

# **Comprehensive Annual Financial Report**

**of the**

**Cape May County Schools  
For Special Services  
Board of Education**  
(A Component Unit of the County of Cape May)

**Cape May County, New Jersey**

**For the Fiscal Year Ended June 30, 2020  
Prepared by the Finance Department**



# TABLE OF CONTENTS

	<b>Page</b>
<b>INTRODUCTORY SECTION:</b>	
Letter of Transmittal	1-3
Organizational Chart	4
Roster of Officials	5
Consultants and Advisors	6
<b>FINANCIAL SECTION:</b>	
<b>Independent Auditor's Report</b>	7-9
<b>Required Supplementary Information - Part I Management Discussion and Analysis</b>	10-18
<b>Basic Financial Statements</b>	
A District-Wide Financial Statements	
A-1 Statement of Net Position	19
A-2 Statement of Activities	20
B Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	21
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	22
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Proprietary Funds:	
B-4 Statement of Net Position	24
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	25-26
B-6 Statement of Cash Flows	27-28
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	29
B-8 Statement of Changes in Fiduciary Net Position	30
<b>Notes to the Financial Statements</b>	31-57

# TABLE OF CONTENTS

	Page
<b>Required Supplementary Information - Part II</b>	
C Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	58-67
C-2 Budgetary Comparison Schedule - Special Revenue Fund	68
<b>Notes to Required Supplementary Information</b>	
C-3 Budget to GAAP Reconciliation	69
<b>Required Supplementary Information - Part III</b>	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability (PERS)	70
L-2 Schedule of District Contributions (PERS)	71
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability (TPAF)	72
M-1 Schedule of the District's Proportionate Share of the Net OPEB Liability	73
<b>Other Supplementary Information</b>	
E Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures - Special Revenue Fund - Budgetary Basis	74
E-2 Preschool Education Aid Schedule of Expenditures - Budgetary Basis	N/A
F Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	N/A
F-2a Schedules of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis	N/A
G Proprietary Funds:	
Enterprise Funds:	
G-1 Combining Statement of Net Position	75
G-2 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	76
G-3 Combining Statement of Cash Flows	77
Internal Service Fund:	
G-4 Combining Statement of Net Assets	N/A
G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	N/A
G-6 Combining Statement of Cash Flows	N/A

# TABLE OF CONTENTS

	Page
H Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	78
H-2 Combining Statement of Changes in Fiduciary Net Assets	79
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	80
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	81
I Long-Term Debt:	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A
<b>STATISTICAL SECTION: (Unaudited)</b>	
<b>Financial Trends</b>	
J-1 Net Assets by Component	82
J-2 Changes in Net Position	83-84
J-3 Fund Balances - Governmental Funds	85
J-4 Changes in Fund Balances - Governmental Funds	86
J-5 General Fund Other Local Revenue by Source	87
<b>Revenue Capacity</b>	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	N/A
J-7 Direct and Overlapping Property Tax Rates	N/A
J-8 Principal Property Taxpayers	N/A
J-9 Property Tax Levies and Collections	N/A
<b>Debt Capacity</b>	
J-10 Ratios of Outstanding Debt by Type	N/A
J-11 Ratios of General Bonded Debt Outstanding	N/A
J-12 Direct and Overlapping Governmental Activities Debt	N/A
J-13 Legal Debt Margin	N/A
<b>Demographic and Economic Data</b>	
J-14 Demographic and Economic Statistics	88
J-15 Principal Employers	N/A
<b>Operating Information</b>	
J-16 Full-Time Equivalent District Employees by Function/Program	89
J-17 Operating Statistics	90
J-18 School Building Information	91
J-19 Schedule of Required Maintenance Expenditures by School Facility	92
J-20 Insurance Schedule	93-94

# TABLE OF CONTENTS

	<b>Page</b>
<b>SINGLE AUDIT SECTION:</b>	
K-1 Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	95-96
K-2 Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control over Compliance in Accordance with Uniform Guidance and New Jersey OMB Circular 15-08	97-98
K-3 Schedule of Expenditures of Federal Awards, Schedule A	99
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	100
K-5 Notes to the Schedules of Awards and Financial Assistance	101-102
K-6 Schedule of Findings and Questioned Costs	103-104
K-7 Summary Schedule of Prior Audit Findings	105

# **Introductory Section**





**Cape May County**  
**SPECIAL SERVICES SCHOOL DISTRICT**

4 Moore Road, DN 704, Cape May Court House, NJ 08210 • (609) 465-2720 • Fax (609) 465-8220

---

**Nancy M. Hudanich, Ed.D.**  
Superintendent

**Jamie P. Moscony**  
Assistant Superintendent

**Kathleen M. Allen**  
Business Administrator

**Jonathan Price**  
Related Services Director

**Annamarie Haas**  
Principal

**Nicholas Bailey**  
Assistant Principal

January 8, 2021

Honorable President and  
Members of the Board of Education  
Cape May County Special Services School  
Cape May Court House, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Cape May County Special Services School for the fiscal year ended June 30, 2020 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 of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial Section includes the basic financial statements, schedules and the Management Discussion and Analysis as well as the auditor's report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Uniform Guidance, and the New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

**1. REPORTING ENTITY AND ITS SERVICES:** The Board of Education of the Cape May County Special Services School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The Cape May County Special Services Board of Education and all its schools constitute the District's reporting entity.

The District provides Preschool Disabled, Behavior Disabilities, Multiple Disabilities, Cognitive Severe and Autism programs and related services for the low incident and/or moderately and severely disabled youth of Cape May County. Additionally, students are received from many surrounding counties in Southern New Jersey.

**2. ECONOMIC CONDITION AND OUTLOOK:** The 2019-20 school year ended with enrollment up over the prior year and on target with what was budgeted. The original budget was based on 234 students while the average daily enrollment for the year was 233 students. Tuition adjustments for the 2017-2018 school year were completed resulting in a net refund to the sending districts of approximately \$514,000. We continue to closely monitor enrollment in light of the overall decline in year-round population in the County as well as the effects of the "least restrictive environment" mandate. We remain steadfast in our philosophy that we offer the optimum environment for a segment of the disabled youth of our County and surrounding area in a cost-effective manner.

**3. MAJOR INITIATIVES:** During the 2019-2020 school year the district continued to offer professional development for all staff in 3 targeted programs to support district goals that included the development of additional resources and programming. These areas included behavior, autism and vocational programs. Our behavior program staff which included teachers, instructional aides, behavior support, case managers and support staff participated in a year-long professional development that included revising the district behavior disabilities program. Our autism and vocational staff, as well as our community based agencies worked together to enhance transition programming options for students who were getting ready to graduate. Various stakeholders were also involved in developing additional opportunities for our students to participate in prevocational training and occupational skill development. In March 2020, CMCSSSD moved to full time remote programming due to the COVID-19 pandemic. Our professional development focus shifted to digital tools and online platforms to support our student and staff's technology needs. In addition, Chromebooks and/or iPads were provided to students to support remote learning. Professional development was ongoing and supported families, students, staff and all stakeholders.

We continued to address facility related issues with plans for secured entrance vestibules, a Pay-for-Performance Energy initiative with the NJ Board of Public Utilities and through our relationship with the County of Cape May, remediation of our masonry spalling.

**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 accounting principles generally accepted in the United States of America (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. The District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District's Management. As part of the District's single audit described earlier, tests are made periodically 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 Board of School Estimate of the county. Annual appropriated budgets are adopted for the general fund and the special revenue 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 as of June 30, 2020.

**6. ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the GASB. The accounting system of the District is organized on the basis of entity-wide governmental and business type activities as well as various governmental, enterprise and fiduciary funds. These funds are explained in the "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 Financial Statements," Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where

the funds are secured in accordance with the Act.

**8. RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability 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 Ford, Scott & Associates L.L.C., CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as revised and the related Budget Uniform Guidance and New Jersey OMB Circular Letter 15-08. The auditor's report on the basic 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.

**ACKNOWLEDGMENTS:**

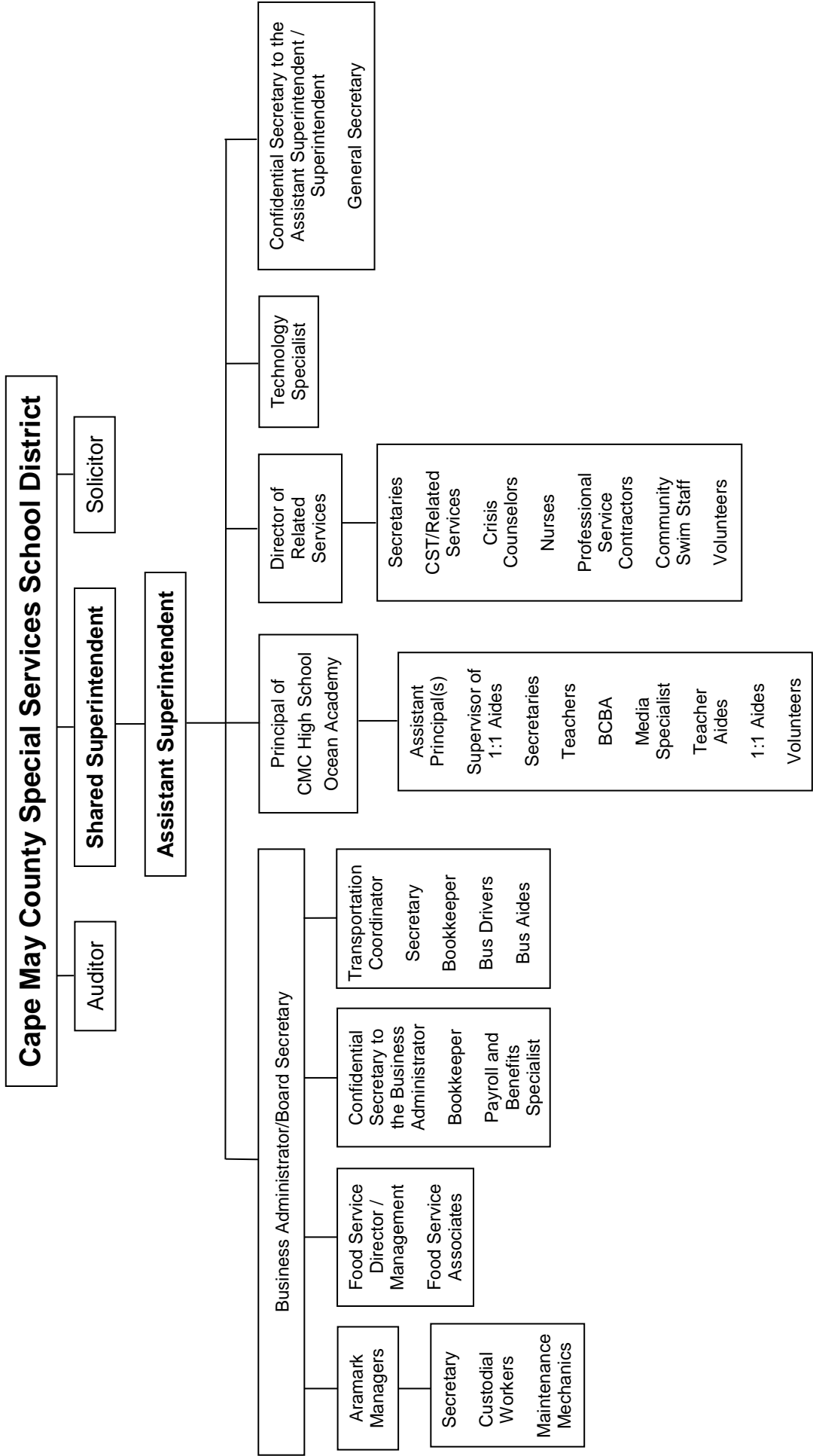
We would like to express our appreciation to the members of the Board of Education of the Cape May County Special Services School for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and 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,

Kathleen M. Allen  
School Business Administrator/Board Secretary

2019-2020 ORGANIZATIONAL CHART

**BOARD OF EDUCATION OF THE SPECIAL SERVICES SCHOOL DISTRICT & THE VOCATIONAL SCHOOL DISTRICT OF THE COUNTY OF CAPE MAY COUNTY**



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
BOARD OF EDUCATION  
(A Component Unit of the County of Cape May)  
CAPE MAY COUNTY, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2020**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Alan I. Gould, President	2021
Jane Elwell, Vice President	2020
Robert L. Boyd	2020
Christopher Kobik	2022
Kenneth R. Merson	2021
Nancy Ramundo	2022
Dr. Judith DeStafano-Anen	Ex-officio – with Vote

**Other Officials**

Dr. Nancy M. Hudanich, Superintendent  
Jamie Moscony, Assistant Superintendent  
Kathleen M. Allen, School Business Administrator/Board Secretary  
Amy L. Houck-Elco, Esq., Solicitor

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
BOARD OF EDUCATION  
(A Component Unit of the County of Cape May)  
CONSULTANTS AND ADVISORS**

**Audit Firm**

Ford, Scott & Associates, L.L.C.  
Certified Public Accountants  
1535 Haven Avenue  
Ocean City, NJ 08226-0538

**Attorney**

Amy Houck-Elco, Esquire  
1125 Atlantic Avenue  
Atlantic City, NJ 8401

**Official Depository**

Ocean First Bank  
225 N. Main Street  
Cape May Court House, NJ 08210

## **Financial Section**







# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

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## **Independent Auditor's Report**

The Honorable President and  
Members of the Board of Education  
Cape May County Schools for Special Services  
(a component unit of the County of Cape May)  
County of Cape May  
Cape May Court House, New Jersey

### **Report on the Financial Statements**

We 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 Cape May County Schools for Special Services (a component unit of the County of Cape May), State of New Jersey, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the 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***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we 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 entity'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 entity's internal control. Accordingly, we 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.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our 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 Cape May County Schools for Special Services (a component unit of the County of Cape May), in the County of Cape May, State of New Jersey, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information identified 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. We 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cape May County Schools for Special Services' (a component unit of the County of Cape May) basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, 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), the schedule of state financial assistance as required by NJ OMB 15-08, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, 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 the schedule of state financial assistance as required by NJ OMB 15-08 is the responsibility of management and was derived from and relates 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 our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, 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 the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2021 on our consideration of the Cape May County Schools for Special Services' (a component unit of the County of Cape May) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Cape May County Schools for Special Services' (a component unit of the County of Cape May) internal control over financial reporting and compliance.

