

**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, 2019**

**Comprehensive Annual
Financial Report**

of the

West Cape May Board of Education

West Cape May, New Jersey

For the Fiscal Year Ended June 30, 2019

**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

Todd D'Anna
Business Administrator

Robert Garguilo
Chief School Administrator

November 19, 2019

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, 2019. 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 2017-2018 fiscal year with an enrollment of 103 students, up from 96 during the previous year. The following chart details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percentage Change
2018-2019	98	-4.85%
2017-2018	103	7.29%
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%)

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 Inter-District 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. The choice enrollment has been capped since 2013, but there has still been continued growth. Although our enrollment will drop slightly in the upcoming years the outlook for the district's long-term viability continues to be positive.

3) **MAJOR INITIATIVES:** 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. The school focused on increasing our building security in 18-19 with an upgrade to cameras, panic buttons, and software linking local authorities to our campus.

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, 2018.

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.

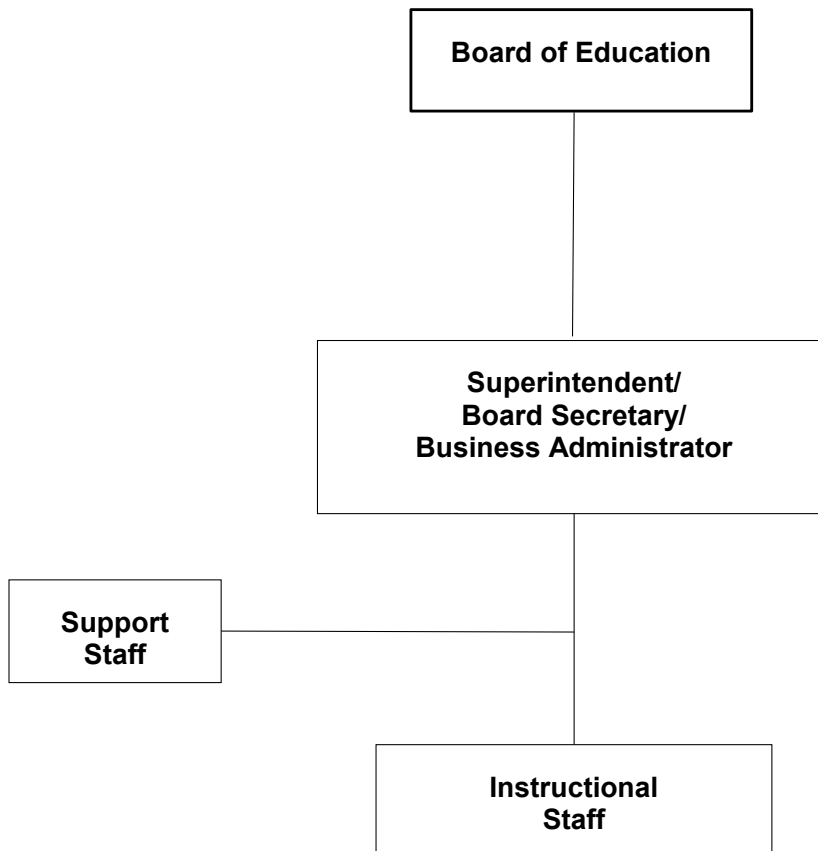
Respectfully submitted,



Todd D'Anna
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, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Robert Cwik – President	2020
Thomas J. Belasco – Vice-President	2021
Dr. David La Puma	2022
Elaine Lawler	2022
Leonard Wilmore	2020

Other Officials

Robert Garguilo, Interim Superintendent
Todd D’Anna, School Business Administrator
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

Brett Gorman
Parker McCay, P.A.
9000 Midlantic Drive
Suite 300
Mount Laurel, NJ 08054

Official Depository

Sturdy Savings Bank
701 Washington Street
Cape May, NJ 08204

Financial Section

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Certified Public Accountants

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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, 2019, 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, 2019, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal 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, schedule of the State's proportionate share of the net OPEB liability associated with the School District and changes in the total OPEB liability and related ratios 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, and statistical section, 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 sections 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 November 19, 2019 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, 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
November 19, 2019

INVERSO & STEWART, LLC
Certified Public Accountants

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

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 statement 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 fiscal year ended June 30, 2019, 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 November 19, 2019.

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 entity'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 an instance of noncompliance or other matters that is 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 which is described in the accompanying *Schedule of Findings and Questioned Costs and Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* as **finding no: 2019-001**.

The West Cape May School District's Response to Findings

The West Cape May School District's response to the finding identified in my audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

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
November 19, 2019

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, 2019**

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, 2019. 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 \$1,485,129 (*net position*).
- Governmental activities have a deficit unassigned net position of \$126,251. 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 \$94,346, or a 6.78% 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 \$45,614 resulting in an ending fund balance of \$957,100. The increase in ending fund balance is due to the results of operations in the General Fund.
- Business-type activities have unrestricted net position of \$3,753, which may be used to meet the School District's ongoing obligations of the food service and child care operations.
- The School District's long-term obligations decreased by \$142,190 which is the result of the principal payment on long-term debt obligations and capital leases, an increase in compensated absences, and an decrease 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 2020. 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 2020.

The assets of the primary government activities exceeded liabilities by \$1,479,877 with a deficit unassigned balance of \$126,251. The net position of the primary government does not include internal balances.

A net investment of \$838,083 in land, improvements, buildings, equipment and vehicles which provide the services to the School District's 96 public school students, represents 56.63% of the School District's net position. Net position of \$398,736 has been restricted to provide resources for future capital expansion, \$70,000 has been restricted for maintenance reserve, \$20,000 has been restricted for emergency reserve \$139,889 is restricted as excess surplus, \$1 reserved for repayment of debt, \$5,101 is reserved for encumbrances and \$134,318 has been appropriated in the 2019/2020 Budget.

**West Cape May School District
Comparative Summary of Net Position
As of June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		District-Wide	
	2019	2018	2019	2018	2019	2018
ASSETS						
Current assets	\$ 981,113	\$ 918,934	\$ 4,074	\$ 6,846	985,187	925,780
Capital assets	883,258	923,948	1,499	1,661	884,757	925,609
Total assets	<u>1,864,371</u>	<u>1,842,882</u>	<u>5,573</u>	<u>8,507</u>	<u>1,869,944</u>	<u>1,851,389</u>
Deferred Outflows of Resources	<u>110,785</u>	<u>152,793</u>			<u>110,785</u>	<u>152,793</u>
LIABILITIES						
Current liabilities	83,672	127,002	321	5,348	83,993	132,350
Noncurrent liabilities	<u>298,797</u>	<u>382,102</u>			<u>298,797</u>	<u>382,102</u>
Total Liabilities	<u>382,469</u>	<u>509,104</u>	<u>321</u>	<u>5,348</u>	<u>382,790</u>	<u>514,452</u>
Deferred Inflows of Resources	<u>112,810</u>	<u>98,947</u>			<u>112,810</u>	<u>98,947</u>
Net Position	<u>\$ 1,479,877</u>	<u>\$ 1,387,624</u>	<u>\$ 5,252</u>	<u>\$ 3,159</u>	<u>\$ 1,485,129</u>	<u>\$ 1,390,783</u>
Net Position Consists of:						
Net investment in Capital Assets	838,083	774,712	1,499	1,661	839,582	776,373
Restricted Assets	768,045	724,433			768,045	724,433
Unrestricted Assets	<u>(126,251)</u>	<u>(111,521)</u>	<u>3,753</u>	<u>1,498</u>	<u>(122,498)</u>	<u>(110,023)</u>
Net Position	<u>\$ 1,479,877</u>	<u>\$ 1,387,624</u>	<u>\$ 5,252</u>	<u>\$ 3,159</u>	<u>\$ 1,485,129</u>	<u>\$ 1,390,783</u>

Governmental Activities

Governmental activities increased the net position of the School District by \$94,346 during the current fiscal year. Key elements of the increase in net position for governmental activities are as follows:

- Depreciation expense of \$62,690.
- Repayment of bond principal of \$60,000.
- Results of operations in the general fund of \$45,614.

Business-type Activities

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

- Food Service program revenues exceeded expenditures by \$2,745.
- Child Care program expenditures exceeded revenues by \$652.

West Cape May School District
Comparative Schedule of Changes in Net Position
As of and for the Fiscal Years Ended June 30, 2019 and 2018

	Governmental Activities		Business-Type Activites		District-Wide	
	2019	2018	2019	2018	2019	2018
Revenues:						
Charges for services	\$ -	\$ -	\$ 23,389	\$ 26,059	\$ 23,389	\$ 26,059
Operating Grants and contributions	718,601	792,652	10,611	14,428	729,212	807,080
Property taxes	1,186,000	1,068,583			1,186,000	1,068,583
State aid - unrestricted	666,416	629,777			666,416	629,777
Tuition	11,000	9,000			11,000	9,000
Other revenues	10,235	12,882	3	2	10,238	12,884
Total Revenues	2,592,252	2,512,894	34,003	40,489	2,626,255	2,553,383
Expenses:						
Governmental Activities:						
Instruction	871,711	880,881			871,711	880,881
Tuition	63,078	55,888			63,078	55,888
Related Services	405,092	295,058			405,092	295,058
Administrative Services	121,481	110,827			121,481	110,827
Operations and Maintenance	188,843	145,966			188,843	145,966
Transportation	45,863	19,353			45,863	19,353
Employee benefits	767,540	860,685			767,540	860,685
Interest on debt	122	3,047			122	3,047
Other	6,269				6,269	-
Business-Type Activities:						
Childd Care			16,606	17,399	16,606	17,399
Food Service			45,304	27,893	45,304	27,893
Total Expenses	2,469,999	2,371,705	61,910	45,292	2,531,909	2,416,997
Increase (Decrease) in Net Position before transfers	122,253	141,189	(27,907)	(4,803)	94,346	136,386
Transfers	(30,000)	(5,000)	30,000	5,000	-	-
Change in Net Position	92,253	136,189	2,093	197	94,346	136,386
Net Position, July 1	1,387,624	1,251,435	3,159	2,962	1,390,783	1,254,397
Net Position, June 30	\$ 1,479,877	\$ 1,387,624	\$ 5,252	\$ 3,159	\$ 1,485,129	\$ 1,390,783

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 \$957,100, an increase of \$45,614 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 \$189,055. 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 \$398,736, \$70,000 is reserved for maintenance, \$20,000 is reserved for emergencies, \$139,889 is reserved for excess surplus, \$5,101 is reserved for encumbrances, \$1 is reserved for repayment of debt, and \$134,318 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 \$250,000 while total fund balance (budgetary basis) was \$1,018,044. 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 \$2,003,596. Unassigned fund balance (budgetary basis) represents 12.48% of expenditures while total fund balance (budgetary basis) represents 50.81% of that same amount.

Capital Asset and Debt Administration

The School District’s investment in capital assets for its governmental and business-type activities as of June 30, 2019, totaled \$884,757 (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 \$40,852 or a 4.41% decrease. The decrease is due to additions less depreciation expense.

West Cape May School District Capital Asset (net of accumulated depreciation) June 30, 2019 and 2018

	Governmental Activities		Business-Typel Activities		District-Wide	
	2019	2018	2019	2018	2019	2018
Land	\$120,694	\$120,694	\$ -	\$ -	\$120,694	\$120,694
Building and Building Improvements	664,936	699,644			664,936	699,644
Equipment	97,628	103,610	1,499	1,661	99,127	105,271
Net Assets	<u>\$883,258</u>	<u>\$923,948</u>	<u>\$ 1,499</u>	<u>\$ 1,661</u>	<u>\$884,757</u>	<u>\$925,609</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, 2019, the School District had \$45,175 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 \$12,354,738. The available debt limit as of June 30, 2019 is \$12,354,738.

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 2019-20 fiscal year.

- For 2019-20 fiscal year the School District will not be receiving an increase in state aid. The local tax levy in the General Fund increased by \$40,519 or 3.54%. Salaries continue to increase contractually; however, the District has managed to control costs. The 2019-20 General Fund Budget is \$159,082 more than the previous year. The tax rate decreased slightly from \$.247 in 2018 to \$.242 in 2019.

