

**SCHOOL DISTRICT
OF**

**LOWER
CAPE MAY
REGIONAL**

**Lower Cape May Regional Board of Education
Cape May, New Jersey**

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021**

**Annual Comprehensive
Financial Report**

of the

**Lower Cape May Regional
Board of Education**

Cape May, New Jersey

For the Fiscal Year Ended June 30, 2021

**Prepared by
Lower Cape May Regional Board of Education
Finance Department**

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT

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Introductory Section

JOSEPH A. CASTELLUCCI
Superintendent

RICHARD J. HOOYMAN
President

MARK MALLETT
Business Administrator/Board Secretary

GARY PLAYFORD
Vice-President

Board of Education
Lower Cape May Regional School District
687 Route 9 Cape May, New Jersey 08204
(609) 884-3475 Fax: (609) 884-7067

CITY OF CAPE MAY

TOWNSHIP OF LOWER

BOROUGH OF WEST CAPE MAY

January 28, 2022

Honorable President & Members of the Board of Education
Lower Cape May Regional School District
Cape May County, NJ

The annual comprehensive financial report of the Lower Cape May Regional School District for the fiscal year ended June 30, 2021 is hereby submitted. 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. 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 annual comprehensive financial report has been prepared in accordance with Governmental Accounting Standards Board Statement 34 and 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 OMB15-08. 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, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Lower Cape May Regional School District is an independent reporting entity with 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 Lower Cape May Regional Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 7 through 12. These include regular and vocational, as well as special education for handicapped youngsters. The District completed the 2020-2021 fiscal year with an enrollment of 1209 students, which is a 4.80% decrease from the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2020/21	1,209	(4.80)%
2019/20	1,270	(0.55)%
2018/19	1,277	(3.11)%
2017/18	1,318	(0.53)%
2016/17	1,325	(2.14)%
2015/16	1,354	(3.70)%
2014/15	1,406	0.72%
2013/14	1,396	(4.51)%
2012/13	1,462	(4.61)%
2011/12	1,528	(5.03)%
2010/11	1,609	(0.43)%

2. ECONOMIC CONDITION AND OUTLOOK:

Lower Township

Description of Governmental Structure:

The Township encompasses 30.5 square miles in the southern part of Cape May County. Its boundaries include the Delaware Bay to the South, the Atlantic Ocean to the East, the City of Cape May to the Southeast, and the Township of Middle to the North. The area was purchased from the original settlers, the Kechemeche Indians, in the early 1600's. Its abundant natural resources made it a center for whaling, fishing and fur trapping.

The Township was formed as a precinct in 1723 and was incorporated as a township on February 21, 1798. From its incorporation until July 1, 1984, three members formed a township committee which governed the Township. Since July 1, 1984, the governing body consists of a mayor and four council members (three elected from wards and one at-large). Since 1984, a Township Manger supervises all departments and is responsible for the preparation and administration of the annual budget.

The municipality provides, for the population of the township, various services including but not limited to, police and volunteer fire departments, rescue squad, and recreation. There is also a municipal authority for both sewer and water.

Population:

The population growth in the Township of Lower for the 1940 to 2010 period is as follows:

1940 Federal Census	1,705
1950 Federal Census	2,737
1960 Federal Census	6,332
1970 Federal Census	10,154
1980 Federal Census	17,037
1990 Federal Census	20,820
2000 Federal Census	22,945
2010 Federal Census	22,866

Cape May

Governmental Structure:

The City is governed by the small municipalities form of government, providing for the election of a five member City Council, a legislative body, which serves three year terms and which selects one of its members a Mayor. Council selects the Clerk, Assessor, Treasurer, City Attorney, Engineer, Auditor and Municipal Court Judge.

History and Geography:

The City, the nation's oldest seashore resort, is located at the southern tip of New Jersey, where the Atlantic Ocean meets the Delaware Bay.

Discovered by Henry Hudson in 1609, settled by the Dutch in 1623 and colonized by the Pilgrims of Plymouth, the City has a rich history that today is a major source of local prosperity.

Named for Dutch explorer Cornelius Jacobsen Mey, the City is located in the County of Cape May on the New Jersey peninsula known as Cape May. It is a surprise to many that the City is actually located below the Mason-Dixon Line and is further south than Washington, D.C.

Following the "Great Fire of 1878" that destroyed half of the town, residents and vacationers rebuilt the city in the Victorian architectural style popular in the era. As a result, the City has the largest concentration of authentic Victorian structures in America. Today, several hundred beautifully manicured houses and public buildings retain this priceless heritage.

The entire City has been designed by the National Park Service a "National Historic Landmark".

The City has a three-mile beachfront on the Atlantic Ocean and is bounded on the Northeast by Cape May Harbor and on the Northwest by Cape Island Creek. Together with neighboring municipality West Cape May, Cape May is separated from the mainland by the Cape May Canal, dug during World War II for national defense reasons. The Canal connects the Ocean through Cape May Harbor west to the Delaware Bay.

The City is located at the southern terminus of the Garden State Parkway, 150 miles south of New York City, 100 miles southeast of Philadelphia, and 35 miles south of Atlantic City.

The city provides fire protection and emergency services, public library, and various municipal departments including public works, civic affairs, and a sewer and water utility.

West Cape May

The West Cape May area has been experiencing a degree of development and expansion. The residential tax base should continue to increase; it does appear that the numbers of families with school aged children locating in the area will increase the average daily enrollment.

3. MAJOR INITIATIVES:

Educational and support technology access and systems continue to evolve. The district now requires 20mb bandwidth for managing a variety of web based applications and programs used throughout the 7-12 curriculums. A five year virtualization project has continued to develop that will ensure the expansion of educational internet resources and tools while stemming recurring costs of devices. The addition of updated Chromebooks, laptops, and access points also adds significant real world learning applications.

Staff development is more critical than ever amidst the pandemic. Training focused on virtual instruction, the evaluation system, updated NJ student learning standards, an increasingly diverse student population, and all the associated and rapidly changing technological demands of being an educator in the 21st Century.

The District continues to strive to solicit parent and community input on all matters pertaining to the schools. This initiative will continue into the future with an emphasis on developing goals, objectives, and priorities for the next five years.

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. (Project length budgets are approved for the capital improvements accounted for in the capital projects 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, 2021.

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 1.

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 required 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 of Education carried various forms of insurance, including, but not limited to, general liability, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9. OTHER INFORMATION:

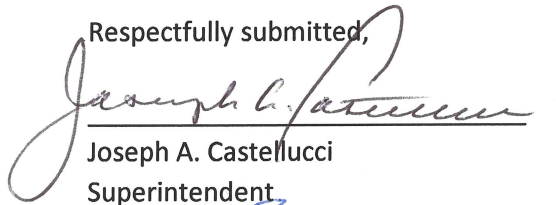
Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso & Stewart was selected by the Board of Education's audit committee. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGEMENTS:

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

The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

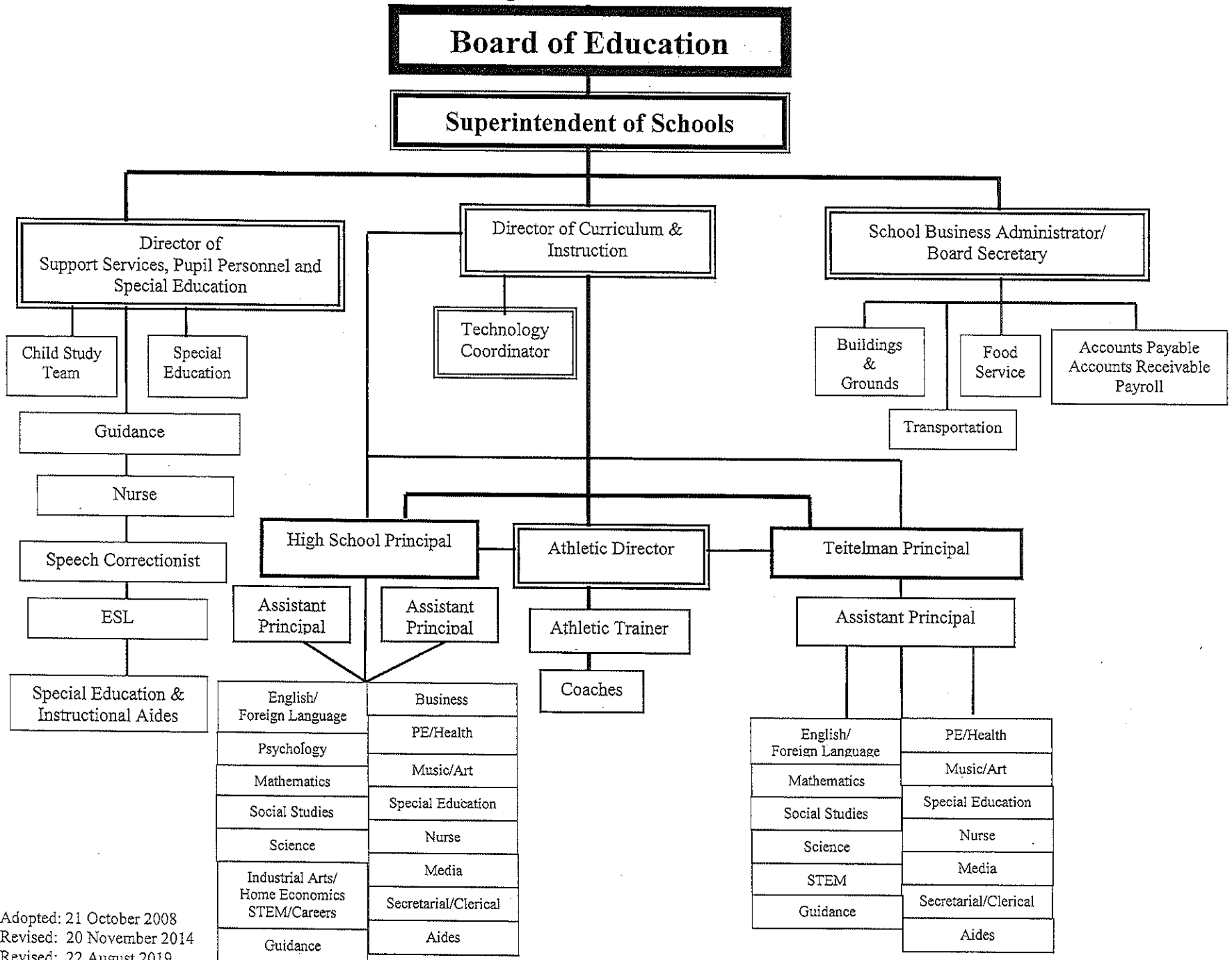


Joseph A. Castellucci
Superintendent



Mark G. Mallett
Business Administrator/Board Secretary

Lower Cape May Regional School District Organizational Chart



Adopted: 21 October 2008
 Revised: 20 November 2014
 Revised: 22 August 2019

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
CAPE MAY, NEW JERSEY 08204
ROSTER OF OFFICIALS
JUNE 30, 2021**

Members of the Board of Education	Term Expires
Richard J. Hooyman President	2021
Gary Playford Vice President	2021
Thomas Connelly, Jr.	2023
Gary Douglass	2022
Kathleen Elwell	2023
Frank Onorato	2022
Charles Hunt	2023
Roy Abrams Jr.	2021
Harry Sundstrom	2021

*Note: School Election is in November along with the General Election.

Other Officials

Joseph A. Castellucci, Superintendent

Mark G. Mallett, Business Administrator/Board Secretary

Ruth J. Foley, Treasurer

Brett Gorman, Solicitor

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
CONSULTANTS AND ADVISORS**

Architect

Garrison Architects
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Bellmawr, NJ 08031

Audit Firm

Inverso and Stewart
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Marlton, NJ 08053

Attorney

Brett E.J. Gorman, Esquire
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Mount Laurel, NJ 08054-5054

Fiscal Agents

TD Bank, National Association
Corporate Trust Services
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Cherry Hill, NJ 08002-4401

Banc of America
PO Box 1009018
Atlanta, GA 30384-0918

Official Depository

Sturdy Savings Bank
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North Cape May, NJ 08204

Financial Section

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Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
of the Board of Education
Lower Cape May Regional School District
County of Cape May
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 Lower Cape May Regional School District, in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2021, 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 Lower Cape May Regional School District, in the County of Cape May, State of New Jersey, as of June 30, 2021, 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.

Emphasis of Matter

Adoption of New Accounting Principle

As discussed in Note 20 to the financial statements, during the fiscal year ended June 30, 2021, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. My opinions are not modified with respect to this matter.

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 Lower Cape May Regional 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 schedules of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are also presented for purposes of additional analysis and are 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 January 28, 2022 on my consideration of the Lower Cape May Regional 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 Lower Cape May Regional 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
January 28, 2022

Required Supplementary Information - Part I
Management's Discussion and Analysis

**Lower Cape May Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

As management of the Board of Education of the Lower Cape May Regional School District in Cape May New Jersey, 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, 2021. 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 \$16,224,831 (*net position*).
- Governmental activities have an unrestricted net position deficit of \$11,663,015. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, and the June state aid payments, and the state statute that prohibits school districts from maintaining more than 4% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District increased by \$3,870,731, or a 31.33% increase from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds increased by \$2,331,302 resulting in an ending fund balance of 15,672,015. This increase is largely due to the results of operations in the General Fund.
- Business-type activities have unrestricted net position of \$59,096 which may be used to meet the School District's ongoing obligations of the food service operations.
- The School District's long-term obligations decreased by \$2,285,053 which is the result of the reduction of serial bonds, net pension liability and capital leases and compensated absences.

Overview of the Basic Financial Statements

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

District-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

Other Information

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

District-wide Financial Analysis

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, 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 2022. 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 2022.

The assets of the primary government activities exceeded liabilities by \$16,130,003 with an unrestricted deficit balance of \$11,663,015. The net position of the primary government does not include internal balances.

A net investment of \$13,131,918 in land, improvements, buildings, equipment and vehicles which provide the services to the School District's 1,209 public school students. Net position of \$8,078,859 have been restricted to provide resources for future capital expansion and renovation projects, \$1,894,946 is reserved for maintenance, \$66,282 is reserved for debt service, \$26,186 is reserved for scholarships, \$256,579 is reserved for student activities, \$151,465 is reserved for unemployment compensation, while \$4,186,783 has been restricted for budget appropriation.

As mentioned earlier, deficit unrestricted net position is primarily due to the accounting treatment for compensated absences payable, net pension liability and the June state aid payments, and state statutes that prohibit school districts from maintaining more than 4% of its adopted budget as unrestricted fund balance.

**Lower Cape May Regional School District
Comparative Summary of Net Position
As of June 30, 2021 and 2020**

	Governmental Activities		Business-Type Activities		District-Wide	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current assets	\$ 15,721,609	\$ 12,935,799	\$ 67,933	\$ 78,866	\$ 15,789,542	\$ 13,014,665
Capital assets	21,215,537	21,456,212	35,732	29,744	21,251,269	21,485,956
Total assets	36,937,146	34,392,011	103,665	108,610	37,040,811	34,500,621
Deferred Outflows of Resources	1,223,708	1,618,562			1,223,708	1,618,562
LIABILITIES						
Current liabilities	1,918,957	1,914,971	8,837	5,000	1,927,794	1,919,971
Noncurrent liabilities	16,214,373	18,450,296			16,214,373	18,450,296
Total Liabilities	18,133,330	20,365,267	8,837	5,000	18,142,167	20,370,267
Deferred Inflows of Resources	3,897,521	3,812,885			3,897,521	3,812,885
Net Position	\$ 16,130,003	\$ 11,832,421	\$ 94,828	\$ 103,610	\$ 16,224,831	\$ 11,936,031
Net Position Consists of:						
Net investment in						
Capital Assets	13,131,918	12,232,679	35,732	29,744	13,167,650	12,262,423
Restricted Assets	14,661,100	13,116,053			14,661,100	13,116,053
Unrestricted Assets	(11,663,015)	(13,516,311)	59,096	73,866	(11,603,919)	(13,442,445)
Net Position	\$ 16,130,003	\$ 11,832,421	\$ 94,828	\$ 103,610	\$ 16,224,831	\$ 11,936,031

Lower Cape May Regional School District
Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2021 and 2020

	Governmental Activities		Business-Type Activities		District-Wide	
	2021	2020	2021	2020	2021	2020
Revenues:						
Charges for services	\$ -	\$ -	\$ 33,727	\$ 218,188	\$ 33,727	\$ 218,188
Operating Grants and contributions	14,717,617	10,139,718	514,800	391,514	15,232,417	10,531,232
Capital Grants and contributions					-	
Property taxes	23,302,240	22,965,590			23,302,240	22,965,590
State aid - unrestricted	8,114,479	8,859,228			8,114,479	8,859,228
Tuition	129,215	159,544			129,215	159,544
Other revenues	492,703	562,465	14,261	(17,961)	506,964	544,504
Total Revenues	46,756,254	42,686,545	562,788	591,741	47,319,042	43,278,286
Expenses:						
Governmental Activities:						
Instruction	12,911,371	13,339,255			12,911,371	13,339,255
Tuition	2,289,989	1,883,961			2,289,989	1,883,961
Related Services	2,545,118	2,115,399			2,545,118	2,115,399
Administrative Services	1,765,066	1,713,484			1,765,066	1,713,484
Central Services	396,675	440,681			396,675	440,681
Operations and Maintenance	4,390,663	4,370,945			4,390,663	4,370,945
Transportation	1,247,593	1,397,976			1,247,593	1,397,976
Employee benefits	16,996,561	13,661,372			16,996,561	13,661,372
Charter Schools	27,497	42,831			27,497	42,831
Interest on debt	209,244	242,626			209,244	242,626
Other	42,964	47,788			42,964	47,788
Business-Type Activities:						
Food Service			625,570	834,846	625,570	834,846
Total Expenses	42,822,741	39,256,318	625,570	834,846	43,448,311	40,091,164
Increase (Decrease) in Net Position before transfers						
Position before transfers	3,933,513	3,430,227	(62,782)	(243,105)	3,870,731	3,187,122
Transfers	(54,000)	(225,000)	54,000	225,000		
Change in Net Position	3,879,513	3,205,227	(8,782)	(18,105)	3,870,731	3,187,122
Net Position, July 1	11,832,421	8,627,194	103,610	121,715	11,936,031	8,748,909
Prior Period Adjustment	418,069				418,069	
Net Position, July 1 Restated	12,250,490		103,610		12,354,100	
Net Position, June 30	\$ 16,130,003	\$ 11,832,421	\$ 94,828	\$ 103,610	\$ 16,224,831	\$ 11,936,031

Governmental Activities

Governmental activities increased the net position of the School District by \$3,879,513 during the current fiscal year. Key elements of the increase in net position for governmental activities are as follows:

- Total Governmental Funds results of operation increased \$2,331,302.
- Net investment in Capital Assets increased by \$905,227.
- Compensated Absence Liability decreased by \$124,754.