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Leon P. Costello*

**Leon P. Costello**  
**Certified Public Accountant**  
**Licensed Public School Accountant**  
**No. 767**

**January 8, 2021**

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**REQUIRED SUPPLEMENTARY INFORMATION – PART I**



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED**

The discussion and analysis of Cape May County Schools for Special Services' financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2020 are as follows:

- In total, net position increased by \$1,619,281, which represents a 215 percent increase from 2019. This increase is primarily attributed to an increase in revenues, particularly non-resident tuition fees, and a decrease in expenses, specifically employee health benefits. The net position also reflects GASB 68 regarding pension liabilities.
- General revenues accounted for \$4,379,659 in revenue or 20 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$17,648,352 or 80 percent of total revenues of \$22,028,011.
- Total assets of governmental activities increased by \$862,343 as cash and cash equivalents increased by \$624,955, and capital assets increased by \$268,918. Cash increased due to the increase of tuition revenue in 2020.
- The School District had \$20,408,729 in expenses; \$17,648,352 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily the county appropriation) of \$4,379,659 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$15,206,196 in revenues and other financing sources and \$9,494,756 in expenditures and other financing uses. The General Fund's fund balance increased \$556,300 over 2019. This change was the result of an increase in tuition charges over 2019, as well as a slight increase in non-resident fees.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Cape May County Schools for Special Services as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of the Cape May County Schools for Special Services, the General Fund is by far the most significant fund.

**Reporting the School District as a Whole**

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District, as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The Statement of Net Position and the Statement of Activities answer this question.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED**

These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change is important because it tells the reader that, for the school district as a whole, the financial position of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the County's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activity** - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service, Shared Services Itinerant, Shared Service Transportation, Community Use and Extended School Year enterprise funds along with several "non-major" enterprise funds are reported as a business activity.

**Reporting the School District's Most Significant Funds**

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transaction. The School District's governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found in this report as shown in the table of contents.



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED**

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's net assets for 2020 and 2019.

**Table 1  
Net Position**

	2020	2019
<b>Assets</b>		
Current and Other Assets	\$ 9,881,034	\$ 8,415,794
Capital Assets	2,308,870	2,061,976
Total Assets	12,189,904	10,477,770
<b>Liabilities</b>		
Long-Term Liabilities	6,521,284	7,263,307
Other Liabilities	783,169	303,885
Total Liabilities	7,304,453	7,567,192
<b>Net Position</b>		
Net Investment in Capital Assets	2,308,870	2,061,976
Restricted	1,745,526	1,344,251
Unrestricted	(1,682,204)	(2,653,316)
Total Net Position	\$ 2,372,192	\$ 752,911

The District's combined net position was \$2,372,192 on June 30, 2020. This was an increase of 215 percent from the prior year. The increase was caused by an increase in assets as well as an increase in deferred outflows related to pensions. Table 2 shows changes in net position for fiscal year 2020.

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**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED**

**Table 2  
Changes in Net Position**

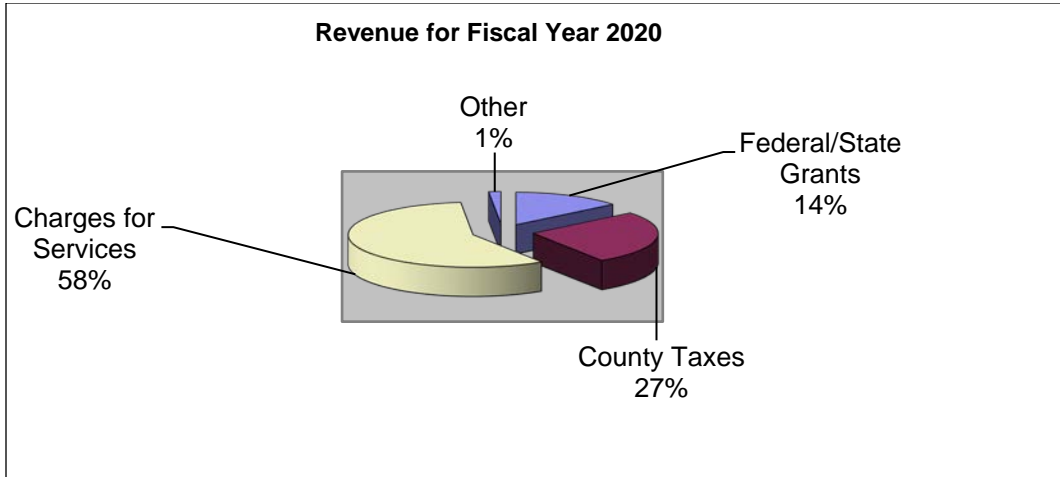
	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 15,340,029	\$ 15,324,535
Operating Grants and Contributions	2,308,323	3,896,923
General Revenues:		
County Appropriation	4,135,400	4,054,328
Other	244,259	210,924
Total Revenues	<u>22,028,011</u>	<u>23,486,710</u>
<b>Program Expenses</b>		
Instruction	5,074,826	5,748,101
Support Services:		
Pupils and Instructional Staff	2,007,029	2,307,852
General Administration, School Administration, Business Operations and Maintenance of Facilities	7,222,925	7,508,477
Food Service	146,494	193,848
Shared Services	5,361,675	5,453,918
Other Enterprise Funds	595,781	520,857
Total Expenses	<u>20,408,730</u>	<u>21,733,053</u>
Change in Net Position	<u>\$ 1,619,281</u>	<u>\$ 1,753,657</u>

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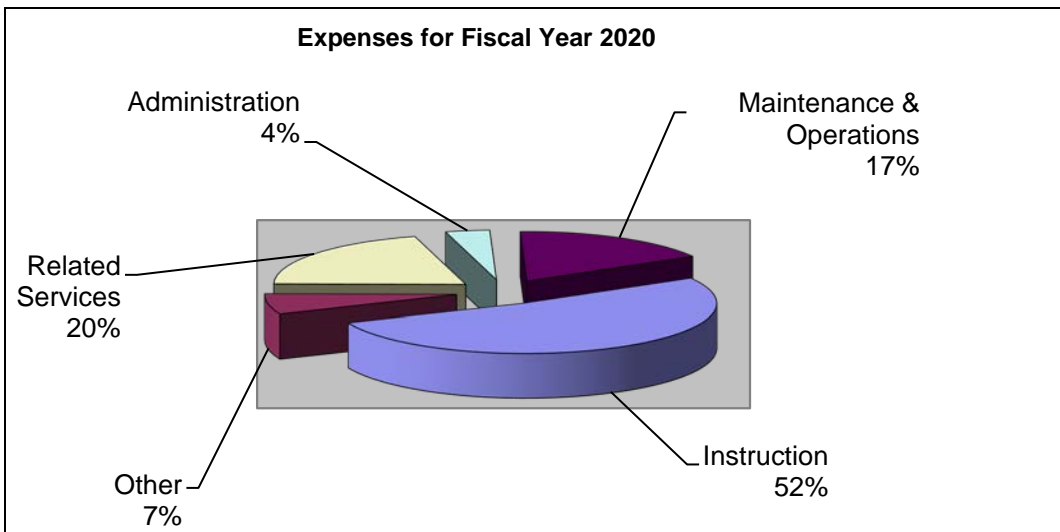
**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED**

**Governmental Activities**

Charges for services (mostly tuition from sending districts) made up 58 percent of revenues for governmental activities for the Cape May County Schools for Special Services for fiscal year 2020 and 52 percent of revenues for fiscal 2019. Tuition received from sending districts and nonresident fees increased by \$233,495, which is an 3% increase from the prior year. The District's total revenues were \$15,493,462 for the year ended June 30, 2020. The county appropriation accounted for 27 percent of revenue.



The total cost of all program and services was \$14,335,215. Instruction comprises 52 percent of District expenses and Related Services another 22%.



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED**

**Business-Type Activities**

Revenues for the District's business-type activities (food service program, two shared services programs and other enterprise funds) were comprised of charges for the various services and federal and state reimbursements.

- Food service expenses exceeded revenues, both operating and non-operating by \$10,344 prior to a contribution from the general fund of \$30,435. These amounts are similar to the prior year as anticipated.
- Charges for services in the food service fund represent \$24,090 of total revenue compared to \$36,213 in the prior year. This represents amounts paid by patrons for daily food service and amount received from catering and special functions.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$112,060 compared to \$127,028 in the prior year.
- Shared Services revenues for Itinerant Services exceeded expenses by \$363,481. Shared Services expenses for Transportation Services exceeded revenues by \$1,079.
- Charges for services in the Shared Service Fund for Itinerant Services represent \$3,360,669 of revenue. This represents amounts paid by users for itinerant services of other local school districts. Charges for services in the Shared Service Fund for Transportation Services represent \$2,363,408 of revenue. This represents amounts paid by users for transportation services provided by the district.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the County taxpayers and sending districts by each of these functions.

**Table 3  
Costs of Services**

	Total Cost of Services 2020	Net Cost/(Profit) of Services 2020	Total Cost of Services 2019	Net Cost/(Profit) of Services 2019
Instruction	\$ 5,074,826	\$ (2,367,783)	\$ 5,748,101	\$ (2,268,376)
Support Services:				
Pupils and Instructional Staff	2,007,029	(936,428)	2,307,852	(915,572)
General Administration, School				
Administration, Business				
Operations	896,374	(552,718)	1,059,986	(541,446)
Operation and Maintenance				
of Facilities	1,516,527	(953,095)	1,792,823	(930,364)
Total Expenses	<u>\$ 9,494,756</u>	<u>\$ (4,810,024)</u>	<u>\$ 10,908,762</u>	<u>\$ (4,655,758)</u>

The net cost of services in 2020 is comparable to 2019.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED**

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and Instructional Staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue and capital projects fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues and other financing sources amounted to \$15,263,107 compared to \$14,891,392 in 2019. The change is directly related to an increase in tuition charges and non-resident fees. Expenditures and other financing uses were \$14,706,807 compared to \$14,173,672 in 2019. The increase was not in any one specific area but was the result of a slight increase in costs. The net decrease in fund balance for the year was directly related to an increase in expenses.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2020, and the amount and percentage of increases and decreases in relation to prior year revenues.

**Table 4  
Summary of Revenues – Governmental Funds**

Revenue	Amount	Percent of Total	Increase (Decrease) from 2019	Percent of Increase (Decrease)
Local Sources	\$ 13,234,853	87%	\$ 376,925	3%
State Sources	1,878,765	12%	24,712	1%
Federal Sources	92,568	1%	(26,673)	-22%
<b>Total</b>	<b>\$ 15,206,186</b>	<b>100%</b>	<b>\$ 374,964</b>	<b>3%</b>

The increase in local revenues of \$376,925 is due to an increase in tuition revenue.

State aid increased by \$24,712 primarily related to an increase in on-behalf TPAF pension and post retirement contributions-GASB 75

Federal aid decreased by \$26,673 primarily due to a decrease in medical assistance in the general fund.

The following schedule represents a summary of general fund, special revenue fund and capital outlay expenditures for the fiscal year ended June 30, 2020, and the percentage of increases and decreases in relation to prior year amounts.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED**

**Table 5  
Summary of Expenditures – Governmental Funds**

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2019</u>	<u>Percent of Increase (Decrease)</u>
Current Expense:				
Instruction	\$ 4,681,327	32%	\$ 144,683	3%
Undistributed Expenditures	9,638,562	66%	253,840	3%
Capital Outlay	386,918	3%	134,612	53%
Total	<u>\$ 14,706,807</u>	<u>100%</u>	<u>\$ 533,135</u>	<u>4%</u>

Instruction expense increased specifically in the areas of behavioral and multiple disabilities salaries. Undistributed expenditures increased and were mostly attributable to an increase in health benefits and on-behalf contributions.

**General Fund Budgeting Highlights**

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- Actual tuition revenue was less than the budgeted amount by \$62,699.
- Salaries for Other Behavioral Disabilities Instruction were decreased by approximately \$111,544.
- Salaries for Autism Teachers were decreased by approximately \$31,303.
- Miscellaneous revenue was more than the budgeted amount by \$60,488.