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, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 279,904	\$ 1,834	\$ 281,738
Receivables, net	212,735	1,978	214,713
Internal Balances	(262)	262	
Restricted Assets:			
Capital Reserve Account	398,736		398,736
Maintenance Reserve Account	70,000		70,000
Emergency Reserve Account	20,000		20,000
Capital Assets, net (Note 5)	883,258	1,499	884,757
Total Assets	<u>1,864,371</u>	<u>5,573</u>	<u>1,869,944</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows of Resources From Pensions	110,785		110,785
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>1,975,156</u>	<u>5,573</u>	<u>1,980,729</u>
LIABILITIES:			
Accounts Payable			
Related to Pensions	14,484		14,484
Other	16,760		16,760
Unearned Revenue	7,574		7,574
Internal Balances	(321)	321	
Noncurrent Liabilities:			
Due Within One Year	45,175		45,175
Due Beyond One Year	298,797		298,797
Total Liabilities	<u>382,469</u>	<u>321</u>	<u>382,790</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of Resources From Pensions	112,810		112,810
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>495,279</u>	<u>321</u>	<u>495,600</u>
NET POSITION:			
Net Investment in Capital Assets	838,083	1,499	839,582
Restricted for:			
Capital Projects	398,736		398,736
Other Purposes	369,309		369,309
Unrestricted	(126,251)	3,753	(122,498)
Total Net Position	<u>\$ 1,479,877</u>	<u>\$ 5,252</u>	<u>\$ 1,485,129</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, 2019

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	\$ 752,479	\$ -	\$ 75,733	\$ (676,746)	\$ -	\$ (676,746)
Special education	90,033		23,281	(66,752)		(66,752)
Other instruction	29,199			(29,199)		(29,199)
Support Services:						
Tuition	63,078			(63,078)		(63,078)
Student & instruction related services	405,092		21,056	(384,036)		(384,036)
General administrative services	91,309			(91,309)		(91,309)
Central services	30,172			(30,172)		(30,172)
Plant operations and maintenance	188,843			(188,843)		(188,843)
Pupil transportation	45,863			(45,863)		(45,863)
Employee benefits	767,540		598,531	(169,009)		(169,009)
Interest on long-term debt	122			(122)		(122)
Unallocated depreciation and amortization	6,269			(6,269)		(6,269)
Total governmental activities	<u>2,469,999</u>		<u>718,601</u>	<u>(1,751,398)</u>		<u>(1,751,398)</u>
Business-type activities:						
Child Care	16,606	15,951			(655)	(655)
Food service	45,304	7,438	10,611		(27,255)	(27,255)
Total business-type activities	<u>61,910</u>	<u>23,389</u>	<u>10,611</u>		<u>(27,910)</u>	<u>(27,910)</u>
Total primary government	<u>\$ 2,531,909</u>	<u>\$ 23,389</u>	<u>\$ 729,212</u>	<u>\$ (1,751,398)</u>	<u>\$ (27,910)</u>	<u>\$ (1,779,308)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net				1,145,481		1,145,481
Taxes levied for debt service				40,519		40,519
Federal and State aid not restricted				666,416		666,416
Investment earnings				204	3	207
Tuition revenue				11,000		11,000
Miscellaneous				10,031		10,031
Transfer				(30,000)	30,000	
Total general revenues, special items, extraordinary items and transfers				<u>1,843,651</u>	<u>30,003</u>	<u>1,873,654</u>
Change in Net Position				92,253	2,093	94,346
Net Position - July 1				1,387,624	3,159	1,390,783
Net Position - June 30				<u>\$ 1,479,877</u>	<u>\$ 5,252</u>	<u>\$ 1,485,129</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, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Assets:					
Cash and Cash Equivalents	\$ 276,271	\$ 3,632	\$ -	\$ 1	\$ 279,904
Receivables, Net	93,427	97,336	-	-	190,763
Interfund Receivables, Net	102,788	-	-	-	102,788
Restricted Cash and Cash Equivalents	488,736	-	-	-	488,736
Total Assets	\$ 961,222	\$ 100,968	\$ -	\$ 1	\$ 1,062,191
LIABILITIES AND FUND BALANCES					
Accounts Payable	\$ 3,861	\$ 12,899	\$ -	\$ -	\$ 16,760
Interfund Payable	262	80,495	-	-	80,757
Unearned Revenue	-	7,574	-	-	7,574
Total Liabilities	4,123	100,968	-	-	105,091
FUND BALANCES					
Fund Balances:					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	134,318	-	-	-	134,318
Reserve for Excess Surplus	139,889	-	-	-	139,889
Maintenance Reserve	70,000	-	-	-	70,000
Capital Reserve	398,736	-	-	-	398,736
Emergency Reserve	20,000	-	-	-	20,000
Assigned Fund Balance:					
Reserve for Encumbrances	5,101	-	-	-	5,101
Unassigned fund balance	189,055	-	-	1	189,056
Total Fund Balances	957,099	-	-	1	957,100
Total Liabilities and Fund Balances	\$ 961,222	\$ 100,968	\$ -	\$ 1	

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 \$2,019,909 and the accumulated depreciation is \$1,136,651.	883,258
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the funds.	-
Accounts payable related to the April 1, 2020 required PERS contribution that is not to be liquidated with current financial resources.	(14,484)
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	\$ 110,785
Net Pension Liability	(275,644)
Deferred Inflows of resources from Pensions	(112,810)
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.	(68,328)
Net position of governmental activities	\$ 1,479,877

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, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 1,145,481	\$ -	\$ -	\$ 40,519	\$ 1,186,000
Tuition charges	11,000	-	-	-	11,000
Capital Reserve interest earned	204	-	-	-	204
Miscellaneous	5,853	-	-	-	5,853
Total revenues-local sources	1,162,538	-	-	40,519	1,203,057
State sources	886,526	-	-	20,743	907,269
Federal sources	346	115,892	-	-	116,238
Local sources	-	4,178	-	-	4,178
Total revenues	2,049,410	120,070	-	61,262	2,230,742
EXPENDITURES:					
Current expense:					
Regular instruction	620,186	75,733	-	-	695,919
Special education instruction	66,752	23,281	-	-	90,033
Other instruction	29,199	-	-	-	29,199
Support services and undistributed costs:					
Tuition	63,078	-	-	-	63,078
Student & instruction related services	384,036	21,056	-	-	405,092
General administrative services	91,309	-	-	-	91,309
Central services	30,172	-	-	-	30,172
Plant operations and maintenance	142,485	-	-	-	142,485
Pupil transportation	45,863	-	-	-	45,863
Unallocated employee benefits	394,366	-	-	-	394,366
Capital Outlay	106,150	-	-	-	106,150
Debt service:					
Principal	-	-	-	60,000	60,000
Interest and other charges	-	-	-	1,462	1,462
Total expenditures	1,973,596	120,070	-	61,462	2,155,128
Excess (deficiency) of revenues over (under) expenditures	75,814	-	-	(200)	75,614
Other Financing Sources (Uses):					
Transfers out	(30,000)	-	-	-	(30,000)
Total other financing sources (uses)	(30,000)	-	-	-	(30,000)
Net change in fund balance	45,814	-	-	(200)	45,614
Fund balances, July 1	911,285	-	-	201	911,486
Fund balances, June 30	\$ 957,099	\$ -	\$ -	\$ 1	\$ 957,100

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, 2019

Total net change in fund balances - governmental funds (from B-2)	\$	45,614
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p style="padding-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	\$ (62,690)	
Capital outlay	<u>22,000</u>	(40,690)
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.		44,061
Accrued interest is not due and payable in the current period and therefore is not reported as an expenditure in the governmental funds.		1,340
Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.		(11,664)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		<u>(6,408)</u>
Change in net position of governmental activities	\$	<u><u>92,253</u></u>

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

WEST CAPE MAY SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type Activities		
	Child Care Program	Food Service Program	Total
ASSETS:			
Current assets:			
Cash and Cash Equivalents	\$ 666	\$ 1,168	\$ 1,834
Interfund Receivable	-	262	262
Accounts Receivable	-	1,978	1,978
Total Current Assets	<u>666</u>	<u>3,408</u>	<u>4,074</u>
Noncurrent Assets:			
Equipment	-	2,550	2,550
Less Accumulated Depreciation	-	<u>(1,051)</u>	<u>(1,051)</u>
Total Noncurrent Assets	<u>-</u>	<u>1,499</u>	<u>1,499</u>
Total Assets	<u>\$ 666</u>	<u>\$ 4,907</u>	<u>\$ 5,573</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Interfund Payable	<u>321</u>	<u>-</u>	<u>321</u>
Total Liabilities	<u>321</u>	<u>-</u>	<u>321</u>
NET POSITION			
Net Investment in Capital Assets	-	1,499	1,499
Unrestricted	<u>345</u>	<u>3,408</u>	<u>3,753</u>
Total Net Position	<u>\$ 345</u>	<u>\$ 4,907</u>	<u>\$ 5,252</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, 2019

	Business-type Activities		Total
	Enterprise Funds		
	Child Care Program	Food Service Program	
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$ -	\$ 7,435	\$ 7,435
Daily sales - non-reimbursable programs	-	3	3
Program fees	15,951	-	15,951
Total operating revenue	<u>15,951</u>	<u>7,438</u>	<u>23,389</u>
Operating expenses:			
Salaries	10,800	22,719	33,519
Employee benefits	827	1,738	2,565
Purchased services	3,120	-	3,120
Supplies and materials	-	336	336
Depreciation	-	162	162
Miscellaneous	-	-	-
Cost of sales - reimbursable programs	-	20,345	20,345
Cost of sales - non-reimbursable programs	1,859	4	1,863
Total operating expenses	<u>16,606</u>	<u>45,304</u>	<u>61,910</u>
Operating income (loss)	<u>(655)</u>	<u>(37,866)</u>	<u>(38,521)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	-	206	206
Federal sources:			
National school lunch program	-	7,220	7,220
National school breakfast program	-	3,185	3,185
Local sources:			
Interest revenue	3	-	3
Total nonoperating revenues (expenses)	<u>3</u>	<u>10,611</u>	<u>10,614</u>
Change in net position before transfers	(652)	(27,255)	(27,907)
Other financing sources and uses:			
Operating transfer in:	-	30,000	30,000
Change in net position	(652)	2,745	2,093
Total net position - July 1, 2018	<u>997</u>	<u>2,162</u>	<u>3,159</u>
Total net position - June 30, 2019	<u>\$ 345</u>	<u>\$ 4,907</u>	<u>\$ 5,252</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, 2019

	Business-type Activities		
	Child Care Program	Food Service Program	Total
Cash flows from operating activities:			
Receipts from customers	\$ 15,951	\$ 7,438	\$ 23,389
Payments to employees	(11,627)	(22,719)	(34,346)
Payments to suppliers	(9,179)	(26,033)	(35,212)
Net cash used for operating activities	<u>(4,855)</u>	<u>(41,314)</u>	<u>(46,169)</u>
Cash flows from noncapital financing activities:			
State and Federal sources	-	9,617	9,617
Board contribution	-	30,000	30,000
Net cash provided by non-capital financing activities	<u>-</u>	<u>39,617</u>	<u>39,617</u>
Cash flows from capital activities:			
Purchases of fixed assets	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest and dividends	3	-	3
Net cash provided by investing activities	<u>3</u>	<u>-</u>	<u>3</u>
Net increase in cash and cash equivalents	(4,852)	(1,697)	(6,549)
Balances - July 1, 2018	5,518	2,865	8,383
Balances - June 30, 2019	<u>\$ 666</u>	<u>\$ 1,168</u>	<u>\$ 1,834</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (655)	\$ (37,866)	\$ (38,521)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	-	162	162
(Increase)/decrease in interfund receivable	-	1,738	1,738
Increase/(decrease) in accounts payable	-	(5,348)	(5,348)
Increase/(decrease) in interfund payable	(4,200)	-	(4,200)
Total adjustments	<u>(4,200)</u>	<u>(3,448)</u>	<u>(7,648)</u>
Net cash provided by (used for) operating activities	<u>\$ (4,855)</u>	<u>\$ (41,314)</u>	<u>\$ (46,169)</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, 2019

	Unemployment Compensation Insurance Trust	Agency Fund
ASSETS:		
Cash and Cash Equivalents	\$ 11,485	\$ 30,986
Total assets	\$ 11,485	\$ 30,986
LIABILITIES:		
Payroll Withholdings	\$ -	\$ 8,666
Interfund Payable	-	21,972
Due to Student Groups	-	348
Total Liabilities	\$ -	\$ 30,986
NET POSITION:		
Held in Trust for Unemployment Claims and Other Purposes	\$ 11,485	

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, 2019

	Unemployment Compensation Insurance Trust
ADDITIONS:	
Contributions:	
Employee Contributions	\$ 2,397
Total Contributions	2,397
Investment earnings:	
Interest	2
Net Investment Earnings	2
Total Additions	2,399
DEDUCTIONS:	
Unemployment Claims	-
Total Deductions	-
Change in Net Position	2,399
Net Position - July 1	9,086
Net Position - June 30	\$ 11,485

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, 2019

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, 2019 of 96 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, 2019

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.