Business-type Activities

Business-type activities decreased the School District's net position by \$8,782. Key elements of the decrease in net position for business-type activities are as follows:

- Total Business-type Activities results of operations decreased by \$8,782.

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, unreserved 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 \$15,672,015, an increase of \$2,331,302 in comparison with the prior year. Most of this increase is the results of operations in the General Fund.

The unreserved fund balance for the School District at the end of the fiscal year includes an unreserved fund balance for the General Fund of \$732,893. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) as restricted cash reserved for future capital outlay expenditures of \$8,078,859, 2) \$4,186,783 reserved as excess surplus, 3) \$1,894,946 reserved for maintenance, 4) \$278,022 reserved for encumbrances, 5) \$63,170 assigned for subsequent years expenditures, and 6) \$3,112 reserved for the repayment of debt, 7) \$26,186 reserved for the scholarship fund, 8) \$151,465 reserved for unemployment compensation, 9) \$256,579 reserved for student activities.

The general fund is the chief operating fund of the School District. As discussed earlier, the balance in the unreserved fund balance is due, primarily, to the accounting treatment of the June state aid payments as discussed in Note 18 of the notes to the basic financial statements, and state statutes that prohibit New Jersey school districts from maintaining more than 4% of its adopted budget as unrestricted fund balance.

General Fund Budgetary Highlights

There was no difference between the original budget and the final amended budget.

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$1,314,420 while total fund balance (budgetary basis) was \$15,739,851. As a measure of the general fund's liquidity, it may be useful to compare both unreserved 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 \$33,682,503. Unreserved fund balance (budgetary basis) represents 3.90% of expenditures while total fund balance (budgetary basis) represents 46.73% 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, 2021, totaled \$21,251,269 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$234,687, or a 1.09% decrease. The decrease is primarily due to depreciation expense during the year.

Capital Asset (net of accumulated depreciation) June 30, 2021 and 2020

	Governmental Activities		Business-Type Activities		District-Wide	
	2021	2020	2021	2020	2020	2019
Land	\$ 100	\$ 100	\$ -	\$ -	\$ 100	\$ 100
Site Improvements	150,000	180,000			150,000	180,000
Buildings and Building						
Improvements	18,782,584	19,430,347			18,782,584	19,430,347
Equipment	<u>2,282,853</u>	<u>1,845,765</u>	<u>35,732</u>	<u>29,744</u>	<u>2,318,585</u>	<u>1,875,509</u>
Total	<u>\$ 21,215,537</u>	<u>\$ 21,456,212</u>	<u>\$ 35,732</u>	<u>\$ 29,744</u>	<u>\$ 21,251,269</u>	<u>\$ 21,485,956</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, 2021, the School District had \$6,287,000 in serial bonds payable, \$1,796,619 in capital leases payable, \$1,581,164 in compensated absences, and \$7,821,108 in net pension liability.

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 \$274,179,775. The available amount as of June 30, 2021 is \$266,962,775.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2021-22 fiscal year.

- For 2021-22 fiscal year the School District will be receiving a decrease in state aid. The local tax levy in the General Fund increased by \$444,575 or 2.00%. Salaries continue to increase contractually; however, the District has managed to control costs. The 2021-22 General Fund Budget is \$88,176 less than the previous year or a 0.25% decrease.

For the Future

The Lower Cape May Regional School District is in very good financial condition presently. However, a major concern is maintaining aging buildings of the district with an increased reliance on local property taxes as state aid has remained stagnant. Cape May City, Lower Township and West Cape May are primarily residential communities, with few large ratables; thus the burden is focused on homeowners to share the tax burden.

In conclusion, the Lower Cape May Regional School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

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 Lower Cape May Regional School District Business Administrator, 687 Route 9, Cape May, New Jersey, 08204.

Basic Financial Statements

District-Wide Financial Statements

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 5,597,909	\$ 27,491	\$ 5,625,400
Accounts Receivables, net	314,539	24,035	338,574
Inventory		16,407	16,407
Restricted assets:			
Cash and cash equivalents	9,809,161		9,809,161
Capital assets, net	21,215,537	35,732	21,251,269
Total Assets	36,937,146	103,665	37,040,811
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	1,223,708	-	1,223,708
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	38,160,854	103,665	38,264,519
LIABILITIES:			
Accounts payable:			
Other	46,663		46,663
Related to pensions	545,108		545,108
Internal Balances	(5,000)	5,000	
Accrued Liabilities:			
Interest payable	52,737		52,737
Unearned revenue	7,931	3,837	11,768
Noncurrent liabilities:			
Due within one year	1,271,518		1,271,518
Due beyond one year	16,214,373		16,214,373
Total Liabilities	18,133,330	8,837	18,142,167
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources from pensions	3,897,521	-	3,897,521
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	22,030,851	8,837	22,039,688
NET POSITION:			
Net investment in capital assets	13,131,918	35,732	13,167,650
Restricted for:			
Capital projects	8,078,859		8,078,859
Maintenance	1,894,946		1,894,946
Excess Surplus	4,186,783		4,186,783
Unemployment Compensation	151,465		151,465
Debt Service	66,282		66,282
Student Activities	256,579		256,579
Scholarships	26,186		26,186
Unrestricted (Deficit)	(11,663,015)	59,096	(11,603,919)
Total Net Position	\$ 16,130,003	\$ 94,828	\$ 16,224,831

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 9,720,465	\$ 129,215	\$ 594,723	\$ -	\$ (8,996,527)	\$ -	\$ (8,996,527)
Special Education	2,412,594		407,203		(2,005,391)		(2,005,391)
Other instruction	778,312				(778,312)		(778,312)
Support Services:							
Tuition	2,289,989				(2,289,989)		(2,289,989)
Student & instruction related services	2,545,118		464,178		(2,080,940)		(2,080,940)
General administrative services	768,520				(768,520)		(768,520)
School administrative services	996,546				(996,546)		(996,546)
Central administrative services	396,675				(396,675)		(396,675)
Plant operations and maintenance	4,390,663				(4,390,663)		(4,390,663)
Pupil transportation	1,247,593	79,297			(1,168,296)		(1,168,296)
Unallocated employee benefits	16,996,561		13,251,513		(3,745,048)		(3,745,048)
Transfer of funds to Charter Schools	27,497				(27,497)		(27,497)
Interest on long-term debt	209,244				(209,244)		(209,244)
Unallocated depreciation and amortization	42,964				(42,964)		(42,964)
Total Governmental Activities	<u>42,822,741</u>	<u>208,512</u>	<u>14,717,617</u>	<u>-</u>	<u>(27,896,612)</u>	<u>-</u>	<u>(27,896,612)</u>
Business-Type Activities:							
Food service	625,570	33,727	514,800	-	-	(77,043)	(77,043)
Total Business-Type Activities	<u>625,570</u>	<u>33,727</u>	<u>514,800</u>	<u>-</u>	<u>-</u>	<u>(77,043)</u>	<u>(77,043)</u>
Total Primary Government	<u>\$ 43,448,311</u>	<u>\$ 242,239</u>	<u>\$ 15,232,417</u>	<u>\$ -</u>	<u>(27,896,612)</u>	<u>(77,043)</u>	<u>(27,973,655)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					22,228,740		22,228,740
Taxes levied for debt service					1,073,500		1,073,500
Federal and State aid unrestricted					8,114,479		8,114,479
Investment and interest earnings - restricted					3,125		3,125
Miscellaneous					410,281	1,605	411,886
Special Items:							
Contributed Capital						12,656	12,656
Transfer					(54,000)	54,000	-
Total general revenues, special items, extraordinary items and transfers					<u>31,776,125</u>	<u>68,261</u>	<u>31,844,386</u>
Change in Net Position					3,879,513	(8,782)	3,870,731
Net Position - July 1,					11,832,421	103,610	11,936,031
Prior Period Adjustments					418,069		418,069
Net Position - July 1, Restated					<u>12,250,490</u>	<u>103,610</u>	<u>12,354,100</u>
Net Position - June 30					<u>\$ 16,130,003</u>	<u>\$ 94,828</u>	<u>\$ 16,224,831</u>

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

Fund Financial Statements

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2021

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
Assets:						
Cash and Cash Equivalents	\$ 14,903,174	\$ 257,765	\$ 164,644	\$ 60,001	\$ 21,486	\$ 15,407,070
Interfund Accounts Receivable						
General Fund						
Special Revenue Fund	28,075		6,281			34,356
Capital Projects Fund				6,281		6,281
Enterprise Fund		5,000				5,000
Intergovernmental Accounts Receivables:						
State	223,508					223,508
Federal		45,218				45,218
Other	45,813					45,813
Other Accounts Receivable						
Total Assets	<u>15,200,570</u>	<u>307,983</u>	<u>170,925</u>	<u>66,282</u>	<u>21,486</u>	<u>15,767,246</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Interfund Accounts Payable						
General Fund		28,075				28,075
Special Revenue Fund						
Capital Projects Fund	6,281					6,281
Debt Service Fund			6,281			6,281
Accounts Payable:						
Payroll Deductions and Withholdings Payable	18,011					18,011
Unemployment Claims Payable	17,954					17,954
Scholarships Payable					1,486	1,486
Other		9,212				9,212
Unearned Revenue		7,931				7,931
Total Liabilities	<u>42,246</u>	<u>45,218</u>	<u>6,281</u>	<u>-</u>	<u>1,486</u>	<u>95,231</u>
Fund Balances:						
Restricted:						
Capital Reserve	7,914,215					7,914,215
Maintenance Reserve	1,894,946					1,894,946
Emergency Reserve						
Excess Surplus	4,186,783					4,186,783
Unemployment Compensation	151,465					151,465
Debt Service				3,112		3,112
Student Activities		256,579				256,579
Scholarships		6,186			20,000	26,186
Assigned to:						
Other Purposes	278,022					278,022
Designated for Subsequent Year's Expenditures				63,170		63,170
Unassigned	732,893		164,644			897,537
Total Fund Balances	<u>15,158,324</u>	<u>262,765</u>	<u>164,644</u>	<u>66,282</u>	<u>20,000</u>	<u>15,672,015</u>
Total Liabilities and Fund Balances	<u>\$ 15,200,570</u>	<u>\$ 307,983</u>	<u>\$ 170,925</u>	<u>\$ 66,282</u>	<u>\$ 21,486</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$39,944,948 and the accumulated depreciation is \$18,729,411.	21,215,537
Accrued interest is not due and payable in the current period and therefore, is not reported as a liability in the funds.	(52,737)
Accounts payable related to the April 1, 2022 required PERS contribution that is not to be liquidated with current financial resources.	(545,108)
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	\$ 1,223,708
Net Pension Liability	(7,821,108)
Deferred Inflows of resources from Pensions	(3,897,521)
	(10,494,921)
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.	
Serial bonds payable	(6,287,000)
Capital leases payable	(1,796,619)
Compensated absences	(1,581,164)
	(9,664,783)
Net position of governmental activities	<u>\$ 16,130,003</u>

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
for the Fiscal Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
REVENUES:						
Local property tax levy	\$ 22,228,740	\$ -	\$ -	\$ 1,073,500	\$ -	\$ 23,302,240
Tuition charges	129,215					129,215
Transportation fees	79,297					79,297
Interest Earned on capital reserve funds	80,086					80,086
Other restricted miscellaneous revenue	3,125					3,125
Miscellaneous	327,083	-	3,112			330,195
Federal sources	35,381	1,272,056				1,307,437
State sources	13,136,837			67,403		13,204,240
Local sources		198,416				198,416
Total revenues	36,019,764	1,470,472	3,112	1,140,903	-	38,634,251
EXPENDITURES:						
Current expense:						
Regular instruction	8,649,013	594,723				9,243,736
Special education instruction	2,005,391	407,203				2,412,594
Other instruction	778,312					778,312
Support services and undistributed costs:						
Tuition	2,289,989					2,289,989
Student & instruction related services	2,073,976	471,142				2,545,118
General administrative services	639,631					639,631
School administrative services	996,546					996,546
Central services	396,675					396,675
Plant operations and maintenance	2,927,510					2,927,510
Pupil transportation	1,247,593					1,247,593
Unallocated employee benefits	9,390,642	4,368				9,395,010
Transfer to charter schools	27,497					27,497
Capital outlay	2,205,728					2,205,728
Debt service:						
Principal				930,000		930,000
Interest and other charges				213,010		213,010
Total expenditures	33,628,503	1,477,436	-	1,143,010	-	36,248,949
Excess (deficiency) of revenues over (under) expenditures	2,391,261	(6,964)	3,112	(2,107)	-	2,385,302
Other Financing Sources (Uses):						
Transfers in				3,112		3,112
Transfers out	(54,000)		(3,112)			(57,112)
Total other financing sources (uses)	(54,000)	-	(3,112)	3,112	-	(54,000)
Net change in fund balance	2,337,261	(6,964)	-	1,005	-	2,331,302
Fund balances, July 1	12,672,723		164,644	65,277	20,000	12,922,644
Prior Period Adjustments	148,340	269,729				418,069
Fund balances, July 1, Restated	12,821,063	269,729	164,644	65,277	20,000	13,340,713
Fund balances, June 30	\$ 15,158,324	\$ 262,765	\$ 164,644	\$ 66,282	\$ 20,000	\$ 15,672,015

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

LOWER CAPE MAY REGIONAL 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, 2021

Total net change in fund balances - governmental funds (from B-2)		\$ 2,331,302
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p style="margin-left: 40px;">Capital outlays are reported in the governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current fiscal year.</p>		
Depreciation expense	\$ (859,262)	
Capital outlay	618,587	(240,675)
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.		930,000
Repayment of capital lease 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.		209,914
Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.		520,452
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a reduction in the reconciliation.		3,766
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 (+).		124,754
Change in net position of governmental activities		\$ 3,879,513

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
for the Fiscal Year Ended June 30, 2021

	Business-type Activities Enterprise Funds
	Food Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 27,491
Accounts receivable	24,035
Inventories	16,407
Total current assets	67,933
Noncurrent assets:	
Equipment	199,151
Less accumulated depreciation	(163,419)
Total noncurrent assets	35,732
Total assets	103,665
LIABILITIES	
Current liabilities:	
Due to scholarships	5,000
Unearned revenue	3,837
Total liabilities	8,837
NET POSITION	
Net investment in capital assets	35,732
Unrestricted	59,096
Total net position	\$ 94,828

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
for the Fiscal Year Ended June 30, 2021

	Business-type Activities Enterprise Funds
	Food Service Fund
Operating revenues:	
Charges for services:	
Daily sales-reimbursable programs	\$ 20,521
Daily sales-non-reimbursable programs	13,206
	33,727
Operating expenses:	
Salaries	310,476
Employee benefits	204,536
Supplies and materials	5,046
Purchased professional benefits	2,357
Depreciation	6,668
Cost of sales - reimbursable programs	93,084
Cost of sales - nonreimbursable programs	2,448
Miscellaneous	955
	625,570
Total operating expenses	625,570
Operating income (loss)	(591,843)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	13,468
Federal sources:	
National school lunch program	293,980
National school breakfast program	174,165
U.S.D.A. commodities	33,187
Local sources:	
Operating transfer in	54,000
Interest revenue	1,605
	570,405
Total nonoperating revenues (expenses)	570,405
Net income (loss)	(21,438)
Other Items:	
Board Contribution of Capital assets	12,656
	12,656
Change in net position	(8,782)
Total net position - July 1	103,610
Total net position - June 30	\$ 94,828

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
for the Fiscal Year Ended June 30, 2021

	<u>Business-type Activities Enterprise Funds</u>
	<u>Food Service Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 37,845
Payments to employees for services	(515,012)
Payments to suppliers	(68,917)
Net cash used for operating activities	<u>(546,084)</u>
Cash flows from noncapital financing activities:	
Board contribution	54,000
State sources	12,664
Federal sources	467,225
Net cash provided by non-capital financing activities	<u>533,889</u>
Cash flows from investing activities:	
Interest and dividends	1,605
Net cash provided by investing activities	<u>1,605</u>
 Net increase in cash and cash equivalents	 (10,590)
Balances - July 1	<u>38,081</u>
Balances - June 30	<u>\$ 27,491</u>
 Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (591,843)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	6,668
Federal commodities	33,187
(Increase) decrease in inventories	2,067
Increase (decrease) in unearned revenue	3,837
Total adjustments	<u>45,759</u>
Net cash provided by (used for) operating activities	<u>\$ (546,084)</u>

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

Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity -The Lower Cape May Regional School District (District) is a Type II school district located in Cape May County, New Jersey and covers an area of approximately 34 square miles. As a Type II school district, it functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to provide educational services for all of Lower Cape May Regional's students in grades 7 through 12. The Lower Cape May Regional School District has an approximate enrollment at June 30, 2021 of 1,209 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.

Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds (Continued)

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

The School District’s enterprise funds are:

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

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 four fiduciary funds: an unemployment compensation trust fund, a private purpose scholarship fund, a student activity fund, and a payroll fund.

Measurement Focus

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

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued) – The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

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

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

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

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

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

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.

Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents and Investments (Continued) - If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

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

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2021 and 2020 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, 2021.

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.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

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.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2021.

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.

Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Recently Issued Accounting Pronouncements – 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 June 15, 2021. Management is currently evaluating the impact of the adoption of this Statement on the District’s financial statements.

In May 2019, the GASB issued Statement No. 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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. This Statement should have no impact on the School District’s financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. This Statement should have no impact on the School District’s financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this Statement on the District’s financial statements.

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District’s deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 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. 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 \$15,558,240 as of June 30, 2021, \$250,000 was insured under FDIC and the remaining balance of \$15,308,240 was collateralized under GUDPA.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

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, 2020 to June 30, 2021 fiscal year is as follows:

Balance – July 1, 2020		\$	6,107,337
Increased by:			
Board resolution	\$		3,000,000
Unspent appropriations			596,792
Interest earned			80,086
			3,676,878
			9,784,215
Decreased by:			
Withdrawal			1,870,000
			1,870,000
Balance – June 30, 2021		\$	7,914,215

The June 30, 2021 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted capital projects.

4. RECEIVABLES

Receivables at June 30, 2021 consisted of tuition fees charged other governmental units and governmental grants. All receivables are considered collectible in full due to the stable condition of the other governmental units, State programs and the current fiscal year guarantee of federal funds.