**Capital Assets**

At the end of the fiscal year 2020, the School District had \$2,308,870 invested in land and building improvements, furniture and equipment, and vehicles. Table 6 shows fiscal year 2020 balances as compared to 2019.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED**

**Table 6  
Capital Assets (Net of Depreciation) at June 30**

**Governmental Activities:**

	2020	2019
Capital Assets Being Depreciated:		
Building Improvements	\$ 1,238,655	\$ 1,191,112
Infrastructure	143,140	145,546
Machinery and Equipment	782,275	559,131
Licensed Vehicles	28,160	27,523
Total Capital Assets Being Depreciated at Historical Cost	2,192,230	1,923,312

**Business-Type Activities:**

Capital Assets Being Depreciated:		
Equipment	116,640	138,664
	\$ 2,308,870	\$ 2,061,976

Overall capital assets increased \$246,894 from fiscal year 2019 to fiscal year 2020. For more detailed information, please refer to the Notes to the Basic Financial Statements.

**For the Future**

The Cape May County Schools for Special Services is in good financial condition presently. The School District is proud of its Board of Chosen Freeholder's support of the school.

In conclusion, the Cape May County Schools for Special Services has committed itself to financial excellence for many years. The School District plans to continue its sound fiscal management to meet the challenge of the future.

**Contacting the School District's Management**

This financial report is designed to provide our citizens, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Kathleen M. Allen, Cape May County Schools for Special Services, Business Administrator/Board Secretary at the Board Offices, 4 Moore Road, DN 704, Cape May Court House, NJ 08210.

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## **BASIC FINANCIAL STATEMENTS**



## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Statement of Net Position**  
**June 30, 2020**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,826,752	4,865,367	8,692,119
Internal Balances	15,146	(15,146)	-
Receivables, Net	93,960	1,078,050	1,172,010
Inventory	-	16,905	16,905
Capital Assets:			
Capital Assets Being Depreciated, Net	2,192,230	116,640	2,308,870
<b>Total Assets</b>	<b>6,128,088</b>	<b>6,061,816</b>	<b>12,189,904</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	732,901		732,901
<b>Total Deferred Outflows of Resources</b>	<b>732,901</b>	<b>-</b>	<b>732,901</b>
<b>LIABILITIES</b>			
Accounts Payable	310,040	416,945	726,985
Unearned Revenue	39,877		39,877
Advances from Students	-	11,457	11,457
Deposits Payable	-	4,850	4,850
Noncurrent Liabilities			
Due Beyond One Year	329,922	30,323	360,245
Net Pension Liability	6,161,039		6,161,039
<b>Total Liabilities</b>	<b>6,840,878</b>	<b>463,575</b>	<b>7,304,453</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	3,246,160		3,246,160
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	2,192,230	116,640	2,308,870
Restricted for:			
Capital Projects	801,801	-	801,801
Other Purposes	943,725	-	943,725
Unrestricted (Deficit)	(7,163,805)	5,481,601	(1,682,204)
<b>Total Net Position</b>	<b>\$ (3,226,049)</b>	<b>5,598,241</b>	<b>2,372,192</b>

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2020**

Function/Programs	Expenses	Indirect Expense Allocation	Program Revenue			Net (Expense Revenue and Changes in Net Assets)		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>								
Instruction:								
Special Education	\$ 4,291,175	2,002,152	8,638,386	1,095,543		3,440,602	3,440,602	
Other Instruction	783,651	365,631	309,589	190,868		(648,825)	(648,825)	
Support Services:								
Student & Instruction Related Services	2,007,029	936,428		495,377		(2,448,080)	(2,448,080)	
School Administrative Services	329,253	203,022		55,908		(476,367)	(476,367)	
Plant Operation and Maintenance	1,516,527	953,095		262,469		(2,207,153)	(2,207,153)	
General Administrative and Business Services	567,121	349,696		96,301		(820,516)	(820,516)	
Unallocated Benefits	4,810,024	(4,810,024)						
<b>Total Governmental Activities</b>	<b>14,304,780</b>	<b>(0)</b>	<b>8,947,975</b>	<b>2,196,466</b>	<b>-</b>	<b>(3,160,339)</b>	<b>(3,160,339)</b>	
<b>Business-Type Activities:</b>								
Food Service	146,494		24,090	111,857		(10,547)	(10,547)	
Shared Services - Itinerant	2,997,188		3,360,669			363,481	363,481	
Shared Services - Transportation	2,364,487		2,363,408			(1,079)	(1,079)	
Community Use	65,019		90,239			25,220	25,220	
Extended School Year	485,771		511,875			26,104	26,104	
Non-major Enterprise Funds	44,990		41,773			(3,217)	(3,217)	
<b>Total Business-Type Activities</b>	<b>6,103,949</b>	<b>-</b>	<b>6,392,054</b>	<b>111,857</b>	<b>-</b>	<b>399,962</b>	<b>399,962</b>	
<b>Total Primary Government</b>	<b>\$ 20,408,729</b>	<b>(0)</b>	<b>15,340,029</b>	<b>2,308,323</b>	<b>-</b>	<b>(3,160,339)</b>	<b>(2,760,377)</b>	

**General Revenues:**

Taxes:		
County Appropriation, Levied for General Purposes, Net	\$ 4,135,400	4,135,400
Federal Aid Not Restricted	92,568	92,568
Investment Earnings	1,275	1,478
Miscellaneous Income	150,213	150,213
Contributed Capital Assets		
Transfers	(30,435)	30,435
<b>Total General Revenues, Special Items, Extraordinary Items and Transfers</b>	<b>4,349,021</b>	<b>4,379,659</b>
<b>Change in Net Position</b>	<b>1,188,681</b>	<b>430,600</b>
<b>Net Position (Deficit) - Beginning</b>	<b>(4,414,730)</b>	<b>5,167,641</b>
<b>Net Position (Deficit) - Ending</b>	<b>\$ (3,226,049)</b>	<b>5,598,241</b>

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

## **FUND FINANCIAL STATEMENTS**

The individual fund financial statements present more detailed information for the individual funds in a format that segregates information by fund type.





**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2020**

	General Fund	Special Revenue Fund	Total Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,728,581	31,324	3,759,905
Due from Other Funds	15,146		15,146
Receivables from Other Governments	87,003	6,957	93,960
Other			-
Total Assets	<u>3,830,730</u>	<u>38,281</u>	<u>3,869,011</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	310,040	-	310,040
Payable to Other Governments	-		-
Accrued Salaries and Benefits	-		-
Unearned Revenue	1,596	38,281	39,877
Total Liabilities	<u>311,636</u>	<u>38,281</u>	<u>349,917</u>
Fund Balances:			
Committed to:			
Maintenance Reserve	943,725		943,725
Capital Reserve	801,801		801,801
Encumbrances	-		-
Unassigned			
General Fund	1,773,568		1,773,568
Total Fund Balances	<u>3,519,094</u>	<u>-</u>	<u>3,519,094</u>
Total Liabilities and Fund Balances	<u>\$ 3,830,730</u>	<u>38,281</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 resources and therefore are not reported in the funds. The cost of the assets is \$3,716,614 and the accumulated depreciation is \$984,384.	2,192,230
Long-term liabilities are not due and payable in the current period and therefore not reported as liabilities in the funds	(329,922)
Pension Liabilities Net of Deferred Outflows & Inflows	(8,674,298)
Internal service funds are used by management to charge costs of certain activities, such as extra services, to individual funds or other governmental entities. The net revenue (expense) of internal service funds is reported with governmental activities. (See B-5)	66,847
Net position of governmental activities	<u>\$ (3,226,049)</u>

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2020**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Local Sources:			
County Line Item Appropriation	\$ 4,135,400		4,135,400
Tuition Charges	8,638,386		8,638,386
Non-Resident Fees	309,589		309,589
Miscellaneous	151,488	54,665	206,153
Total Local Sources	13,234,863	54,665	13,289,528
State Sources	1,878,765	2,246	1,881,011
Federal Sources	92,568	-	92,568
Total Revenues	<u>15,206,196</u>	<u>56,911</u>	<u>15,263,107</u>
<b>EXPENDITURES</b>			
Current:			
Special Education Instruction	3,908,068	50,372	3,958,440
Other Instruction	722,887		722,887
Support Services:			
Student & Instruction Related Serv.	1,844,866	6,539	1,851,405
School Administrative Services	401,394		401,394
Other Administrative Services	691,381		691,381
Plant Operation and Maintenance	1,884,357		1,884,357
Employee Benefits	4,810,024		4,810,024
Capital Outlay	386,918	-	386,918
Total Expenditures	<u>14,649,896</u>	<u>56,911</u>	<u>14,706,807</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>556,300</u>	<u>-</u>	<u>556,300</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			-
Transfers out	(30,435)		(30,435)
Total Other Financing Sources and Uses	<u>(30,435)</u>	<u>-</u>	<u>(30,435)</u>
Net Changes in Fund Balance	525,865	-	525,865
Fund Balance - July 1	2,993,229	-	2,993,229
Fund Balance - June 30	<u>\$ 3,519,094</u>	<u>-</u>	<u>3,519,094</u>

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2020**

Total Net Change in Fund Balance - Governmental Funds (from B-2)	\$	525,865
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount depreciation exceeded capital outlays for the period.</p>		
Depreciation expense	\$ (118,000)	
Capital Outlays	<u>386,918</u>	268,918
<p>Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
District pension contributions - PERS	332,596	
Cost of benefits earned net of employee contributions	<u>81,334</u>	413,930
<p>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 (+).</p>		
		(20,032)
<p>Internal service funds are used by management to charge the costs of certain activities, such as extra services, to individual funds or other governmental entities. The net revenue (expense) of the internal service funds is reported with governmental activities. (See B-5)</p>		
		-
Change in Net Position of Governmental Activities	<u>\$</u>	<u>1,188,681</u>

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2020**

	Business Type Activities - Enterprise Funds						Total 2020	Governmental Activities Internal Service Fund
	Food Service	Itinerant Services	Shared Services Transportation	Community Use	Extended School Year	Non-Major Enterprise Funds (See Note 1) (See G-1)		
<b>ASSETS</b>								
Current Assets:								
Cash and Cash Equivalents	\$ 241	1,918,149	899,721	580,126	1,415,880	51,250	4,865,367	66,847
Accounts Receivable	2,528	698,377	377,145				1,078,050	-
Inventory	16,905						16,905	
Total Current Assets	\$ 19,674	2,616,526	1,276,866	580,126	1,415,880	51,250	5,960,322	66,847
Noncurrent Assets:								
Furniture, Machinery & Equipment	\$ 161,846		250,387	33,976		2,546	448,755	-
Less Accumulated Depreciation	(160,935)		(161,659)	(8,495)		(1,026)	(332,115)	-
Total Noncurrent Assets	\$ 911	-	88,728	25,481	-	1,520	116,640	-
Total Assets	\$ 20,585	2,616,526	1,365,594	605,607	1,415,880	52,770	6,076,962	66,847
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts Payable	\$ 3,243		413,702				416,945	
Intergovernmental Accounts Payable:								
State							-	
Interfunds Payable	\$ 15,146						15,146	
Unearned Revenue	11,457						11,457	
Deposits Payable				4,850			4,850	
Total Current Liabilities	\$ 29,846	-	413,702	4,850	-	-	448,398	-
Noncurrent Liabilities:								
Compensated Absences		20,211	10,112				30,323	
Total Noncurrent Liabilities	\$ -	20,211	10,112				30,323	
<b>NET POSITION</b>								
Invested in Capital Assets Net of Related Debt Unrestricted	\$ 911	-	88,728	25,481	1,415,880	1,520	116,640	-
	(10,172)	2,596,315	853,052	575,276		51,250	5,481,601	66,847
Total Net Position	\$ (9,261)	2,596,315	941,780	600,757	1,415,880	52,770	5,598,241	66,847

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended June 30, 2020**

	Business-Type Activities - Enterprise Fund					Total 2020	Governmental Activities Internal Service
	Food Service	Itinerant Services	Shared Services Transportation	Community Use	Extended School Year		
<b>Operating Revenue:</b>							
Charges for Service:							
Daily Sales - Non-reimbursable Programs	\$ 2,912					37,486	40,398
Daily Sales - Reimbursable Programs	21,043					-	21,043
Special Functions and Other Revenue		3,360,669				-	-
Itinerant and Professional Services						-	3,360,669
Transportation Fees from Other LEA's			2,363,408				2,363,408
Within the State							
Day Care Facility Rental				34,976			34,976
Pool/Gym Use and Community Swim				47,348			47,348
Tuition and Fees					511,875		511,875
Miscellaneous	135			7,915		4,287	12,337
<b>Total Operating Revenue</b>	<b>24,090</b>	<b>3,360,669</b>	<b>2,363,408</b>	<b>90,239</b>	<b>511,875</b>	<b>41,773</b>	<b>6,392,054</b>
<b>Operating Expenses:</b>							
Cost of Sales - reimbursable programs	59,568					44,820	104,388
Cost of Sales - non-reimbursable programs	1,305					-	1,305
Salaries	60,465	2,311,524	186,480	34,047	413,820	-	3,006,336
Employee Benefits		575,409	80,509	12,890	33,427	-	702,235
Transportation - Contracted Services			1,913,837			-	1,913,837
Other Purchased Professional Services	2,000	2,600	1,080		900	-	6,580
Other Purchased Services	15,008	94,148	109,264	4,265	33,649	-	256,334
Cleaning, Repair and Maintenance Services			15,243			-	15,243
Professional Development						-	-
Rentals						-	-
Utilities and Gasoline		2,104	10,640			-	12,744
Insurance			8,980			-	8,980
Tuition		11,403	19,835	704	3,975	-	43,893
General Supplies				10,050	-	-	10,050
Other				3,063		-	3,063
Depreciation	172		18,619			170	22,024
<b>Total Operating Expenses</b>	<b>146,494</b>	<b>2,997,188</b>	<b>2,364,487</b>	<b>65,019</b>	<b>485,771</b>	<b>44,990</b>	<b>6,103,949</b>
<b>Operating Income (Loss)</b>	<b>(122,404)</b>	<b>363,481</b>	<b>(1,079)</b>	<b>25,220</b>	<b>26,104</b>	<b>(3,217)</b>	<b>288,105</b>