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

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds (Continued)

The School District's enterprise funds are:

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

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

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

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

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

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

Measurement Focus

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

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

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

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

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

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

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

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

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

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

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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.

West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2019 and 2018 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, 2019.

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, 2019**

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, 2019**

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, 2019.

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, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements - 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. The adoption of this Statement will not have any effect on the District's financial reporting.

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. The adoption of this Statement may have an effect on the District's financial reporting.

In June 2018, the GASB issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The adoption of this Statement will not have any effect on the District's financial reporting.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*. This Statement is designed to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The adoption of this Statement will not have any effect on the District's financial reporting.

In May 2019, the GASB issued Statement 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation: establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The adoption of this Statement will not have any effect on the District's financial reporting.

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. 17:9-41 et 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.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

2. CASH AND CASH EQUIVALENTS (Continued)

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 \$911,328 as of June 30, 2019, \$250,000 was insured under FDIC and the remaining balance of \$661,328 was collateralized under GUDPA.

3. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Balance July 1, 2018	\$	398,532
Increased by:		
Interest Earned		204
Balance June 30, 2019	\$	398,736

The June 30, 2019 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted project

4. ACCOUNTS RECEIVABLE

Accounts receivables at June 30, 2019 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, 2019 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Proprietary Fund	Total
Intergovernmental				
State	\$ 4,935	\$ -	\$ 38	\$ 4,973
Federal	-	97,336	1,940	99,276
Other	88,492	-	-	88,492
Total	\$ 93,427	\$ 97,336	\$ 1,978	\$ 192,741

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Governmental Activities:				
Land	\$ 120,694	\$ -	\$ -	\$ 120,694
Total Capital Assets not being Depreciated	120,694	-	-	120,694
Capital Assets, being Depreciated:				
Building and Improvements	1,414,564			1,414,564
Equipment	462,651	22,000		484,651
Total Historical Cost	1,877,215	22,000	-	1,899,215
Less Accumulated Depreciation:				
Building and Improvements	(714,920)	(34,708)		(749,628)
Equipment	(359,041)	(27,982)		(387,023)
Total Accumulated Depreciation	(1,073,961)	(62,690)	-	(1,136,651)
Total Capital Assets, being depreciated, net	803,254	(40,690)		762,564
Governmental Activities Capital Assets, Net	\$ 923,948	\$ (40,690)	\$ -	\$ 883,258
Business-Type Activities:				
Equipment	\$ 2,550	\$ -	\$ -	\$ 2,550
Less - Accumulated Depreciation	(889)	(162)		(1,051)
Business-Type Activities Capital Assets, Net	\$ 1,661	\$ (162)	\$ -	\$ 1,499

Depreciation expense in the amount of \$62,690 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	\$ 50,152
Plant Operations and Maintenance	6,269
Unallocated	6,269
Total depreciation expense	\$ 62,690

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

6. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2019, the following changes occurred in long-term obligations:

Governmental Activities:	Principal Outstanding June 30, 2018	Additions	Reductions	Principal Outstanding June 30, 2019	Due Within One Year
Compensated Absences	\$ 16,745	\$ 8,753	\$ 2,345	\$ 23,153	\$ -
Capital Leases	89,236	-	44,061	45,175	45,175
General Obligation Bonds	60,000	-	60,000	-	-
Net Pension Liability	320,181		44,537	275,644	-
	<u>\$ 486,162</u>	<u>\$ 8,753</u>	<u>\$ 150,943</u>	<u>\$ 343,972</u>	<u>\$ 45,175</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. As of June 30, 2019, the School District had no outstanding bonds.

As of June 30, 2019, 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:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 45,175	\$ 1,143	\$ 46,318
	<u>\$ 45,175</u>	<u>\$ 1,143</u>	<u>\$ 46,318</u>

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

7. OPERATING LEASES

At June 30, 2019, the School District had an operating lease agreement in effect for the following:

One Copier

Total operating lease payments made during the year ended June 30, 2019 and 2018, were \$2,119 and \$1,693 respectively. Future minimum lease payments are as follows:

Year Ended	Amount
June 30, 2020	\$ 2,119
June 30, 2021	2,119
June 30, 2022	<u>1,766</u>
Total future minimum lease payments	<u>\$ 6,004</u>

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

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.

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, the member contribution rate was 7.50% in State fiscal year 2019. 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.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

8. PENSION PLANS (Continued)

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

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, 2019 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, 2018, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2019 was \$86,937 and was paid by April 1, 2019. School District employee contributions to the pension plan during the fiscal year ended June 30, 2019 were \$49,963.

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.

At June 30, 2019, 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, 2018, the School District recognized pension expense of \$213,292 and revenue of \$213,292 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.

	06/30/18	06/30/17
Collective deferred outflows of resources	\$ 12,473,998,870	\$ 14,160,879,257
Collective deferred inflows of resources	16,180,773,643	11,800,239,661
Collective net pension liability (Nonemployer – State of New Jersey)	63,617,852,031	67,423,605,859
State's portion of the net pension liability that was associated with the School District	3,658,741	3,925,786
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.0057511238%	.0058225698%

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

8. PENSION PLANS (Continued)

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

Actuarial assumptions – The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate:	2.25%
Salary Increases:	
2011-2026	1.55- 4.55%
Thereafter	2.00 – 5.45%
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 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 (7.00% at June 30, 2017) 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 TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	05.00%	05.51%
Cash Equivalents	05.50%	01.00%
U.S. Treasuries	03.00%	01.87%
Investment Grade Credit	10.00%	03.78%
High Yield	02.50%	06.82%
Global Diversified Credit	05.00%	07.10%
Credit Oriented Hedge Funds	01.00%	06.60%
Debt Related Private Equity	02.00%	10.63%
Debt Related Real Estate	01.00%	06.61%
Private Real Asset	02.50%	11.83%
Equity Related Real Estate	06.25%	09.23%
U.S. Equity	30.00%	08.19%
Non-U.S. Developed Markets Equity	11.50%	09.00%
Emerging Markets Equity	06.50%	11.64%
Buyouts/Venture Capital	08.25%	13.08%
	100.00%	

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

8. PENSION PLANS (Continued)

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

Discount rate. The discount rate used to measure the State's total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, 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 50% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, 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. As such, the proportionate share of the net pension liability as of June 30, 2018, 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 4.86%, 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 (3.25%) or 1 percentage point higher (5.25%) that the current rat

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	4,324,562	3,658,741	3,106,791
	\$ 4,324,562	\$ 3,658,741	\$ 3,106,791

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 to 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

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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. 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 7.50% in State fiscal year 2019. 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, 2019 was 13.46% 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, 2018, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2019 was \$14,154 and was paid by April 1, 2019. School District employee contributions to the pension plan during the fiscal year ended June 30, 2019 were \$8,068.

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:

Fiscal Year	Normal Contributions	Accrued Liability	Non Contributory Life	Long Term Disability	Total Liability Paid by District
2019	\$ 1,740	\$ 11,552	\$ 633	\$ 229	\$ 14,154
2018	1,677	10,444	621	741	13,483
2017	1,920	9,770	583	345	12,618

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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, 2019, the School District reported a liability of \$275,644 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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.

For the year ended June 30, 2019, the School District recognized pension expense of \$25,589. At June 30, 2019, the School District reported a liability of \$275,644 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	\$ 5,257	\$ 1,421
Changes of assumptions	45,421	88,136
Net Difference between projected and actual earnings on pension plan investments		2,586
Changes in proportion	45,623	20,667
District contributions subsequent to the measurement date	14,484	
Total	\$ 110,785	\$ 112,810

\$14,484 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, 2019, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net liability in the year ended June 30, 2019.

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 (Inflows) of Resources
2020	\$ 14,856
2021	7,062
2022	(18,933)
2023	(12,039)
2024	(7,455)
Total	\$ (16,509)

West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
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	-
June 30, 2017	5.00	-
June 30, 2018	5.00	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, 2018 and 2017 are as follows:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective deferred outflows of resources	\$ 4,684,852,302	\$ 6,424,455,842
Collective deferred inflows of resources	\$ 7,646,736,226	\$ 5,700,625,981
Collective net pension liability	\$ 19,689,501,539	\$ 23,278,401,588
School District's Proportion	.0060236645%	.0013754419%

Actuarial assumptions – The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

- Inflation rate: 2.25%
- Salary Increases:
 - Through 2026: 1.65-4.15% based on age
 - Thereafter: 2.65-5.15% based on age
- Investment Rate of Return: 7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active employees. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disables Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 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 (7.00% at June 30, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	05.00%	05.51%
Cash Equivalents	05.50%	01.00%
U.S. Treasuries	03.00%	01.87%
Investment Grade Credit	10.00%	03.78%
High Yield	02.50%	06.82%
Global Diversified Credit	05.00%	07.10%
Credit Oriented Hedge Funds	01.00%	06.60%
Debt Related Private Equity	02.00%	10.63%
Debt Related Real Estate	01.00%	06.61%
Private Real Asset	02.50%	11.83%
Equity Related Real Estate	06.25%	09.23%
U.S. Equity	30.00%	08.19%
Non-U.S. Developed Markets Equity	11.50%	09.00%
Emerging Markets Equity	06.50%	11.64%
Buyouts/Venture Capital	08.25%	13.08%
	<u>100.00%</u>	

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Discount rate. The discount rate used to measure the State's total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The state employer contributed 50% 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 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046, 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, 2018, calculated using the discount rate of 5.66%, 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 (4.66%) or 1 percentage point higher (6.66%) than the current rate:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
School District's proportionate share of the net pension liability	\$ 346,591	\$ 275,644	\$ 216,124

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>
2019	\$ 597	\$ 597
2018	246	246
2017	1,150	1,150

West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State’s pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, an increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State’s contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been remeasured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year’s \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the remeasured total OPEB liability in Fiscal Year 2017.

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.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State’s level and is not specific to the school district. Note that actual numbers will be published in the NJ State’s CAFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>)

Actuarial assumptions and other imputes - The total nonemployer OPEB liability as of the June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member enrolled in.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases			
Through 2026	1.55 - 4.55%	2.15 - 4.15%	2.10 - 8.98%
	based on years of service	based on age	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%	3.10 - 9.98%
	based on years of service	based on age	based on age

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2011 – June 30, 2014 and July 1, 2010 – June 30, 2013 for TPAF, PFRS, and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Health Care Trend Assumptions - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate - The discount rate for June 30, 2018 and 2016 was 3.87%. This represent the municipal bond return rate as chosen by the Division. The source is 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 percentage of the premium for which the retirees will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the Total Nonemployer OPEB Liability

The table below summarizes the State's proportionate share of the change in the total nonemployer OPEB liability associated with the School District:

	Total OPEB Liability
Balance as of June 30, 2017	\$ 2,588,939
Changes for the years'	
Service Cost	124,340
Interest	96,151
Changes of benefit terms	
Differences between expected and actual experience	(357,699)
Changes in assumptions	(246,673)
Gross Benefit Payments	(57,479)
Contributions from the Non-employer	N/A
Contributions from the Member	1,987
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	\$ (439,373)
Balance at 06/30/2018	\$ 2,149,566

Sensitivity of the total nonemployer OPEB liability to changes in the discount rate - The following presents the total nonemployer OPEB liability as of June 30, 2018, respectively, associated with the School District, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1percentage-point higher than the current rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 2,541,225	\$ 2,149,566	\$ 1,838,238

Sensitivity of the total nonemployer OPEB liability to changes in the healthcare cost trend rate - The following presents the total nonemployer OPEB liability as of June 30, 2018, associated with the School District, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1percentage-point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 2,600,623	\$ 2,149,566	\$ 1,748,491

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2019, the School District recognized \$122,629 in OPEB expense and revenue, in the government-wide financial statements, for the State’s proportionate share of the OPEB Plan’s OPEB Expense, associated with the School District. This expense and revenue was based on the OPEB Plan’s June 30, 2018 measurement date.