Receivables as of year-end for the School District’s individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
State Aid	\$ 223,508	\$ -	\$ 1,017	\$ 224,525
Federal Aid	-	45,218	23,018	68,236
Other	45,813	-	-	45,813
Total	\$ 269,321	\$ 45,218	\$ 24,035	\$ 338,574

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2021</u>
<u>Governmental Activities:</u>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 100	\$ -	\$ -	\$ 100
Construction in progress	_____	_____	_____	_____
Total capital assets, not being Depreciated	<u>100</u>	_____	_____	<u>100</u>
<i>Capital Assets, being depreciated:</i>				
Site Improvements	600,000			600,000
Building and Building Improvements	33,493,225			33,493,225
Equipment	5,233,036	618,587		5,851,623
Totals at historical cost	<u>39,326,261</u>	<u>618,587</u>	_____	<u>39,944,848</u>
<i>Less Accumulated Depreciation:</i>				
Site Improvements	(420,000)	(30,000)		(450,000)
Building and Building Improvements	(14,062,878)	(647,763)		(14,710,641)
Equipment	(3,387,271)	(181,499)		(3,568,770)
Totals accumulated depreciation	<u>(17,870,149)</u>	<u>(859,262)</u>	_____	<u>(18,729,411)</u>
Total Capital Assets, being depreciated, net	<u>21,456,112</u>	<u>(240,675)</u>	_____	<u>21,215,437</u>
Governmental Activities Capital Assets, Net	<u>\$ 21,456,212</u>	<u>\$ (240,675)</u>	<u>\$ -</u>	<u>\$ 21,215,537</u>
	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2021</u>
<u>Business-Type Activities:</u>				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 186,495	\$ 12,656	\$ -	\$ 199,151
Less accumulated depreciation	<u>(156,751)</u>	<u>(6,668)</u>	_____	<u>(163,419)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 29,744</u>	<u>\$ 5,988</u>	<u>\$ -</u>	<u>\$ 35,732</u>

Depreciation expense in the amount of \$859,262 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 601,483
Administration	128,889
Plant Operations and Maintenance	85,926
Unallocated	<u>42,964</u>
Total depreciation expense	<u>\$ 859,262</u>

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

6. INVENTORY

Inventory in the Proprietary Funds at June 30, 2021 consisted of the following:

		<u>Food Service</u>		
Food	\$	16,216		
Supplies		<u>191</u>		
	\$	<u>16,407</u>		

7. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2021, the following changes occurred in long-term obligations:

<u>Governmental Activities:</u>	<u>Principal Outstanding July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2021</u>	<u>Amounts Due Within One Year</u>
Compensated Absences	\$ 1,705,918	\$	\$ 124,754	\$ 1,581,164	\$ 156,017
Capital Leases	2,006,533		209,914	1,796,619	195,501
General Obligation Bonds	7,217,000		930,000	6,287,000	920,000
Net Pension Liability	<u>8,841,493</u>		<u>1,020,385</u>	<u>7,821,108</u>	<u>-</u>
Total Governmental Activity	<u>\$ 19,770,944</u>	<u>\$</u>	<u>\$ 2,285,053</u>	<u>\$ 17,485,891</u>	<u>\$ 1,271,518</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. Outstanding bonds issued by the School District are as follows:

2009 Refunding Bonds dated October 15, 2009, in the amount of \$720,000 due in annual installments through June 1, 2022, bearing an interest rate of 4.00%.

2017 School Bonds dated March 15, 2016, in the amount of \$5,567,000 due in annual installments through March 15, 2036, bearing interest rates ranging from 2.00% - 3.00%.

Debt Service Requirements

Principal and interest due on bonds outstanding is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 920,000	\$ 179,810	\$ 1,099,810
2023	400,000	147,010	547,010
2024	400,000	139,010	539,010
2025	400,000	131,010	531,010
2026	400,000	123,010	523,010
2027-2031	2,000,000	445,050	2,445,050
2032-2036	<u>1,767,000</u>	<u>146,550</u>	<u>1,913,550</u>
	<u>\$ 6,287,000</u>	<u>\$ 1,311,450</u>	<u>\$ 7,598,450</u>

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

7. LONG-TERM OBLIGATIONS (Continued)

Capital Leases – During the fiscal year 2021, the school district has a Capital Lease for Energy Program and three Capital Leases for Chromebooks totaling \$2,217,359. The following is a schedule of the future minimum lease payments under these capital lease agreements:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 195,501	\$ 41,801	\$ 237,302
2023	174,899	36,293	211,192
2024	184,176	32,164	216,340
2025	193,786	27,818	221,604
2026	203,740	23,245	226,985
2027-2030	<u>844,517</u>	<u>42,443</u>	<u>886,960</u>
	<u>\$ 1,796,619</u>	<u>\$ 203,764</u>	<u>\$ 2,000,383</u>

8. OPERATING LEASES

At June 30, 2021, the District had operating lease agreements in effect for office equipment.

Total operating lease payments made during the year ended June 30, 2021 and June 30, 2020 were \$49,140 and \$49,140 respectively. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2022	\$ 46,026
June 30, 2023	28,701
June 30, 2024	26,179
June 30, 2025	26,674
June 30, 2026	<u>25,674</u>
Total future minimum lease payments	<u>\$ 153,254</u>

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

9. 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. For additional information about TPAF, please refer to the Division's annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

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 22, 2010
4	Members who were eligible to enroll on or after May 22, 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 2021. 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.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

9. 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, 2021 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, 2020 the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2021 was \$2,537,278 and was paid by April 1, 2021. School District employee contributions to the pension plan during the fiscal year ended June 30, 2021 were \$893,576.

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, 2021, 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, 2021, the School District recognized pension expense of \$4,584,913 and revenue of \$4,584,913 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.

	06/30/20	06/30/19
Collective deferred outflows of resources	\$ 9,458,881,999	\$ 9,932,767,606
Collective deferred inflows of resources	14,424,322,612	17,539,845,423
Collective net pension liability (Non-Employer – State of New Jersey)	65,993,498,688	61,519,112,443
State's portion of the net pension liability that was associated with the School District	73,731,083	70,440,693
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.1119702819%	.1147785714%

Actuarial assumptions – The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

9. PENSION PLANS (Continued)

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

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55- 4.45%
	based on years of service
Thereafter	2.75 – 5.65%
	based on years of service
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality tables with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	100.00%	

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

9. 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 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020, 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 based on 78% of the actuarially determined contributions for the State. 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, 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, 2020, 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 5.40%, 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 (4.40%) or 1 percentage point higher (6.40%) that the current rate:

	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	86,605,792	73,731,083	63,040,798
	\$ 86,605,792	\$ 73,731,083	\$ 63,040,798

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. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting Membership in the PERS is mandatory for substantially all full-time employees of the Authority, 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. For additional information about PERS, please refer to Division's annual financial statements, which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

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

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

9. 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 22, 2010
4	Members who were eligible to enroll on or after May 22, 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 tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. 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. The School District's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Based on the most recent PERS measurement date of June 30, 2020, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2021 was \$524,665 and was paid by April 1, 2021. School District employee contributions to the pension plan during the fiscal year ended June 30, 2021 were \$258,182.

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	Longterm Disability	Total Liability Paid by District
2021	\$ 59,898	\$ 439,407	\$ 25,360	\$ 5,057	\$ 529,722
2020	44,169	408,726	24,404	1,788	479,087
2019	63,325	420,378	23,042	2,110	508,855

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

9. 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, 2021, the School District reported a liability of \$7,821,108 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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, 2021, the School District recognized pension expense of \$4,212. At June 30, 2021, the School District reported a liability of \$7,821,108 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	\$ 142,410	\$ 27,659
Changes of assumptions	253,726	3,274,772
Net Difference between projected and actual earnings on pension plan investments	267,332	-
Changes in proportion	15,132	595,090
District contributions subsequent to the measurement date	545,108	
Total	\$ 1,223,708	\$ 3,897,521

\$545,108 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, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net liability in the year ended June 30, 2021.

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
2022	\$ (1,171,263)
2023	(960,176)
2024	(742,500)
2025	(292,343)
2026	(52,639)
Total	\$ (3,218,921)

Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

9. 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, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.16	-
June 30, 2020	5.16	
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
June 30, 2019	-	5.21
June 30, 2020	-	5.16
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2015	5.00	5.00
June 30, 2016	5.00	5.00
June 30, 2017	5.00	5.00
June 30, 2018	5.00	5.00
June 30, 2019	5.00	5.00
June 30, 2020	5.00	5.00

Additional Information

Collective balances at June 30, 2020 and 2019 are as follows:

	<u>6/30/2020</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$ 2,590,600,991	\$ 3,149,522,616
Collective deferred inflows of resources	\$ 12,009,239,423	\$ 7,645,087,574
Collective net pension liability	\$ 16,435,616,426	\$ 18,143,832,135
School District's Proportion	.0479605292%	.0490690174%

Actuarial assumptions – The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

9. 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:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2020) 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.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
Total	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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, 2020, calculated using the discount rate of 7.00%, 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net pension liability	\$ 9,845,470	\$ 7,821,108	\$ 6,103,381

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.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

9. PENSION PLANS (Continued)

Defined Contribution Retirement Program (DCRP) (Continued)

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. 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>
2021	\$ 9,279	\$ 9,279
2020	8,810	8,810
2019	5,539	5,539

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

The State Health Benefit Local Education Retired Employees Plan (the “OPEB Plan”) is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 – Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the “Division”) and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publicly available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

Contributions

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey (the “State”) in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32F, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teacher’s Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Plan Membership

As of June 30, 2019, the program membership consisted of the following:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
	366,108

Total Non-Employer OPEB Liability

The State of New Jersey, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB Plan for qualified retired PERS, TPAF and PFRS participants. The School Districts’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Actuarial assumptions and other imputes - The total nonemployer OPEB liability as of the June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member enrolled in.

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

Inflation rate	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases Through 2026	1.55 – 4.45% based on service years	2.00 – 6.00% based on service years	3.25 – 15.25% based on service years
Thereafter	1.55 – 4.45% based on service years	3.00 - 7.00% based on service years	Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy Teacher’s (TPAF), and “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational improvement projections from the central year using the Scale MP-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational improvement projections from the central year using the Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate - The discount rate for June 30, 2020 was 2.21%. This represents 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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, 2019	\$ 57,833,265
Changes for the years'	
Service Cost	1,950,814
Interest	2,065,266
Changes of benefit terms	
Differences between expected and actual experience	15,557,384
Changes in assumptions	16,949,509
Gross Benefit Payments	(1,615,394)
Contributions from the Non-employer	N/A
Contributions from the Member	48,963
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	\$ 34,956,542
Balance at 06/30/2020	\$ 92,789,807

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, 2020, 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 1 percentage point higher than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 111,862,902	\$ 92,789,807	\$ 77,876,484

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, 2020, 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 1 percentage point higher than the current rate:

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

	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	\$ 74,903,061	\$ 92,789,807	\$ 114,088,946

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

For the fiscal year ended June 30, 2021, the School District recognized \$3,532,878 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, 2020 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, 2021, 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
Change in Proportion	\$ -	\$ 3,760,544
Differences between expected and actual experience	14,087,910	12,549,009
Changes of assumptions	15,783,240	10,587,843
Total	\$ 29,871,150	\$ 26,897,396

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:		
2021	\$	26,249
2022		26,249
2023		26,249
2024		26,249
2025		26,249
Thereafter		2,842,509
Total	\$	2,973,754

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 Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

11. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2021, 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 \$3,246,786, \$1,017,492, and \$833, respectively. In addition, \$860,031 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.

12. RISK MANAGEMENT

Property and Liability Insurance – The District is a member of the Atlantic and Cape May Counties Association of School Business Officials Joint Insurance Fund (ACCASBOJIF), a public entity risk pool currently operating as a common risk management and insurance program. The district pays an actuarial determined annual assessment to ACCASBOJIF for its insurance coverage. Supplemental assessments may be levied to supplement the fund. The district has not been notified of any supplemental assessments.

In addition, the district carries commercial insurance for all other risks of loss, including employee health, accident insurance and public official surety bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

A complete schedule of insurance coverage can be found in the "Statistical Section" of this report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Business Reimbursement Method". Under this plan, the 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 district is billed quarterly for amounts due to the State.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$	\$	\$ 3,125	\$	\$ 151,465
2019-2020		27,228	3,076	32,424	148,340
2018-2019		36,229	1,370	18,812	150,460

13. 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.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

14. 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 vacation and sick leave in varying amounts in accordance with the School District's personnel policies. Unused sick leave may be accumulated carried forward to the subsequent years. Employees who retire from the School District shall be paid for unused sick leave in accordance with the School District's agreement or personnel policy.

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2021, the liability for compensated absences in the governmental fund was \$1,581,164.

15. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various balance sheets as of June 30, 2021:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 28,075	\$ 6,281
Special Revenue	-	28,075
Capital Projects	6,281	6,281
Debt Service	6,281	-
Proprietary	-	-
	\$ 40,637	\$ 40,637

16. 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, 2021, 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.

17. 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.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

17. 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.

The Borough of West Cape May had no tax abatements. The Township of Lower and City of Cape May provide for long-term tax exemptions, as authorized by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by the Municipalities are for affordable housing and other permitted purposes. Taxes abated include municipal, local school, and county taxes.

The City of Cape May recognized revenue of \$207,816 from the annual service charge in lieu of payment of taxes in 2020. The assessed value on these tax exemption properties amounted to \$18,044,300 which would have resulted in 2020 taxes billed in full of \$183,150. Of this amount \$66,501 would have been allocated to the district.

The Township of Lower recognized revenue of \$108,982 from the annual service charge in lieu of payment of taxes in 2020. The assessed value on these tax exemption properties amounted to \$12,250,000 which would have resulted in 2020 taxes billed in full of \$156,625. Of this amount \$47,775 would have been allocated to the district.

18. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2021, a deficit of \$11,663,015 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, 2021	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds):	
Fund Balance – Unassigned	\$ 732,893
Fund Balance – Assigned	278,022
Liabilities:	
Accrued Interest Payable	(52,737)
Net Pension Differences	(11,040,029)
Compensated Absences	<u>(1,581,164)</u>
Unrestricted Net Position (Deficit)	<u>\$ (11,663,015)</u>

Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

19. 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, 2021 is \$2,016,498 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$2,170,285 of excess fund balance generated during the 2019-2020 fiscal year has been restricted and designated for utilization in the 2021-2022 budget.

Capital Reserve – As of June 30, 2021, the balance in the capital reserve account is \$7,914,215. Of this amount \$3,330,000 has been appropriated in the 2021-2022 Budget. The remaining amount is restricted for future capital outlay expenditures for capital projects in the School District's approved Long-Range Facilities Plan.

Maintenance Reserve Account – As of June 30, 2021, the balance in the maintenance reserve account is \$1,894,946. 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).

Unemployment Compensation Reserve – As of June 30, 2021, the balance in the unemployment compensation reserve is \$151,465. These funds are restricted for the purpose of financing unemployment claims.

Permanent Fund – As of June 30, 2021, the restricted fund balance amount was \$20,000 of which is restricted for future scholarships.

Special Revenue Fund:

Student Activities – As of June 30, 2021, the balance in student activities is \$256,579.

Scholarships – As of June 30, 2021, the balance in scholarships is \$6,186.

ASSIGNED

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

General Fund:

Other Purposes – At June 30, 2021 the School District has \$278,022 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Debt Service Fund:

Designated for Subsequent Year's Expenditures – The School District has appropriated \$63,170 and included as an anticipated revenue for the fiscal year ending June 30, 2021.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

19. FUND BALANCES (Continued)

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, 2021, the fund balance of the general fund was \$732,893.

Capital Projects Fund – As of June 30, 2021, the fund balance of the capital projects fund was \$164,644.

Debt Service Fund – As of June 30, 2021, the fund balance of the debt service fund was \$3,112.

20. PRIOR PERIOD ADJUSTMENT

GASB Statement No. 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance Trust Fund which had previously been reported in the Fiduciary Funds is now reported in the General Fund. The Student Activities Fund is now reported in the Special Revenue Fund. The ending balances as of June 30, 2020, were restated due to this implementation as follows

	Balance June 30, 2020 as Previously Reported	Retroactive Adjustments	Balance June 30, 2020 as Restated
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ 11,832,421	\$ 418,069	\$ 12,250,490
<u>Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	12,672,723	148,340	12,821,063
Special Revenue Fund:			
Fund Balance - June 30		269,729	269,729
<u>Statement of Fiduciary Net Position - Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	148,340	(148,340)	-
Scholarship Trust Fund:			
Net Position - End of the Year	6,164	(6,164)	-
Student Activities Trust Fund:			
Net Position - End of the Year	263,565	(263,565)	

Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

21. SUBSEQUENT EVENTS

COVID-19 - The management of the School District has evaluated its financial statements for subsequent events through the date that the financial statements were issued. The COVID-19 pandemic in New Jersey is ongoing. While the impact that COVID-19 will have on the School District is uncertain, there has been no material impact to the financial statements at this time.