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended June 30, 2020**

	Business-Type Activities - Enterprise Fund						Governmental Activities Internal Service
	Food Service	Itinerant Services	Shared Services Transportation	Community Use	Extended School Year	Non-Major Enterprise Funds (See Note 1) (See G-2)	
Nonoperating Revenues (Expenses):							
State Sources:							
State School Lunch Program	1,175						1,175
Federal Sources:							
National School Lunch Program	60,960						60,960
School Breakfast Program	34,488						34,488
Food Distribution Program	15,234						15,234
Interest and Investment Income	203						203
Loss on Disposal of Capital Assets	-						-
	<u>112,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,060</u>
Total Nonoperating Revenues (Expenses)							
Income (loss) before Contributions & Transfers	(10,344)	363,481	(1,079)	25,220	26,104	(3,217)	400,165
Capital Contributions (Uses)							
Transfers In (Out)	30,435						30,435
Changes in Net Position	20,091	363,481	(1,079)	25,220	26,104	(3,217)	430,600
Total Net Position - Beginning	(29,352)	2,232,834	942,859	575,537	1,389,776	55,987	5,167,641
Total Net Position - Ending	<u>\$ (9,261)</u>	<u>2,596,315</u>	<u>941,780</u>	<u>600,757</u>	<u>1,415,880</u>	<u>52,770</u>	<u>5,598,241</u>

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Proprietary Funds**  
**Comparative Statement of Cash Flows**  
**For the Year Ended June 30, 2020**

	Business-Type Activities - Enterprise Fund						Governmental Activities Internal Service Fund
	Food Service	Itinerant Services	Shared Services Transportation	Community Use	Extended School Year	Non-Major Enterprise Funds (See Note 1) (See G-3)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from Customers	24,090	3,148,146	2,349,553	94,611	511,875	42,407	6,170,682
Payments to Employees	(60,465)	(2,305,102)	(176,368)	(34,047)	(413,820)	-	(2,989,802)
Payments for Employee Benefits	-	(575,409)	(80,509)	(12,890)	(33,427)	-	(702,235)
Payments for Supplies and Services	(90,842)	(110,255)	(1,666,044)	(15,019)	(38,524)	(45,008)	(1,965,692)
Net Cash Provided by (Used for) Operating Activities	(127,217)	157,380	426,632	32,655	26,104	(2,601)	512,953
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
State Sources	1,243						1,243
Federal Sources	109,468						109,468
Operating Subsidies and Transfers to Other Funds	7,581						7,581
Net Cash Provided by (Used for) Noncapital Financing Activities	118,292	-	-	-	-	-	118,292
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Purchase of Capital Assets							-
Interfund Returned							-
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	-	-	-	-	-	-
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>							
Net Cash Provided by (Used for) Investing Activities	203	-	-	-	-	-	203
Net Increase (Decrease) in Cash and Cash Equivalents	(8,722)	157,380	426,632	32,655	26,104	(2,601)	631,448
Balance - Beginning of Year	8,963	1,760,769	473,089	547,471	1,389,776	53,851	4,233,919
Balance - End of Year	241	1,918,149	899,721	580,126	1,415,880	51,250	4,865,367

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Proprietary Funds**  
**Comparative Statement of Cash Flows**  
**For the Year Ended June 30, 2020**

	Business-Type Activities -						Governmental Activities Internal Service Fund
	Food Service	Itinerant Services	Shared Services Transportation	Community Use	Extended School Year	Non-Major Enterprise Funds (See Note 1) (See G-3)	
	(122,404)	\$ 363,481	\$ (1,079)	\$ 25,220	\$ 26,104	\$ (3,217)	\$ 288,105
	172		18,619	3,063		170	22,024
	4,361	(212,523)	(4,788)	4,372	-	-	(208,578)
	(8,423)					634	(7,789)
	(8,004)		412,835		-	(188)	404,643
	7,081					-	7,081
	-	6,422	1,045			-	7,467
	(4,813)	(206,101)	427,711	7,435	-	616	224,848
	(127,217)	157,380	426,632	32,655	26,104	(2,601)	512,953

**Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:**

Operating Income (Loss)	
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation and Net Amortization	
(Increase) Decrease in Accounts Receivable	
(Increase) Decrease in Inventories	
Increase (Decrease) in Accounts Payable	
Increase (Decrease) in Deferred Revenue	
Increase (Decrease) in Accrued Salaries	
Total Adjustments	
Net Cash Provided by (Used for) Operating Activities	

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



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Fiduciary Funds**  
**Statement of Net Position**  
**June 30, 2020**

	<u>Unemployment Compensation</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 305,459	79,785
Total Assets	<u>305,459</u>	<u>79,785</u>
<b>LIABILITIES</b>		
Accounts Payable	40,539	-
Payable to Student Groups	-	25,112
Payroll Deductions and Withholdings	-	54,673
Total Liabilities	<u>40,539</u>	<u>79,785</u>
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 264,920</u>	

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2020**

	Unemployment Compensation
<b>ADDITIONS</b>	
Contributions:	
Employee Withholdings	\$ 32,491
Board Contribution	27,500
Total Contributions	59,991
Investment Earnings:	
Interest	3,707
Net Investment Earnings	3,707
Total Additions	63,698
<b>DEDUCTIONS</b>	
Unemployment Claims	61,372
Total Deductions	61,372
Changes in Net Assets	2,326
Net Position - Beginning of the Year	262,594
Net Position - End of the Year	\$ 264,920

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

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of appointed officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of Cape May County Schools for Special Services (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 Board's accounting policies are described below.

**A. Reporting Entity**

The Cape May County Schools for Special Services is a Type I District located in the County of Cape May, State of New Jersey. As a Type I District, the School District functions independently through a Board of Education. The Board is comprised of six members appointed to three-year terms, and the County Superintendent of Schools and the County Mental Health Chairperson as ex-officio members. The operations of the District include early intervention (birth-3), pre-school handicapped (ages 3-5), Ocean Academy Elementary School (ages 5-10), individuals eligible for day training (ages 4-21), George E. Bailey Middle School (ages 11-14), the Alternative High School (ages 14-21), the Woodbine Developmental Center, the Alternative Education Program and the Department of Human Services Program.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

The following organizations are considered component units; however, the School District has determined that they are not significant and, therefore, have not been included in the basic financial statements;

Cape May County Special Services Education Foundation  
148 Crest Haven Road  
Cape May Court House, N.J. 08210

Requests for information should be addressed to the organization listed above.

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**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

**B. Basic Financial Statements – Government-Wide Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's proprietary funds are classified as business-type activities.

In the governmental-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (food service). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, interest income, etc.).

- a. The District does allocate indirect costs such as depreciation expense, compensated absences, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

**C. Basic Financial Statements – Fund Financial Statements**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

The following fund types are used by the District:

**Governmental Funds**

The District reports the following governmental funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

**General Fund** - The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue fund is specifically used to account for federal and state grant monies that have been allocated to the District.

**Fund Balances – Governmental Funds**

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

**Proprietary Funds**

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

**Enterprise Funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs.

**Internal Service Fund** is treated as governmental fund for the entity-wide financial reporting. This fund is used to account for extra services provided that are over the contractual amounts.

The District reports the following proprietary fund:

**Enterprise Funds** - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business operations – where the intent of the District is that the costs of providing goods or services be financed or recovered primarily through user charges.

The District's Enterprise Fund is comprised of the following;

A Food Service Fund, which accounts for all revenues and expenses pertaining to the District's cafeteria operations.

An Itinerant Shared Services Fund, which accounts for all revenues and expenses pertaining to the itinerant services provided to other districts in the state.

A Transportation Shared Services Fund, which accounts for all revenues and expenses pertaining to the transportation services provided to other districts in the state.

A Day Care/Community Use of Facilities Fund, which accounts for all revenues and expenses pertaining to the day care operations in the district provided to families in the community and which accounts for all revenues and expenses pertaining to Community Pool operations.

A Shop Rite Fund, which accounts for all revenue and expenses pertaining to the sale of goods from a Shop Rite store maintained in the school.

An Extended School Year Fund, which accounts for all revenues and expenses pertaining to the extended school year program operated over the summer months.

A Business Office Services Fund, which accounts for all revenues and expenses pertaining to the outsourcing of business office functions to other local education associations.

**Internal Service Fund** - Internal Service funds are used to charge costs for certain activities to individual funds or other governmental entities. The District's internal service fund is comprised of charges for additional related services over contractual amounts.

**Fiduciary Funds**

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position, and is reported using accounting principles similar to proprietary funds.

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.), and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

All fund internal activity is eliminated when carried to the Government-wide statements.

**D. Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual:**

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**2. Modified Accrual:**

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**E. Financial Statement Amounts**

**1. Cash and Cash Equivalents:**

Cash and cash equivalents 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. 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. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that 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.

NJSA 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental units.

**Cape May County Schools for Special Services  
 (A Component Unit of the County of Cape May)  
 Notes to Financial Statements  
 June 30, 2020**

**2. Investments:**

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized as a reserve to pay future debt service or transferred to the general fund.

**3. Inventories:**

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2020, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$	3,618
Supplies		<u>13,287</u>
	\$	<u><u>16,905</u></u>

The value of Federal donated commodities is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements. The value of commodities included in the food inventory on June 30, 2020 is \$11,757.

**4. Capital Assets:**

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years
Infrastructure Assets	50-65 years

Infrastructure assets include roads, parking lots, underground pipe, etc. The District includes all infrastructure assets as depreciable assets in the financial statements.

**5. Revenues:**

Substantially all governmental fund revenues are accrued. The Districts primary source of revenue is a line item appropriation in the annual County of Cape May budget. The District records the entire approved appropriation as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues, including tuition revenue are reported as reductions to expenses in the statement of activities.

**6. Expenditures:**

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.



**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

**7. 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 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 District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as both an expenditure and a fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

**8. Interfund Activity:**

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**9. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval and then to the Board of School Estimates for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools.

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**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

Significant transfers approved by the Board of Education during the fiscal year were as follows:

Behavioral Disabilities		
Other Salaries for Instruction		(111,544)
Autism		
Other Salaries for Instruction		58,804
Undist. Expend.-Required Maint. School Facility		
Cleaning, Repair and Maintenance		55,000
Unallocated Benefits		
Health Benefits		(255,353)
Capital Outlay		
Equipment-Required Maintenance		211,918

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payments for budgetary purposes only and the special revenue fund as noted below. 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 grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting 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.

**10. Tuition Receivable:**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. The final cost is based on a determination by the State of New Jersey Department of Education pursuant to the provisions of NJAC 6A:23-17.1.

**11. Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

**12. Allocation of Costs:**

In the government-wide statement of activities, the District has allocated unallocated benefits to various programs based on the budgetary expenditures by program.

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**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

**13. 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 Public Employee Retirement System (PERS) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the TPAF and 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.

**F. Recent Accounting Pronouncements Not Yet Effective**

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred Before the End of a Construction Period". This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations". This statement is effective for fiscal periods beginning after December 15, 2020, will not have any effect on the District's financial reporting.

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92, "Omnibus 2020". This statement, which is effective for fiscal periods beginning after June 15, 2021, will not have any effect on the District's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rates". This statement, which is effective for fiscal periods beginning after June 15, 2021, will not have any effect on the District's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". This statement, which is effective for fiscal periods beginning after June 15, 2022, will not have any effect on the District's financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance". This statement, which is effective for fiscal periods immediately, will not have any effect on the District's financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements". This statement, which is effective for fiscal periods beginning after June 15, 2022, will not have any effect on the District's financial reporting.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "An Amendment to GASB Statements No. 14 and No. 84". This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

**NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is 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 Act. Of the School District's bank balance of \$9,637,172 of June 30, 2020, \$72,844 was uninsured and uncollateralized.

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

**NOTE 3 – CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by Board of Education by the inclusion of \$1.00 on October 17, 2000 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.

Funds placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the Board of School Estimates has been obtained. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its LRFP.

