll		621,974	621,974	
Interfund payable	<u>50,556</u>	<u>62,452</u>	<u>39,697</u>	<u>73,311</u>
Total liabilities	<u><u>\$ 61,374</u></u>	<u><u>\$ 1,052,589</u></u>	<u><u>\$ 1,027,295</u></u>	<u><u>\$ 86,668</u></u>

Long-Term Debt Schedules

WEST CAPE MAY SCHOOL DISTRICT
General Long-Term Debt Account Group
 Statement of Serial Bonds
 June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Rate of Interest	Balance July 1, 2016	Issued	Retired	Balance June 30, 2017
			Date	Amount					
School Bonds	07/15/1998	\$970,000	07/15/17	\$ 60,000	4.875%	\$ 180,000	\$ -	\$ 60,000	\$ 120,000
			07/15/18	60,000	4.875%				
						\$ 180,000	\$ -	\$ 60,000	\$ 120,000

WEST CAPE MAY SCHOOL DISTRICT
General Long-Term Debt Account Group
Statement of Obligations Under Capital Leases
June 30, 2017

<u>Purpose</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding July 1, 2016</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2017</u>
Heating, Ventilation, and Air Conditioning	2.53%	\$ 215,000	\$ 174,121	-	\$ 41,912	\$ 132,209
			<u>\$ 174,121</u>	<u>-</u>	<u>\$ 41,912</u>	<u>\$ 132,209</u>

WEST CAPE MAY SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 44,796	\$ -	\$ 44,796	\$ 44,796	\$ -
Miscellaneous					
Total revenues - local sources	<u>44,796</u>		<u>44,796</u>	<u>44,796</u>	
State sources:					
Debt service aid type II	<u>22,717</u>		<u>22,717</u>	<u>22,717</u>	
Total revenues - state sources	<u>22,717</u>		<u>22,717</u>	<u>22,717</u>	
Total Revenues	<u>67,513</u>		<u>67,513</u>	<u>67,513</u>	
EXPENDITURES:					
Regular debt service:					
Interest	7,513		7,513	7,312	201
Redemption of principal	<u>60,000</u>		<u>60,000</u>	<u>60,000</u>	
Total Expenditures	<u>67,513</u>		<u>67,513</u>	<u>67,312</u>	<u>201</u>
Excess (Deficiency) of revenues over (under) expenditures				201	201
Other Financing Sources (Uses):					
Operating transfer in					
Total other financing sources (uses)					
Net change in fund balance				201	201
Fund Balances, July 1					
Fund Balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201</u>	<u>\$ 201</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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Net investment in capital assets	\$ 471,189	\$ 493,227	\$ 517,188	\$ 376,511	\$ 401,478	\$ 426,445	\$ 597,808	\$ 403,534	\$ 658,988	\$ 725,674
Restricted for:										
Capital projects	2,890	2,431	127,134	157,350	157,076	157,076	242,222	867,902	269,196	398,369
Debt service		307	307	-	-	-	-	-	-	201
Other purposes	37,150	175,497	204,722	227,243	215,263	210,240	261,530	226,469	225,384	231,296
Unrestricted	236,493	230,020	231,076	248,866	235,107	208,439	170,463	(33,338)	(42,026)	(104,105)
Total governmental activities net position	<u>\$ 747,722</u>	<u>\$ 901,482</u>	<u>\$ 1,080,427</u>	<u>\$ 1,009,970</u>	<u>\$ 1,008,924</u>	<u>\$ 1,002,200</u>	<u>\$ 1,272,023</u>	<u>\$ 1,464,567</u>	<u>\$ 1,111,542</u>	<u>\$ 1,251,435</u>
Business-type activities:										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,308	\$ 2,146	\$ 1,985	\$ 1,823
Unrestricted	822	562	1,035	381	3,519	3,076	3,905	2,319	2,561	1,139
Total business-type activities net position	<u>\$ 822</u>	<u>\$ 562</u>	<u>\$ 1,035</u>	<u>\$ 381</u>	<u>\$ 3,519</u>	<u>\$ 3,076</u>	<u>\$ 6,213</u>	<u>\$ 4,465</u>	<u>\$ 4,546</u>	<u>\$ 2,962</u>
District-wide:										
Net investment in capital assets	\$ 471,189	\$ 493,227	\$ 517,188	\$ 376,511	\$ 401,478	\$ 426,445	\$ 600,116	\$ 405,680	\$ 660,973	\$ 727,497
Restricted:										
Capital projects	2,890	2,431	127,134	157,350	157,076	157,076	242,222	867,902	269,196	398,369
Debt service		307	307	-	-	-	-	-	-	201
Other purposes	37,150	175,497	204,722	227,243	215,263	210,240	261,530	226,469	225,384	231,296
Unrestricted	237,315	230,582	232,111	249,247	238,626	211,515	174,368	(31,019)	(39,465)	(102,966)
Total district net position	<u>\$ 748,544</u>	<u>\$ 902,044</u>	<u>\$ 1,081,462</u>	<u>\$ 1,010,351</u>	<u>\$ 1,012,443</u>	<u>\$ 1,005,276</u>	<u>\$ 1,278,236</u>	<u>\$ 1,469,032</u>	<u>\$ 1,116,088</u>	<u>\$ 1,254,397</u>