In accordance with GASBS No. 75, the School District’s proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District.

At June 30, 2019, the State’s proportionate share of the total nonemployer OPEB liability’s deferred outflows of resources and deferred inflows of resources, associated with the School District, from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and		
actual experiences	\$ -	\$ 208,663
Changes of assumptions	-	481,836
Total	\$ -	\$ 690,499

Amounts reported as deferred outflows of resources and deferred inflows of resources related to State’s proportionate share of the total nonemployer OPEB Liability, associated with the School District, will be recognized in OPEB expense as follows:

For the year ended:	
2019	\$ (85,087)
2020	(85,087)
2021	(85,087)
2022	(85,087)
2023	(85,087)
Therafter	(265,064)
Total	\$ (690,499)

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.

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

10. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2018, 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 \$128,477, \$58,277, and \$99, respectively. In addition, \$50,168 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.

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</u> <u>Ended June 30,</u>	<u>Miscellaneous</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Earned</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2019	\$ -	\$ 2,397	\$ 2	\$ -	\$ 11,485
2018	-	2,218	1	32	9,086
2017	3,303	1,907	1	14	6,899

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.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

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, 2019, the liability for compensated absences in the governmental activities fund types was \$23,153.

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, 2020. The following interfund balances were recorded on the various balance sheets as of June 30, 2019:

Fund	Interfund Receivable	Interfund Payable
General	\$ 102,788	\$ 262
Special Revenue	-	80,495
Proprietary	262	321
Fiduciary	-	21,972
Total	\$ 103,050	\$ 103,050

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, 2019, 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.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

16. TAX ABATEMENTS (Continued)

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.

As of December 31, 2018, the Borough of West Cape May had no tax abatements.

17. DEFICIT UNRESTRICTED NET POSITIONS

As of June 30, 2019, a deficit of \$126,251 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 is as follows:

Balances June 30, 2019		
Fund Balance (Deficit)		
(Exclusive of Capital Projects and Debt Service Funds):		
Fund Balance – Unassigned	\$	189,055
Liabilities:		
Accrued Interest Payable		-
Net Pension Differences		(292,153)
Compensated Absences		<u>(23,153)</u>
Unrestricted Net Position (Deficit)	\$	<u><u>(126,251)</u></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, 2019 is \$139,889 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$134,318 of excess fund balance generated during the 2017-2018 fiscal year has been restricted and designated for utilization in the 2019-2020 budget.

Capital Reserve – As of June 30, 2019, the balance in the capital reserve account is \$398,736 which is restricted for future capital outlay expenditures for capital projects in the School District's approved Long-Range Facilities Plan. Of this amount \$87,000 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2020.

**West Cape May School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

18. FUND BALANCES (CONTINUED)

RESTRICTED

General Fund:

Maintenance Reserve Account – As of June 30, 2019, the balance in the maintenance reserve account is \$70,000. Of this amount \$28,000 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2020. 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, 2019, the balance in the emergency reserve is \$20,000. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a through and efficient education in accordance with N.J.S.A. 18A:7F-41c(1).

ASSIGNED

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

General Fund:

Designated for Subsequent Year's Expenditures – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2020, \$-0- of general fund balance.

Other Purposes – At June 30, 2019 the School District has \$5,101 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, 2019, \$189,055 of general fund balance was unassigned.

Debt Service Fund – As of June 30, 2019, \$1 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, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 1,145,481	\$ -	\$ 1,145,481	\$ 1,145,481	\$ -
Tuition from individuals	8,000	-	8,000	11,000	3,000
Interest Earned on Capital Reserve	10	-	10	204	194
Unrestricted Miscellaneous Revenue	900	-	900	5,853	4,953
Total local sources	1,154,391	-	1,154,391	1,162,538	8,147
State sources:					
School Choice Aid	570,351	-	570,351	570,351	-
Categorical Special Education Aid	59,960	(196)	59,764	59,764	-
Categorical Security Aid	11,934	-	11,934	11,934	-
Categorical Transportation Aid	5,454	-	5,454	5,454	-
On-behalf TPAF pension contributions (non-budgeted)				128,477	128,477
On-behalf TPAF post retirement medical (non-budgeted)				58,277	58,277
On-behalf TPAF-LTGI (non-budgeted)				99	99
Reimbursed TPAF social security contributions (non-budgeted)				50,168	50,168
Total state sources	647,699	(196)	647,503	884,524	237,021
Federal sources					
Medical Assistance Program (SEMI)				346	346
TOTAL REVENUES	1,802,090	(196)	1,801,894	2,047,408	245,514
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Preschool	28,406	1,700	30,106	29,850	256
Kindergarten	52,284	(13,000)	39,284	35,922	3,362
Grades 1-5	388,124	(77,792)	310,332	304,620	5,712
Grades 6-8	47,051	23,000	70,051	68,888	1,163
Total Instruction	515,865	(66,092)	449,773	439,280	10,493
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	86,682	(8,000)	78,682	72,435	6,247
Purchased technical services	27,437	18,000	45,437	35,499	9,938
General supplies	70,421	(5,596)	64,825	61,770	3,055
Textbooks	20,000	(1,000)	19,000	11,202	7,798
Other undistributed instruction	-	1,200	1,200	-	1,200
Total Undistributed Instruction	204,540	4,604	209,144	180,906	28,238
Total - Regular Programs - Instruction	720,405	(61,488)	658,917	620,186	38,731

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, 2019

(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	\$ 131,791	\$ (66,553)	\$ 65,238	\$ 65,025	\$ 213
Other salaries for instruction	5,550	(300)	5,250	-	5,250
General supplies	3,000	-	3,000	1,727	1,273
Textbooks	300	-	300	-	300
Total Resource Room/Resource Center	<u>140,641</u>	<u>(66,853)</u>	<u>73,788</u>	<u>66,752</u>	<u>7,036</u>
Total Special Education - Instruction	<u>140,641</u>	<u>(66,853)</u>	<u>73,788</u>	<u>66,752</u>	<u>7,036</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	10,246	14,000	24,246	23,899	347
General supplies	400	-	400	-	400
Textbooks	300	-	300	-	300
Total Basic Skills/Remedial - Instruction	<u>10,946</u>	<u>14,000</u>	<u>24,946</u>	<u>23,899</u>	<u>1,047</u>
School-Sponsored Cocurricular Act - Inst.					
Purchased services	7,000	3,800	10,800	5,300	5,500
Total School-Sponsored Cocurr. Act. - Inst	<u>7,000</u>	<u>3,800</u>	<u>10,800</u>	<u>5,300</u>	<u>5,500</u>
Undistributed Expenditures - Instruction					
Tuition to CSSD & reg. day schools	-	36,592	36,592	30,867	5,725
Tuition to Private School for Handicapped w/i State	54,850	(15,700)	39,150	32,211	6,939
Total Undistributed Expenditures - Instruction	<u>54,850</u>	<u>20,892</u>	<u>75,742</u>	<u>63,078</u>	<u>12,664</u>
Undistributed Expenditures - Attend. and Social Work					
Salaries of teachers	49,383	1,200	50,583	49,611	972
Purchased professional and technical services	5,364	(4,717)	647	-	647
Total Undistributed Expenditures - Attendance	<u>54,747</u>	<u>(3,517)</u>	<u>51,230</u>	<u>49,611</u>	<u>1,619</u>
Undistributed Expenditures - Health Services					
Salaries	57,751	(39,000)	18,751	18,540	211
Supplies and materials	2,400	-	2,400	912	1,488
Total Undistributed Expenditures - Health Svcs.	<u>60,151</u>	<u>(39,000)</u>	<u>21,151</u>	<u>19,452</u>	<u>1,699</u>
Undist. Expend. - Speech, OT, PT & Rel. Serv.					
Salaries	-	16,000	16,000	14,903	1,097
Purchased prof. and educational services	22,000	(22,000)	-	-	-
Total Undst. Expend. - Speech, OT, PT & Rel. Serv.	<u>22,000</u>	<u>(6,000)</u>	<u>16,000</u>	<u>14,903</u>	<u>1,097</u>
Undist. Expend. - Guidance					
Salaries	-	31,292	31,292	31,292	-
Supplies and materials	1,000	-	1,000	31	969
Total Undst. Expend. - Guidance	<u>1,000</u>	<u>31,292</u>	<u>32,292</u>	<u>31,323</u>	<u>969</u>

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

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WEST CAPE MAY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2019

(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	\$ 8,200	\$ (8,000)	\$ 200	\$ -	\$ 200
Salaries of Secretarial and Clerical Assistants	12,429	(10,750)	1,679	-	1,679
Purchased professional and educ. services	10,000	(10,000)	-	-	-
Other purchased professional and technical services	40,000	(3,977)	36,023	35,014	1,009
Total Undst. Expend. - Child study Teams	70,629	(32,727)	37,902	35,014	2,888
Undist. Expend. - Improvement of Instructional Services					
Salaries of Supervisors of Instruction	20,500	108,853	129,353	128,386	967
Salaries of Other Professional Staff	8,286	11,200	19,486	10,111	9,375
Total Undst. Expend. - Imp. of Instructional Services	28,786	120,053	148,839	138,497	10,342
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	16,756	49,403	66,159	65,852	307
Purchased professional and technical services	500	-	500	410	90
Other purchased services	12,000	(1,000)	11,000	10,054	946
Supplies and materials	5,500	(2,250)	3,250	2,702	548
Other objects	8,153	1,000	9,153	9,037	116
Total Undst. Expend. - Educ. Media Serv./Sch. Library	42,909	47,153	90,062	88,055	2,007
Undist. Expend. - Instructional Staff Training Services					
Salaries of Supervisors of Instruction	8,200	(4,500)	3,700	3,200	500
Purchased professional and educ. services	10,000	(6,600)	3,400	3,393	7
Purchased professional and tech. services	42,500	(41,600)	900	-	900
Other purchased services (400-500)	3,000	(2,400)	600	588	12
Total Undst. Expend. - Instr. Staff Training Services	63,700	(55,100)	8,600	7,181	1,419
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	24,000	1,900	25,900	25,814	86
Legal services	6,866	1,400	8,266	8,255	11
Audit Fees	9,500	(200)	9,300	9,300	-
Other purchased professional services	16,000	1,250	17,250	17,038	212
Purchased technical services	18,000	3,250	21,250	21,136	114
Communications/Telephone	2,000	500	2,500	2,227	273
Miscellaneous purchased services	800	(300)	500	500	-
General Supplies	850	750	1,600	1,279	321
BOE in-house training/meeting supplies	1,200	(250)	950	474	476
BOE membership dues and fees	5,500	-	5,500	5,286	214
Total Undst. Expend. - Supp. Serv. General Admin.	84,716	8,300	93,016	91,309	1,707
Undist. Expend. - Central Services					
Salaries	20,000	3,500	23,500	23,112	388
Purchased professional services	4,550	(1,900)	2,650	2,600	50
Supplies and materials	1,250	1,000	2,250	2,202	48
Interest on Lease Purchase Agreements	2,258	-	2,258	2,258	-
Miscellaneous expenditures	400	-	400	-	400
Total Undst. Expend. - Central Services	28,458	2,600	31,058	30,172	886