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$ 401,526
Increased by:	
Interest earned	275
Transfer by Board Resolution	<u>400,000</u>
Ending balance , June 30, 2020	<u>\$ 801,801</u>

The June 30, 2020 LRFP balance of local support costs of uncompleted capital projects at June 30, 2020 is greater than \$801,801.

**NOTE 4 – MAINTENANCE RESERVE**

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

The activity of the maintenance reserve for the fiscal year is as follows:

Beginning balance, July 1, 2019	\$ 942,725
Increased by:	
Interest earned	1,000
Transfer by Board Resolution	
Ending Balance, June 30, 2020	<u>\$ 943,725</u>

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**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

**NOTE 5 – RECEIVABLES**

Receivables at June 30, 2020, consisted of accounts (tuition and miscellaneous), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full. A summary of the principal items of accounts receivable follows:

	<u>Governmental Fund Financial Statements</u>	<u>Government-Wide Financial Statements</u>
State Aid	\$ 93,960	\$ 93,960
Federal Aid		
Interfunds	15,146	
Other		1,078,050
Gross Receivables	<u>109,106</u>	<u>1,172,010</u>
Less: Allowance for Uncollectibles		
Total Receivables, Net	<u>\$ 109,106</u>	<u>\$ 1,172,010</u>

**NOTE 6 – INTERFUND TRANSFERS AND BALANCES**

Transfers between funds are used to (1) repay expenses paid by another fund; and (2) make a permanent contribution to the Enterprise Funds or (3) loan monies to other funds.

The following interfund balances remained on the fund financial statements at June 30, 2020:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 15,146	
Food Service Fund		15,146
Total	<u>\$ 15,146</u>	<u>15,146</u>

The general fund receivable relates to \$15,146 owed to the general fund, which the food service enterprise fund received to pay food service charges. It is not anticipated that this interfund will be cleared in the current fiscal year.

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**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets being depreciated:				
Land Improvements	\$ 83,402.00			83,402
Construction in Progress		28,301		28,301
Building Improvements	1,422,769	53,664		1,476,433
Infrastructure	156,390			156,390
Machinery and Equipment	1,063,521	300,294		1,363,815
Licensed Vehicles	63,614	4,659		68,273
Total capital assets being depreciated at historical cost	<u>2,789,696</u>	<u>386,918</u>	<u>-</u>	<u>3,176,614</u>
Less accumulated depreciation for:				
Land Improvements	(3,717)	(4,171)		(7,888)
Building Improvements	(311,342)	(30,251)		(341,593)
Infrastructure	(10,844)	(2,406)		(13,250)
Machinery and Equipment	(504,390)	(77,150)		(581,540)
Licensed Vehicles	(36,091)	(4,022)		(40,113)
Total accumulated depreciation	<u>(866,384)</u>	<u>(118,000)</u>	<u>-</u>	<u>(984,384)</u>
Governmental activity capital assets, net	<u>\$ 1,923,312</u>	<u>\$ 268,918</u>	<u>\$ -</u>	<u>\$ 2,192,230</u>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Equipment	\$ 448,755	\$ -		\$ 448,755
Less accumulated depreciation	(310,091)	(22,024)		(332,115)
Enterprise Fund capital assets, net	<u>\$ 138,664</u>	<u>\$ (22,024)</u>	<u>\$ -</u>	<u>\$ 116,640</u>

Depreciation expense was charged to governmental functions as follows:

Special Education Instruction	\$ 61,254
Other Special Education Instruction	11,186
Student and Instruction Related Services	28,649
School Administrative Services	6,212
Other Administrative Services	10,699
	<u>\$ 118,000</u>

No interest on debt was capitalized during the year.

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

**NOTE 8 – GENERAL LONG-TERM DEBT**

Changes in long-term obligations for the year ended June 30, 2020 are as follows:

	<u>Balance July 1, 2019</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance June 30, 2020</u>	<u>Within One Year</u>
Compensated Absences				-	
General Fund	\$ 309,889	\$ 20,032	\$	\$ 329,921	\$ -
Business Type Funds	<u>22,856</u>	<u>7,467</u>	<u></u>	<u>30,323</u>	<u>-</u>
	<u>\$ 332,745</u>	<u>\$ 27,499</u>	<u>\$ -</u>	<u>\$ 360,244</u>	<u>\$ -</u>

Compensated absences have been liquidated in the General Fund and the Enterprise Funds.

**NOTE 9 – OPERATING LEASES**

The District has commitments to lease the school building annually for \$400,000 and certain office equipment under operating leases that expired in 2018. The District entered into a new office equipment lease during the school year. Total operating lease payments made during the year ended June 30, 2020 were \$434,651, which was for rent paid to the County of Cape May for use of the school building, and the final lease payment of the office equipment. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2021	421,179
2022	421,179
2023	411,489
Total future minimum lease payments	<u>\$ 1,253,847</u>

**NOTE 10 – PENSION PLANS**

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System, the Teachers' Pension and Annuity Fund or the Defined Contribution Retirement Program which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at:

<http://www.state.nj.us/treasury/pensions/annrprts.shtml>

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost sharing multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost sharing, multiple employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost sharing multiple employer defined contribution pension fund. 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.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 7.5% and the PERS rate is 7.5% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2020, 2019 and 2018 were \$1,086,185, \$1,016,883, and \$781,040, respectively, and paid by the State of New Jersey on behalf of the Board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2020, 2019 and 2018 were \$333,745, \$351,258, and \$367,733, respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2020, 2019 and 2018, the State of New Jersey contributed \$402,954, \$461,257, and \$504,457, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. During the fiscal years ended June 30, 2020, the State of New Jersey contributed \$1,275 to the TPAF for long-term disability insurance. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$388,351, \$375,331 and \$360,343, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB standards.

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. There were no employees enrolled in the DCRP for the year ended June 30, 2020.



**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. 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.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Teacher's Pension and Annuity Fund (TPAF) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS and TPAF hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the systems is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. For fiscal year 2013, the member contribution rates increased in October 2012. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS and TPAF from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS and TPAF to 1/60<sup>th</sup> from 1/55<sup>th</sup>, and it provided that new members of PERS and TPAF have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS and TPAF will no longer receive pension service credit from more than one employer. Pension

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

service credit will be earned for the highest paid position only. The law also requires the State to make its full pension contribution, defined as 1/7<sup>th</sup> of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS and TPAF with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

**NOTE 11: PUBLIC EMPLOYEES RETIREMENT SYSTEM**

At June 30, 2020, the District reported a liability of \$6,161,038 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District's proportion was 0.03419287970%, which was a decrease of 2.86% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$81,334. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 110,583	27,217
Changes of assumptions	615,202	2,138,477
Net difference between projected and actual earnings on pension plan investments		97,254
Changes in proportion and differences between District contributions and proportionate share of contributions	7,116	983,212
District contributions subsequent to the measurement date	332,596	
Total	<u>\$ 1,065,497</u>	<u>\$ 3,246,160</u>

\$332,596 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

	Year ended June 30,	
	<u>                    </u>	
2019	\$	(299,584)
2020		(923,975)
2021		(846,994)
2022		(401,514)
2023		(41,192)
Total	<u>\$</u>	<u>(2,513,259)</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all period 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 RP-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 Disable 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-2019.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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 inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

	Target	Long-Term
Asset Class	Allocation	Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

*Discount Rate*

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% 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 projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the collective net pension liability of the participated employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net pension 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 (5.68%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
District's proportionate share of the net pension liability	\$ 7,394,267	6,161,038	5,123,075

*Pension plan fiduciary net position.*

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

**NOTE 12. TEACHERS' PENSION AND ANNUITY FUND (TPAF)**

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net position liability associated with the District		<u>31,080,354</u>
Total	<u>\$</u>	<u>31,080,354</u>

The net pension liability was measured as of June 30, 2019 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2019, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$1,833,202 and revenue of \$1,833,202 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 609,495	108,045
Changes of assumptions	4,420,799	8,691,999
Net difference between projected and actual earnings on pension plan investments		82,736
Changes in proportion and differences between District contributions and proportionate share of contributions		6,764,384
District contributions subsequent to the measurement date	<u>1,018,258</u>	
Total	<u>\$ 6,048,552</u>	<u>15,647,164</u>

\$1,018,258 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

Year ended June 30,		
2019	\$	(380,185)
2020		(982,906)
2021		(880,049)
2022		(1,697,647)
2023		(3,323,500)
Thereafter		<u>(3,352,582)</u>
Total	\$	<u>(10,616,869)</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2019 actuarial valuation was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all period included in the measurement:

Inflation Rate	
Price	2.75%
Wage	3..25%
Salary increases	
Through 2026	1.55% - 4.55% (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 table 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-Medan 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-2019

The actuarial assumptions used in the July 1, 2018 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, 2019) 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, 2019 are summarized in the following table:

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

Asset Class	Target	Long-Term
	Allocation	Expected Real Rate of Return.
Risk Mitigation Services	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

*Discount rate.* The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.60% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.60%) or 1-percentage point higher (6.60%) than the current rate:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
District's proportionate share of the net pension liability	\$ -	-	-

*Pension plan fiduciary net position.*

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

**NOTE 13 – OTHER POST-RETIREMENT BENEFITS**

*General Information about the OPEB Plan*

The State of New Jersey Provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 year of service or on a disability retirement. Under the provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In Fiscal Year 2019, the State paid PRM benefits for 153,893 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay-as-you-go" contributions have remained consistent with Fiscal Year 2018 amounts. The State has appropriated \$1.612 billion in Fiscal Year 2020 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in Fiscal Year 2018.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

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

*Total OPEB Liability*

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



**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

*Actuarial assumptions and other imputes:*

The total OPEB liability in the June 30, 2019 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate – 2.50%

Salary Increases –

TPAF - 1.55% - 3.05% based on years of service.  
PERS – 2.00% - 6.00% based on years of service

Mortality Rates –

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), AND "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019

Health Care Trend Assumptions –

For pre-Medicare medical benefits, the trend rate is initially 5.7% 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 for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% 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, 2019 was 3.50%. 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.

The discount rates as of June 30, 2017, 2018, and 2019 are 3.58%, 3.87%, and 3.50%, respectively.

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

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

Changes in the Total OPEB Liability reported by the State of New Jersey

Balance at 6/30/18	\$ 46,110,832,982.00
Changes for the year:	
Service cost	1,734,404,850.00
Interest	1,827,787,206.00
Differences between Expected & Actual Experiences	(7,323,140,818.00)
Changes in assumptions or other inputs	622,184,027.00
Contributions: Member	37,971,171.00
Benefit payments	<u>(1,280,958,373.00)</u>
Net changes	<u>(4,381,751,937.00)</u>
Balance at 6/30/19	<u>\$ 41,729,081,045.00</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% in 2018 to 3.50% in 2019.

*Sensitivity of the total OPEB liability to changes in the discount rate:*

The following presents the total OPEB liability of the State for school board retirees, as well as what the state's total OPEB liability for school boards would be if it were calculated using a discount rate that 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease <u>(2.50%)</u>	Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
Total OPEB Liability (School Retirees)	49,298,534,898.00	41,729,081,045.00	35,716,321,820.00

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.*

The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease <u></u>	Healthcare Cost Trend Rates <u></u>	1% Increase <u></u>
Total OPEB Liability (School Retirees)	34,382,902,820.00	41,729,081,045.00	51,453,912,586.00

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

For the year ended June 30, 2020, the board of education recognized OPEB expense of (\$151,200) determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the board of education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB from the following sources:

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (10,484,965,300.00)
Changes of assumptions		(8,481,529,343.00)
Changes in proportion and differences between District contributions and proportionate share of contributions		(1,921,145,183.00)
Contributions subsequent to the measurement date	<u>1,190,373,242.00</u>	
Total	<u>\$ 1,921,145,183.00</u>	<u>\$ (20,887,639,826.00)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2020	\$ (2,546,527,182.00)
2021	(2,546,527,182.00)
2022	(2,546,527,182.00)
2023	(2,546,527,182.00)
2024	(2,546,527,182.00)
Thereafter	<u>(6,233,858,733.00)</u>
Total	<u>\$ (18,966,494,643.00)</u>

(Contributions made after June 30, 2018 are reported as deferred outflow of resources but are not amortized in the expense.)

Detailed information about the plan's fiduciary net position is available in the separately issued OPEB financial report.

**NOTE 14 – COMPENSATED ABSENCES**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as required by GASB standards. 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.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy and negotiated contracts. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees are paid by the District for unused sick leave in accordance with the District's negotiated contracts with administrators and various employee unions.

In the District-Wide Statement of Net Assets, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

**NOTE 15 – DEFERRED COMPENSATION**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

- TPAF Tax Shelters
- MetLife
- Thomas Seely Agency, Inc.
- Lincoln Tax Shelters
- Travelers Tax Shelters
- Siracusa Tax Shelters
- Safeco Tax Shelters

**NOTE 16 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit 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 District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior year:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ 31,207	32,491	61,372	264,920
2018-2019	27,061	33,357	45,081	262,594
2017-2018	39,455	46,696	43,529	247,257

**NOTE 17 – CONTINGENT LIABILITIES**

Federal and State Grants

The District participates in a number of federal and state grant programs. The grant programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance would result in the disallowance of program expenditures.