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

Exhibit J-2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 747,846	\$ 494,965	\$ 437,229	\$ 518,971	\$ 449,998	\$ 501,919	\$ 641,168	\$ 651,275	\$ 640,823	\$ 726,167
Special education	57,092	50,013	69,541	60,804	74,135	68,480	93,245	83,295	151,731	128,220
Other instruction	148	2,020		600	550	8,524	8,526	11,928	12,366	11,165
Support Services:										
Tuition	77,611	65,039	47,884	59,018	18,353	2,300	22,167	14,067	27,358	18,326
Student & instruction related services	117,256	125,766	124,355	129,724	162,650	207,469	258,963	240,549	277,702	267,216
General and business administrative services	61,257	57,986	49,918	55,763	56,310	66,784	72,239	66,453	74,553	93,811
Plant operations and maintenance	100,906	112,056	104,661	234,003	242,154	120,608	129,453	434,335	635,239	194,013
Pupil transportation	8,182	10,000	7,398	15,623	30,411	7,102	9,011	10,702	10,974	2,858
Unallocated employee benefits	211,374	149,122	146,262	166,113	177,619	318,733	197,764	205,986	283,414	334,743
Special schools	-	-	-	-	-	-	-	-	-	-
Charter schools	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	30,757	26,485	24,965	23,356	19,025	17,174	14,494	11,812	8,897	5,971
Unallocated depreciation	4,671	4,982	4,790	12,477	5,189	3,003				
Total governmental activities expenses	<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>	<u>1,782,490</u>
Business-type activities:										
Food service	15,789	16,988	18,328	9,377	13,384	16,842	11,264	22,660	22,771	28,442
Child care	-	-	-	-	-	-	6,064	8,517	21,360	14,772
Total business-type activities expense	<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>	<u>43,214</u>
Total district expenses	<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>	<u>1,825,704</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	192,095	124,303	127,456	121,334	129,441	162,986	175,687	203,445	215,910	268,734
Total governmental activities program revenues	<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>	<u>268,734</u>

(Continued)