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, 2019

(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	\$ 20,143	\$ 5,500	\$ 25,643	\$ 25,179	\$ 464
Total Undst. Expend. - Required Maint. Sch. Facilities	20,143	5,500	25,643	25,179	464
Undist. Expend. - Custodial Services					
Salaries	50,053	8,000	58,053	52,942	5,111
Cleaning, repair, and maintenance services	35,000	(21,201)	13,799	11,891	1,908
Other purchased property services	6,839	(3,679)	3,160	1,573	1,587
Insurance	19,000	(3,000)	16,000	15,390	610
General supplies	9,886	2,499	12,385	10,351	2,034
Energy (natural gas)	15,000	(4,700)	10,300	9,590	710
Energy (electricity)	15,000	1,000	16,000	15,569	431
Total Undst. Expend. - Custodial Services	150,778	(21,081)	129,697	117,306	12,391
Total Undst. Expend. - Oper. & Maint. of Plant Services	170,921	(15,581)	155,340	142,485	12,855
Undist. Expend. - Student Trans. Services					
Contr. serv. (other than bet. home & sch.) - vendors	650	-	650	223	427
Contr. serv. (bet. home and school) - joint agreements	21,600	24,580	46,180	40,209	5,971
Contr. serv. (sp ed stds) - ESC's & CTSA's	9,000	(2,400)	6,600	5,431	1,169
Total Undst. Expend. - Student Trans. Services	31,250	22,180	53,430	45,863	7,567
Regular Programs - Instruction - Employee Benefits					
Other Employee Benefits	5,200	(5,200)	-	-	-
Total regular Programs - Instruction	5,200	(5,200)	-	-	-
Unallocated Benefits - Employee Benefits					
Group Insurance	26,600	(19,500)	7,100	5,310	1,790
Social security contributions	27,000	8,500	35,500	29,861	5,639
Other retirement contributions - PERS	15,000	154	15,154	14,745	409
Unemployment Compensation	7,323	(5,654)	1,669	-	1,669
Workmen's compensation	13,500	1,500	15,000	14,668	332
Health Benefits	105,000	3,500	108,500	84,855	23,645
Tuition Reimbursement	12,000	(3,500)	8,500	7,906	594
Total Unallocated Benefits - Employee Benefits	206,423	(15,000)	191,423	157,345	34,078
On-behalf TPAF pension contributions (non-budgeted)				128,477	(128,477)
On-behalf TPAF post retirement medical (non-budgeted)				58,277	(58,277)
On-behalf TPAF-LTGI (non-budgeted)				99	(99)
Reimbursed TPAF social security contributions (non-budgeted)				50,168	(50,168)
Total Undistributed Expenditures - TPAF	-	-	-	237,021	(237,021)

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, 2019

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Undistributed Expenditures	\$ 925,740	\$ 80,345	\$ 1,006,085	\$ 1,151,309	\$ (145,224)
Total General Current Expense	1,804,732	(30,196)	1,774,536	1,867,446	(92,910)
CAPITAL OUTLAY:					
Equipment					
Undistributed Expend. - Required Maintenance	-	-	-	-	-
Undistributed Expend. - Security	-	-	-	-	-
Undistributed Expend. - Non-Instructional Services	-	-	-	-	-
Total Equipment	-	-	-	-	-
Facilities Acquisition and Construction Services					
Construction services	8,485	-	8,485	8,485	-
Supplies and materials	45,000	8,536	53,536	53,536	-
Lease Purchase Agreements - Principle	45,176	-	45,176	44,060	1,116
Assessment for Debt Service on SDA Funding	69	-	69	69	-
Total Facilities Acquisition and Construction Services	98,730	8,536	107,266	106,150	1,116
Total Capital Outlay	98,730	8,536	107,266	106,150	1,116
Total Expenditures	1,903,462	(21,660)	1,881,802	1,973,596	(91,794)
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(101,372)	21,464	(79,908)	73,812	153,720
Other Financing Sources:					
Operating transfer out - Food Service Fund	-	(30,000)	(30,000)	(30,000)	-
Total Other Financing Sources	-	(30,000)	(30,000)	(30,000)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(101,372)	(8,536)	(109,908)	43,812	153,720
Fund Balance, July 1	974,232	-	974,232	974,232	
Fund Balance, June 30	<u>\$ 872,860</u>	<u>\$ (8,536)</u>	<u>\$ 864,324</u>	<u>\$ 1,018,044</u>	<u>\$ 153,720</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 134,318	
Reserve for Excess Surplus Maintenance Reserve				139,889	
Capital Reserve Account				70,000	
Emergency Reserve				398,736	
Assigned Fund Balance:				20,000	
Year-end Encumbrances				5,101	
Designated for Subsequent Year's Expenditures					
Unassigned Fund Balance				250,000	
				1,018,044	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis					(60,945)
Fund Balance per Governmental Funds (GAAP)				<u>\$ 957,099</u>	

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

WEST CAPE MAY SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 77,609	\$ 38,283	\$ 115,892	\$ 115,892	\$ -
Local sources	-	6,305	6,305	4,178	(2,127)
Total revenues	<u>77,609</u>	<u>44,588</u>	<u>122,197</u>	<u>120,070</u>	<u>(2,127)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	-	38,470	38,470	38,470	-
Other purchased services	28,081	13,122	41,203	41,203	-
General supplies	39,834	(20,493)	19,341	19,341	-
Total instruction	<u>67,915</u>	<u>31,099</u>	<u>99,014</u>	<u>99,014</u>	<u>-</u>
Support Services:					
Salaries	-	2,874	2,874	2,874	-
Employee benefits	-	13,254	13,254	13,254	-
Purchase professional and technical services	9,694	(9,694)	-	-	-
Other purchased services	-	750	750	750	-
Other objects	-	6,305	6,305	4,178	2,127
Total support services	<u>9,694</u>	<u>13,489</u>	<u>23,183</u>	<u>21,056</u>	<u>2,127</u>
Total expenditures	<u>77,609</u>	<u>44,588</u>	<u>122,197</u>	<u>120,070</u>	<u>2,127</u>
Total outflows	<u>77,609</u>	<u>44,588</u>	<u>122,197</u>	<u>120,070</u>	<u>2,127</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
Fiscal Year Ended June 30, 2019

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	\$ 2,047,408	\$ 120,070
Difference - budget to GAAP:		
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.	62,947	-
The last State aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	(60,945)	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 2,049,410	\$ 120,070
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 1,973,596	\$ 120,070
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	\$ 1,973,596	\$ 120,070

Required Supplementary Information - Part III
Schedules Related to Accounting and Reporting
For Pensions and
Other Post Employment Benefits

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 Six Fiscal Years

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0060236645%	0.0013754419%	0.0013814945%	0.0013506538%	0.0006898471%	0.0011538468%
District's proportionate share of the net pension liability (asset)	\$ 275,644	\$ 320,181	\$ 409,159	\$ 303,195	\$ 129,158	\$ 220,523
District's covered-employee payroll	107,590	104,464	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	256.20%	306.50%	416.18%	318.18%	136.51%	242.07%
Plan fiduciary net position as a percentage of the total pension liability	40.45%	36.78%	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 Six Fiscal Years

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 14,484	\$ 14,154	\$ 13,483	\$ 12,273	\$ 11,612	\$ 5,687
Contributions in relation to the contractually required contributions	<u>(14,484)</u>	<u>(14,154)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	107,590	104,464	98,314	95,290	94,616	91,100
Contributions as a percentage of covered-employee payroll	13.46%	13.55%	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 Six Fiscal Years

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0057511238%	0.0058225698%	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>3,658,741</u>	<u>3,925,786</u>	<u>4,468,812</u>	<u>3,143,866</u>	<u>2,369,435</u>	<u>2,347,077</u>
Total	<u>\$ 3,658,741</u>	<u>\$ 3,925,786</u>	<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	\$ 623,149	\$ 644,033	\$ 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%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.49%	25.41%	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
Required Supplementary Information
Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the District
and Changes in the Total OPEB Liability and Related Ratios
Public Employee's Retirement System and Teachers' Pension and Annuity Fund
Last Two Fiscal Years

	June 30, 2019	June 30, 2018
	<u> </u>	<u> </u>
State's proportion of the net OPEB liability (asset) associated with the District	0.00%	0.00%
District's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 2,149,566	\$ 2,588,939
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 2,149,566</u>	<u>\$ 2,588,939</u>
Plan fiduciary net position as a percentage of the total OPEB Liability	0.00%	0.00%
	<u> </u>	<u> </u>
	June 30, 2019	June 30, 2018
	<u> </u>	<u> </u>
Total OPEB Liability		
Service Cost	\$ 124,340	\$ 148,266
Interest	96,151	82,367
Difference between expected and actual experiences	(357,699)	
Changes of assumptions	(246,673)	(354,425)
Member Contributions	1,987	2,208
Benefit payments	(57,479)	(59,965)
	<u> </u>	<u> </u>
Net Change in total OPEB Liability	\$ (439,373)	\$ (181,549)
Total OPEB Liability - beginning	<u>\$ 2,588,939</u>	<u>\$ 2,770,488</u>
Total OPEB Liability - ending	<u>\$ 2,149,566</u>	<u>\$ 2,588,939</u>
District's covered-employee payroll	730,739	748,497
Total OPEB Liability as a percentage of covered-employee payroll	294.16%	345.89%

This schedule does not contain ten years of information as GASB 75 was implemented during the fiscal year ended June 30, 2018.

West Cape May School District
Notes to Required Supplementary Information
Pension Schedules
For the Fiscal Year Ended June 30, 2019

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

Changes of benefit term: There were none.

Changes of assumptions: For 2018, the discount rate changed to 4.86% and the long-term rate of return remained at 7.00%. For 2017, the discount rate changed to 4.25% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.22% and the long-term rate of return changed to 7.65% from 7.90%. Also, for 2016, demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012 – June 30, 2015 experience study. For 2015, the discount rate changed to 4.13%. For 2013, the discount rate was 4.68%

2. Public Employees' Retirement System (PERS)

Changes of benefit term: There were none.

Changes of assumptions: For 2018, the discount rate changed to 5.66% and the long-term rate of return remained at 7.00%. For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98% and the long-term rate of return changed to 7.65% from 7.90%. Also, for 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 – June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further salary increases were assumed to increase between 1.65% and 4.15% (based on age) through year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90% and the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(1)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%

3. Other Post-Retirement Plan – Public Employees' Retirement System and Teachers' Pension and Annuity Fund

Changes of benefit term: There were none.

Changes of assumptions: In 2018 the discount rate changed to 3.87% from 3.85% as of June 30, 2017. In 2018, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions. The discount rate was 2.85% as of June 30, 2016.

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, 2019

	REAP Grant	Title I	Title IIA	Title IV	IDEA Basic	IDEA Preschool	NJSIG Safety Award Grant	Sturdy Savings Bank Grant	Total
REVENUES:									
Federal sources	\$ 18,556	\$ 52,300	\$ 2,767	\$ 18,988	\$ 22,647	\$ 634	\$ -	\$ -	\$ 115,892
Local sources	-	-	-	-	-	-	2,305	1,873	4,178
Total Revenues	<u>18,556</u>	<u>52,300</u>	<u>2,767</u>	<u>18,988</u>	<u>22,647</u>	<u>634</u>	<u>2,305</u>	<u>1,873</u>	<u>120,070</u>
EXPENDITURES:									
Instruction:									
Salaries	-	36,694	-	1,776	-	-	-	-	38,470
Other purchased services	18,556	-	-	-	22,647	-	-	-	41,203
General supplies	-	2,707	-	16,000	-	634	-	-	19,341
Total Instruction	<u>18,556</u>	<u>39,401</u>	<u>-</u>	<u>17,776</u>	<u>22,647</u>	<u>634</u>	<u>-</u>	<u>-</u>	<u>99,014</u>
Support Services:									
Salaries	-	-	1,874	1,000	-	-	-	-	2,874
Purchase professional and technical services	-	12,899	143	212	-	-	-	-	13,254
Other purchased services	-	-	750	-	-	-	-	-	750
Other objects	-	-	-	-	-	-	2,305	1,873	4,178
Total Support Services	<u>-</u>	<u>12,899</u>	<u>2,767</u>	<u>1,212</u>	<u>-</u>	<u>-</u>	<u>2,305</u>	<u>1,873</u>	<u>21,056</u>
Total Expenditures	<u>18,556</u>	<u>52,300</u>	<u>2,767</u>	<u>18,988</u>	<u>22,647</u>	<u>634</u>	<u>2,305</u>	<u>1,873</u>	<u>120,070</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>	<u>\$ -</u>

Proprietary Funds
Detail Statements

WEST CAPE MAY SCHOOL DISTRICT
Enterprise Funds
Statement of Net Position
as of June 30, 2019

	Child Care Program	Food Service	Total
ASSETS:			
Current assets:			
Cash and Cash Equivalents	\$ 666	\$ 1,168	\$ 1,834
Accounts receivable:			
State	-	38	38
Federal	-	1,940	1,940
Interfund receivable	-	262	262
Total Current Assets	666	3,408	4,074
Fixed Assets:			
Equipment	-	2,550	2,550
Less Accumulated depreciation	-	(1,051)	(1,051)
Total Fixed Assets	-	1,499	1,499
Total Assets	\$ 666	\$ 4,907	\$ 5,573
LIABILITIES:			
Current Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Interfund payable	321	-	321
Total Current Liabilities	321	-	321
NET POSITION:			
Net Investment in Capital Assets	-	1,499	1,499
Unreserved Retained Earnings	345	3,408	3,753
Total Net Position	\$ 345	\$ 4,907	\$ 5,252