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2020**

**NOTE 18 – ECONOMIC DEPENDENCY**

The District receives support from federal government and from the state governments through local school districts. A significant reduction in the level of support, if this were to occur, would have an effect on the District's programs and activities.

**NOTE 19 – FUND BALANCE APPROPRIATED**

General Fund – Of the \$3,519,094 General Fund fund balance, at June 30, 2020, \$943,725 is reserved as Maintenance Reserve 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), \$801,801 has been reserved in the Capital Reserve Account; On March 4, 2020, the Board approved to have \$550,000 of fund balance to be designated for Subsequent Years Expenditures. \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2020; and \$1,223,568 is classified and Unassigned.

**NOTE 20 – CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:46-31, an undesignated fund balance of 10 percent of the general fund budget may be maintained. The New Jersey Department of Education calculates the District's excess surplus using audited information and subsequently adjusts tuition rates and the cost per pupil for these calculations.

**NOTE 21 – DEFICIT IN NET POSITION – ENTERPRISE FUNDS**

The Food Services Enterprise Fund has a cumulative deficit in net position of \$9,261 as of June 30, 2020. This deficit will either be provided for in the 2020-21 budget or made up through operations.

**NOTE 22 – SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2020 through January 8, 2021, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION – PART II**





## **BUDGETARY COMPARISON SCHEDULES**



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**

**General Fund**

**Budgetary Comparison Schedule**  
**Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>REVENUES:</b>					
Local Sources:					
County Line Item Appropriation	4,135,400		4,135,400	4,135,400	-
Tuition from LEAs	8,701,085		8,701,085	8,638,386	(62,699)
Non-Resident Fees	308,000		308,000	309,589	1,589
Interest Earned on Capital Reserve	275		275	275	-
Interest Earned on Maintenance Reserve	1,000		1,000	1,000	-
Interest Earned on Deposits			-		-
Other Miscellaneous	89,725		89,725	150,213	60,488
<b>Total Local Sources</b>	<b>13,235,485</b>	<b>-</b>	<b>13,235,485</b>	<b>13,234,863</b>	<b>(622)</b>
State Sources:					
On-behalf TPAF - Pension Contributions (non-budgeted)			-	1,086,185	1,086,185
On-behalf TPAF Postretirement Contributions (non-budgeted)			-	402,954	402,954
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)			-	1,275	1,275
Reimbursed TPAF Social Security Contributions (non-budgeted)			-	388,351	388,351
<b>Total State Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,878,765</b>	<b>1,878,765</b>
Federal Sources:					
Medical Assistance Program	75,000		75,000	92,568	17,568
<b>Total Federal Sources</b>	<b>75,000</b>	<b>-</b>	<b>75,000</b>	<b>92,568</b>	<b>17,568</b>
<b>Total Revenues</b>	<b>13,310,485</b>	<b>-</b>	<b>13,310,485</b>	<b>15,206,196</b>	<b>1,895,711</b>

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
(A Component Unit of the County of Cape May)**

**General Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>EXPENDITURES:</b>					
CURRENT EXPENSE					
SPECIAL EDUCATION - INSTRUCTION					
Behavioral Disabilities					
Salaries of Teachers	580,932	3,000	583,932	583,732	200
Other Salaries for Instruction	338,330	(111,544)	226,786	226,786	-
Purchased Technical Services	-		-		-
Other Purchased Services (400-500 series)	3,000	45,281	48,281	32,364	15,916
General Supplies	15,500	429	15,929	15,929	0
Textbooks	5,000	(900)	4,100	4,065	35
Other Objects	3,150	(2,070)	1,080	1,079	1
Total Behavioral Disabilities	<u>945,912</u>	<u>(65,805)</u>	<u>880,107</u>	<u>863,955</u>	<u>16,153</u>
Multiple Disabilities					
Salaries of Teachers	1,033,272	(9,500)	1,023,772	949,810	73,962
Other Salaries for Instruction	382,923	14,500	397,423	394,932	2,491
Purchased Professional - Educational Services	3,500	(3,500)	-		-
Other Purchased Services (400-500 series)	7,500	(2,900)	4,600	3,801	799
General Supplies	25,100	5,072	30,172	30,172	-
Textbooks	7,000	(4,700)	2,300	2,210	90
Other Objects	9,050	(1,442)	7,608	7,143	465
Total Multiple Disabilities	<u>1,468,345</u>	<u>(2,470)</u>	<u>1,465,875</u>	<u>1,388,068</u>	<u>77,807</u>
Autism					
Salaries of Teachers	964,306	(31,303)	933,003	898,769	34,234
Other Salaries for Instruction	396,867	58,804	455,671	451,023	4,648
Other Purchased Services (400-500 series)	4,000	(1,467)	2,533	2,220	313
General Supplies	23,750	1,478	25,228	24,258	969
Other Objects	12,425		12,425	11,404	1,021
Total Autism	<u>1,401,348</u>	<u>27,512</u>	<u>1,428,860</u>	<u>1,387,675</u>	<u>41,185</u>

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**

**General Fund**

**Budgetary Comparison Schedule**  
**Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Preschool Disabilities - Full-Time					
Salaries of Teachers	163,938	24,500	188,438	188,301	137
Other Salaries for Instruction	25,988	48,078	74,066	73,989	77
General Supplies	4,750	1,400	6,150	5,584	566
Other Objects	2,225	(1,400)	825	497	328
<b>Total Preschool Disabilities - Full-Time</b>	<b>196,901</b>	<b>72,578</b>	<b>269,479</b>	<b>268,371</b>	<b>1,108</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>4,012,506</b>	<b>31,815</b>	<b>4,044,321</b>	<b>3,908,068</b>	<b>136,253</b>
Other Instructional Programs - Instruction					
Salaries	711,076	(13,488)	697,588	680,308	17,280
Purchased Services (300-500 series)	4,500	(2,000)	2,500	496	2,004
Supplies & Materials	14,500	9,625	24,125	21,576	2,549
Other Objects	14,250	(2,000)	12,250	12,007	243
<b>Total Other Instructional Programs - Instruction</b>	<b>744,326</b>	<b>(7,863)</b>	<b>736,463</b>	<b>714,387</b>	<b>22,076</b>
Community Service Programs - Instruction					
Salaries	8,500		8,500	8,500	-
<b>Total Community Service Programs - Instruction</b>	<b>8,500</b>	<b>-</b>	<b>8,500</b>	<b>8,500</b>	<b>-</b>
<b>TOTAL INSTRUCTION</b>	<b>4,765,332</b>	<b>23,952</b>	<b>4,789,284</b>	<b>4,630,955</b>	<b>158,329</b>

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
(A Component Unit of the County of Cape May)**

**General Fund**

**Budgetary Comparison Schedule  
Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>UNDISTRIBUTED EXPENDITURES</b>					
Undistributed Expenditures - Health Services					
Salaries	184,326	(583)	183,744	183,743	0
Purchased Professional and Technical Services	76,500	(13,043)	63,457	26,520	36,937
Purchased Services (400-500 series)	300	(300)	-	-	-
Supplies & Materials	12,580	9,676	22,256	22,256	-
Other Objects	500	500	500	417	83
<b>Total Undistributed Expenditures - Health Services</b>	<b>274,206</b>	<b>(4,250)</b>	<b>269,957</b>	<b>232,936</b>	<b>37,020</b>
Undistributed Expenditures - Speech, OT, PT and Related Services					
Salaries of Other Professional Staff	962,682	(6,936)	955,746	951,004	4,742
Purchased Professional - Education Services	15,500	(12,000)	3,500	2,516	984
Supplies & Materials	12,500	9,400	21,900	21,887	13
Other Objects	500	500	500	161	339
<b>Total Undistributed Expenditures - Speech, OT, PT and Related Services</b>	<b>991,182</b>	<b>(9,536)</b>	<b>981,646</b>	<b>975,568</b>	<b>6,078</b>
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	386,090		386,090	385,795	295
Salaries of Secretarial and Clerical Assistants	58,676	450	59,126	58,665	461
Other Salaries	87,374	(20,300)	67,074	67,064	10
Purchased Professional and Technical Services	20,100	(10,800)	9,300	8,966	334
Other Purchased Services (400-500 series)	1,900		1,900	1,805	95
Supplies & Materials	5,500	6,425	11,925	10,680	1,245
Other Objects	3,055		3,055	2,294	761
<b>Total Undistributed Expenditures-Child Study Teams</b>	<b>562,695</b>	<b>(24,225)</b>	<b>538,470</b>	<b>535,269</b>	<b>3,201</b>

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
(A Component Unit of the County of Cape May)**

**General Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	30,013		30,013	30,013	-
Supplies & Materials	7,500		7,500	7,338	162
Total Undistributed Expenditures - Educational					
Media Services - School Library	<u>37,513</u>	<u>-</u>	<u>37,513</u>	<u>37,351</u>	<u>162</u>
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Education Services	7,300		7,300	5,847	1,453
Other Purchased Professional and Tech. Services	59,040		59,040	53,959	5,081
Supplies & Materials	4,500		4,500	3,936	564
Total Undistributed Expenditures - Instructional					
Staff Training Services	<u>70,840</u>	<u>-</u>	<u>70,840</u>	<u>63,742</u>	<u>7,098</u>
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	182,892	2,320	185,212	184,871	341
Legal Services	20,000		20,000	20,000	-
Audit Fees	18,000		18,000	17,200	800
Other Purchased Professional Services	20,590		20,590	20,559	31
Communications/Telephone	70,950	(1,757)	69,193	69,193	-
Misc. Purch Serv (400-500 series)	38,300	(4,076)	34,224	33,651	573
General Supplies	4,000	750	4,750	4,392	358
BOE In- House Training/Meeting Supplies	3,050	(750)	2,300	2,247	53
Miscellaneous Expenditures	8,000		8,000	5,883	2,117
BOE Membership Dues and Fees	8,000		8,000	6,111	1,889
Total Undistributed Expenditures - Support					
Services - General Administration	<u>373,782</u>	<u>(3,513)</u>	<u>370,269</u>	<u>364,107</u>	<u>6,162</u>

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**

**General Fund**

**Budgetary Comparison Schedule**  
**Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Supp. Serv. - School Admin.					
Salaries of Principals/Assistant Principals	185,449	1,635	187,084	187,082	2
Salaries of Other Professional Staff	48,714	616	49,330	49,330	1
Salaries of Secretarial and Clerical Assistants	141,644	(328)	141,316	140,666	650
Other Purchased Services (400-500 series)	750		750	165	585
Supplies & Materials	6,510	9,750	16,260	15,287	973
Other Objects	10,275		10,275	8,865	1,410
<b>Total Undistributed Expenditures - Support Services - School Administration</b>	<b>393,342</b>	<b>11,674</b>	<b>405,016</b>	<b>401,394</b>	<b>3,621</b>
Undistributed Expenditures - Central Services					
Salaries	193,521		193,521	193,360	161
Purchased Technical Services	10,500	7,167	17,667	17,667	-
Miscellaneous Purchased Services (400-500 series)	5,500		5,500	5,223	277
Supplies & Materials	7,500		7,500	6,585	915
Miscellaneous Expenditures	2,000		2,000	1,220	780
<b>Total Undistributed Expenditures - Central Services</b>	<b>219,021</b>	<b>7,167</b>	<b>226,188</b>	<b>224,055</b>	<b>2,133</b>
Undistributed Expenditures - Information Technology					
Salaries	80,818	1,298	82,116	82,116	-
Purchased Professional and Technical Services		5,833	5,833	5,833	-
Supplies & Materials	15,920		15,920	15,270	650
<b>Total Undistributed Expenditures - Info Technology</b>	<b>96,738</b>	<b>7,131</b>	<b>103,869</b>	<b>103,219</b>	<b>650</b>
Undist. Expend. - Required Maint. School Fac.					
Salaries	190,606		190,606	171,461	19,145
Cleaning, Repair and Maintenance Service	65,000	55,000	120,000	114,763	5,237
General Supplies	115,500	(15,400)	100,100	84,938	15,162
<b>Total Undistributed Expenditures - Required Maintenance for School Facilities</b>	<b>371,106</b>	<b>39,600</b>	<b>410,706</b>	<b>371,162</b>	<b>39,544</b>



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**

**General Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed. Expenditures. - Custodial Services					
Salaries	352,666	-	352,666	332,001	20,665
Purchased Professional and Technical Services	238,490	(13,000)	225,490	225,434	56
Cleaning, Repair and Maintenance Service	12,000		12,000	10,606	1,394
Rental of Land and Buildings	400,000		400,000	400,000	-
Other Purchased Property Services	37,000	7,700	44,700	43,069	1,631
Insurance	26,500		26,500	23,093	3,407
General Supplies	30,000	24,457	54,457	52,395	2,062
Natural Gas	132,000	(19,157)	112,843	104,328	8,514
Electricity	276,000	(35,000)	241,000	226,263	14,737
Other Objects	1,000		1,000	722	278
Total Undistributed Expenditures - Other Custodial Services	<u>1,505,656</u>	<u>(35,000)</u>	<u>1,470,656</u>	<u>1,417,911</u>	<u>52,745</u>
Undistributed. Expenditures. - Buildings and Grounds					
Cleaning, Repair and Maintenance Services	22,500	(2,500)	20,000	15,620	4,380
General Supplies	4,000	2,500	6,500	3,364	3,136
Total Undistributed Expenditures - Buildings and Grounds	<u>26,500</u>	<u>-</u>	<u>26,500</u>	<u>18,984</u>	<u>7,516</u>
Undistributed. Expenditures. - Security					
Purchased Professional and Technical Services	82,000		82,000	76,300	5,700
Total Undistributed Expenditures - Security	<u>82,000</u>	<u>-</u>	<u>82,000</u>	<u>76,300</u>	<u>5,700</u>
Total Undistributed Expenditures Operations and Maintenance of Plant	<u>1,985,262</u>	<u>4,600</u>	<u>1,989,862</u>	<u>1,884,357</u>	<u>105,505</u>