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

Exhibit J-2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services:										
Food service	\$ 4,578	\$ 3,950	\$ 4,170	\$ 3,374	\$ 4,167	\$ 3,689	\$ 3,591	\$ 5,370	\$ 5,737	\$ 7,760
Child care							7,450	8,181	21,467	14,722
Operating grants and contributions	2,684	2,282	3,547	5,346	12,353	12,709	9,421	15,875	14,034	16,546
Capital grants and contributions										
Total business type activities program revenues	<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>	<u>39,028</u>
Total district program revenues	<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>	<u>\$ 307,762</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (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)	\$ (1,513,756)
Business-type activities	(8,527)	(10,756)	(10,611)	(657)	3,136	(444)	3,134	(1,751)	(2,893)	(4,186)
Total district-wide net expense	<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>	<u>\$ (1,517,942)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 817,965	\$ 850,684	\$ 847,561	\$ 838,582	\$ 855,354	\$ 809,987	\$ 826,187	\$ 842,710	\$ 978,868	\$ 998,445
Taxes levied for debt service	48,813	47,162	45,568	48,483	50,100	48,631	46,854	45,078	46,534	44,796
Unrestricted grants and contributions	181,104	179,025	141,349	138,040	190,317	298,779	462,386	814,598	512,342	592,136
Tuition revenue	51,000	32,576	25,000	20,480	540	7,360	14,400	3,070	14,400	14,454
Investment earnings	7,275	3,890	1,981	1,321	32	73	146	63	10	23
Miscellaneous income										
Proceeds of capital lease		25,043	18,113	37,755	9,564	2,857	15,366	10,811	1,968	6,395
Transfers	(7,945)	(10,489)	(11,080)	-	-	-	-	-	-	(2,600)
Total governmental activities	<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>	<u>1,653,649</u>
Business-type activities:										
Miscellaneous income	44	7	4	3	2	1	3	3	2,974	2
Transfers	7,945	10,489	11,080	-	-	-	-	-	-	2,600
Total business-type activities	<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>	<u>2,602</u>
Total district-wide	<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>	<u>\$ 1,656,251</u>
Change in Net Position:										
Governmental activities	\$ (126,793)	\$ 153,760	\$ 178,945	\$ (70,457)	\$ (1,046)	\$ 8,577	\$ 93,996	\$ 404,373	\$ (353,025)	\$ 139,893
Business-type activities	(538)	(260)	473	(654)	3,138	(443)	3,137	(1,748)	81	(1,584)
Total district-wide	<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>	<u>\$ 138,309</u>

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

Exhibit J-3

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved for:										
Encumbrances	\$ -	\$ -	\$ -	\$ 20,643	\$ -	\$ -	\$ 42,532	\$ 8,311	\$ 2,879	\$ 6,720
Capital reserve	2,890	2,431	127,134	157,350	157,076	157,076	242,222	336,054	266,239	398,369
Maintenance reserve			60,000	70,000	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	50,000
Excess surplus	37,150	175,497	144,722	55,392	88,487	90,240	98,684	98,005	102,505	104,576
Assigned fund balance										
Designated for subsequent year's expenditures				31,208	6,776	-	314	153	-	-
Unassigned	243,912	237,681	237,452	246,239	232,440	220,538	202,361	202,984	204,318	187,249
Total general fund	<u>\$ 283,952</u>	<u>\$ 415,609</u>	<u>\$ 569,308</u>	<u>\$ 630,832</u>	<u>\$ 604,779</u>	<u>\$ 587,854</u>	<u>\$ 706,113</u>	<u>\$ 765,507</u>	<u>\$ 695,941</u>	<u>\$ 816,914</u>
All Other Governmental Funds										
Reserved:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Encumbrances										
Unreserved, reported in:										
Special revenue fund										
Capital projects fund								531,848	2,957	201
Debt service fund										
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 531,848</u>	<u>\$ 2,957</u>	<u>\$ 201</u>