At a special election held on January 25, 2022, the legal voters of the School District approved \$15,630,112 for various improvements to school facilities. The project is partially funded by the Elementary and Secondary School Emergency Relief funds received by the School District pursuant to the Coronavirus Aid Relief and Economic Security Act in the amount of \$1,730,112. The School District plans to issue bonds of \$13,900,000 for the remaining balance.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 22,228,740	\$ -	\$ 22,228,740	\$ 22,228,740	\$ -
Tuition from other LEAs	132,601		132,601	129,215	(3,386)
Transportation fees from other LEAs	75,000		75,000	79,297	4,297
Interest earned on Capital Reserve	100		100	80,086	79,986
Interest earned on Maintenance Reserve	100		100		(100)
Other restricted miscellaneous revenue				3,125	3,125
Unrestricted miscellaneous revenue	200,000		200,000	327,083	127,083
Total local sources	22,636,541		22,636,541	22,847,546	211,005
State sources:					
School Choice Aid	1,250,964		1,250,964	1,250,964	
Categorical Special Education Aid	862,052		862,052	862,052	
Equalization Aid	95,936		95,936	95,936	
Categorical Security Aid	350,566		350,566	350,566	
Adjustment Aid	3,854,141		3,854,141	3,854,141	
Categorical Transportation Aid	1,178,704		1,178,704	1,178,704	
Extraordinary Aid				159,496	159,496
Nonpublic Transportation Aid				14,790	14,790
Homeless Aid				6,736	6,736
On-behalf TPAF Pension (non-budgeted)				3,246,786	3,246,786
On-behalf TPAF Post Retirement Medical contributions (non-budgeted)				1,017,492	1,017,492
On-behalf TPAF Pension LTDI (non-budgeted)				833	833
Reimbursed TPAF social security contributions (non-budgeted)				860,031	860,031
Total state sources	7,592,363		7,592,363	12,898,527	5,306,164
Federal sources:					
Medicaid Assistance Program	33,472		33,472	35,381	1,909
Total federal sources	33,472		33,472	35,381	1,909
TOTAL REVENUES	30,262,376		30,262,376	35,781,454	5,519,078
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Grades 6-8	3,076,035		3,076,035	2,607,356	468,679
Grades 9-12	5,318,541		5,318,541	5,114,717	203,824
Total Instruction	8,394,576		8,394,576	7,722,073	672,503
Regular Programs - Home Instruction:					
Salaries of teachers	150,000		150,000	28,920	121,080
Total Home Instruction	150,000		150,000	28,920	121,080

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

(CONTINUED TO NEXT PAGE)

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2021

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	\$ 763,562	\$ -	\$ 763,562	\$ 650,961	\$ 112,601
Purchased professional - educ services	10,000		10,000		10,000
Purchased technical services	30,000		30,000	15,936	14,064
Other purchased services	40,000		40,000	4,642	35,358
General supplies	385,599	(1)	385,598	226,481	159,117
Textbooks	60,000		60,000		60,000
Total Undistributed Instruction	<u>1,289,161</u>	<u>(1)</u>	<u>1,289,160</u>	<u>898,020</u>	<u>391,140</u>
Total - Regular Programs - Instruction	<u>9,833,737</u>	<u>(1)</u>	<u>9,833,736</u>	<u>8,649,013</u>	<u>1,184,723</u>
Special Educ Instruction: Res. Room/Res. Center					
Salaries of teachers	2,316,329	1	2,316,330	1,969,377	346,953
Other salaries for instruction	61,684	(1)	61,683		61,683
Purchased professional - educ services	20,000	(2,000)	18,000	12,094	5,906
General supplies	25,000	2,000	27,000	23,920	3,080
Textbooks	2,000		2,000		2,000
Total Resource Room/Resource Center	<u>2,425,013</u>		<u>2,425,013</u>	<u>2,005,391</u>	<u>419,622</u>
Total Special Education - Instruction	<u>2,425,013</u>		<u>2,425,013</u>	<u>2,005,391</u>	<u>419,622</u>
Bilingual Education - Instruction					
Salaries of teachers	31,762		31,762	31,762	
Total Bilingual Education - Instruction	<u>31,762</u>		<u>31,762</u>	<u>31,762</u>	
Vocational Programs - Local - Instruction					
Salaries of teachers	30,000		30,000		30,000
Total Vocational Programs - Local - Instruction	<u>30,000</u>		<u>30,000</u>		<u>30,000</u>
School-Sponsored Cocurricular Act - Inst.					
Salaries	171,588		171,588	100,766	70,822
Supplies and materials	12,000		12,000	10,356	1,644
Total School-Sponsored Cocurr. Act. - Inst	<u>183,588</u>		<u>183,588</u>	<u>111,122</u>	<u>72,466</u>
School-Sponsored Athletics - Inst.					
Salaries	474,075	2,000	476,075	441,811	34,264
Purchased services	5,000	(2,000)	3,000	114	2,886
Supplies and materials	135,000		135,000	96,003	38,997
Other objects	89,522		89,522	72,500	17,022
Transfers to cover deficit (agency funds)	50,000		50,000	25,000	25,000
Total School-Sponsored Athletics - Inst	<u>753,597</u>		<u>753,597</u>	<u>635,428</u>	<u>118,169</u>

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

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LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2021

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Instructional Programs - Instruction					
Salaries	\$ 5,000	\$ -	\$ 5,000		\$ 5,000
Supplies and materials	5,000		5,000		5,000
Total Other Instructional Programs - Inst.	<u>10,000</u>		<u>10,000</u>		<u>10,000</u>
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - regular	75,000	(34,500)	40,500	40,108	392
Tuition county voc. school dist. - regular	754,503		754,503	754,503	
Tuition county voc. school dist. - special	142,080		142,080	142,080	
Tuition to CSSD & reg. day schools	909,578	304,500	1,214,078	863,607	350,471
Tuition to priv. sch. for the disabled w/i state	568,740	(270,000)	298,740	245,959	52,781
Tuition - state facilities	243,732		243,732	243,732	
Tuition - other	10,500		10,500		10,500
Total Undistributed Expenditures - Instruction	<u>2,704,133</u>		<u>2,704,133</u>	<u>2,289,989</u>	<u>414,144</u>
Undistributed Expenditures - Attendance & Social Work					
Salaries	47,703		47,703	40,323	7,380
Other purchased services (400-500)	100		100		100
Supplies and materials	1,000		1,000		1,000
Total Undistributed Expenditures - Attendance & Soc.	<u>48,803</u>		<u>48,803</u>	<u>40,323</u>	<u>8,480</u>
Undistributed Expenditures - Health Services					
Salaries	180,384	500	180,884	172,387	8,497
Purchased Professional Technical Services	32,164		32,164	19,557	12,607
Other purchased services	4,000	(500)	3,500		3,500
Supplies and materials	15,000		15,000	4,055	10,945
Total Undistributed Expenditures - Health Svcs.	<u>231,548</u>		<u>231,548</u>	<u>195,999</u>	<u>35,549</u>
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	87,166		87,166	31,880	55,286
Supplies and materials	100		100		100
Total Undst. Expend. - Speech, OT, PT & Related Services	<u>87,266</u>		<u>87,266</u>	<u>31,880</u>	<u>55,386</u>
Undist. Expend. - Guidance					
Salaries of other professional staff	558,782	8,300	567,082	566,786	296
Salaries of secretarial and clerical assistants	121,844	(6,900)	114,944	114,543	401
Other purchased prof. and tech. services	6,000	(4,000)	2,000	750	1,250
Supplies and materials	10,000	2,600	12,600	11,899	701
Total Undst. Expend. - Guidance	<u>696,626</u>		<u>696,626</u>	<u>693,978</u>	<u>2,648</u>
Undist. Expend. - Child Study Team					
Salaries of other professional staff	571,578		571,578	477,213	94,365
Salaries of secretarial and clerical assistants	89,288		89,288	79,290	9,998
Purchased professional - educ services	100,000	(4,000)	96,000	90,310	5,690
Supplies and materials	14,000	(5,000)	9,000	1,389	7,611
Other objects					
Total Undst. Expend. - Child Study Team	<u>774,866</u>	<u>(9,000)</u>	<u>765,866</u>	<u>648,202</u>	<u>117,664</u>

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

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LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2021

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Improvement of Instr. Services					
Salaries of supervisor of instruction	\$ 237,640	\$ -	\$ 237,640	\$ 237,640	\$ -
Salaries of secretarial and clerical assistants	67,835	9,000	76,835	76,470	365
Total Undst. Expend. - Improvement of Instr. Services	305,475	9,000	314,475	314,110	365
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	161,622	1	161,623	107,290	54,333
Purchased professional and technical services	2,000		2,000		2,000
Supplies and materials	50,417		50,417	42,194	8,223
Total Undst. Expend. - Educ. Media Serv./Sch. Library	214,039	1	214,040	149,484	64,556
Undist. Expend. - Instructional Staff Training Services					
Salaries of supervisor of instruction	5,000		5,000		5,000
Purchased professional - educ services	10,000		10,000		10,000
Total Undst. Expend. - Instructional Staff Training Svcs.	15,000		15,000		15,000
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	242,993		242,993	232,421	10,572
Legal services	30,000	17,100	47,100	47,027	73
Audit Fee	30,000	(30,000)			
Architectural/Engineering Fees	30,000	(30,000)			
Other Purchase Prof Svc.		42,900	42,900	36,980	5,920
Purchased technical services	35,000	4,000	39,000	37,010	1,990
Communications / telephone	91,000	8,500	99,500	99,461	39
Misc. Purchased Services	180,000	(2,500)	177,500	139,488	38,012
General Supplies	25,000		25,000	7,699	17,301
BOE In-House Training/Meeting Supplies	1,000		1,000		1,000
Miscellaneous expenditures	25,000	(10,000)	15,000	12,178	2,822
BOE Membership Dues and Fees	32,000		32,000	27,367	4,633
Total Undst. Expend. - Supp. Serv. General Admin.	721,993		721,993	639,631	82,362
Undist. Expend. - Supp. Serv. School Admin.					
Salaries of principals/assist. principals	712,659		712,659	680,084	32,575
Salaries of secretarial and clerical assistants	287,448		287,448	282,756	4,692
Purchased professional and technical services	65,000		65,000		65,000
Supplies and materials	65,434		65,434	31,622	33,812
Other objects	90,000		90,000	2,084	87,916
Total Undst. Expend. - Supp. Serv. School Admin.	1,220,541		1,220,541	996,546	223,995
Undist. Expend. - Central Services					
Salaries	293,716		293,716	268,964	24,752
Supplies and materials	1,500		1,500		1,500
Total Undst. Expend. - Central Services	295,216		295,216	268,964	26,252
Undist. Expend. - Admin. Info. Tech.					
Purchased technical services	201,595		201,595	127,711	73,884
Supplies and materials	10,000		10,000		10,000
Total Undst. Expend. - Admin. Info. Tech.	211,595		211,595	127,711	83,884

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

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LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2021

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maint. Sch. Facilities					
Salaries	\$ 263,530	\$ -	\$ 263,530	\$ 219,735	\$ 43,795
General supplies	640,620	(20,000)	620,620	448,373	172,247
Other objects	168,333	20,000	188,333	185,266	3,067
Total Undst. Expend. - Required Maint. Sch. Facilities	1,072,483		1,072,483	853,374	219,109
Undist. Expend. - Custodial Services					
Salaries	910,344		910,344	841,988	68,356
Purchased professional & tech. services	35,000		35,000		35,000
Lease purchase pymts-energy savings impr prog	201,235		201,235	201,235	
Other purchased property services	530,000		530,000	495,610	34,390
Insurance	124,255		124,255	106,975	17,280
General supplies	150,000		150,000	55,950	94,050
Other objects	10,000		10,000	1,114	8,886
Total Undst. Expend. - Custodial Services	1,960,834		1,960,834	1,702,872	257,962
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	184,697		184,697	126,992	57,705
General supplies	10,000		10,000		10,000
Total Undst. Expend. - Care and Upkeep of Grounds	194,697		194,697	126,992	67,705
Undist. Expend. - Security					
Salaries	60,000		60,000	44,083	15,917
Purchased professional & tech. services	250,000		250,000	200,189	49,811
Total Undst. Expend. - Security	310,000		310,000	244,272	65,728
Total Undst. Expend. - Oper. & Maint. of Plant Services	3,538,014		3,538,014	2,927,510	610,504
Undist. Expend. - Student Transportation Services					
Salaries of Non-Instructional Aids	278,028	25,000	303,028	294,995	8,033
Salaries for pupil trans. (bet home & sch) - regular	552,813	(35,000)	517,813	394,077	123,736
Salaries for pupil trans. (bet home & sch) - spec ed.	144,769	10,000	154,769	153,693	1,076
Salaries for pupil trans. (other than bet home & sch)	75,000	(5,500)	69,500	14,717	54,783
Other purchased professional and technical services	1,000		1,000		1,000
Cleaning, repair, and maintenance services	129,290	5,500	134,790	134,626	164
Aide in Lieu - NonPublic Students	3,000	(2,000)	1,000		1,000
Aide in Lieu - Charter Schools	4,000		4,000	600	3,400
Contr. serv. (bet. home & sch.) - vendors	18,000	32,000	50,000	45,377	4,623
Contr. serv. (sp ed stds) - vendors	125,000	(30,000)	95,000		95,000
Miscellaneous purchased services - transportation	41,014		41,014	37,171	3,843
Supplies and materials	290,000		290,000	172,337	117,663
Other objects	1,000		1,000		1,000
Total Undst. Expend. - Student Transportation Services	1,662,914		1,662,914	1,247,593	415,321

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

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LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2021

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated Benefits - Employee Benefits					
Social security contributions	\$ 475,000	\$ -	\$ 475,000	\$ 385,848	\$ 89,152
Other retirement contributions - PERS	561,000		561,000	539,002	21,998
Unemployment compensation	5,000		5,000		5,000
Health benefits	3,738,242		3,738,242	2,949,483	788,759
Tuition reimbursement	40,000		40,000	25,735	14,265
Other employee benefits	264,639		264,639	236,075	28,564
Unused sick payments to terminated/retired staff	261,869		261,869	129,357	132,512
Total Unallocated Benefits - Employee Benefits	5,345,750		5,345,750	4,265,500	1,080,250
On-behalf TPAF NCGI pension contributions (non-budgeted)				3,246,786	(3,246,786)
On-behalf TPAF Post Retirement Medical contributions (non-budgeted)				1,017,492	(1,017,492)
On-behalf TPAF Pension LTDI (non-budgeted)				833	(833)
Reimbursed TPAF social security contributions (non-bud.)				860,031	(860,031)
Total Undistributed Expenditures - TPAF				5,125,142	(5,125,142)
Total Undistributed Expenditures	18,073,779	1	18,073,780	19,962,562	(1,888,782)
Total General Current Expense	31,341,476		31,341,476	31,395,278	(53,802)
EXPENDITURES:					
CAPITAL OUTLAY:					
Equipment:					
Undist. expenditures - instruction	125,000		125,000	31,144	93,856
Undist. expenditures - school admin	15,000	(15,000)			
Undist. expenditures - admin info tech	50,000	(2,000)	48,000	41,319	6,681
Undist. expenditures - required maint for school fac	411,416	17,000	428,416	210,368	218,048
Undist. expenditures - care and upkeep of grounds					
Undist. expenditures - security	160,000		160,000		160,000
School buses - regular	594,655		594,655	576,616	18,039
Total equipment	1,356,071		1,356,071	859,447	496,624
Facilities acquisition and construction services:					
Architectural and engineering services	355,000		355,000	111,054	243,946
Construction services	1,529,225		1,529,225	1,176,379	352,846
SDA assessment	58,848		58,848	58,848	
Total Facilities acquisition and construction services	1,943,073		1,943,073	1,346,281	596,792
Assets acquired under capital leases (non-budgeted):					
Instructional equipment					
Total facilities acquisition and construction services					
Total Capital Outlay	3,299,144		3,299,144	2,205,728	1,093,416
Transfer of funds to Charter Schools	35,119		35,119	27,497	7,622
Total Expenditures	\$ 34,675,739	\$ -	\$ 34,675,739	\$ 33,628,503	\$ 1,047,236

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

(CONTINUED TO NEXT PAGE)

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2021

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures:	\$ (4,413,363)	\$ -	\$ (4,413,363)	\$ 2,152,951	\$ 6,566,314
Other Financing Sources (Uses):					
Proceeds of Capital Leases					
Operating transfer out - Enterprise Fund	(150,000)		(150,000)	(54,000)	96,000
Total Other Financing Sources (Uses):	(150,000)		(150,000)	(54,000)	96,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(4,563,363)		(4,563,363)	2,098,951	6,662,314
Fund Balance, July 1	13,492,560		13,492,560	13,492,560	
Prior Period Adjustment				148,340	148,340
Fund Balance, July 1, Restated	13,492,560		13,492,560	13,640,900	148,340
Fund Balance, June 30	<u>\$ 8,929,197</u>	<u>\$ -</u>	<u>\$ 8,929,197</u>	<u>\$ 15,739,851</u>	<u>\$ 6,810,654</u>
Recapitulation:					
Restricted:					
Capital Reserve:					
Designated for Subsequent Year's Expenditures				\$ 3,330,000	
Capital Reserve				4,584,215	
Maintenance Reserve				1,894,946	
Excess Surplus:					
Designated for Subsequent Year's Expenditures					
Years Expenditures				2,170,285	
Current Year				2,016,498	
Unemployment Compensation				151,465	
Assigned:					
Year-end encumbrances				278,022	
Designated for Subsequent Year's Expenditures				-	
Unassigned				1,314,420	
				<u>15,739,851</u>	
Reconciliation on Governmental Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				(581,527)	
Fund Balance per Government Fund (GAAP)				<u>\$ 15,158,324</u>	

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual
REVENUES:					
Federal sources	\$ 663,490	\$ 1,983,852	\$ 2,647,342	\$ 1,272,056	\$ 1,375,286
Local sources		11,098	11,098	198,416	(187,318)
Total revenues	<u>663,490</u>	<u>1,994,950</u>	<u>2,658,440</u>	<u>1,470,472</u>	<u>1,187,968</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	260,065	(42,353)	217,712	207,106	10,606
Purchased professional - tech. services		5,000	5,000		5,000
Other purchased services					
Tuition	295,122	112,081	407,203	407,203	
General supplies	47,928	374,782	422,710	387,617	35,093
Other Objects					
Total instruction	<u>603,115</u>	<u>449,510</u>	<u>1,052,625</u>	<u>1,001,926</u>	<u>50,699</u>
Support services:					
Other salaries	60,375	94,151	154,526	53,085	101,441
Personal services - employee benefits		100,624	100,624	4,368	96,256
Other purchased professional and technical services		25,427	25,427	17,928	7,499
Supplies and materials		267,890	267,890	198,911	68,979
Other objects		8,804	8,804	2,000	6,804
Student activities/athletics				199,218	(199,218)
Scholarships awarded					
Total support services	<u>60,375</u>	<u>496,896</u>	<u>557,271</u>	<u>475,510</u>	<u>81,761</u>
Facilities acquisition and construction services:					
Building		1,048,544	1,048,544		1,048,544
Non-Instructional equipment					
Total facilities acq. and const. services		<u>1,048,544</u>	<u>1,048,544</u>		<u>1,048,544</u>
Total expenditures	<u>663,490</u>	<u>1,994,950</u>	<u>2,658,440</u>	<u>1,477,436</u>	<u>1,181,004</u>
Total outflows	<u>663,490</u>	<u>1,994,950</u>	<u>2,658,440</u>	<u>1,477,436</u>	<u>1,181,004</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,964)</u>	<u>6,964</u>
Fund Balance, July 1				-	
Prior Period Adjustment				<u>269,729</u>	
Fund Balance, July 1 (Restated)				<u>269,729</u>	
Fund Balance, June 30				<u>\$ 262,765</u>	
Recapitulation:					
Restricted:					
Scholarships				6,186	
Student Activities				<u>256,579</u>	
Total Fund Balance				<u>\$ 262,765</u>	

**Lower Cape May Regional School District
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2021**

**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	\$ 35,781,454	\$ 1,470,472
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	819,837	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(581,527)	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 36,019,764	\$ 1,470,472
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 33,628,503	\$ 1,477,436
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	\$ 33,628,503	\$ 1,477,436

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

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

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportionate share of the net pension liability (asset)	0.0479605292%	0.0490690174%	0.0509456880%	0.0521983537%	0.0521558363%	0.0515344434%	0.0509829395%	0.0540262820%
District's proportionate share of the net pension liability (asset)	\$ 7,821,108	\$ 8,841,493	\$ 10,030,852	\$ 12,150,942	\$ 15,447,063	\$ 11,568,450	\$ 9,545,401	\$ 10,325,496
District's covered-employee payroll	3,421,367	3,472,867	3,451,162	3,495,477	3,508,347	3,044,487	3,510,447	3,503,440
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	228.60%	254.59%	290.65%	347.62%	440.29%	379.98%	271.91%	294.72%
Plan fiduciary net position as a percentage of the total pension liability	42.90%	42.04%	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.