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**

**General Fund**

**Budgetary Comparison Schedule**  
**Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Unallocated Benefits					
Social Security Contribution	195,000	(3,200)	191,800	191,755	45
Other Retirement Contributions - PERS	230,000	(18,000)	212,000	211,928	72
Other Retirement Contributions - DCRP	5,000		5,000	2,706	2,294
Unemployment Compensation	-	27,500	27,500	27,500	-
Workmen's Compensation	161,422		161,422	160,165	1,257
Health Benefits	2,695,770	(255,353)	2,440,417	2,271,983	168,433
Tuition Reimbursement	20,000	(2,250)	17,750	13,633	4,117
Other Employee Benefits	58,380	(4,050)	54,330	51,589	2,742
Unused Sick Payment to Terminated/Retired	-		-		-
<b>Total Unallocated Benefits</b>	<b>3,365,572</b>	<b>(255,353)</b>	<b>3,110,219</b>	<b>2,931,259</b>	<b>178,960</b>
On-Behalf Contributions					
On-behalf TPAF - Pension Contributions (non-budgeted)	-	-	-	1,086,185	(1,086,185)
On-behalf TPAF Postretirement Contributions (non-budgeted)	-	-	-	402,954	(402,954)
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)	-	-	-	1,275	(1,275)
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	388,351	(388,351)
<b>Total On-Behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,878,765</b>	<b>(1,878,765)</b>
<b>Total Personal Services - Employee Benefits</b>	<b>3,365,572</b>	<b>(255,353)</b>	<b>3,110,219</b>	<b>4,810,024</b>	<b>(1,699,805)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>8,370,153</b>	<b>(266,305)</b>	<b>8,103,848</b>	<b>9,632,022</b>	<b>(1,528,175)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>13,135,485</b>	<b>(242,353)</b>	<b>12,893,132</b>	<b>14,262,977</b>	<b>(1,369,845)</b>

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
(A Component Unit of the County of Cape May)**

**General Fund**

**Budgetary Comparison Schedule  
Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>CAPITAL OUTLAY</b>					
Equipment					
Required Maintenance	175,000	211,918	386,918	386,918	(0)
Behavioral Disabilities			-		-
Autism			-		-
Preschool			-		-
Undistributed Expenditures					
Support Services			-		-
Operations			-		-
Admin Info Tech			-		-
Total Equipment	<u>175,000</u>	<u>211,918</u>	<u>386,918</u>	<u>386,918</u>	<u>(0)</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>175,000</u>	<u>211,918</u>	<u>386,918</u>	<u>386,918</u>	<u>(0)</u>
<b>TOTAL EXPENDITURES</b>	<u>13,310,485</u>	<u>(30,435)</u>	<u>13,280,050</u>	<u>14,649,896</u>	<u>(1,369,845)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>30,435</u>	<u>30,435</u>	<u>556,300</u>	<u>525,865</u>
Other Financing Sources/(Uses):					
Operating Transfers Out:					
Transfer to Food Service Fund-Board Contrib.		(30,435)	(30,435)	(30,435)	-
Total Other Financing Sources:	<u>-</u>	<u>(30,435)</u>	<u>(30,435)</u>	<u>(30,435)</u>	<u>-</u>

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
(A Component Unit of the County of Cape May)**

**General Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	-	(0)	(0)	525,865	525,865
Fund Balance July 1	1,817,514	-	1,817,514	2,993,229	
Fund Balance June 30	1,817,514	(0)	1,817,514	3,519,094	525,865
Recapitulation:					
Nonspendable Fund Balance				-	
None					
Restricted Fund Balance:					
None				-	
Committed Fund Balance:					
Capital Reserve				801,801	
Maintenance Reserve				943,725	
Assigned Fund Balance:					
Designated by BOE for Subsequent Years Expenditures				550,000	
Year-end Encumbrances					
Unassigned Fund Balance				1,223,568	
Fund Balance per Governmental Funds (GAAP)				3,519,094	

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**

**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources	\$ 75,089		75,089	54,665	(20,424)
Federal Sources			-	-	-
State Sources	7,500		7,500	2,246	(5,254)
<b>Total Revenues</b>	<b>82,589</b>	<b>-</b>	<b>82,589</b>	<b>56,911</b>	<b>(25,678)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Purchased Professional and Technical Services	24,522		24,522	17,981	6,541
General Supplies	46,457		46,457	32,391	14,066
Other Objects	-		-	-	-
<b>Total Instruction</b>	<b>70,979</b>	<b>-</b>	<b>70,979</b>	<b>50,372</b>	<b>20,607</b>
Support Services:					
Salaries of Other Professional Staff	11,610		11,610	6,539	5,071
<b>Total Support Services</b>	<b>11,610</b>	<b>-</b>	<b>11,610</b>	<b>6,539</b>	<b>5,071</b>
Capital Outlay					
Non-Instructional Equipment	-		-	-	-
<b>Total Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Outflows</b>	<b>82,589</b>	<b>-</b>	<b>82,589</b>	<b>56,911</b>	<b>25,678</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ (0)</b>	<b>-</b>	<b>(0)</b>	<b>-</b>	<b>0</b>

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**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**





**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Required Supplementary Information**  
**Budget to GAAP Reconciliation**  
**Note to RSI**  
**For the Year Ended June 30, 2020**

Note A - Explanation of Differences Between Budgetary Inflows and Outflows GAAP Revenue and Expenditures

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 15,206,196	[C-2]	56,911
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				
Prior Year				-
Current Year				
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	<u>15,206,196</u>	[B-2]	<u>56,911</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 14,649,896	[C-2]	56,911
Difference - budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		-		
Prior Year				-
Current Year				
	[B-2]	<u>\$ 14,649,896</u>	[B-2]	<u>56,911</u>

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**REQUIRED SUPPLEMENTARY INFORMATION – PART III**



**CAPE MAY COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Public Employee Retirement System**  
**Last Seven Fiscal Years**

	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0341928797%	0.0351992686%	0.0392381982%	0.0398698441%	0.0411751663%	0.0443221000%	0.0437771654%
District's proportionate of the net pension liability (asset)	\$ 6,161,038	\$ 6,930,561	\$ 9,134,025	\$ 11,808,304	\$ 9,243,000	\$ 8,298,309	\$ 8,366,686
District's covered payroll	\$ 2,515,184	\$ 2,406,947	\$ 2,524,601	\$ 2,633,466	\$ 2,711,933	\$ 2,832,299	\$ 3,047,499
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	244.95%	287.94%	361.80%	448.39%	340.83%	292.99%	274.54%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period.  
However, information is only currently available for six years.  
Additional years will be presented as they become available.

**CAPE MAY COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**Schedule of District Contributions**  
**Public Employee Retirement System**  
**Last Seven Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 332,596	\$ 350,119	\$ 363,500	\$ 354,198	\$ 353,996	\$ 365,385	\$ 329,852
Contributions in relation to the contractually required contribution	<u>\$ 332,596</u>	<u>\$ 350,119</u>	<u>\$ 363,500</u>	<u>\$ 354,198</u>	<u>\$ 353,996</u>	<u>\$ 365,385</u>	<u>\$ 329,852</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,515,184	\$ 2,406,947	\$ 2,524,601	\$ 2,633,466	\$ 2,711,933	\$ 2,832,299	\$ 3,047,499
Contributions as a percentage of covered-employee payroll	13.22%	14.55%	14.40%	13.45%	13.05%	12.90%	10.82%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period.  
However, information is only currently available for six years.  
Additional years will be presented as they become available.

**CAPE MAY COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Teachers' Pension and Annuity Fund**  
**Last Seven Fiscal Years**

	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 31,080,354	\$ 32,941,245	\$ 37,426,427	\$ 37,838,160	\$ 32,756,275	\$ 31,350,599	\$ 31,642,150
<b>Total</b>	<b>\$ 31,080,354</b>	<b>\$ 32,941,245</b>	<b>\$ 46,612,126</b>	<b>\$ 37,838,160</b>	<b>\$ 32,756,275</b>	<b>\$ 31,350,599</b>	<b>\$ 31,350,599</b>
District's covered payroll	\$ 5,153,612	\$ 5,029,062	\$ 5,311,548	\$ 5,454,324	\$ 5,642,686	\$ 5,814,330	\$ 5,807,877
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%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.64%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period. However, information is only currently available for six years. Additional years will be presented as they become available.

**CAPE MAY COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net OPEB Liability**  
**Public Employee Retirement System and Teachers' Pension and Annuity Fund**  
**Last Four Fiscal Years**

	2019	2018	2017	2016
District's proportion of the net OPEB liability (asset)	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net OPEB liability (asset)	\$ -	\$ -	\$ -	-
State's proportionate share of the net OPEB liability (asset) associated with the District	\$ 35,870,095	\$ 42,216,380	\$ 51,473,810	\$ 55,715,567
<b>Total</b>	<b>\$ 35,870,095</b>	<b>\$ 42,216,380</b>	<b>\$ 51,473,810</b>	<b>\$ 55,715,567</b>
District's covered payroll	7,668,796	7,436,009	7,836,149	8,087,790
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
State's proportionate share of OPEB associated with the District:				
Service Cost	1,131,805.00	1,390,583.00	1,668,921	
Interest Cost	1,657,096.00	1,873,209.00	1,619,209	
Differences between Expected & Actual	(8,601,546.00)	(6,586,846.00)		
Changes in Assumptopns	534,826.00	(4,844,540.00)	(6,381,545)	
Member Contributions	32,639.00	39,015.00	43,901	
Benefit Payments	(1,101,105.00)	(1,128,851.00)	(1,192,243)	
Change in Total Opeb Liability	<u>(6,346,285.00)</u>	<u>(9,257,430.00)</u>	<u>(4,241,757)</u>	
State's proportionate share of the net OPEB liability (asset) associated with the District -				
Beginning Balance	<u>42,216,380</u>	<u>51,473,810</u>	<u>55,715,567</u>	
Ending Balance	<u>35,870,095</u>	<u>42,216,380</u>	<u>51,473,810</u>	
State's proportionate share of the net OPEB liability associated with the District - as a percentage of its covered-employee payroll	467.74%	567.73%	656.88%	

Source: GASB 75 report on State of New Jersey State Health Benefits Program; District records

Note: This schedule is required by GASB 75 to be show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.



## **OTHER SUPPLEMENTARY INFORMATION**



**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2020**

	Education Foundation Grants	LEEP Donation	AtlantiCare Garden	Woodbine Baptist	Woodbine Baptist PY	ISY Grant	NJSIG Safety Grant	Polar Bear PY	Totals 2019
<b>REVENUES:</b>									
Local Sources	\$ 18,285	\$ 10,777	\$ 1,074	\$ 6,000	\$ 7,732	2,246	\$ 4,092	\$ 6,705	\$ 54,665
Federal Sources									-
State Sources						2,246			2,246
<b>Total Revenues</b>	<b>18,285</b>	<b>10,777</b>	<b>1,074</b>	<b>6,000</b>	<b>7,732</b>	<b>2,246</b>	<b>4,092</b>	<b>6,705</b>	<b>56,911</b>
<b>EXPENDITURES:</b>									
Instruction:									
Purchased Professional and Technical Services	6,000	2,003			7,732	2,246			17,981
General Supplies	12,285	2,235	1,074	6,000			4,092	6,705	32,391
Other Objects									-
<b>Total Instruction</b>	<b>18,285</b>	<b>4,238</b>	<b>1,074</b>	<b>6,000</b>	<b>7,732</b>	<b>2,246</b>	<b>4,092</b>	<b>6,705</b>	<b>50,372</b>
Support Services:									
Salaries of Other Professional Staff		6,539							6,539
<b>Total Support Services</b>	<b>-</b>	<b>6,539</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,539</b>
Capital Outlay									
Total Capital Outlay									
<b>Total Outflows</b>	<b>18,285</b>	<b>10,777</b>	<b>1,074</b>	<b>6,000</b>	<b>7,732</b>	<b>2,246</b>	<b>4,092</b>	<b>6,705</b>	<b>56,911</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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## PROPRIETARY FUNDS – DETAILED STATEMENTS

**Food Service Fund** - This fund provides for the operation of food services in all schools within the school district. This fund has been included as a major fund and is reported separately in statements B-4, B-5 and B-6.

**Day Care/Community Use Fund** - This fund provides for the operation of day care services for staff and Cape May County residents and for the operation of the community use of facilities and programs that relate to building use.