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

Exhibit J-4

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 866,778	\$ 897,846	\$ 893,129	\$ 887,065	\$ 905,454	\$ 858,618	\$ 873,041	\$ 887,788	\$ 1,025,402	\$ 1,043,241
Tuition charges	51,000	32,576	25,000	20,480	540	7,360	14,400	3,070	14,400	14,454
Interest earnings	4,953	3,890	1,981	1,321	32	73	146	63	157	23
Miscellaneous	2,643	26,543	18,763	38,197	9,564	4,369	15,426	13,311	11,821	8,395
State sources	344,470	272,900	232,362	228,542	289,903	416,496	576,423	950,525	679,641	781,344
Federal sources	28,408	28,928	35,793	30,390	29,855	43,757	61,590	65,018	38,611	77,526
Total revenue	<u>1,298,252</u>	<u>1,262,683</u>	<u>1,207,028</u>	<u>1,205,995</u>	<u>1,235,348</u>	<u>1,330,673</u>	<u>1,541,026</u>	<u>1,919,775</u>	<u>1,770,032</u>	<u>1,924,983</u>
Expenditures										
Instruction										
Regular instruction	455,942	472,505	418,752	447,546	425,518	477,198	512,501	610,091	598,277	684,316
Special education instruction	57,092	50,013	69,541	60,804	74,135	68,480	93,245	83,295	151,731	128,220
Other special instruction	148	2,020	-	600	550	8,524	8,526	11,928	12,366	11,165
Other instruction										
Support Services:										
Tuition	77,611	65,039	47,884	59,018	18,353	2,300	22,167	14,067	27,358	18,326
Student & instruction related services	117,256	125,766	124,355	129,724	162,650	207,469	258,963	240,549	277,702	267,216
General and business admin. services	61,257	57,986	49,918	55,763	56,310	66,784	58,784	61,760	69,385	88,295
Plant operations and maintenance	98,421	109,260	94,830	115,943	147,378	117,605	115,998	103,660	121,344	112,136
Pupil transportation	8,182	10,000	7,398	15,623	30,411	7,102	9,011	10,702	10,974	2,858
Other support services	211,374	149,122	146,262	166,113	177,619	193,166	197,764	215,799	273,253	286,112
Special Schools										
Charter Schools										
Capital outlay			7,227	20,000	92,393	125,567	75,086	123,641	755,861	138,210
Debt service:										
Principal	50,000	50,000	50,000	50,000	55,000	55,000	55,000	55,000	60,000	60,000
Interest and other charges	30,956	28,519	26,082	23,644	21,084	18,403	15,722	13,041	10,238	7,312
Total expenditures	<u>1,168,239</u>	<u>1,120,230</u>	<u>1,042,249</u>	<u>1,144,778</u>	<u>1,261,401</u>	<u>1,347,598</u>	<u>1,422,767</u>	<u>1,543,533</u>	<u>2,368,489</u>	<u>1,804,166</u>
Excess (Deficiency) of revenues over (under) expenditures	130,013	142,453	164,779	61,217	(26,053)	(16,925)	118,259	376,242	(598,457)	120,817
Other Financing sources (uses)										
Proceeds from borrowing	-	-	-	-	-	-	-	215,000	-	-
Accrued interest on sale of bonds	-	-	-	-	-	-	-	-	-	-
Transfers in	-	489	307	-	306	-	-	89,231	154,474	18,611
Transfers out	(7,945)	(10,978)	(11,387)	-	(306)	-	-	(89,231)	(154,474)	(21,211)
Total other financing sources (uses)	<u>(7,945)</u>	<u>(10,489)</u>	<u>(11,080)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>215,000</u>	<u>-</u>	<u>(2,600)</u>
Net change in fund balances	<u>\$ 122,068</u>	<u>\$ 131,964</u>	<u>\$ 153,699</u>	<u>\$ 61,217</u>	<u>\$ (26,053)</u>	<u>\$ (16,925)</u>	<u>\$ 118,259</u>	<u>\$ 591,242</u>	<u>\$ (598,457)</u>	<u>\$ 118,217</u>
Debt service as a percentage of noncapital expenditures	6.93%	7.01%	7.35%	6.55%	6.51%	6.01%	5.25%	4.79%	4.36%	4.04%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

Exhibit J-5

<u>Fiscal Year</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>
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
2017	261	14,454	5,372	762			20,849
	<u>\$ 13,762</u>	<u>\$ 183,280</u>	<u>\$ 107,379</u>	<u>\$ 9,495</u>	<u>\$ 6,500</u>	<u>\$ 5,050</u>	<u>\$ 325,466</u>

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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
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
2017	19,378,700	409,260,600	3,301,300	210,200	35,234,100		1,066,100	468,451,000	142,823	468,593,823	10,454,600	0.229	483,309,561

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	
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
2017	0.220	0.009	0.229	0.356	0.365	0.272	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	2017	
	Taxable Assessed Value	% of Total District Net Assessed Value
Wilbraham Mansion, LLC	\$ 2,854,600	0.61%
Rayson Property Management	2,811,700	0.60%
The Depot Travel Park, Inc.	2,729,900	0.58%
Cape May Lumber Company	2,412,100	0.51%
CVS, Inc.	2,300,000	0.49%
Individual #1	2,058,200	0.44%
Cape West Associates, Inc.	1,862,800	0.40%
Individual #2	1,594,300	0.34%
Individual #3	1,135,500	0.24%
SPE Labrusciano, LLC	1,114,800	0.24%
Total	\$ 20,873,900	4.45%