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

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 545,108	\$ 524,665	\$ 479,087	\$ 508,855	\$ 488,996	\$ 463,345	\$ 443,058	\$ 420,296
Contributions in relation to the contractually required contributions	<u>(545,108)</u>	<u>(524,665)</u>	<u>(479,087)</u>	<u>(508,855)</u>	<u>(488,996)</u>	<u>(463,345)</u>	<u>(443,058)</u>	<u>(420,296)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	3,421,367	3,472,867	3,451,162	3,495,477	3,508,347	3,044,487	3,510,447	3,503,440
Contributions as a percentage of covered-employee payroll	15.93%	15.11%	13.88%	14.56%	13.94%	15.22%	12.62%	12.00%

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

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

	June 30, 2021	June 30, 2020	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)	0.1119702819%	0.1147785714%	0.1148710601%	0.1159116181%	0.1161126960%	0.1140028253%	0.1182919999%	0.1192847401%
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>\$ 73,731,083</u>	<u>\$ 70,440,693</u>	<u>\$ 73,078,501</u>	<u>\$ 78,151,793</u>	<u>\$ 91,341,640</u>	<u>\$ 72,054,654</u>	<u>\$ 63,223,224</u>	<u>\$ 60,285,569</u>
Total	<u>\$ 73,731,083</u>	<u>\$ 70,440,693</u>	<u>\$ 73,078,501</u>	<u>\$ 78,151,793</u>	<u>\$ 91,341,640</u>	<u>\$ 72,054,654</u>	<u>\$ 63,223,224</u>	<u>\$ 60,285,569</u>
District's covered-employee payroll	11,883,729	11,972,316	12,033,255	12,109,799	12,165,694	11,902,621	11,300,558	11,278,002
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%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	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.

LOWER CAPE MAY REGIONAL 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 Four Fiscal Years

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
State's proportion of the net OPEB liability (asset) associated with the District	0.14%	0.14%	0.14%	0.14%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	92,789,807	57,833,265	64,791,077	77,683,368
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 92,789,807</u>	<u>\$ 57,833,265</u>	<u>\$ 64,791,077</u>	<u>\$ 77,683,368</u>
Plan fiduciary net position as a percentage of the total OPEB Liability	0.00%	0.00%	0.00%	0.00%
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability				
Service Cost	\$ 1,950,814	\$ 2,009,465	\$ 2,338,255	\$ 2,812,991
Interest	2,065,266	2,552,163	2,835,098	2,449,434
Differences between expected and actual experiences	15,557,384	(10,659,055)	(8,957,932)	-
Changes of assumptions and other inputs	16,949,509	862,299	(7,435,100)	(9,838,497)
Member Contributions	48,963	52,625	59,878	66,255
Benefit payments	<u>(1,615,394)</u>	<u>(1,775,309)</u>	<u>(1,732,490)</u>	<u>(1,799,312)</u>
Net Change in total OPEB Liability	34,956,542	(6,957,812)	(12,892,291)	(6,309,129)
Total OPEB Liability - beginning	<u>57,833,265</u>	<u>64,791,077</u>	<u>77,683,368</u>	<u>83,992,497</u>
Total OPEB Liability - ending	<u>\$ 92,789,807</u>	<u>\$ 57,833,265</u>	<u>\$ 64,791,077</u>	<u>\$ 77,683,368</u>
District's covered-employee payroll	15,305,096	15,445,183	15,484,417	15,605,276
Total OPEB Liability as a percentage of covered-employee payroll	606.27%	374.44%	418.43%	497.80%

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

Lower Cape May Regional School District
Notes to Required Supplementary Information – Part III
For the Fiscal Year Ended June 30, 2021

Teacher’s Pension and Annuity Fund (TPAF)

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed to 5.40% as of June 30, 2020 from 5.60% as of June 30, 2019 and the long-term rate of return remained at 7.00%.

Public Employees’ Retirement System (PERS)

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed to 7.00% as of June 30, 2020 from 6.28% as of June 30, 2019 and the long-term rate of return remained at 7.00%.

Other Post-Retirement Plan – Public Employees’ Retirement System and Teachers’ Pension and Annuity Fund

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed to 2.21% as of June 30, 2020 from 3.50% as of June 30, 2019.

Other Supplementary Information

Special Revenue Fund

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2021

	Brought Forward (Exh. E-1B)	Brought Forward (Exh. E-1C)	Totals
REVENUES:			
Federal sources	\$ 819,537	\$ 452,519	\$ 1,272,056
Local sources		198,416	198,416
Total Revenues	<u>819,537</u>	<u>650,935</u>	<u>1,470,472</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	202,746	4,360	207,106
Other purchased services		-	-
General supplies	27,801	359,816	387,617
Tuition	407,203	-	407,203
Total instruction	<u>637,750</u>	<u>364,176</u>	<u>1,001,926</u>
Support services:			
Other salaries	44,085	9,000	53,085
Personal services-employee benefits	3,678	690	4,368
Other purchased professional and technical serv.	17,928	-	17,928
Supplies and materials	114,096	84,815	198,911
Other objects	2,000	-	2,000
Student Activities/Athletics	-	199,218	199,218
Scholarships awarded	-	-	-
Total support services	<u>181,787</u>	<u>293,723</u>	<u>475,510</u>
Facilities acquisition and const. serv.:			
Instructional equipment	-	-	-
Total facilities acquisition and const. serv.:	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>819,537</u>	<u>657,899</u>	<u>1,477,436</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>(6,964)</u>	<u>(6,964)</u>
Fund Balance, July 1	-	-	-
Prior Period Adjustment	-	269,729	269,729
Fund Balance, July 1 (Restated)	<u>-</u>	<u>269,729</u>	<u>269,729</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 262,765</u>	<u>\$ 262,765</u>

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2021

No Child Left Behind (N.C.L.B.)

	Title I Current Yr.	Title I-SIA Current Yr.	Title II - Part A Current Yr.	Title IV Current Yr.	IDEA Basic Current Yr.	Corona Virus Relief	Learning Acceleration	Totals
REVENUES:								
Federal sources	\$ 211,121	\$ 34,889	\$ 37,347	\$ 14,037	\$ 407,203	\$ 104,724	\$ 10,216	\$ 819,537
Total Revenues	<u>211,121</u>	<u>34,889</u>	<u>37,347</u>	<u>14,037</u>	<u>407,203</u>	<u>104,724</u>	<u>10,216</u>	<u>819,537</u>
EXPENDITURES:								
Instruction:								
Salaries of teachers	202,746							202,746
General supplies		24,502		3,241			58	27,801
Tuition					407,203			407,203
Total instruction	<u>202,746</u>	<u>24,502</u>		<u>3,241</u>	<u>407,203</u>		<u>58</u>	<u>637,750</u>
Support services:								
Other salaries	7,434	7,200	19,665	2,250			7,536	44,085
Personal services-employee benefits	941	486	1,504	170			577	3,678
Other purchased professional and technical serv.			16,178	1,750				17,928
Supplies and materials		2,701		4,626		104,724	2,045	114,096
Other objects				2,000				2,000
Student Activities/Athletics								
Scholarships awarded								
Total support services	<u>8,375</u>	<u>10,387</u>	<u>37,347</u>	<u>10,796</u>		<u>104,724</u>	<u>10,158</u>	<u>181,787</u>
Facilities acquisition and const. serv.:								
Instructional equipment								
Total facilities acquisition and const. serv.:								
Total Expenditures	<u>211,121</u>	<u>34,889</u>	<u>37,347</u>	<u>14,037</u>	<u>407,203</u>	<u>104,724</u>	<u>10,216</u>	<u>819,537</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)								
Fund Balance, July 1								
Prior Period Adjustment								
Fund Balance, July 1 (Restated)	-	-	-	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2021

	AM Chemical	RWJ Grant	Carl Perkins	CARES Act	Digital Divide	Student Act/Ath	Scholarships	Totals
REVENUES:								
Federal sources	\$ -	\$ -	\$ 57,010	\$ 202,132	\$ 193,377	\$ -	\$ -	\$ 452,519
Local sources	1,216	4,946				192,232	22	198,416
Total Revenues	<u>1,216</u>	<u>4,946</u>	<u>57,010</u>	<u>202,132</u>	<u>193,377</u>	<u>192,232</u>	<u>22</u>	<u>650,935</u>
EXPENDITURES:								
Instruction:								
Salaries of teachers		4,360						4,360
General supplies	1,216		47,320	117,903	193,377			359,816
Tuition								
Total instruction	<u>1,216</u>	<u>4,360</u>	<u>47,320</u>	<u>117,903</u>	<u>193,377</u>			<u>364,176</u>
Support services:								
Other salaries			9,000					9,000
Personal services-employee benefits			690					690
Other purchased professional and technical serv.								
Supplies and materials		586		84,229				84,815
Other objects								
Student Activities/Athletics						199,218		199,218
Scholarships awarded								
Total support services		<u>586</u>	<u>9,690</u>	<u>84,229</u>		<u>199,218</u>		<u>293,723</u>
Facilities and acquisition								
Building								
Total facilities and acquisition								
Total Expenditures	<u>1,216</u>	<u>4,946</u>	<u>57,010</u>	<u>202,132</u>	<u>193,377</u>	<u>199,218</u>		<u>657,899</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)						(6,986)	22	(6,964)
Fund Balance, July 1								
Prior Period Adjustment				-		263,565	6,164	269,729
Fund Balance, July 1 (Restated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>263,565</u>	<u>6,164</u>	<u>269,729</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,579</u>	<u>\$ 6,186</u>	<u>\$ 262,765</u>

Capital Projects Fund
Detail Statements

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year ended June 30, 2021

Revenues and Other Financing Sources:

Proceeds of serial bonds	\$	-
Interest earned on investments		3,112
		3,112
Total revenues and other financing sources		3,112

Expenditures and Other Financing (Uses):

Purchased professional services		
Construction services		
Equipment		
Other objects		
Transfer to Debt Service Fund		3,112
		3,112

Total expenditures and other financing (uses)		3,112
---	--	-------

Excess (deficiency) or revenues over (under) expenditures		-
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Fund Balance - July 1, 2020		164,644
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Fund Balance - June 30, 2021	\$	164,644
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LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Construction and Various Improvements to the District's Facilities
From Inception and for the Fiscal Year ended June 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
Bond proceeds	\$ 6,367,000	\$ -	\$ 6,367,000	\$ 6,367,000
Total revenues	<u>6,367,000</u>	<u>-</u>	<u>6,367,000</u>	<u>6,367,000</u>
Expenditures and Other Financing Uses:				
Purchased professional services	524,541	-	524,541	524,541
Construction services	5,677,815	-	5,677,815	5,677,815
Equipment	-	-	-	-
Other Objects	-	-	-	-
Total expenditures	<u>6,202,356</u>	<u>-</u>	<u>6,202,356</u>	<u>6,202,356</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 164,644</u>	<u>\$ -</u>	<u>\$ 164,644</u>	<u>\$ 164,644</u>

Additional project information:

Bond Authorization Date	01/26/16
Bonds Authorized	\$ 6,367,963
Bonds Issued	\$ 6,367,963
Original Authorized Cost	\$ 6,367,963
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 6,367,963
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	10.00%
Original target completion date	07/31/17
Revised target completion date	N/A

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Capital Projects Fund
 Summary Statement of Project Expenditures
 Year Ended June 30, 2021

<u>Issue/Project Title</u>	<u>Date Authorized</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Unexpended Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>		
Various Improvements to School Facilities	1/26/2016	\$ 6,367,000	\$ 6,202,356	\$ -	\$ -	\$ 164,644
		<u>\$ 6,367,000</u>	<u>\$ 6,202,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,644</u>

Proprietary Funds

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT

Enterprise Funds

Statement of Net Position

as of June 30, 2021

	Total
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 27,491
Accounts receivable:	
State	1,017
Federal	23,018
Inventories	16,407
Total current assets	67,933
Fixed assets:	
Equipment	199,151
Less Accumulated depreciation	(163,419)
Total fixed assets	35,732
Total assets	103,665
 LIABILITIES:	
Current liabilities:	
Due to scholarships	5,000
Unearned revenue	3,837
Total current liabilities	8,837
 NET POSITION:	
Net investment in capital assets	35,732
Unrestricted	59,096
Total net position	\$ 94,828

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Enterprise Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
for the Fiscal Year ended June 30, 2021

	Total
OPERATING REVENUES:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	\$ 20,521
Total-daily sales-reimbursable programs	20,521
Daily sales non-reimbursable programs:	
Adult and AlaCarte meals	13,206
Total operating revenue	33,727
OPERATING EXPENSES:	
Salaries	310,476
Employee benefits	204,536
Supplies and materials	5,046
Purchased professional services	2,357
Depreciation	6,668
Cost of sales - reimbursable programs	93,084
Cost of sales - nonreimbursable programs	2,448
Miscellaneous	955
Total operating expenses	625,570
Operating income (loss)	(591,843)
Non-operating revenues:	
State sources:	
State school lunch program	13,468
Federal sources:	
National school lunch program	293,980
National school breakfast program	174,165
U.S.D.A. commodities	33,187
Operating transfer in	54,000
Interest revenue	1,605
Total non-operating revenues	570,405
Net income (loss)	(21,438)
Other Items:	
Board contribution of capital assets	12,656
Change in net position	(8,782)
Total net position - July 1	103,610
Total net position - June 30	\$ 94,828

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
for the Fiscal Year ended June 30, 2021

	Total
Cash flows from operating activities:	
Cash receipts from customers	\$ 37,845
Cash payments to employees for services	(515,012)
Cash payments to suppliers for goods and services	(68,917)
Net cash used by operating activities	(546,084)
Cash flows from noncapital financing activities:	
Board contribution	54,000
Cash received from state and federal reimbursements	479,889
Net cash provided by noncapital financing activities	533,889
Cash flows from capital financing activities:	
Purchases of fixed assets	-
Net cash used by capital financing activities	-
Cash flows from investing activities:	
Interest on investments	1,605
Net cash provided by investing activities	1,605
Net increase (decrease) in cash and cash equivalents	(10,590)
Cash and cash equivalents, July 1	38,081
Cash and cash equivalents, June 30	\$ 27,491
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (591,843)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	6,668
Federal commodities	33,187
Change in assets and liabilities:	
(Increase)/decrease in inventory	2,067
(Increase)/decrease in accounts receivable	-
Increase (decrease) in accounts payable	-
Increase/(decrease) in unearned revenue	3,837
Net cash used by operating activities	\$ (546,084)

Long-Term Debt Schedules

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
General Long-Term Debt Account Group
 Statement of Serial Bonds
 June 30, 2021

Issue	Date of Issue	Amount of Issue	Annual Maturities		Rate of Interest	Balance July 1, 2020	Issued	Retired	Balance June 30, 2021
			Date	Amount					
Refunding Bonds	10/15/2009	\$ 7,215,000	06/01/2022	\$ 720,000	4.00%	\$ 1,450,000	\$ -	\$ 730,000	\$ 720,000
School Bonds	3/15/2016	6,367,000	03/01/2022	200,000	2.00%	5,767,000		200,000	5,567,000
			03/01/2023	400,000	2.00%				
			03/01/2024	400,000	2.00%				
			03/01/2025	400,000	2.00%				
			03/01/2026	400,000	2.50%				
			03/01/2027	400,000	3.00%				
			03/01/2028	400,000	3.00%				
			03/01/2029	400,000	3.00%				
			03/01/2030	400,000	3.00%				
			03/01/2031	400,000	3.00%				
			03/01/2032	400,000	3.00%				
			03/01/2033	400,000	3.00%				
			03/01/2034	400,000	3.00%				
			03/01/2035	350,000	3.00%				
			03/01/2036	217,000	3.00%				
Total						<u>\$ 7,217,000</u>	<u>\$ -</u>	<u>\$ 930,000</u>	<u>\$ 6,287,000</u>

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
General Long-Term Debt Account Group
Statement of Obligations Under Capital Leases
June 30, 2021

Series	Interest Rate Payable	Amount of Original Issue	Amount Outstanding July 1, 2020	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2021
Energy Program	2.33%	\$ 2,931,725	\$ 1,924,372	\$ -	\$ 157,308	\$ 1,767,064
Dell Chromebooks	5.38%	73,746	24,560		24,560	-
Dell Chromebooks	5.38%	88,745	<u>57,601</u>		<u>28,046</u>	<u>29,555</u>
			<u>\$ 2,006,533</u>	<u>\$ -</u>	<u>\$ 209,914</u>	<u>\$ 1,796,619</u>

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 1,073,500	\$ -	\$ 1,073,500	\$ 1,073,500	\$ -
Miscellaneous					-
Total revenues - local sources	<u>1,073,500</u>	<u>-</u>	<u>1,073,500</u>	<u>1,073,500</u>	<u>-</u>
State sources:					
Debt service aid type II	<u>67,403</u>		<u>67,403</u>	<u>67,403</u>	
Total revenues - state sources	<u>67,403</u>	<u>-</u>	<u>67,403</u>	<u>67,403</u>	<u>-</u>
Total Revenues	<u>1,140,903</u>		<u>1,140,903</u>	<u>1,140,903</u>	<u>-</u>
EXPENDITURES:					
Regular debt service:					
Interest	213,010		213,010	213,010	-
Redemption of principal	<u>930,000</u>		<u>930,000</u>	<u>930,000</u>	
Total Expenditures	<u>1,143,010</u>		<u>1,143,010</u>	<u>1,143,010</u>	<u>-</u>
Excess (Deficiency) of revenues over (under) expenditures	(2,107)		(2,107)	(2,107)	-
Other Financing Sources (Uses):					
Operating transfer in				<u>3,112</u>	<u>3,112</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,112</u>	<u>3,112</u>
Excess (Deficiency) of revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(2,107)		(2,107)	1,005	3,112
Fund Balances, July 1	<u>65,277</u>		<u>65,277</u>	<u>65,277</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 63,170</u>	<u>\$ -</u>	<u>\$ 63,170</u>	<u>\$ 66,282</u>	<u>\$ 3,112</u>
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	<u>\$ (2,107)</u>	<u>\$ -</u>	<u>\$ (2,107)</u>	<u>\$ 1,005</u>	<u>\$ 3,112</u>