WEST CAPE MAY SCHOOL DISTRICT
Enterprise Funds

Combined Statement of Revenues, Expenses and Changes in Net Position
for the Fiscal Year ended June 30, 2019

	Child Care Program	Food Service	Total
OPERATING REVENUES:			
Local sources:			
Daily sales - reimbursable programs:			
School lunch program	\$ -	\$ 7,435	\$ 7,435
Total-daily sales - reimbursable programs	-	7,435	7,435
Daily sales - non-reimbursable programs:			
Adult and ala carte meals	-	3	3
Program fees	15,951	-	15,951
Total operating revenue	15,951	7,438	23,389
OPERATING EXPENSES:			
Salaries	10,800	22,719	33,519
Employee benefits	827	1,738	2,565
Purchased services	3,120	-	3,120
Supplies and materials	-	336	336
Depreciation	-	162	162
Cost of Sales - reimbursable	-	20,345	20,345
Cost of Sales - nonreimbursable	1,859	4	1,863
Total operating expenses	16,606	45,304	61,910
Operating income (loss)	(655)	(37,866)	(38,521)
Non-operating revenues:			
State sources:			
State school lunch program	-	206	206
Federal sources:			
National school lunch program	-	7,220	7,220
National school breakfast program	-	3,185	3,185
Interest revenue	3	-	3
Total non-operating revenues	3	10,611	10,614
Net income (loss) before transfers	(652)	(27,255)	(27,907)
Other Financing Sources and Uses:			
Operating transfers in	-	30,000	30,000
Change in Net Position	(652)	2,745	2,093
Net Position - July 1	997	2,162	3,159
Net Position - June 30	\$ 345	\$ 4,907	\$ 5,252

WEST CAPE MAY SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
for the Fiscal Year ended June 30, 2019

	<u>Child Care Program</u>	<u>Food Service</u>	<u>Total</u>
Cash flows from operating activities:			
Cash receipts from customers	\$ 15,951	\$ 7,438	\$ 23,389
Cash payments to employees for services	(11,627)	(22,719)	(34,346)
Cash payments to suppliers for goods and services	<u>(9,179)</u>	<u>(26,033)</u>	<u>(35,212)</u>
Net cash used by operating activities	<u>(4,855)</u>	<u>(41,314)</u>	<u>(46,169)</u>
Cash flows from noncapital financing activities:			
Cash received from state and federal reimbursements	-	9,617	9,617
Cash received from board contribution	<u>-</u>	<u>30,000</u>	<u>30,000</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>39,617</u>	<u>39,617</u>
Cash flows from capital financing activities:			
Purchases of fixed assets	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used by capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest on investments	<u>3</u>	<u>-</u>	<u>3</u>
Net cash provided by investing activities	<u>3</u>	<u>-</u>	<u>3</u>
Net increase (decrease) in cash and cash equivalents	(4,852)	(1,697)	(6,549)
Cash and cash equivalents, July 1	<u>5,518</u>	<u>2,865</u>	<u>8,383</u>
Cash and cash equivalents, June 30	<u>\$ 666</u>	<u>\$ 1,168</u>	<u>\$ 1,834</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (655)	\$ (37,866)	\$ (38,521)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation	-	162	162
Change in assets and liabilities:			
(Increase)/decrease in interfund receivable	-	1,738	1,738
Increase/(decrease) in accounts payable	-	(5,348)	(5,348)
Increase/(decrease) in interfund payable	<u>(4,200)</u>	<u>-</u>	<u>(4,200)</u>
Net cash used by operating activities	<u>\$ (4,855)</u>	<u>\$ (41,314)</u>	<u>\$ (46,169)</u>

Fiduciary Funds
Detail Statements

WEST CAPE MAY SCHOOL DISTRICT
Fiduciary Funds
 Combining Statement of Net Position
 June 30, 2019

	Agency Funds		Unemployment Compensation Insurance Fund	Total
	Student Activity	Payroll		
ASSETS:				
Cash and Cash Equivalents	\$ 348	\$ 30,638	\$ 11,485	\$ 42,471
TOTAL ASSETS	\$ 348	\$ 30,638	\$ 11,485	\$ 42,471
LIABILITIES				
LIABILITIES:				
Interfund Payable	\$ -	\$ 21,972	\$ -	\$ 21,972
Payroll Withholdings	-	8,666	-	8,666
Due to Student Groups	348	-	-	348
Total Liabilities	348	30,638	-	30,986
NET POSITION				
Reserved for unemployment claims	-	-	11,485	11,485
Total net position	\$ -	\$ -	\$ 11,485	\$ 11,485

WEST CAPE MAY SCHOOL DISTRICT
Fiduciary Fund
 Statement of Changes in Fiduciary Net Position
 for the Fiscal Year ended June 30, 2019

	<u>Unemployment Compensation Insurance Trust</u>	<u>Total</u>
REVENUES:		
Local sources:		
Employee contributions	\$ 2,397	\$ 2,397
Interest on Investments	<u>2</u>	<u>2</u>
Total Revenues	<u>2,399</u>	<u>2,399</u>
 EXPENDITURES:		
Current Expense:		
Undistributed Expenditures:		
Unemployment claims	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures)	2,399	2,399
Net Position July 1	<u>9,086</u>	<u>9,086</u>
Net Position June 30	<u><u>\$ 11,485</u></u>	<u><u>\$ 11,485</u></u>

WEST CAPE MAY SCHOOL DISTRICT
Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 for the Fiscal Year ended June 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u> <u>June 30, 2019</u>	<u>Balance</u> <u>June 30, 2019</u>
West Cape May Elementary	<u>\$ 614</u>	<u>\$ 1,433</u>	<u>\$ 1,700</u>	<u>\$ -</u>	<u>\$ 347</u>
Total	<u><u>\$ 614</u></u>	<u><u>\$ 1,433</u></u>	<u><u>\$ 1,700</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 347</u></u>

WEST CAPE MAY SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
ASSETS:				
Cash and cash equivalents	\$ 116,287	\$ 1,223,927	\$ 1,309,576	\$ 30,638
Total assets	<u>\$ 116,287</u>	<u>\$ 1,223,927</u>	<u>\$ 1,309,576</u>	<u>\$ 30,638</u>
LIABILITIES:				
Payroll deductions and withholdings	\$ 14,675	\$ 419,370	\$ 425,379	\$ 8,666
Net payroll	-	771,518	771,518	-
Interfund payable	<u>101,612</u>	<u>33,039</u>	<u>112,679</u>	<u>21,972</u>
Total liabilities	<u>\$ 116,287</u>	<u>\$ 1,223,927</u>	<u>\$ 1,309,576</u>	<u>\$ 30,638</u>

Long-Term Debt Schedules

WEST CAPE MAY SCHOOL DISTRICT
General Long-Term Debt Account Group
 Statement of Serial Bonds
 June 30, 2019

Issue	Date of Issue	Amount of Issue	Annual Maturities		Rate of Interest	Balance July 1, 2018	Issued	Retired	Balance June 30, 2019
			Date	Amount					
School Bonds	07/15/1998	\$ 970,000	N/A	N/A	N/A	\$ 60,000	\$ -	\$ 60,000	\$ -
						<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ -</u>

WEST CAPE MAY SCHOOL DISTRICT
General Long-Term Debt Account Group
Statement of Obligations Under Capital Leases
June 30, 2019

<u>Purpose</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding July 1, 2018</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2019</u>
Heating, Ventilation, and Air Conditioning	2.53%	\$ 215,000	<u>\$ 89,236</u>	<u>\$ -</u>	<u>\$ 44,061</u>	<u>\$ 45,175</u>
			<u><u>\$ 89,236</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 44,061</u></u>	<u><u>\$ 45,175</u></u>

WEST CAPE MAY SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 40,519	\$ -	\$ 40,519	\$ 40,519	\$ -
Total revenues - local sources	<u>40,519</u>	<u>-</u>	<u>40,519</u>	<u>40,519</u>	<u>-</u>
State sources:					
Debt service aid type II	20,743		20,743	20,743	-
Total revenues - state sources	<u>20,743</u>	<u>-</u>	<u>20,743</u>	<u>20,743</u>	<u>-</u>
Total Revenues	<u>61,262</u>	<u>-</u>	<u>61,262</u>	<u>61,262</u>	<u>-</u>
EXPENDITURES:					
Regular debt service:					
Interest	1,463		1,463	1,462	1
Redemption of principal	60,000		60,000	60,000	-
Total Expenditures	<u>61,463</u>	<u>-</u>	<u>61,463</u>	<u>61,462</u>	<u>1</u>
Excess (Deficiency) of revenues over (under) expenditures	(201)	-	(201)	(200)	1
Other Financing Sources (Uses):					
Operating transfer in					-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(201)	-	(201)	(200)	1
Fund Balances, July 1	<u>201</u>		<u>201</u>	<u>201</u>	<u>-</u>
Fund Balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	<u>\$ 201</u>	<u>\$ -</u>	<u>\$ 201</u>	<u>\$ 201</u>	<u>\$ 1</u>

Statistical Section

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

Exhibit J-1

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Net investment in capital assets	\$ 517,188	\$ 376,511	\$ 401,478	\$ 426,445	\$ 597,808	\$ 403,534	\$ 658,988	\$ 725,674	\$ 774,712	\$ 838,083
Restricted for:										
Capital projects	127,134	157,350	157,076	157,076	242,222	867,902	269,196	398,369	398,532	398,736
Debt service	307	-	-	-	-	-	-	201	201	1
Other purposes	204,722	227,243	215,263	210,240	261,530	226,469	225,384	231,296	325,700	369,308
Unrestricted	231,076	248,866	235,107	208,439	170,463	(33,338)	(42,026)	(104,105)	(111,521)	(126,251)
Total governmental activities net position	\$ 1,080,427	\$ 1,009,970	\$ 1,008,924	\$ 1,002,200	\$ 1,272,023	\$ 1,464,567	\$ 1,111,542	\$ 1,251,435	\$ 1,387,624	\$ 1,479,877
Business-type activities:										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ 2,308	\$ 2,146	\$ 1,985	\$ 1,823	\$ 1,661	\$ 1,499
Unrestricted	1,035	381	3,519	3,076	3,905	2,319	2,561	1,139	1,498	3,753
Total business-type activities net position	\$ 1,035	\$ 381	\$ 3,519	\$ 3,076	\$ 6,213	\$ 4,465	\$ 4,546	\$ 2,962	\$ 3,159	\$ 5,252
District-wide:										
Net investment in capital assets	\$ 517,188	\$ 376,511	\$ 401,478	\$ 426,445	\$ 600,116	\$ 405,680	\$ 660,973	\$ 727,497	\$ 776,373	\$ 839,582
Restricted:										
Capital projects	127,134	157,350	157,076	157,076	242,222	867,902	269,196	398,369	398,532	398,736
Debt service	307	-	-	-	-	-	-	201	201	1
Other purposes	204,722	227,243	215,263	210,240	261,530	226,469	225,384	231,296	325,700	369,308
Unrestricted	232,111	249,247	238,626	211,515	174,368	(31,019)	(39,465)	(102,966)	(110,023)	(122,498)
Total district net position	\$ 1,081,462	\$ 1,010,351	\$ 1,012,443	\$ 1,005,276	\$ 1,278,236	\$ 1,469,032	\$ 1,116,088	\$ 1,254,397	\$ 1,390,783	\$ 1,485,129