Taxpayer	2008	
	Taxable Assessed Value	% of Total District Net Assessed Value
Raysun Property Management	\$ 2,975,500	0.58%
CVS Property Management	2,149,900	0.42%
Depot Travel Park, Inc.	2,520,300	0.49%
Cape May Lumber	1,807,400	0.35%
Individual #1	1,516,600	0.30%
Cape West Associates Inc.	1,353,400	0.26%
CMC Development Inc.	1,186,700	0.23%
West Cape May Properties	995,800	0.19%
Linnington/Citrino Partnership	826,600	0.16%
Individual #2	824,200	0.16%
Total	\$ 16,156,400	3.16%

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	
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%	-
2017	1,043,241	1,043,241	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		
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	0.82%	448
2016	180,000	-	174,121	-	-	354,121	c	349
2017	120,000	-	132,209	-	-	252,209	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		
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%	177
2017	120,000	-	120,000	0.03%	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, 2016

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	\$ 782,946	100.000%	\$ 782,946
Lower Cape May Regional School Debt	10,462,000	6.405%	670,100
Cape May County General Obligation Debt	226,540,860	0.921%	2,086,441
Subtotal, overlapping debt			3,539,487
West Cape May School District Direct Debt			120,000
Total direct and overlapping debt			\$ 3,659,487

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 2017

	Equalized valuation basis	
	2014	\$ 425,659,865
	2015	436,973,921
	2016	471,575,080
	[A]	<u>\$ 1,334,208,866</u>
Average equalized valuation of taxable property	[A/3]	\$ 444,736,289
Debt limit (2 1/2% of average equalized valuation)	[B]	11,118,407 ^a
Net bonded school debt	[C]	120,000
Legal debt margin	[B-C]	<u>\$ 10,998,407</u>

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	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 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	\$ 11,118,407
Total net debt applicable to limit	<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>	<u>120,000</u>
Legal debt margin	<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>\$ 10,736,713</u>	<u>\$ 10,998,407</u>
Total net debt applicable to the limit as a percentage of debt limit	5.46%	4.65%	4.14%	3.74%	3.31%	2.93%	2.56%	2.19%	1.66%	1.08%

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

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
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	54,161,944	53,309	9.9%
2016	1,016	e	e	9.2%
2017	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

<u>Function/Program</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>2017</u>
Instruction										
Regular	7	7	7	5	6	4	5	5	6	6
Special education	1	1	1	1	1	1	1	1	1	1
Other instruction	3	3	3	3	3	5	5	6	6	6
Support Services:										
General and business administrative services	1	1	1	1	1	1	1	2	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	<u>14</u>	<u>14</u>	<u>14</u>	<u>12</u>	<u>13</u>	<u>13</u>	<u>14</u>	<u>16</u>	<u>17</u>	<u>17</u>

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				
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%
2017	98	1,598,644	16,313	3.72%	8		1 to 11	95.1	90.2	0.36%	95.91%

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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>District Building</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>2017</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	52	42	37	42	56	65	75	82	88	95

Number of Schools at June 30, 2017
 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

* School Facilities	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
West Cape May School	\$ 6,354	\$ 8,757	\$ 3,603	\$ 17,425	\$ 44,396	\$ 18,980	\$ 12,185	\$ 8,413	\$ 15,010	\$ 8,274	\$ 143,397
Project # (s)											
Total School Facilities	<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>\$ 8,274</u>	<u>\$ 143,397</u>

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

Source: District records

**West Cape May School District
Insurance Schedule
June 30, 2017**

Exhibit J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Property - Blanket and Personal Property	\$ 3,870,160	\$ 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

INVERSO & STEWART, LLC

Certified Public Accountants

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 Marlton, New Jersey 08053
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 American Institute of CPAs
 New Jersey Society of CPAs

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE
 REQUIRED BY NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

I have audited West Cape May School District (School District), in the County of Cape May, State of New Jersey's compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2017. The School District's major state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the School District's major state programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and State of New Jersey Circular 15-08-OMB require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major State Program

In my opinion, the West Cape May School District, in the County of Cape May, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the West Cape May School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the West Cape May School District's internal control over compliance.