Statistical Section

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

Exhibit J-1

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$ 12,182,168	\$ 12,766,618	\$ 12,131,485	\$ 9,628,492	\$ 3,689,154	\$ 4,285,902	\$ 11,333,298	\$ 11,739,758	\$ 12,232,679	\$ 13,131,918
Restricted for:	-	-	-	-	-	-	-	-	-	-
Capital projects	21,919	11,979	112,039	612,345	7,702,751	5,040,940	4,964,177	4,395,136	6,271,982	8,078,859
Special revenue	-	-	-	-	-	-	-	-	-	282,765
Debt service	267,368	267,367	-	6,752	7,729	4,838	4,401	2,647	65,277	66,282
Other purposes	2,080,378	2,038,004	2,306,454	3,332,159	4,854,574	5,905,708	5,875,371	6,040,091	6,778,794	6,233,194
Unrestricted	(1,622,792)	(1,795,299)	(1,716,489)	(11,833,999)	(12,154,051)	(13,561,376)	(13,880,364)	(13,550,438)	(13,516,311)	(11,663,015)
Total governmental activities net position	\$ 12,929,041	\$ 13,288,669	\$ 12,833,489	\$ 1,745,749	\$ 4,100,157	\$ 1,676,012	\$ 8,296,883	\$ 8,627,194	\$ 11,832,421	\$ 16,130,003
Business-type activities:										
Net investment in capital assets	\$ 32,836	\$ 27,583	\$ 27,559	\$ 24,195	\$ 23,029	\$ 19,214	\$ 17,840	\$ 52,200	\$ 29,744	\$ 35,732
Unrestricted	58,563	50,154	36,459	24,470	50,576	55,605	56,760	69,515	73,866	59,096
Total business-type activities net position	\$ 91,399	\$ 77,737	\$ 64,018	\$ 48,665	\$ 73,605	\$ 74,819	\$ 74,600	\$ 121,715	\$ 103,610	\$ 94,828
District-wide:										
Net investment in capital assets	\$ 12,215,004	\$ 12,794,201	\$ 12,159,044	\$ 9,652,687	\$ 3,712,183	\$ 4,305,116	\$ 11,351,138	\$ 11,791,958	\$ 12,262,423	\$ 13,167,650
Restricted:										
Capital projects	21,919	11,979	112,039	612,345	7,702,751	5,040,940	4,964,177	4,395,136	6,271,982	8,078,859
Special revenue	-	-	-	-	-	-	-	-	-	282,765
Debt service	267,368	267,367	-	6,752	7,729	4,838	4,401	2,647	65,277	66,282
Other purposes	2,080,378	2,038,004	2,306,454	3,332,159	4,854,574	5,905,708	5,875,371	6,040,091	6,778,794	6,233,194
Unrestricted	(1,564,229)	(1,745,145)	(1,680,030)	(11,809,529)	(12,103,475)	(13,505,771)	(13,823,604)	(13,480,923)	(13,442,445)	(11,603,919)
Total district net position	\$ 13,020,440	\$ 13,366,406	\$ 12,897,507	\$ 1,794,414	\$ 4,173,762	\$ 1,750,831	\$ 8,371,483	\$ 8,748,909	\$ 11,936,031	\$ 16,224,831

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

Exhibit J-2

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 9,542,650	\$ 9,840,839	\$ 10,549,770	\$ 10,012,727	\$ 10,096,876	\$ 9,936,892	\$ 10,482,239	\$ 10,294,527	\$ 10,074,641	\$ 9,720,465
Special education	2,846,667	2,174,703	2,573,801	2,578,098	2,552,234	2,496,784	2,385,277	2,417,440	2,477,619	2,412,594
Other instruction	802,021	807,053	805,687	812,076	816,489	872,375	925,136	930,884	786,995	778,312
Support Services:										
Tuition	2,023,446	2,903,704	2,708,703	3,038,667	2,370,107	2,475,403	2,259,197	2,493,725	1,883,961	2,289,989
Student & instruction related services	2,330,130	2,139,842	2,094,724	2,101,476	2,045,574	2,098,765	2,070,005	2,105,990	2,115,399	2,545,118
School administrative services	908,336	1,000,202	1,277,459	966,060	1,125,975	1,039,111	1,024,419	957,221	964,004	996,546
General and business administrative services	954,278	888,459	880,749	968,094	861,056	1,036,641	1,200,649	1,312,336	1,190,161	1,165,195
Plant operations and maintenance	2,736,751	3,073,300	3,229,918	5,795,676	3,023,197	6,796,009	(512,570)	5,557,719	4,370,945	4,390,663
Pupil transportation	1,393,584	1,490,083	1,503,109	1,376,761	1,339,556	1,358,762	1,471,180	1,510,251	1,397,976	1,247,593
Business and other support services										
Unallocated employee benefits	5,999,682	6,948,499	6,549,029	6,768,916	7,480,247	9,146,323	18,437,912	15,709,586	13,661,372	16,996,561
Special schools	25,022	60,441	41,664	32,644	23,644					
Charter schools	-	-	-	-	-	62,856	28,141	52,895	42,831	27,497
Interest on long-term debt	328,873	282,100	232,748	209,409	232,501	324,326	303,327	273,460	242,626	209,244
Unallocated depreciation	51,682	29,763	88,007	31,733	34,053	33,089	46,938	66,593	47,788	42,964
Total governmental activities expenses	<u>29,943,122</u>	<u>31,638,988</u>	<u>32,535,368</u>	<u>34,692,337</u>	<u>32,001,509</u>	<u>37,677,336</u>	<u>40,121,850</u>	<u>43,682,627</u>	<u>39,256,318</u>	<u>42,822,741</u>
Business-type activities:										
Food service										
	979,085	971,152	966,178	964,123	953,238	928,012	941,884	917,900	834,846	625,570
Total business-type activities expense	<u>979,085</u>	<u>971,152</u>	<u>966,178</u>	<u>964,123</u>	<u>953,238</u>	<u>928,012</u>	<u>941,884</u>	<u>917,900</u>	<u>834,846</u>	<u>625,570</u>
Total district expenses	<u>\$ 30,922,207</u>	<u>\$ 32,610,140</u>	<u>\$ 33,501,546</u>	<u>\$ 35,656,460</u>	<u>\$ 32,954,747</u>	<u>\$ 38,605,348</u>	<u>\$ 41,063,734</u>	<u>\$ 44,600,527</u>	<u>\$ 40,091,164</u>	<u>\$ 43,448,311</u>
Program Revenues:										
Governmental activities:										
Operating grants and contributions										
Tuition	\$ 2,983,149	\$ 3,568,375	\$ 3,224,843	\$ 3,366,499	\$ 3,795,741	\$ 4,141,326	\$ 15,155,551	\$ 12,162,677	\$ 10,139,718	\$ 14,717,617
Transportation fees										129,215
										79,297
Total governmental activities program revenues	<u>2,983,149</u>	<u>3,568,375</u>	<u>3,224,843</u>	<u>3,366,499</u>	<u>3,795,741</u>	<u>4,141,326</u>	<u>15,155,551</u>	<u>12,162,677</u>	<u>10,139,718</u>	<u>14,926,129</u>

(Continued)

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

Exhibit J-2

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type activities:										
Charges for services:										
Food service	\$ 453,884	\$ 408,018	\$ 385,247	\$ 366,411	\$ 344,221	\$ 352,828	\$ 327,743	\$ 312,369	\$ 218,188	\$ 33,727
Operating grants and contributions	399,491	361,430	401,359	398,183	429,320	442,666	466,056	494,855	391,514	514,800
Capital grants and contributions										
Total business type activities program revenues	<u>853,375</u>	<u>769,448</u>	<u>786,606</u>	<u>764,594</u>	<u>773,541</u>	<u>795,494</u>	<u>793,799</u>	<u>807,224</u>	<u>609,702</u>	<u>548,527</u>
Total district program revenues	<u>\$ 3,836,524</u>	<u>\$ 4,337,823</u>	<u>\$ 4,011,449</u>	<u>\$ 4,131,093</u>	<u>\$ 4,569,282</u>	<u>\$ 4,936,820</u>	<u>\$ 15,949,350</u>	<u>\$ 12,969,901</u>	<u>\$ 10,749,420</u>	<u>\$ 15,474,656</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (26,959,973)	\$ (28,070,613)	\$ (29,310,525)	\$ (31,325,838)	\$ (28,205,768)	\$ (33,536,010)	\$ (24,966,299)	\$ (31,519,950)	\$ (29,116,600)	\$ (27,896,612)
Business-type activities	(125,710)	(201,704)	(179,572)	(199,529)	(179,697)	(132,518)	(148,085)	(110,676)	(225,144)	(77,043)
Total district-wide net expense	<u>\$ (27,085,683)</u>	<u>\$ (28,272,317)</u>	<u>\$ (29,490,097)</u>	<u>\$ (31,525,367)</u>	<u>\$ (28,385,465)</u>	<u>\$ (33,668,528)</u>	<u>\$ (25,114,384)</u>	<u>\$ (31,630,626)</u>	<u>\$ (29,341,744)</u>	<u>\$ (27,973,655)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 17,780,740	\$ 18,136,355	\$ 18,499,082	\$ 19,167,844	\$ 19,551,199	\$ 19,942,222	\$ 20,341,066	\$ 20,747,887	\$ 21,792,882	\$ 22,228,740
Taxes levied for debt service	1,418,460	1,256,338	961,534	1,088,238	787,800	910,605	1,051,998	1,069,227	1,172,708	1,073,500
Unrestricted grants and contributions	9,730,774	9,135,635	9,415,816	9,758,588	9,833,476	10,032,655	9,922,931	9,681,620	8,859,228	8,114,479
Miscellaneous income	211,358	179,700	144,723	325,987	592,313	360,068	419,000	508,557	722,009	413,406
Transfers	(165,000)	(188,000)	(165,810)	(184,140)	(204,612)	(133,685)	(147,825)	(157,030)	(225,000)	(54,000)
Total governmental activities	<u>28,976,332</u>	<u>28,520,028</u>	<u>28,855,345</u>	<u>30,156,517</u>	<u>30,560,176</u>	<u>31,111,865</u>	<u>31,587,170</u>	<u>31,850,261</u>	<u>32,321,827</u>	<u>31,776,125</u>
Business-type activities:										
Investment earnings	87	42	43	36	25	47	41	761	1,140	1,605
Disposal of fixed assets	-	-	-	-	-	-	-	-	(19,101)	-
Contributed capital										12,656
Transfers	165,000	188,000	165,810	184,140	204,612	133,685	147,825	157,030	225,000	54,000
Total business-type activities	<u>165,087</u>	<u>188,042</u>	<u>165,853</u>	<u>184,176</u>	<u>204,637</u>	<u>133,732</u>	<u>147,866</u>	<u>157,791</u>	<u>207,039</u>	<u>68,261</u>
Total district-wide	<u>\$ 29,141,419</u>	<u>\$ 28,708,070</u>	<u>\$ 29,021,198</u>	<u>\$ 30,340,693</u>	<u>\$ 30,764,813</u>	<u>\$ 31,245,597</u>	<u>\$ 31,735,036</u>	<u>\$ 32,008,052</u>	<u>\$ 32,528,866</u>	<u>\$ 31,844,386</u>
Change in Net Position:										
Governmental activities	\$ 2,016,359	\$ 449,415	\$ (455,180)	\$ (1,169,321)	\$ 2,354,408	\$ (2,424,145)	\$ 6,620,871	\$ 330,311	\$ 3,205,227	\$ 3,879,513
Business-type activities	39,377	(13,662)	(13,719)	(15,353)	24,940	1,214	(219)	47,115	(18,105)	(8,782)
Total district-wide	<u>\$ 2,055,736</u>	<u>\$ 435,753</u>	<u>\$ (468,899)</u>	<u>\$ (1,184,674)</u>	<u>\$ 2,379,348</u>	<u>\$ (2,422,931)</u>	<u>\$ 6,620,652</u>	<u>\$ 377,426</u>	<u>\$ 3,187,122</u>	<u>\$ 3,870,731</u>

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

Exhibit J-3

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Reserved for:										
Encumbrances	\$ 226,887	\$ 266,056	\$ 169,085	\$ 170,466	\$ 104,232	\$ 245,034	\$ 220,593	\$ 268,800	\$ 668,294	\$ 278,022
Capital reserve	21,919	11,979	112,039	612,345	1,616,020	3,016,989	4,796,480	4,227,439	6,107,338	7,914,215
Maintenance reserve	50,000	50,000	150,000	650,000	1,650,000	1,800,000	1,887,565	1,894,946	1,894,946	1,894,946
Unemployment compensation										151,465
Excess surplus	983,233	706,423	1,215,680	1,105,535	1,924,537	1,916,137	1,831,076	2,025,269	2,170,285	2,016,498
Designated for Subsequent Years Expd.	800,258	995,525	751,689	1,386,158	1,155,805	1,924,537	1,916,137	1,831,076	2,025,269	2,170,285
Unreserved	(253,207)	(139,121)	(86,782)	(189,066)	(250,391)	(293,715)	(255,852)	(119,025)	(193,409)	732,893
Total general fund	<u>\$ 1,829,090</u>	<u>\$ 1,890,862</u>	<u>\$ 2,311,711</u>	<u>\$ 3,735,438</u>	<u>\$ 6,200,203</u>	<u>\$ 8,608,982</u>	<u>\$ 10,395,999</u>	<u>\$ 10,128,505</u>	<u>\$ 12,672,723</u>	<u>\$ 15,158,324</u>
All Other Governmental Funds										
Reserved:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,859,307	\$ 3,053	\$ 3,053	\$ -	\$ -
Debt service reserve	267,363	267,367	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	262,765
Capital projects fund					6,086,731	164,644	164,644	164,644	164,644	164,644
Permanent fund	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Debt service fund	5	-	-	6,752	7,729	4,838	4,401	2,647	65,277	66,282
Total all other governmental funds	<u>\$ 287,368</u>	<u>\$ 287,367</u>	<u>\$ 20,000</u>	<u>\$ 26,752</u>	<u>\$ 6,114,460</u>	<u>\$ 2,048,789</u>	<u>\$ 192,098</u>	<u>\$ 190,344</u>	<u>\$ 249,921</u>	<u>\$ 513,691</u>

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

Exhibit J-4

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax levy	\$ 19,199,200	\$ 19,392,693	\$ 19,460,616	\$ 20,256,082	\$ 20,338,999	\$ 20,852,827	\$ 21,393,064	\$ 21,817,114	\$ 22,965,590	\$ 23,302,240
Tuition charges	31,156	19,690	2,543	128,816	239,397	129,265	131,629	152,996	159,544	129,215
Transportation fees	76,611	50,721	82,463	75,219	93,678	104,755	110,700	150,751	125,802	79,297
Interest earnings	95	60	60	306	4,652	4,062	4,636	70,840	79,899	83,211
Miscellaneous	103,496	109,729	59,657	121,646	254,586	121,986	172,035	139,001	361,543	330,195
Local sources										198,416
State sources	11,473,290	11,735,906	11,700,390	12,223,126	12,701,205	13,267,135	13,713,429	13,943,759	13,140,673	13,204,240
Federal sources	1,240,633	967,604	940,269	901,961	928,012	906,846	940,944	927,651	875,052	1,307,437
Total revenue	32,124,481	32,276,403	32,245,998	33,707,156	34,560,529	35,386,876	36,466,437	37,202,112	37,708,103	38,634,251
Expenditures										
Instruction										
Regular Instruction	8,933,128	9,221,158	9,337,997	9,432,757	9,620,128	9,541,811	9,540,476	9,503,008	9,263,265	9,243,736
Special education instruction	2,846,667	2,174,703	2,573,801	2,578,098	2,552,234	2,496,784	2,385,277	2,417,440	2,477,619	2,412,594
Other special instruction	802,021	807,053	805,687	812,076	816,489	872,375	925,136	930,884	786,995	778,312
Support Services:										
Tuition	2,023,446	2,903,704	2,708,703	3,038,667	2,370,107	2,475,403	2,259,197	2,493,725	1,883,961	2,289,989
Student & instruction related services	2,330,130	2,139,842	2,094,724	2,101,476	2,045,574	2,098,765	2,070,005	2,105,990	2,115,399	2,545,118
School administrative services	908,336	1,000,202	880,749	966,060	1,023,815	1,039,111	1,024,419	957,221	964,004	996,546
General and business admin.services	873,360	828,933	1,013,439	872,897	861,056	937,375	1,059,834	1,112,557	1,046,797	1,036,306
Plant operations and maintenance	2,687,255	2,728,755	2,622,496	2,560,888	2,704,963	2,736,722	2,969,141	3,051,827	3,027,479	2,927,510
Pupil transportation	1,393,584	1,490,083	1,503,109	1,376,761	1,339,556	1,358,762	1,471,180	1,510,251	1,397,976	1,247,593
Other support services	5,999,682	6,948,499	6,549,029	6,802,209	7,266,221	7,721,130	8,358,764	8,790,496	8,930,002	9,395,010
Special Schools										
Charter Schools	25,022	60,441	41,664	32,644	23,644	62,856	28,141	52,895	42,831	27,497
Capital outlay	143,521	304,964	418,595	3,504,705	855,856	4,837,151	3,248,132	3,319,772	1,850,315	2,205,728
Debt service:										
Principal	1,280,000	1,130,000	1,125,000	930,000	600,000	600,000	845,000	865,000	935,000	930,000
Interest and other charges	339,466	288,295	251,713	215,024	187,800	317,357	306,810	277,010	246,410	213,010
Total expenditures	30,585,618	32,026,632	31,926,706	35,224,262	32,267,443	37,095,602	36,491,512	37,388,076	34,968,053	36,248,949
Excess (Deficiency) of revenues over (under) expenditures	1,538,863	249,771	319,292	(1,517,106)	2,293,086	(1,708,726)	(25,075)	(185,964)	2,740,050	2,385,302
Other Financing sources (uses)										
Proceeds from borrowing	-	-	-	3,131,725	96,999	185,519	103,226	73,746	88,745	
Proceeds from Serial Bonds					6,367,000					
Payment to escrow agent	-	-	-	-	-					
Transfers in	-	10,000	-	-	977	3,861	540	2,107	3,169	3,112
Transfers out	(165,000)	(198,000)	(165,810)	(184,140)	(205,589)	(137,546)	(148,365)	(159,137)	(228,169)	(57,112)
Total other financing sources (uses)	(165,000)	(188,000)	(165,810)	2,947,585	6,259,387	51,834	(44,599)	(83,284)	(136,255)	(54,000)
Net change in fund balances	\$ 1,373,863	\$ 61,771	\$ 153,482	\$ 1,430,479	\$ 8,552,473	\$ (1,656,892)	\$ (69,674)	\$ (269,248)	\$ 2,603,795	\$ 2,331,302
Debt service as a percentage of noncapital expenditures	5.32%	4.47%	4.37%	3.61%	2.51%	2.84%	3.46%	3.35%	3.57%	3.36%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Lower Cape May Regional School District
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit J-5