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

Exhibit J-2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 437,229	\$ 518,971	\$ 449,998	\$ 501,919	\$ 641,168	\$ 651,275	\$ 640,823	\$ 726,167	\$ 787,965	\$ 752,479
Special education	69,541	60,804	74,135	68,480	93,245	83,295	151,731	128,220	77,952	90,033
Other instruction		600	550	8,524	8,526	11,928	12,366	11,165	14,964	29,199
Support Services:										
Tuition	47,884	59,018	18,353	2,300	22,167	14,067	27,358	18,326	55,888	63,078
Student & instruction related services	124,355	129,724	162,650	207,469	258,963	240,549	277,702	267,216	295,058	405,092
General and business administrative services	49,918	55,763	56,310	66,784	72,239	66,453	74,553	93,811	110,827	121,481
Plant operations and maintenance	104,661	234,003	242,154	120,608	129,453	434,335	635,239	194,013	145,966	188,843
Pupil transportation	7,398	15,623	30,411	7,102	9,011	10,702	10,974	2,858	19,353	45,863
Unallocated employee benefits	146,262	166,113	177,619	318,733	197,764	205,986	283,414	334,743	860,685	767,540
Special schools										
Charter schools										
Interest on long-term debt	24,965	23,356	19,025	17,174	14,494	11,812	8,897	5,971	3,047	122
Unallocated depreciation	4,790	12,477	5,189	3,003						6,269
Total governmental activities expenses	<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>	<u>2,371,705</u>	<u>2,469,999</u>
Business-type activities:										
Food service	18,328	9,377	13,384	16,842	11,264	22,660	22,771	28,442	17,399	45,304
Child care					6,064	8,517	21,360	14,772	27,893	16,606
Total business-type activities expense	<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>	<u>45,292</u>	<u>61,910</u>
Total district expenses	<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>	<u>2,416,997</u>	<u>2,531,909</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	127,456	121,334	129,441	162,986	175,687	203,445	215,910	268,734	792,652	718,601
Total governmental activities program revenues	<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>	<u>792,652</u>	<u>718,601</u>

(Continued)

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

Exhibit J-2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Charges for services:										
Food service	\$ 4,170	\$ 3,374	\$ 4,167	\$ 3,689	\$ 3,591	\$ 5,370	\$ 5,737	\$ 7,760	\$ 8,777	\$ 7,438
Child care					7,450	8,181	21,467	14,722	17,282	15,951
Operating grants and contributions	3,547	5,346	12,353	12,709	9,421	15,875	14,034	16,546	14,428	10,611
Capital grants and contributions							-	-	-	-
Total business type activities program revenues	<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>	<u>40,487</u>	<u>34,000</u>
Total district program revenues	<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>	<u>\$ 833,139</u>	<u>\$ 752,601</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (889,547)	\$ (1,155,118)	\$ (1,106,953)	\$ (1,159,110)	\$ (1,271,343)	\$ (1,526,957)	\$ (1,907,147)	\$ (1,513,756)	\$ (1,579,053)	\$ (1,751,398)
Business-type activities	(10,611)	(657)	3,136	(444)	3,134	(1,751)	(2,893)	(4,186)	(4,805)	(27,910)
Total district-wide net expense	<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>	<u>\$ (1,583,858)</u>	<u>\$ (1,779,308)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 847,561	\$ 838,582	\$ 855,354	\$ 809,987	\$ 826,187	\$ 842,710	\$ 978,868	\$ 998,445	\$ 1,025,925	\$ 1,145,481
Taxes levied for debt service	45,568	48,483	50,100	48,631	46,854	45,078	46,534	44,796	42,658	40,519
Unrestricted grants and contributions	141,349	138,040	190,317	298,779	462,386	814,598	512,342	592,136	629,777	666,416
Tuition revenue	25,000	20,480	540	7,360	14,400	3,070	14,400	14,454	9,000	11,000
Investment earnings	1,981	1,321	32	73	146	63	10	23	163	204
Miscellaneous income	18,113	37,755	9,564	2,857	15,366	10,811	1,968	6,395	12,719	10,031
Proceeds of capital lease						215,000	-	-	-	-
Transfers	(11,080)	-	-	-	-	-	-	(2,600)	(5,000)	(30,000)
Total governmental activities	<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>	<u>1,715,242</u>	<u>1,843,651</u>
Business-type activities:										
Miscellaneous income	4	3	2	1	3	3	2,974	2	2	3
Transfers	11,080	-	-	-	-	-	-	2,600	5,000	30,000
Total business-type activities	<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>	<u>5,002</u>	<u>30,003</u>
Total district-wide	<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>	<u>\$ 1,720,244</u>	<u>\$ 1,873,654</u>
Change in Net Position:										
Governmental activities	\$ 178,945	\$ (70,457)	\$ (1,046)	\$ 8,577	\$ 93,996	\$ 404,373	\$ (353,025)	\$ 139,893	\$ 136,189	\$ 92,253
Business-type activities	473	(654)	3,138	(443)	3,137	(1,748)	81	(1,584)	197	2,093
Total district-wide	<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>	<u>\$ 136,386</u>	<u>\$ 94,346</u>

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

Exhibit J-3

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Reserved for:										
Encumbrances	\$ -	\$ 20,643	\$ -	\$ -	\$ 42,532	\$ 8,311	\$ 2,879	\$ 6,720	\$ 19,046	\$ 5,101
Capital reserve	127,134	157,350	157,076	157,076	242,222	336,054	266,239	398,369	398,532	398,736
Maintenance reserve	60,000	70,000	70,000	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	50,000	20,000
Excess surplus	144,722	55,392	88,487	90,240	98,684	98,005	102,505	104,576	186,480	274,207
Assigned fund balance										
Designated for subsequent year's expenditures		31,208	6,776	-	314	153	-	-	174	
Unassigned	237,452	246,239	232,440	220,538	202,361	202,984	204,318	187,249	187,053	189,055
Total general fund	<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>	<u>\$ 911,285</u>	<u>\$ 957,099</u>
All Other Governmental Funds										
Reserved:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Encumbrances										
Unreserved, reported in:										
Special revenue fund										
Capital projects fund						531,848	2,957	201	201	
Debt service fund										1
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 531,848</u>	<u>\$ 2,957</u>	<u>\$ 201</u>	<u>\$ 201</u>	<u>\$ 1</u>

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

Exhibit J-4

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax levy	\$ 893,129	\$ 887,065	\$ 905,454	\$ 858,618	\$ 873,041	\$ 887,788	\$ 1,025,402	\$ 1,043,241	\$ 1,068,583	\$ 1,186,000
Tuition charges	25,000	20,480	540	7,360	14,400	3,070	14,400	14,454	9,000	11,000
Interest earnings	1,981	1,321	32	73	146	63	157	23	163	204
Miscellaneous	18,763	38,197	9,564	4,369	15,426	13,311	11,821	8,395	12,719	5,853
Local sources										4,178
State sources	232,362	228,542	289,903	416,496	576,423	950,525	679,641	781,344	847,018	907,269
Federal sources	35,793	30,390	29,855	43,757	61,590	65,018	38,611	77,526	74,672	116,238
Total revenue	1,207,028	1,205,995	1,235,348	1,330,673	1,541,026	1,919,775	1,770,032	1,924,983	2,012,155	2,230,742
Expenditures										
Instruction										
Regular Instruction	418,752	447,546	425,518	477,198	512,501	610,091	598,277	684,316	755,936	695,919
Special education instruction	69,541	60,804	74,135	68,480	93,245	83,295	151,731	128,220	77,952	90,033
Other special instruction	-	600	550	8,524	8,526	11,928	12,366	11,165	14,964	29,199
Other instruction										
Support Services:										
Tuition	47,884	59,018	18,353	2,300	22,167	14,067	27,358	18,326	55,888	63,078
Student & instruction related services	124,355	129,724	162,650	207,469	258,963	240,549	277,702	267,216	295,058	405,092
General and business admin. services	49,918	55,763	56,310	66,784	58,784	61,760	69,385	88,295	105,434	121,481
Plant operations and maintenance	94,830	115,943	147,378	117,605	115,998	103,660	121,344	112,136	119,568	142,485
Pupil transportation	7,398	15,623	30,411	7,102	9,011	10,702	10,974	2,858	19,353	45,863
Other support services	146,262	166,113	177,619	193,166	197,764	215,799	273,253	286,112	340,265	394,366
Special Schools										
Charter Schools										
Capital outlay	7,227	20,000	92,393	125,567	75,086	123,641	755,861	138,210	63,978	106,150
Debt service:										
Principal	50,000	50,000	55,000	55,000	55,000	55,000	60,000	60,000	60,000	60,000
Interest and other charges	26,082	23,644	21,084	18,403	15,722	13,041	10,238	7,312	4,388	1,462
Total expenditures	1,042,249	1,144,778	1,261,401	1,347,598	1,422,767	1,543,533	2,368,489	1,804,166	1,912,784	2,155,128
Excess (Deficiency) of revenues over (under) expenditures	164,779	61,217	(26,053)	(16,925)	118,259	376,242	(598,457)	120,817	99,371	75,614
Other Financing sources (uses)										
Proceeds from borrowing	-	-	-	-	-	215,000	-	-	-	-
Accrued interest on sale of bonds	-	-	-	-	-	-	-	-	-	-
Transfers in	307	-	306	-	-	89,231	154,474	18,611	-	-
Transfers out	(11,387)	-	(306)	-	-	(89,231)	(154,474)	(21,211)	(5,000)	(30,000)
Total other financing sources (uses)	(11,080)	-	-	-	-	215,000	-	(2,600)	(5,000)	(30,000)
Net change in fund balances	\$ 153,699	\$ 61,217	\$ (26,053)	\$ (16,925)	\$ 118,259	\$ 591,242	\$ (598,457)	\$ 118,217	\$ 94,371	\$ 45,614
Debt service as a percentage of noncapital expenditures	7.35%	6.55%	6.51%	6.01%	5.25%	4.79%	4.36%	4.04%	3.48%	3.00%

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>
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
2018	293	9,000	11,839	36			21,168
2019	510	11,000	3,235	812	1,500		17,057
	<u>\$ 5,722</u>	<u>\$ 119,704</u>	<u>\$ 95,088</u>	<u>\$ 10,343</u>	<u>\$ 8,000</u>	<u>\$ 5,050</u>	<u>\$ 243,907</u>

Source: District records

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
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 r	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
2018	15,962,500	424,392,600	3,301,300	220,500	35,969,500	1,066,100	480,912,500	150,824	481,063,324	10,454,600	0.247	499,169,212
2019	16,152,100	433,582,500	3,301,300	220,500	36,753,700	1,066,100	491,076,200		491,076,200	10,829,900	0.242	536,795,884

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	
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
2018	0.239	0.008	0.247	0.357	0.382	0.279	1.265
2019	0.242		0.242	0.359	0.356	0.297	1.254

Source: Municipal Tax Collector

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

Exhibit J-8

Taxpayer	2019		Taxpayer	2010	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Wilbraham Mansion, LLC	\$ 3,242,100	0.66%	Depot Travel Park, Inc.	\$ 4,050,300	0.79%
Rayson Property Management	2,750,000	0.56%	Raysun Property Management	3,382,200	0.66%
The Depot Travel Park, Inc.	2,729,900	0.56%	Wilbraham Mansion, LLC	2,854,600	0.55%
Individual #1	2,349,300	0.48%	CVS, Inc.	2,479,000	0.48%
CVS	2,300,000	0.47%	Cape May Lumber	2,138,900	0.41%
Cape May Lumber Company	2,138,900	0.44%	Individual #1	2,058,200	0.40%
Individual #2	2,102,402	0.43%	Cape West Associates Inc.	1,862,800	0.36%
Individual #3	2,058,200	0.42%	Individual #2	1,594,300	0.31%
122 Stevens Street, LLC	2,017,700	0.41%	Individual #3	1,018,500	0.20%
Cape West Associates, Inc.	1,862,800	0.38%	Individual #4	996,400	0.19%
Total	\$ 23,551,302	4.80%		\$ 22,435,200	4.35%

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	
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%	-
2018	1,068,583	1,068,583	100.00%	-
2019	1,186,000	1,103,474	93.04%	82,526

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		
2010	\$ 510,000		\$ -	\$ -	\$ -	\$ 510,000	1.13%	\$ 504
2011	460,000		-	-	-	460,000	0.97%	454
2012	405,000		-	-	-	405,000	0.82%	400
2013	350,000		-	-	-	350,000	0.70%	348
2014	295,000		-	-	-	295,000	0.57%	295
2015	240,000		215,000	-	-	455,000	0.84%	456
2016	180,000		174,121	-	-	354,121	0.63%	354
2017	120,000		132,209	-	-	252,209	0.43%	251
2018	60,000		89,236	-	-	149,236	c	149
2019	-		-	-	-	-	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		
2010	\$ 510,000	\$ -	\$ 510,000	0.10%	\$ 504
2011	460,000	-	460,000	0.10%	454
2012	405,000	-	405,000	0.09%	400
2013	350,000	-	350,000	0.08%	348
2014	295,000	-	295,000	0.07%	295
2015	240,000	-	240,000	0.05%	240
2016	180,000	-	180,000	0.04%	180
2017	120,000	-	120,000	0.03%	119
2018	60,000	-	60,000	0.01%	60
2019	-	-	-	0.00%	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, 2018**