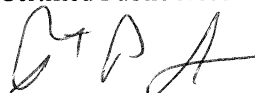
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

INVERSO & STEWART, LLC

Certified Public Accountants



Robert P. Inverso

Certified Public Accountant

Public School Accountant No. CS001095

Marlton, New Jersey
October 12, 2017

WEST CAPE MAY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2017

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, 2016			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2017		
						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	S358A160030	REAP-5610-17	\$ 16,122	7/1/16 - 6/30/17	\$ -	\$ -	\$ -	\$ -	\$ 16,122	\$ (16,122)	\$ -	\$ -	\$ -	\$ -
<u>No Child Left Behind(N.C.L.B.)</u>															
Title I - Current Year	84.010A	S010A160030	NCLB-5610-17	53,875	7/1/16 - 6/30/17					12,323	(39,081)		(26,758)		
Title I - Prior 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	S367A160029	NCLB-5610-17	3,085	7/1/16 - 6/30/17						(3,085)		(3,085)		
Title II - Part A - Prior Year	84.367A	S367A150029	NCLB-5610-16	1,670	7/1/15 - 6/30/16	(1,623)				1,623					
Title III	84.365	S365A160030	NCLB-5610-17	728	7/1/16 - 6/30/17						(728)		(728)		
<u>Individuals With Disabilities Imp. Act (I.D.E.A.)</u>															
Part B - Basic - Current Year	84.027	H027A160100	IDEA-5610-17	20,199	7/1/16 - 6/30/17					1,046	(18,510)		(17,464)		
Part B - Preschool - Current Year	84.173	H173A160114	IDEA-5610-17	584	7/1/16 - 6/30/17										
Part B - Preschool - Prior Year	84.173	H173A150114	IDEA-5610-16	570	7/1/15 - 6/30/16	(570)				570					
Total Special Revenue Fund						(3,025)	---	---	---	32,516	(77,526)	---	(48,035)	-	---
U.S. Department of Agriculture															
<u>Enterprise Fund:</u>															
National School Lunch Program	10.555	171NJ304N1099	N/A	10,405	7/1/16 - 6/30/17					9,765	(10,405)		(640)		
National School Lunch Program	10.555	16161NJ304N1099	N/A	8,621	7/1/15 - 6/30/16	(804)				804		-			
School Breakfast Program	10.553	171NJ304N1099	N/A	5,635	7/1/16 - 6/30/17					5,617	(5,635)		(18)		
School Breakfast Program	10.553	16161NJ304N1099	N/A	5,199	7/1/15 - 6/30/16	(446)				446					
Total Enterprise Fund						(1,250)	---	---	---	16,632	(16,040)	---	(658)	---	---
Total Federal Awards						\$ (4,275)	\$ -	\$ -	\$ -	\$ 49,148	\$ (93,566)	\$ -	\$ (48,693)	\$ -	\$ -