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Insurance Refunds	Transportaion	Other Refunds	Use of Facilities	Adult Education Program Fees	Sale of Assets	Energy Reimbursements	Miscellaneous	Total
2012	\$ 4,779	\$ 31,156	\$ 27,060	\$ 76,611	\$ 55,311	\$ 10,985	\$ -	\$ -	\$ -	\$ 5,361	\$ 211,263
2013	1,943	16,690	13,226	50,721	56,675	21,696		10,046		5,703	176,700
2014	2,258	2,543	33,323	82,463	-	17,923		1,300		4,913	144,723
2015	2,681	128,816	13,597	75,219	66,540	17,510		8,966		12,352	325,681
2016	3,675	239,397	3,889	93,678	32,331	30,390		12,428	170,658	4,890	591,336
2017	4,062	129,265	1,000	104,755	54,133	45,264		12,393	1,250	4,085	356,207
2018	7,186	131,629	1,000	110,700	59,285	63,552		8,288	26,003	10,817	418,460
2019	110,224	152,996	-	150,751	6,643	47,195		5,815	23,715	9,111	506,450
2020	247,955	159,544	-	125,802	97,862	41,628		12,077	22,833	11,138	718,839
2021	213,235	129,215		79,297	40,996	57,585		14,267		1,000	535,595
	<u>\$ 597,998</u>	<u>\$ 1,121,251</u>	<u>\$ 93,095</u>	<u>\$ 949,997</u>	<u>\$ 469,776</u>	<u>\$ 353,728</u>	<u>\$ -</u>	<u>\$ 85,580</u>	<u>\$ 244,459</u>	<u>\$ 69,370</u>	<u>\$ 3,985,254</u>

Source: District records

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

Exhibit J-6

Borough of West Cape May

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
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	0.220	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	0.229	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	10,829,500	0.242	536,795,884
2020	14,884,100	447,337,200	3,301,300	220,500	36,967,500	1,066,100	503,776,700		503,776,700	10,848,900	0.241	581,676,862
2021	14,222,700	457,848,600	3,301,300	190,500	36,314,200	1,066,100	512,943,400		512,943,400	10,848,900	0.245	623,832,196

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

Continued

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

Exhibit J-6

Fiscal Year Ended June 30,	City of Cape May							Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax- Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Apartment							
2012	\$ 57,451,900	\$ 2,160,163,500	\$ -	\$ -	\$ 435,731,100	\$ 143,061,100	\$ 2,796,407,600	\$ 750,281	\$ 2,797,157,881	\$ 419,138,600	\$ 0.054	\$ 2,904,884,781	
2013	53,163,900	2,168,319,400	-	-	435,863,300	139,510,400	2,796,857,000	815,630	2,797,672,630	429,768,200	0.054	2,812,671,567	
2014	53,288,200	2,173,873,900	-	-	431,761,000	135,723,600	2,794,646,700	589,060	2,795,235,760	431,981,900	0.057	2,738,737,239	
2015	64,370,700	2,177,186,500	-	-	430,297,700	133,612,100	2,805,467,000	612,231	2,806,079,231	433,484,900	0.065	2,742,474,025	
2016	62,194,300	2,187,231,000	-	-	429,579,600	133,420,700	2,812,425,600	625,355	2,813,050,955	433,758,300	0.066	2,711,154,162	
2017	61,236,100	2,193,506,400	-	-	427,044,200	131,838,600	2,813,625,300	612,446	2,814,237,746	433,571,800	0.066	2,814,237,746	
2018	66,574,600	2,214,046,300	-	-	431,678,400	130,479,000	2,842,778,300	62,831	2,842,841,131	432,997,700	0.066	2,871,036,576	
2019	69,618,400	2,230,627,200	-	-	432,392,700	127,325,200	2,859,963,500		2,859,963,500	431,388,400	0.066	2,964,429,051	
2020	66,588,800	2,253,648,100	-	-	441,592,700	125,058,100	2,886,887,700		2,886,887,700	431,388,400	0.066	2,886,887,700	
2021	57,306,100	2,290,501,500	-	-	441,823,000	123,147,200	2,912,777,800		2,912,777,800	427,666,100	0.065	3,284,890,675	

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

Continued

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

Exhibit J-6

Fiscal Year Ended June 30,	<u>Township of Lower</u>							Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Apartment	Total Assessed Value					
2012	\$ 87,921,400	\$ 3,705,980,700	\$ 4,460,700	\$ 911,900	\$ 276,929,100	\$ 13,161,400	\$ 4,089,365,200	\$ 6,102,592	\$ 4,095,467,792	\$ 268,066,300	\$ 0.362	\$ 4,034,131,771
2013	86,948,300	3,684,519,500	5,236,800	953,300	275,766,100	13,161,400	4,066,585,400	5,339,934	4,071,925,334	270,144,600	0.371	3,773,894,430
2014	70,784,000	3,247,623,400	4,914,400	953,300	258,806,900	11,332,200	3,594,414,200	4,337,206	3,598,751,406	232,262,300	0.432	3,725,002,834
2015	70,254,400	3,254,393,300	4,914,400	927,600	259,130,000	11,432,200	3,601,051,900	4,347,721	3,605,399,621	234,835,200	0.458	3,719,358,459
2016	68,016,300	3,261,711,400	5,052,600	577,600	263,588,800	11,432,200	3,610,378,900	4,212,178	3,614,591,078	232,698,600	0.466	3,781,566,024
2017	64,279,700	3,274,539,000	5,413,000	595,500	264,828,800	11,432,200	3,621,088,200	4,172,271	3,625,260,471	233,773,100	0.466	3,802,011,213
2018	64,779,300	3,283,120,000	6,360,900	567,200	264,001,400	11,432,200	3,630,261,000	4,178,452	3,634,439,452	237,688,000	0.472	3,908,079,119
2019	63,692,900	3,290,370,000	6,554,900	602,400	264,731,700	11,432,200	3,637,384,100	4,107,346	3,641,491,446	240,525,100	0.483	4,056,420,781
2020	65,057,300	3,304,009,400	6,600,500	586,300	263,951,400	11,432,200	3,651,637,100	4,075,029	3,655,712,129	241,944,200	0.483	4,212,338,290
2021	61,620,600	3,327,438,300	6,600,500	586,300	262,396,200	11,432,200	3,670,074,100	4,234,601	3,674,308,701	246,048,000	0.501	4,350,457,177

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

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

Exhibit J-7

Borough of West Cape May

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	
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	0.117	0.330	0.378	0.244	1.069
2015	0.215	0.010	0.225	0.331	0.353	0.240	1.149
2016	0.210	0.010	0.220	0.350	0.397	0.247	1.214
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
2020	0.241	-	0.241	0.372	0.390	0.316	1.319
2021	0.245	-	0.245	0.390	0.304	0.341	1.280

City of Cape May

Fiscal Year Ended June 30,	Cape May City School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	City of Cape May	Regional School	Cape May County	
2012	\$ 0.054	\$ -	\$ 0.054	\$ 0.294	\$ 0.237	\$ 0.242	\$ 0.827
2013	0.054	-	0.054	0.310	0.226	0.248	0.838
2014	0.057	-	0.057	0.329	0.234	0.245	0.865
2015	0.062	-	0.062	0.339	0.215	0.249	0.865
2016	0.065	-	0.065	0.340	0.178	0.249	0.832
2017	0.066	-	0.066	0.210	0.340	0.268	0.884
2018	0.066	-	0.066	0.243	0.350	0.272	0.931
2019	0.066	-	0.066	0.363	0.275	0.283	0.987
2020	0.066	-	0.066	0.246	0.363	0.295	0.970
2021	0.065	-	0.065	0.274	0.363	0.316	1.018

Township of Lower

Fiscal Year Ended June 30,	Lower Township School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Township of Lower	Regional School	Cape May County	
2012	\$ 0.362	\$ -	\$ 0.362	\$ 0.443	\$ 0.273	\$ 0.229	\$ 1.307
2013	0.371	-	0.371	0.473	0.291	0.227	1.362
2014	0.432	-	0.432	0.536	0.335	0.260	1.563
2015	0.446	-	0.446	0.556	0.353	0.263	1.618
2016	0.456	0.002	0.458	0.556	0.389	0.270	1.673
2017	0.462	0.004	0.466	0.574	0.381	0.276	1.697
2018	0.468	0.004	0.472	0.575	0.360	0.289	1.696
2019	0.478	0.005	0.483	0.584	0.368	0.303	1.738
2020	0.489	0.005	0.494	0.584	0.390	0.315	1.783
2021	0.495	0.006	0.501	0.595	0.385	0.331	1.812

Source: Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

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

Exhibit J-8

Borough of West Cape May

Taxpayer	2021	
	Taxable Assessed Value	% of Total District Net Assessed Value
Wilbraham Mansion, LLC	\$ 3,242,100	0.63%
The Depot Travel Park, Inc.	2,729,900	0.53%
Individual #1	2,349,300	0.46%
CVS	2,300,000	0.45%
Cape May Rentals, LLC	2,190,300	0.43%
Cape May Lumber Company	2,138,900	0.42%
Stevens Street, LLC	2,132,200	0.42%
Individual #2	2,102,400	0.41%
Individual #3	2,070,600	0.40%
Individual #4	1,980,075	0.39%
Total	\$ 23,235,775	4.53%

Taxpayer	2012	
	Taxable Assessed Value	% of Total District Net Assessed Value
Depot Travel Park, Inc.	\$4,050,300	0.90%
Rayson Properties	3,382,200	0.75%
Wibraham Mansion, LLC	2,854,600	0.63%
CVS	2,479,000	0.55%
Cape May Lumber	2,138,900	0.47%
Individual #1	2,058,200	0.46%
Cape West Associates	1,862,800	0.41%
Individual #2	1,594,300	0.35%
Individual #3	1,018,500	0.23%
Individual #4	996,400	0.22%
Total	\$ 22,435,200	4.97%

City of Cape May

Taxpayer	2021	
	Taxable Assessed Value	% of Total District Net Assessed Value
Congress Hall, LLC	\$27,401,099	0.94%
ADIS Inc.	25,967,400	0.89%
Oceanfront Properties, LLC	25,310,200	0.87%
Ocean Club Hotel CM, LLC	13,000,000	0.45%
Cape Coachman Realty, LLC	11,989,500	0.41%
Pella, LLC	11,500,400	0.39%
Kejzman Hospitality, LLC	11,473,100	0.39%
Montreal Inn	10,089,700	0.35%
Individual #1	8,812,600	0.30%
Palavest, LLC	8,292,800	0.28%
Total	\$153,836,799	5.48%

City of Cape May

Taxpayer	2012	
	Taxable Assessed Value	% of Total District Net Assessed Value
Congress Hall LLC	\$28,412,795	1.02%
Oceanfront Properties LLC	25,304,795	0.90%
ADIS Inc.	20,878,501	0.75%
Ocean Club Hotel CM, LLC	12,500,000	0.45%
Cape Coachman Realty, LLC	11,989,500	0.43%
Osprey Landing Development Co. LLC	11,780,300	0.42%
Kejzman Enterprises Inc	11,473,100	0.41%
Montreal Inn	10,089,700	0.36%
Keystone Inc	9,837,735	0.35%
Individual #1	8,812,600	0.32%
Total	\$151,079,026	5.41%

Township of Lower

Taxpayer	2021	
	Taxable Assessed Value	% of Total District Net Assessed Value
Sun Lake Laurie RV, Inc.	\$17,300,000	0.47%
Achristavest Pier 6600, LLC	14,330,200	0.39%
Harbortown Resort Marina, Inc	13,054,700	0.36%
Jenlo Corp. & Harlo Inc	11,700,000	0.32%
Shaw Limited Partnership	10,101,400	0.27%
Bayshore Mall, LLC	9,744,700	0.27%
Beachcomber Campground, Inc	6,749,100	0.18%
Cold Spring Fish & Supply Co	6,302,900	0.17%
Cape Island Associates	6,000,000	0.16%
FC-GEN Real Estate, LLC	6,000,000	0.16%
Total	\$101,283,000	2.76%

Township of Lower

Taxpayer	2012	
	Taxable Assessed Value (1)	% of Total District Net Assessed Value
Jenlo Corp. & Harlo Inc.	\$10,408,800	0.25%
Achristavest Pier 6600, LLC	9,350,000	0.23%
Bayshore Mall 1A, LLC	8,795,000	0.22%
Lake Laurie RV Resort, LLC	7,133,800	0.17%
Seashore Campsites Inc.	6,500,000	0.16%
Channels Apartments	6,242,600	0.15%
Victoria Health Corp.	6,203,800	0.15%
Verizon - New Jersey	6,112,592	0.15%
Beachcomber Campground Inc.	5,932,800	0.15%
North Cape Convalescent Center	5,890,000	0.14%
Total	\$72,569,392	1.77%

Source: Municipal Tax Assessors

**Lower Cape May Regional 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	
2012	\$ 19,199,200	\$ 19,194,200	99.97%	5,000
2013	19,392,693	19,397,693	100.03%	
2014	19,460,616	19,460,616	100.00%	
2015	20,256,082	20,256,082	100.00%	
2016	20,338,999	20,338,999	100.00%	
2017	20,852,827	20,852,827	100.00%	
2018	21,393,064	21,393,064	100.00%	
2019	21,817,114	21,817,114	100.00%	
2020	22,965,590	22,965,590	100.00%	
2021	23,302,240	23,302,240	100.00%	

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

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

Lower Cape May Regional 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	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Borough of West Cape May	City of Cape May	Township of Lower	Borough of West Cape May	City of Cape May	Township of Lower
2012	\$ 7,390,000	\$ 490,000	\$ -	\$ -	\$ -	\$ 7,880,000	15.95%	4.52%	0.72%	\$ 7,779	\$ 2,204	\$ 349
2013	6,500,000	250,000	-	-	-	6,750,000	13.52%	3.84%	0.58%	6,703	1,902	302
2014	5,625,000	-	-	-	-	5,625,000	10.91%	3.10%	0.49%	5,614	1,593	254
2015	4,695,000	-	2,931,725	-	-	7,626,725	14.12%	4.02%	0.64%	7,634	2,173	346
2016	10,462,000	-	2,827,608	-	-	13,289,608	23.66%	6.79%	1.08%	13,263	3,807	608
2017	9,862,000	-	2,627,685	-	-	12,489,685	21.42%	6.19%	0.99%	12,428	3,591	576
2018	9,017,000	-	2,401,307	-	-	11,418,307	18.89%	5.50%	0.88%	11,384	3,312	531
2019	8,152,000	-	2,217,359	-	-	10,369,359	16.50%	4.83%	0.76%	10,349	3,030	477
2020	7,217,000	-	2,006,533	-	-	9,223,533	(c)	(c)	(c)	9,307	2,710	435
2021	6,287,000	-	1,796,619	-	-	8,083,619	(c)	(c)	(c)	(c)	(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

Lower Cape May Regional 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 of Property(a)			Per Capita(b)		
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Borough of West Cape May	City of Cape May	Township of Lower	Borough of West Cape May	City of Cape May	Township of Lower
2012	\$ 7,390,000	\$ -	\$ 7,390,000	1.64%	0.26%	0.18%	\$ 7,295	\$ 2,067	\$ 328
2013	6,500,000		6,500,000	1.44%	0.23%	0.16%	6,455	1,832	278
2014	5,625,000		5,625,000	1.24%	0.20%	0.16%	5,614	1,593	254
2015	4,695,000		4,695,000	1.03%	0.17%	0.13%	4,700	1,338	213
2016	10,462,000		10,462,000	2.29%	0.37%	0.29%	10,441	2,997	478
2017	9,862,000		9,862,000	2.10%	0.35%	0.27%	9,813	2,836	455
2018	9,017,000		9,017,000	1.87%	0.32%	0.25%	8,990	2,615	420
2019	8,152,000		8,152,000	1.66%	0.29%	0.22%	8,136	2,382	375
2020	7,217,000		7,217,000	1.43%	0.25%	0.20%	7,283	2,120	34
2021	6,287,000		6,287,000	1.25%	0.22%	0.17%	(c)	(c)	(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.

**Lower Cape May Regional School District
Ratios of Overlapping Governmental Activities Debt
As of December 31, 2020**

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	\$ 4,409,392	100.000%	\$ 4,409,392
Township of Lower	31,692,565	100.000%	31,692,565
City of Cape May	43,665,975	100.000%	43,665,975
Cape May County General Obligation Debt	310,626,093	14.463%	<u>44,925,852</u>
Subtotal, overlapping debt			120,284,392
Lower Cape May Regional School District Direct Debt			<u>6,287,000</u>
Total direct and overlapping debt			<u><u>\$ 126,571,392</u></u>

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 Lower Cape May Regional. This process recognizes that, when considering the District's ability to issue and repay the 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.