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	\$ 2,783,399	100.000%	\$ 2,783,399
Lower Cape May Regional School Debt	9,017,000	6.802%	640,573
Cape May County General Obligation Debt	336,536,298	1.029%	3,462,959
			<hr/>
Subtotal, overlapping debt			6,886,931
West Cape May School District Direct Debt			<hr/> -
Total direct and overlapping debt			<hr/> \$ 6,886,931 <hr/>

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

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

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 2019

	Equalized valuation basis	
	2016	\$ 471,575,080
	2017	485,693,105
	2018	525,300,382
	[A]	<u>\$ 1,482,568,567</u>
Average equalized valuation of taxable property	[A/3]	\$ 494,189,522
Debt limit (2 1/2% of average equalized valuation)	[B]	12,354,738 ^a
Net bonded school debt	[C]	
Legal debt margin	[B-C]	<u>\$ 12,354,738</u>

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 12,306,830	\$ 12,309,782	\$ 12,241,548	\$ 11,950,487	\$ 11,525,734	\$ 10,976,713	\$ 10,833,196	\$ 11,118,407	\$ 11,618,684	\$ 12,354,738
Total net debt applicable to limit	<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>	<u>60,000</u>	
Legal debt margin	<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>	<u>\$ 11,558,684</u>	<u>\$ 12,354,738</u>
Total net debt applicable to the limit as a percentage of debt limit	4.14%	3.74%	3.31%	2.93%	2.56%	2.19%	1.66%	1.08%	0.52%	0.00%

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

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

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

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2010	1,011	\$ 45,161,370	\$ 44,670	13.5%
2011	1,013	47,500,583	46,891	14.2%
2012	1,012	49,275,292	48,691	15.2%
2013	1,007	49,789,101	49,443	18.8%
2014	1,001	51,373,322	51,322	10.4%
2015	998	53,873,038	53,981	9.9%
2016	1,001	55,930,875	55,875	9.2%
2017	1,005	58,615,620	58,324	7.9%
2018	1,004	e	e	7.2%
2019	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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction										
Regular	7	5	6	4	5	5	6	6	6	9.5
Special education	1	1	1	1	1	1	1	1	1	1
Other instruction	3	3	3	5	5	6	6	6	6	5
Support Services:										
General and business administrative services	1	1	1	1	1	2	2	2	2	1
Plant operations and maintenance	1	1	1	1	1	1	1	1	1	1
Business and other support services	1	1	1	1	1	1	1	1	1	2
Total	<u>14</u>	<u>12</u>	<u>13</u>	<u>13</u>	<u>14</u>	<u>16</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>20</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				
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%
2018	102	1,784,418	17,494	7.24%	8	1 to 11	100.5	94.5	5.68%	94.05%
2019	98	1,987,516	20,281	15.93%	8	1 to 11	95.6	90.9	-4.87%	95.06%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

Exhibit J-18

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>District Building</u>										
<u>Elementary</u>										
West Cape May Elementary (1963)										
Square Feet	17,233	17,233	17,233	17,233	17,233	17,233	17,233	17,233	17,233	17,233
Capacity (students)	118	118	118	118	118	118	118	118	118	118
Enrollment	37	42	56	65	75	82	88	95	100	96

Number of Schools at June 30, 2019

 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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
* School Facilities											
West Cape May School	\$ 3,603	\$ 17,425	\$ 44,396	\$ 18,980	\$ 12,185	\$ 8,413	\$ 15,010	\$ 8,274	\$ 11,453	\$ 25,179	\$ 164,918
Project # (s)											
Total School Facilities	<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>\$ 11,453</u>	<u>\$ 25,179</u>	<u>\$ 164,918</u>

* 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, 2019**

Exhibit J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Property - Blanket and Personal Property	\$ 3,881,160	\$ 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	100,000
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 - Position eliminated 9/30/2019	115,000	1,000

(1) - New Jersey School Boards Association Insurance Group

(2) - McCloskey Insurance

Source: District records

Single Audit Section

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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, 2019. 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, 2019.

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
November 19, 2019

WEST CAPE MAY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2019

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, 2018			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2019		
						Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
U.S. Department of Education															
<u>General Fund:</u>															
Medical Assistance Program (SEMI)	93.778	1905NJ5MAP	N/A	\$ 346	7/1/18-6/30/19	\$ -	\$ -	\$ -	\$ -	\$ 346	\$ (346)	\$ -	\$ -	\$ -	\$ -
Total General Fund						-	-	-	-	346	(346)	-	-	-	-
<u>Special Revenue Fund:</u>															
REAP Grant	84.358A	S358A180030	REAP-5610-19	18,556	7/1/18-6/30/19					18,556	(18,556)				
<u>Every Student Succeeds Act (ESSA)</u>															
Title I	84.010A	S010A180030	ESSA-5610-19	52,300	7/1/18-6/30/19						(52,300)		(52,300)		
Title I - Prior Year	84.010A	S010A170030	ESSA-5610-18	49,793	7/1/17-6/30/18	(30,330)				30,330			-		
Title II - Part A	84.367A	S367A170029	ESSA-5610-19	2,767	7/1/18-6/30/19						(2,767)		(2,767)		
Title IV	84.424	S424A170031	ESSA-5610-19	18,988	7/1/18-6/30/19						(18,988)		(18,988)		
<u>Individuals With Disabilities Imp. Act (I.D.E.A.)</u>															
Part B - Basic - Current Year	84.027	H027A180100	IDEA-5610-19	22,647	7/1/18-6/30/19						(22,647)		(22,647)		
Part B - Basic - Prior Year	84.027	H027A170100	IDEA-5610-18	21,601	7/1/17-6/30/18	(437)				437			-		
Part B - Preschool - Current Year	84.173	H173A180114	IDEA-5610-19	634	7/1/18-6/30/19						(634)		(634)		
Part B - Preschool - Prior Year	84.173	H173A170114	IDEA-5610-18	601	7/1/17-6/30/18	(42)				42			-		
Total Special Revenue Fund						(30,809)	-	-	-	49,365	(115,892)	-	(97,336)	-	-
U.S. Department of Agriculture															
<u>Enterprise Fund:</u>															
National School Lunch Program	10.555	191NJ304N1099	N/A	7,220	7/1/18-6/30/19					5,887	(7,220)		(1,333)		
National School Lunch Program	10.555	181NJ304N1099	N/A	8,669	7/1/17-6/30/18	(613)				613			-		
School Breakfast Program	10.553	191NJ304N1099	N/A	3,185	7/1/18-6/30/19					2,578	(3,185)		(607)		
School Breakfast Program	10.553	181NJ304N1099	N/A	5,502	7/1/17-6/30/18	(351)				351			-		
Total Enterprise Fund						(964)	-	-	-	9,429	(10,405)	-	(1,940)	-	-
Total Federal Awards						\$ (31,773)	\$ -	\$ -	\$ -	\$ 59,140	\$ (126,643)	\$ -	\$ (99,276)	\$ -	\$ -

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, 2019

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2018			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	June 30, 2019		
				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	19-495-034-5120-089	\$ 59,960	7/1/18-6/30/19	\$ -	\$ -	\$ -	\$ -	\$ 54,316	\$ (59,960)	\$ -	\$ (5,644)	\$ -	\$ -
Special Education Categorical Aid	18-495-034-5120-089	28,525	7/1/17-6/30/18	(2,849)				2,849					
Security Aid	19-495-034-5120-084	11,934	7/1/18-6/30/19					10,811	(11,934)		(1,123)		
Security Aid	18-495-034-5120-084	6,810	7/1/17-6/30/18	(680)				680					
School Choice Aid	19-495-034-5120-068	570,351	7/1/18-6/30/19					516,668	(570,351)		(53,683)		
School Choice Aid	18-495-034-5120-068	548,457	7/1/17-6/30/18	(54,778)				54,778					
Transportation Aid	19-495-034-5120-014	5,258	7/1/18-6/30/19					4,763	(5,258)		(495)		
Transportation Aid	18-495-034-5120-014	5,454	7/1/17-6/30/18	(545)				545					
Under Adequacy Aid	18-495-034-5120-083	38,690	7/1/17-6/30/18	(3,864)				3,864					
PARCC Readiness Aid	18-495-034-5120-098	830	7/1/17-6/30/18	(83)				83					
Per Pupil Growth Aid	18-495-034-5120-097	830	7/1/17-6/30/18	(83)				83					
Professional Learning Community Aid	18-495-034-5120-101	650	7/1/17-6/30/18	(65)				65					
On Behalf TPAF Pension	19-495-034-5094-002	128,477	7/1/18-6/30/19					128,477	(128,477)				
On Behalf TPAF Post Retirement Medical	19-495-034-5094-001	58,277	7/1/18-6/30/19					58,277	(58,277)				
On Behalf TPAF Long Term Disability Insurance	19-495-034-5094-004	99	7/1/18-6/30/19					99	(99)				
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	50,168	7/1/18-6/30/19					45,233	(50,168)		(4,935)		
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	52,161	7/1/17-6/30/18	(2,493)				2,493					
Total General Fund				<u>(65,440)</u>				<u>884,084</u>	<u>(884,524)</u>		<u>(65,880)</u>		
<u>Debt Service Fund</u>													
Debt Service Aid Type II	19-495-034-5120-017	20,743	7/1/18-6/30/19					20,743	(20,743)				
State Department of Agriculture													
<u>Enterprise Fund:</u>													
State School Lunch Program	19-100-010-3350-023	206	7/1/18-6/30/19					168	(206)		(38)		
State School Lunch Program	18-100-010-3350-023	257	7/1/17-6/30/18	(20)				20					
Total Enterprise Fund				<u>(20)</u>				<u>188</u>	<u>(206)</u>		<u>(38)</u>		
Total State Financial Assistance				<u>\$ (65,460)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 905,015</u>	<u>\$ (905,473)</u>	<u>\$ -</u>	<u>\$ (65,918)</u>	<u>\$ -</u>	<u>\$ -</u>
Less: State Financial Assistance Not Subject to Major Program Determination													
On-Behalf TPAF Contribution - Pension (Non-Budgeted)										(128,477)			
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted)										(58,277)			
On-Behalf TPAF Contribution - Long Term Disability Insurance (Non-Budgeted)										(99)			
Total State Financial Assistance Subject to Major Program Determination										<u>\$ (718,620)</u>			

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

**West Cape May School District
Notes to Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2019**

1. GENERAL

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

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 \$2,002 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	\$ 346	\$ 886,526	\$ 886,872
Special Revenue	115,892	-	115,892
Debt Service	-	20,743	20,743
Food Service	10,405	206	10,611
Total	<u>\$ 126,643</u>	<u>\$ 907,475</u>	<u>\$ 1,034,118</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, 2019
(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, 2019. 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, 2019.

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 (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Section 1 -- Summary of Auditor's Results (Continued)

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>
19-495-034-5120-068	State Aid Public Cluster: School Choice Aid
19-495-034-5120-089	Special Education Categorical Aid
19-495-034-5120-084	Security Aid

**WEST CAPE MAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

Finding #2019-001

Criteria or specific requirement:

Executive County Superintendent approval should be requested for any transfer from an advertised appropriation account as defined under N.J.A.C. 6A:23A-13.3(f), which is cumulatively more than 10 percent of the original amount.

Condition:

The district transferred from Special Education – Basic Skills an amount that on a cumulative basis exceeded 10 percent of the total amount of Special Education – Basic Skills included in the original budget without proper department approval.

Context:

As part of the audit procedures, a review was performed of cumulative budget transfers and one exception was noted.

Effect:

Violation of N.J.A.C. 6A:23A-13.3(f).

Cause:

Oversight.

Recommendation:

Executive County Superintendent approval should be requested for any transfer from an advertised appropriation account as defined under N.J.A.C. 6A:23A-13.3(f), which is cumulatively more than 10 percent of that amount.

View of Responsible Officials and Planned Corrective Action:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**WEST CAPE MAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**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

Finding #2018-001

Condition

Several employees who appear to be eligible were not enrolled in the pension system.

Current Status

The condition has been corrected.

Finding #2018-002

Condition

The financial records reflect errors in accounts receivable, revenues, and expenditures which required audit adjustments.

Current Status

The condition has been corrected.

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

There were no prior year audit findings.