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, 2017

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2016			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	June 30, 2017		
				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	17-495-034-5120-089	\$ 28,525	7/1/16 - 6/30/17	\$ -	\$ -	\$ -	\$ -	\$ 25,677	\$ (28,525)	\$ -	\$ (2,848)	\$ -	\$ -
Special Education Categorical Aid	16-495-034-5120-089	27,618	7/1/15 - 6/30/16	(2,494)				2,494					
Security Aid	17-495-034-5120-084	6,810	7/1/16 - 6/30/17					6,130	(6,810)		(680)		
Security Aid	16-495-034-5120-084	6,484	7/1/15 - 6/30/16	(585)				585					
School Choice Aid	17-495-034-5120-068	548,457	7/1/16 - 6/30/17					493,698	(548,457)		(54,759)		
School Choice Aid	16-495-034-5120-068	428,064	7/1/15 - 6/30/16	(38,647)				38,647					
Transportation Aid	17-495-034-5120-014	5,454	7/1/16 - 6/30/17					4,910	(5,454)		(544)		
Transportation Aid	16-495-034-5120-014	5,502	7/1/15 - 6/30/16	(497)				497					
Under Adequacy Aid	17-495-034-5120-083	38,690	7/1/16 - 6/30/17					34,827	(38,690)		(3,863)		
Under Adequacy Aid	16-495-034-5120-083	38,690	7/1/15 - 6/30/16	(3,493)				3,493					
PARCC Readiness Aid	17-495-034-5120-098	830	7/1/16 - 6/30/17					747	(830)		(83)		
PARCC Readiness Aid	16-495-034-5120-098	830	7/1/15 - 6/30/16	(75)				75					
Per Pupil Growth Aid	17-495-034-5120-097	830	7/1/16 - 6/30/17					747	(830)		(83)		
Per Pupil Growth Aid	16-495-034-5120-097	830	7/1/15 - 6/30/16	(75)				75					
Professional Learning Community Aid	17-495-034-5120-101	650	7/1/16 - 6/30/17					585	(650)		(65)		
Reimbursement of Nonpublic Transportation	17-495-034-5120-014	174	7/1/16 - 6/30/17					(174)			(174)		
Lead Testing for Schools Aid	17-495-034-5120-104	330	7/1/16 - 6/30/17					(330)			(330)		
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	17-495-034-5094-002	65,492	7/1/16 - 6/30/17					65,492	(65,492)				
On Behalf TPAF Post Retirement Medical	17-495-034-5094-001	54,570	7/1/16 - 6/30/17					54,570	(54,570)				
On Behalf TPAF Long Term Disability Insurance	17-495-034-5094-004	88	7/1/16 - 6/30/17					88	(88)				
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	46,341	7/1/16 - 6/30/17					45,668	(46,341)		(673)		
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	43,597	7/1/15 - 6/30/16	(2,014)				2,014					
Total General Fund				(51,054)				784,193	(797,241)		(64,102)		
<u>Debt Service Fund</u>													
Debt Service Aid Type II	17-495-034-5120-017	22,717	7/1/16 - 6/30/17					22,717	(22,717)				
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	(59,422)				37,868		21,554			
Windows, Doors, Masonry & Vestibule Security	5610-050-14-1001-G04	105,024	7/1/14 - 6/30/16	(21,005)				21,005					
Total Capital Projects Fund				(80,427)				58,873		21,554			
State Department of Agriculture													
<u>Enterprise Fund:</u>													
State School Lunch Program	17-100-010-3350-023	506	7/1/16 - 6/30/17					243	(506)		(263)		
State School Lunch Program	16-100-010-3350-023	214	7/1/15 - 6/30/16	(19)				19					
Total Enterprise Fund				(19)				262	(506)		(263)		
Total State Financial Assistance				\$ (131,500)	\$ -	\$ -	\$ -	\$ 866,045	\$ (820,464)	\$ 21,554	\$ (64,365)	\$ -	\$ -
Less: State Financial Assistance Not Subject to Major Program Determination													
On-Behalf TPAF Contribution - Pension (Non-Budgeted)									(65,492)				
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted)									(54,570)				
On-Behalf TPAF Contribution - Long Term Disability Insurance (Non-Budgeted)									(88)				
Total State Financial Assistance Subject to Major Program Determination									(700,314)				

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

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West Cape May School District
Notes to Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2017

I. 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*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The school district has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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 \$17,059 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	\$ -	\$ 780,182	\$ 780,182
Special Revenue	77,526	-	77,526
Debt Service	-	22,717	22,717
Food Service	16,040	506	16,546
Total	<u>\$ 93,566</u>	<u>\$ 803,405</u>	<u>\$ 896,971</u>

**West Cape May School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2017
(Continued)**

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year 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, 2017. 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, 2017.

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, 2017

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

State Awards Section

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

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

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

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

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

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>17-495-034-5120-068</u>	State Aid Public Cluster: <u>School Choice Aid</u>
<u>17-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>17-495-034-5120-084</u>	<u>Security Aid</u>
<u>17-495-034-5120-083</u>	<u>Under Adequacy Aid</u>
<u>17-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>17-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>

**WEST CAPE MAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section 2 -- Schedule of Financial Statement Findings

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

No findings identified.

**WEST CAPE MAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 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 Circular 15-08-OMB.

FEDERAL AWARDS:

A federal single audit was not required.

STATE AWARDS:

No findings identified.

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

This section identifies the status of prior year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, 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 Circular 15-08-OMB.

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.