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized valuation basis	
	2018	\$ 7,495,203,972
	2019	7,835,128,577
	2020	8,170,791,022
	[A]	<u>\$ 23,501,123,571</u>
Average equalized valuation of taxable property	[A/3]	\$ 7,833,707,857
Debt limit (3.5% of average equalized valuation)	[B]	274,179,775 ^a
Net bonded school debt	[C]	6,287,000
Legal debt margin	[B-C]	<u>\$ 267,892,775</u>

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 262,421,266	\$ 256,217,733	\$ 248,337,483	\$ 241,983,147	\$ 240,306,913	\$ 243,022,210	\$ 247,177,017	\$ 254,275,903	\$ 262,844,325	\$ 274,179,775
Total net debt applicable to limit	7,390,000	6,500,000	5,625,000	4,695,000	10,462,000	9,862,000	9,017,000	8,152,000	7,217,000	6,287,000
Legal debt margin	<u>\$ 255,031,266</u>	<u>\$ 249,717,733</u>	<u>\$ 242,712,483</u>	<u>\$ 237,288,147</u>	<u>\$ 229,844,913</u>	<u>\$ 233,160,210</u>	<u>\$ 238,160,017</u>	<u>\$ 246,123,903</u>	<u>\$ 255,627,325</u>	<u>\$ 267,892,775</u>
Total net debt applicable to the limit as a percentage of debt limit	2.82%	2.54%	2.27%	1.94%	4.35%	4.06%	3.65%	3.21%	2.75%	2.29%

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 7 through 12 district; other % limits would be applicable for other districts

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

Exhibit J-14

<u>Year</u>	<u>Population^a</u>	<u>Personal Income (thousands of dollars)^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
<u>Borough of West Cape May</u>				
2012	1,013	\$ 49,406,036	\$ 48,772	15.2%
2013	1,007	49,907,927	49,561	18.8%
2014	1,002	51,580,956	51,478	10.4%
2015	999	53,999,946	54,054	9.9%
2016	1,002	56,171,118	56,059	9.2%
2017	1,005	58,309,095	58,019	7.9%
2018	1,003	60,444,792	60,264	7.2%
2019	1,002	62,859,468	62,734	6.4%
2020	991	e	e	12.7%
2021	e	e	e	e
<u>City of Cape May</u>				
2012	3,575	\$ 174,359,900	\$ 48,772	14.4%
2013	3,548	175,842,428	49,561	14.6%
2014	3,530	181,717,340	51,478	12.9%
2015	3,510	189,729,540	54,054	12.5%
2016	3,491	195,701,969	56,059	11.2%
2017	3,478	201,790,082	58,019	10.3%
2018	3,448	207,790,272	60,264	9.6%
2019	3,422	214,675,748	62,734	8.5%
2020	3,404	e	e	e
2021	e	e	e	e
<u>Township of Lower</u>				
2012	22,555	\$ 1,100,052,460	\$ 48,772	16.30%
2013	23,354	1,157,447,594	49,561	11.90%
2014	22,173	1,141,421,694	51,478	12.60%
2015	22,016	1,190,052,864	54,054	11.10%
2016	21,854	1,225,113,386	56,059	10.10%
2017	21,698	1,258,896,262	58,019	9.80%
2018	21,485	1,294,772,040	60,264	8.90%
2019	21,732	1,363,335,288	62,734	7.70%
2020	21,202	e	e	14.60%
2021	e	e	e	e

Source:

- a Population information provided by the NJ Dept of Labor and Workforce Development.
- b Personal income has been estimated based upon the municipal population and per capita income.
- c Per Capita for Cape May County.
- d Unemployment data provided by the NJ Dept of Labor and Workforce Development.
- e Not available.

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

Exhibit J-16

Function/Program	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction										
Regular	136	136	135	132	130	126	122	117	114	112
Special education	32	34	34	31	31	30	29	28	25	25
Other special education	6	6	6	7	7	7	7	7	7	7
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	34	32	32	28	28	27	27	27	26	25
School administrative services	12	12	12	12	12	12	11	11	11	11
General and business administrative services	6	6	6	6	6	6	6	6	6	6
Plant operations and maintenance	24	23	23	22	22	24	24	24	24	24
Pupil transportation	22	22	22	21	21	21	21	21	21	21
Special Schools						17	17	17	17	16
Food Service	19	19	18	17	17					
Total	<u>291</u>	<u>290</u>	<u>288</u>	<u>276</u>	<u>274</u>	<u>270</u>	<u>264</u>	<u>258</u>	<u>251</u>	<u>247</u>

Source: District Personnel Records

Lower Cape May Regional School District
 Operating Statistics,
 Last Ten Fiscal Years

Exhibit J-17

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2012	1,538	\$ 28,822,631	\$ 18,740	5.41%	174	10.8	1,528	1,433	-5.03%	93.78%
2013	1,480	30,303,373	20,475	9.20%	176	10.8	1,462	1,366	-4.61%	93.43%
2014	1,395	30,131,398	21,600	5.40%	175	10.8	1,396	1,307	-4.51%	93.61%
2015	1,429	30,574,533	21,396	0.94%	170	10.8	1,406	1,318	0.72%	93.79%
2016	1,354	30,623,787	22,617	5.71%	168	10.8	1,354	1,276	-3.70%	94.23%
2017	1,357	31,341,094	23,096	2.12%	163	10.8	1,325	1,248	-2.14%	94.19%
2018	1,411	32,091,570	22,744	-1.52%	158	11.6	1,318	1,241	-0.53%	94.16%
2019	1,296	32,926,294	25,406	11.70%	152	11.6	1,277	1,202	-3.11%	94.13%
2020	1,298	31,936,328	24,604	-2.88%	146	11.6	1,270	1,218	-0.55%	95.91%
2021	1,227	32,900,211	26,814	8.89%	144	11.6	1,209	1,131	-4.80%	93.55%

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).

Lower Cape May Regional School District
 School Building Information
 Last Ten Fiscal Years

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
District Building										
Tietleman School (1973)										
Square Feet	99,638	99,638	99,638	99,638	99,638	99,638	99,638	99,638	99,638	99,638
Capacity (students)	796	796	796	796	796	796	796	796	796	796
Enrollment	535	517	500	520	480	467	458	471	480	475
High School (1960)										
Square Feet	231,944	231,944	231,944	231,944	231,944	231,944	231,944	231,944	231,944	231,944
Capacity (students)	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016
Enrollment	1,003	963	897	886	874	858	860	806	790	734
Other										
Central Administration (1989)										
Square Feet	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Number of Schools at June 30, 2021										
Middle School = 1										
Senior High School = 1										

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

Lower Cape May Regional School District
 Schedule of Required Maintenance
 Last Ten Fiscal Years

Exhibit J-19

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

	Fiscal Year Ending June 30,										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
* School Facilities											
High School	\$ 544,357	\$ 503,049	\$ 531,230	\$ 497,830	\$ 418,474	\$ 447,054	\$ 695,064	\$ 725,988	\$ 592,305	\$ 587,207	\$ 5,542,558
Tietleman School	233,850	216,104	228,211	213,862	179,771	192,049	298,591	311,876	254,447	252,257	2,381,018
Other facilities	12,895	11,917	12,584	11,793	9,913	10,590	16,464	17,197	14,031	13,910	131,294
Total School Facilities	<u>\$ 791,102</u>	<u>\$ 731,070</u>	<u>\$ 772,025</u>	<u>\$ 723,485</u>	<u>\$ 608,158</u>	<u>\$ 649,693</u>	<u>\$ 1,010,119</u>	<u>\$ 1,055,061</u>	<u>\$ 860,783</u>	<u>\$ 853,374</u>	<u>\$ 8,054,870</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

**Lower Cape May Regional School District
Insurance Schedule
June 30, 2021**

Exhibit J-20

	<u>Coverage</u>	<u>Self-Insured Retention</u>	<u>Deductible</u>
School Package Policy (1)			
Property, Inland Marine and Automobile Physical Damages			
Limits of liability per occurrence	\$ 175,000,000	\$ 250,500	\$ 500
Boiler and Machinery	125,000,000		1,000
General and Automobile Liability	20,000,000	250,000	500
Worker's Compensation	Statutory	250,000	500
Educators Legal Liability	20,000,000	250,000	500
Employee Benefit Liability	20,000,000	250,000	500
Crime coverage:			
Employee Dishonesty	500,000	250,000	500
Commercial Umbrella Liability	50,000,000		
Employer's Liability and Disease	750,000 / 8,000,000	250,000 / 2,000,000	500
Pollution Legal Liability	3,000,000		
Cyber Liability	2,000,000		
Disaster Management Services	1,000,000		10,000
Surety Bonds (2)			
Treasurer	250,000		
Board Secretary	250,000		
Student Accident (3)	25,000		
Athletic Blanket (3)	5,000,000	25,000	

- (1) Atlantic and Cape May Counties Joint Insurance Fund
- (2) RLI Insurance Company
- (3) XL Catlin Insurance

Source: District records

Single Audit Section

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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
 Lower Cape May Regional School District
 County of Cape May
 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 Lower Cape May Regional School District, in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2021, 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 January 28, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Lower Cape May Regional School District's internal control over financial reporting (internal control) as a basis for designing 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 Lower Cape May Regional 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 Lower Cape May Regional 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that 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.

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
January 28, 2022

INVERSO & STEWART, LLC
Certified Public Accountants

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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 THE
 UNIFORM GUIDANCE AND STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

I have audited Lower Cape May Regional School District's (School District), in the County of Cape May, State of New Jersey compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2021. The School District's major federal and 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the School District's major federal and 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, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance 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 federal or 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 federal and state program. However, my audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal and State Program

In my opinion, the Lower Cape May Regional 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 federal and state programs for the fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Lower Cape May Regional School District, in the County of Cape May, State of New Jersey, 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 federal or 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 federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and 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 Lower Cape May Regional 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 federal or 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 federal or 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 federal or 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 the Uniform Guidance and 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
January 28, 2022

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2021

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, 2020			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	June 30, 2021		
						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	2105NJ5MAP	N/A	\$ 35,381	7/1/20 - 6/30/21	\$ -	\$ -	\$ -	\$ -	\$ 35,381	\$ (35,381)	\$ -	\$ -	\$ -	\$ -
Total General Fund						-	-	-	-	35,381	(35,381)	-	-	-	-
U.S. Department of Education															
<u>Special Revenue Fund:</u>															
<u>Every Student Succeeds Act (ESSA)</u>															
Title I - Current Year	84.010A	S010A200030	ESSA-2820-21	330,269	7/1/20 - 9/30/21					194,700	(211,121)		(16,421)		
Title I - Prior Year	84.010A	S010A190030	ESSA-2820-20	332,538	7/1/19 - 9/30/20	(137,727)				137,727			-		
Title I-SIA - Current Year	84.010A	S010A200030	ESSA-2820-21	49,224	7/1/20 - 9/30/21					33,684	(34,889)		(1,205)		
Title I-SIA - Prior Year	84.010A	S010A190030	ESSA-2820-20	14,215	7/1/19 - 9/30/20	(1,024)				1,024			-		
Title II - Part A - Current Year	84.367A	S367A200029	ESSA-2820-21	52,281	7/1/20 - 9/30/21					35,393	(37,347)		(1,954)		
Title II - Part A - Prior Year	84.367A	S367A190029	ESSA-2820-20	59,278	7/1/19 - 9/30/20	(2,735)				2,735			-		
Title IV - Part A - Current Year	84.424A	S424A200031	ESSA-2820-21	32,900	7/1/20 - 9/30/21					16,089	(14,037)		(170)	2,222	
Title IV - Part A - Current Year	84.424A	S424A190031	ESSA-2820-20	21,221	7/1/19 - 9/30/20	(665)				665			-		
<u>Individuals With Disabilities Act (I.D.E.A.)</u>															
Part B - Basic - Current Year	84.027	H027A200100	IDEA-2820-21	407,203	7/1/20 - 9/30/21					407,203	(407,203)		-		
Carl D. Perkins	84.048A	V048A200030	PERK-2820-21	57,102	7/1/20 - 6/30/21					49,133	(55,694)		(6,561)		
Carl D. Perkins - Prior Year	84.048A	V048A190030	PERK-2820-20	61,533	7/1/19 - 6/30/20			1,316			(1,316)				
CARES Act	84.425D	S425D200027	N/A	256,020	3/13/20 - 9/30/23	(10,578)				204,019	(202,132)		(8,691)		
Digital Divide	84.425D	S425D200027	N/A	193,377	7/16/20 - 10/31/20					193,377	(193,377)				
Coronavirus Relief	84.425D	S425D200027	N/A	104,724	3/13/20 - 9/30/23					104,724	(104,724)				
Learning Acceleration	84.425D	S425D200027	N/A	67,290	3/13/20 - 9/30/23						(10,216)		(10,216)		
Total Special Revenue Fund						(152,729)	1,316	-	-	1,380,473	(1,272,056)	-	(45,218)	2,222	-
U.S. Department of Agriculture															
<u>Enterprise Fund:</u>															
Food Distribution Program	10.565	211NJ304N1099	N/A	33,187	7/1/20 - 6/30/21					33,187	(33,187)				
National School Lunch Program	10.555	211NJ304N1099	N/A	293,980	7/1/20 - 6/30/21					279,620	(293,980)		(14,360)		
National School Lunch Program	10.555	201NJ304N1099	N/A	217,066	7/1/19 - 6/30/20	(13,570)				13,570					
School Breakfast Program	10.553	211NJ304N1099	N/A	174,165	7/1/20 - 6/30/21					165,507	(174,165)		(8,658)		
School Breakfast Program	10.553	201NJ304N1099	N/A	126,540	7/1/19 - 6/30/20	(8,529)				8,529					
Total Enterprise Fund						(22,099)	-	-	-	500,413	(501,332)	-	(23,018)	-	-
Total Federal Awards						\$ (174,828)	\$ 1,316	\$ -	\$ -	\$ 1,916,267	\$ (1,808,769)	\$ -	\$ (68,236)	\$ 2,222	\$ -

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2021

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2020			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2021		
				Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
State Department of Education													
<u>General Fund:</u>													
Equalization Aid	21-495-034-5120-078	\$ 95,936	7/1/20 - 6/30/21	\$ -	\$ -	\$ -	\$ -	\$ 88,588	\$ (95,936)	\$ -	\$ (7,348)	\$ -	\$ -
Equalization Aid	20-495-034-5120-078	95,936	7/1/19 - 6/30/20	(8,998)				8,998					
Transportation Aid	21-495-034-5120-014	1,178,704	7/1/20 - 6/30/21					1,088,423	(1,178,704)		(90,281)		
Transportation Aid	20-495-034-5120-014	1,178,704	7/1/19 - 6/30/20	(110,546)				110,546					
Special Education Aid	21-495-034-5120-089	862,052	7/1/20 - 6/30/21					796,024	(862,052)		(66,028)		
Special Education Aid	20-495-034-5120-089	862,052	7/1/19 - 6/30/20	(80,848)				80,848					
Security Aid	21-495-034-5120-084	350,566	7/1/20 - 6/30/21					323,715	(350,566)		(26,851)		
Security Aid	20-495-034-5120-084	350,566	7/1/19 - 6/30/20	(32,878)				32,878					
Adjustment Aid	21-495-034-5120-085	3,854,141	7/1/20 - 6/30/21					3,558,938	(3,854,141)		(295,203)		
Adjustment Aid	20-495-034-5120-085	5,037,595	7/1/19 - 6/30/20	(472,455)				472,455					
Extraordinary Aid	21-495-034-5120-044	159,496	7/1/20 - 6/30/21						(159,496)		(159,496)		
Extraordinary Aid	20-495-034-5120-044	55,757	7/1/19 - 6/30/20	(55,757)				55,757					
School Choice Aid	21-495-034-5120-068	1,250,964	7/1/20 - 6/30/21					1,155,148	(1,250,964)		(95,816)		
School Choice Aid	20-495-034-5120-068	1,216,728	7/1/19 - 6/30/20	(114,112)				114,112					
Additional Transportation Aid	21-495-034-5120-014	14,790	7/1/20 - 6/30/21						(14,790)		(14,790)		
Homeless Tuition Aid	21-495-034-5120-005	6,736	7/1/20 - 6/30/21						(6,736)		(6,736)		
Homeless Tuition Aid	20-495-034-5120-005	4,978	7/1/19 - 6/30/20	(4,978)				4,978					
On Behalf TPAF Pension Contributions	21-495-034-5094-002	3,246,786	7/1/20 - 6/30/21					3,246,786	(3,246,786)				
On Behalf TPAF Post Retirement Medical	21-495-034-5094-001	1,017,492	7/1/20 - 6/30/21					1,017,492	(1,017,492)				
On Behalf TPAF Pension LTDI Contributions	21-495-034-5094-004	833	7/1/20 - 6/30/21					833	(833)				
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	860,031	7/1/20 - 6/30/21					817,545	(860,031)		(42,486)		
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	871,777	7/1/19 - 6/30/20	(86,504)				86,504					
Total General Fund				(967,076)	-	-	-	13,060,568	(12,898,527)	-	(805,035)	-	-
<u>Debt Service Fund</u>													
Debt Service Aid Type II	21-100-034-5120-017	67,403	7/1/20 - 6/30/21	-	-	-	-	67,403	(67,403)	-	-	-	-
Total Debt Service				-	-	-	-	67,403	(67,403)	-	-	-	-
State Department of Agriculture													
<u>Enterprise Fund:</u>													
State School Lunch Program	21-100-010-3350-023	13,468	7/1/20 - 6/30/21					12,451	(13,468)		(1,017)		
State School Lunch Program	20-100-010-3350-023	4,805	7/1/19 - 6/30/20	(213)				213					
Total Enterprise Fund				(213)	-	-	-	12,664	(13,468)	-	(1,017)	-	-
Total State Financial Assistance				\$ (967,289)	\$ -	\$ -	\$ -	\$ 13,140,635	\$ (12,979,398)	\$ -	\$ (806,052)	\$ -	\$ -
Less: State Financial Assistance Not Subject to Major Program Determination:													
On-Behalf TPAF Contribution - Pension (Non-Budgeted)									(3,246,786)				
On-Behalf TPAF Contribution - Post Retirement Medical (Non-Budgeted)									(1,017,492)				
On-Behalf TPAF Contribution - Pension LTDI (Non-Budgeted)									(833)				
Total State Financial Assistance Subject to Major Program Determination									\$ (8,714,287)				

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

**Lower Cape May Regional School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2021**

I. GENERAL

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

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more of the June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payments in the current budget year, consistent with *N.J.S.A. 18A:22-44.2*.

**Lower Cape May Regional School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2021
(Continued)**

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$238,310 in the general fund and \$-0- in 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.

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 35,381	\$ 13,136,837	\$ 13,172,218
Special Revenue Fund	1,272,056		1,272,056
Debt Service Fund		67,403	67,403
Food Service Fund	501,332	13,468	514,800
Total Awards & Financial Assistance	<u>\$ 1,808,769</u>	<u>\$ 13,217,708</u>	<u>\$ 15,026,477</u>

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

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, 2021. TPAF Social Security Contributions represents the amount reimbursed by the State for the School District's share of social security contributions for TPAF members for the year ended June 30, 2021.

6. MAJOR PROGRAMS

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

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Section I --Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weaknesses identified? yes X no

2) Significant deficiencies identified? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal Control over major programs:

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

2) Significant deficiencies identified? 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 2 CFR 200 section .516 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425D</u>	<u>S425D200027</u>	<u>Cares Act</u>
<u>84.425D</u>	<u>S425D200027</u>	<u>Digital Divide</u>
<u>84.425D</u>	<u>S425D200027</u>	<u>Corona Virus Relief</u>
<u>84.425D</u>	<u>S425D200027</u>	<u>Learning Acceleration</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? X yes no

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Section 2 -- Schedule of Financial Statement Findings

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

No findings and/or questioned costs identified.

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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:

No findings and/or questioned costs identified.

STATE AWARDS:

No findings and/or questioned costs identified.

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

This section identifies the status of prior year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings.

FEDERAL AWARDS

There were no prior year audit findings.

STATE AWARDS

There were no prior year audit findings.