**Shop Rite** - This fund provides for the operation of a Shop Rite store in the school.

**Shared Services - Itinerant** - This fund provides for the operation of a shared services enterprise fund that provides itinerant services to local school districts. This fund has been included as a major fund and is reported separately in statements B-4, B-5 and B-6.

**Shared Services - Transportation** - This fund provides for the operation of a shared services enterprise fund that provides transportation services to local school districts. This fund has been included as a major fund and is reported separately in statements B-4, B-5 and B-6.

**Extended School Year** - This fund provides for the operation of an extended school year program over the summer months that is fully funded by tuition.

**Business Office Services** - This fund provides for the operation of Business Office Services provided to other school districts.





**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Non-major Proprietary Funds**  
**Combining Statement of Net Position**  
**June 30, 2020**

	Shop Rite	Business Services	Total Non-Major Funds (See B-4)
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	41,244	10,006	51,250
Accounts Receivable			-
Inventory			-
Total Current Assets	<u>41,244</u>	<u>10,006</u>	<u>51,250</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents			-
Furniture, Machinery & Equipment	2,546		2,546
Less Accumulated Depreciation	<u>(1,026)</u>		<u>(1,026)</u>
Total Noncurrent Assets	<u>1,520</u>	<u>-</u>	<u>1,520</u>
Total Assets	<u>42,764</u>	<u>10,006</u>	<u>52,770</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable			-
Intergovernmental Accounts Payable:			
State	-		-
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent Liabilities:			
Compensated Absences			-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Invested in Capital Assets Net of Related Debt	1,520		1,520
Unrestricted	\$ 41,244	\$ 10,006	51,250
Total Net Position	<u>42,764</u>	<u>10,006</u>	<u>52,770</u>

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Non-major Proprietary Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended June 30, 2020**

	Shop Rite	Business Services	Totals Non-Major Funds (See B-5)
Operating Revenue:			
Charges for Service:			
Daily Sales - Non-reimbursable Programs	37,486	-	37,486
Tuition and Fees			-
Miscellaneous	4,287		4,287
Total Operating Revenue	<u>41,773</u>	<u>-</u>	<u>41,773</u>
Operating Expenses:			
Cost of Sales	44,820		44,820
Salaries			-
Employee Benefits			-
Other Purchased Services			-
Utilities and Gasoline			-
General Supplies			-
Other			-
Depreciation	170		170
Total Operating Expenses	<u>44,990</u>	<u>-</u>	<u>44,990</u>
Operating Income (Loss)	<u>(3,217)</u>	<u>-</u>	<u>(3,217)</u>
Nonoperating Revenues (expenses):		-	
State Sources:			
Adult Day Care - DDD Contract			-
Interest and Investment Income			-
Loss on Disposal of Capital Assets			-
Total Nonoperating Revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before Contributions & Transfers	<u>(3,217)</u>	<u>-</u>	<u>(3,217)</u>
Transfers In (Out)			-
Changes in Net Position	<u>(3,217)</u>	<u>-</u>	<u>(3,217)</u>
Total Net Position - Beginning	<u>45,981</u>	<u>10,006</u>	<u>55,987</u>
Total Net Position - Ending	<u>42,764</u>	<u>10,006</u>	<u>52,770</u>

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Non-major Proprietary Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2020**

	Shop Rite	Business Services	Total Non-Major Funds (See B-6)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers and Other Income	42,407		42,407
Payments to Employees			-
Payments for Employee Benefits			-
Payments for Supplies and Services	(45,008)		(45,008)
Net Cash Provided by (Used for) Operating Activities	<u>(2,601)</u>	<u>-</u>	<u>(2,601)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating Subsidies and Transfers from/(to) Other Funds			-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Sale of Capital Assets			-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,601)	-	(2,601)
Balance - Beginning of Year	43,845	10,006	53,851
Balance - End of Year	<u>41,244</u>	<u>10,006</u>	<u>51,250</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	(3,217)	-	(3,217)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation and Net Amortization	170		170
(Increase) Decrease in Accounts Receivable			-
(Increase) Decrease in Inventories	634		634
Increase (Decrease) in Accounts Payable	(188)		(188)
Increase (Decrease) in Accrued Salaries			-
Total Adjustments	<u>616</u>	<u>-</u>	<u>616</u>
Net Cash Provided by (Used for) Operating Activities	<u>(2,601)</u>	<u>-</u>	<u>(2,601)</u>

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## **FIDUCIARY FUNDS DETAIL STATEMENTS**

Trust funds are used to account for gifts and bequests to the school district for a specific purpose.

**Unemployment Fund** - This trust fund is an expendable trust fund and limits expenses set aside for this purpose in current and prior budgets and contributions from employee withholding in prior years.

Agency funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

**Student Activity Fund** - This agency fund is used to account for student funds held at the schools.

**Payroll Fund** - This agency fund is used to account for the payroll transactions of the school district.



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Assets**  
**June 30, 2020**

	Unemployment Compensation Trust	Agency Funds	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 305,459	79,785	385,244
Total Assets	<u>305,459</u>	<u>79,785</u>	<u>385,244</u>
<b>LIABILITIES</b>			
Accounts Payable	40,539	-	40,539
Payable to Student Groups	-	25,112	25,112
Payroll Deductions & Withholdings	-	54,673	54,673
Total Liabilities	<u>40,539</u>	<u>79,785</u>	<u>120,324</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 264,920</u>		<u>264,920</u>
Total Net Assets			<u>264,920</u>
Total Liabilities and Net Position			<u><u>385,244</u></u>

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Fiduciary Funds**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended June 30, 2020**

	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
<b>ADDITIONS</b>		
Contributions:		
Employee Withholdings	\$ 32,491	32,491
Board Contribution	<u>27,500</u>	<u>27,500</u>
Total Contributions	<u>59,991</u>	<u>59,991</u>
Investments Earnings:		
Interest	3,707	3,707
Net Investment Earnings	<u>3,707</u>	<u>3,707</u>
Total Additions	<u>63,698</u>	<u>63,698</u>
<b>Deductions</b>		
Unemployment Claims	61,372	61,372
Total Deductions	<u>61,372</u>	<u>61,372</u>
Change in Net Position	2,326	2,326
Net Position - Beginning of the Year	<u>262,594</u>	<u>262,594</u>
Net Position - End of the Year	<u>\$ 264,920</u>	<u>264,920</u>



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**As of June 30, 2020**

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Alternative High School	\$ 28,217	30,919	34,024	25,112
Total Assets	<u>\$ 28,217</u>	<u>30,919</u>	<u>34,024</u>	<u>25,112</u>

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**As of June 30, 2020**

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 101,000	4,842,430	4,888,757	54,673
Total Assets	<u>101,000</u>	<u>4,842,430</u>	<u>4,888,757</u>	<u>54,673</u>
<b>LIABILITIES:</b>				
Payroll Deductions & Withholding	101,000	4,842,430	4,888,757	54,673
Accounts Payable	-			-
Total Assets	<u>\$ 101,000</u>	<u>4,842,430</u>	<u>4,888,757</u>	<u>54,673</u>

## **Statistical Section**



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Net Position by Component,**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	841,833	1,457,231	1,476,610	1,564,573	1,573,287	1,566,851	1,699,725	1,784,689	1,923,312	2,192,230
Restricted	984,263	166,589	143,783	292,301	540,801	741,526	942,251	1,142,976	1,344,251	1,745,526
Unrestricted	181,489	860,065	961,671	(7,385,317)	(7,249,756)	(8,020,552)	(8,406,475)	(8,545,698)	(7,682,293)	(7,163,805)
<b>Total governmental activities net position</b>	<b>2,007,585</b>	<b>2,483,905</b>	<b>2,582,064</b>	<b>(5,528,443)</b>	<b>(5,135,668)</b>	<b>(5,722,175)</b>	<b>(5,766,499)</b>	<b>(5,618,033)</b>	<b>(4,414,730)</b>	<b>(3,226,049)</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	246,661	207,428	210,764	190,704	161,042	131,705	114,151	128,984	136,664	116,640
Restricted	-	2,235,173	2,498,067	2,949,378	3,346,413	3,740,879	4,063,555	4,488,303	5,028,977	5,481,601
Unrestricted	2,119,964	2,442,601	2,706,831	3,140,082	3,507,455	3,872,584	4,167,706	4,617,287	5,167,641	5,596,241
<b>Total business-type activities net position</b>	<b>2,366,625</b>	<b>2,442,601</b>	<b>2,706,831</b>	<b>3,140,082</b>	<b>3,507,455</b>	<b>3,872,584</b>	<b>4,167,706</b>	<b>4,617,287</b>	<b>5,167,641</b>	<b>5,596,241</b>
<b>District-wide</b>										
Invested in capital assets, net of related debt	1,088,494	1,664,659	1,687,374	1,755,277	1,734,329	1,688,556	1,813,876	1,913,673	2,061,976	2,308,870
Restricted	984,263	166,589	143,783	292,301	540,801	741,526	942,251	1,142,976	1,344,251	1,745,526
Unrestricted	2,301,453	3,095,258	3,459,738	(4,435,939)	(3,903,343)	(4,279,673)	(4,354,920)	(4,057,395)	(2,655,316)	(1,682,204)
<b>Total district net position</b>	<b>4,374,210</b>	<b>4,926,506</b>	<b>5,290,895</b>	<b>(2,388,361)</b>	<b>(1,628,213)</b>	<b>(1,849,591)</b>	<b>(1,595,793)</b>	<b>(1,000,746)</b>	<b>752,911</b>	<b>2,372,192</b>

Source: CAFR Schedule A-1

Note: Previous year have been recaptured to conform to current terminology

\* Net Position was restated as of June 30, 2014 as required for implementation GASB 68

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Changes in Net Position,**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities:										
Instruction:										
Special education	5,568,860	5,719,315	5,760,886	5,278,160	6,211,214	6,610,871	6,846,249	6,997,530	6,681,594	6,293,327
Other instruction	1,514,644	1,345,408	1,397,302	1,317,978	1,511,810	1,590,163	1,583,179	1,561,721	1,334,883	1,149,282
Support Services:										
Student & instruction related services	2,427,201	2,344,928	2,472,502	2,355,022	2,760,628	2,880,544	3,485,266	3,865,647	3,223,424	2,943,457
General administrative/Business services	902,168	820,795	831,714	1,313,273	815,752	912,760	1,051,248	1,238,020	1,031,405	916,817
School administrative services	636,080	514,030	510,425	392,383	518,805	607,351	629,339	674,255	569,937	532,275
Plant operations and maintenance	2,003,860	1,984,942	2,027,214	2,060,727	2,473,295	2,909,478	3,079,753	3,188,181	2,723,187	2,469,622
Unallocated depreciation	24,224	25,895	-	-	-	-	-	-	-	-
Total governmental activities expenses	13,077,037	12,755,313	13,000,043	12,717,543	14,291,504	15,511,167	16,675,034	17,525,354	15,564,430	14,304,780
Business-type activities:										
Food service	291,398	248,600	254,556	254,399	263,867	251,997	201,272	190,467	193,848	146,494
Lineman services	2,093,384	2,318,368	2,304,081	2,822,064	2,211,815	2,339,395	2,353,174	2,444,523	2,847,425	2,897,188
Transportation services	1,836,065	1,933,313	1,842,056	1,773,602	2,080,443	2,257,419	2,106,895	2,326,836	2,606,493	2,364,487
Other	1,472,782	1,492,086	1,587,193	1,389,085	1,325,392	1,122,655	1,201,408	501,968	520,857	595,780
Total business-type activities expenses	5,694,228	5,992,967	5,987,886	5,679,150	5,881,517	5,971,466	5,862,749	5,463,794	6,168,623	6,103,949
Total district expenses	18,771,266	18,748,280	18,987,929	18,396,693	20,173,021	21,482,633	22,537,783	22,989,148	21,733,053	20,408,729
<b>Program Revenues</b>										
Governmental activities:										
Operating grants and contributions	1,163,437	1,294,808	1,460,342	1,292,949	2,775,356	3,557,006	4,694,469	5,765,823	3,772,458	2,196,466
Charges for services:	6,851,524	7,340,644	7,667,761	7,241,604	7,646,504	7,239,639	7,868,593	7,721,006	8,748,290	8,947,975
Total governmental activities program revenues	8,014,961	8,635,452	9,128,103	8,534,553	10,421,860	10,796,665	12,563,062	13,486,829	12,520,748	11,144,441
Business-type activities:										
Charges for services:										
Food service	67,431	65,398	61,915	66,852	63,267	67,746	69,194	62,108	36,213	24,090
Shared services										
Lineman services	2,131,822	2,241,669	2,304,199	2,503,716	2,455,281	2,517,999	2,587,437	2,706,852	3,180,927	3,360,669
Transportation services	1,924,027	1,967,877	1,981,693	1,809,337	2,143,687	2,302,896	2,224,829	2,394,994	2,706,512	2,363,408
Other	1,356,976	1,462,282	1,525,559	1,407,949	1,336,929	1,253,190	1,062,393	624,983	652,593	643,887
Operating grants and contributions	316,303	324,546	324,784	324,401	183,469	110,011	119,950	112,462	124,465	111,857
Capital grants and contributions										
Total business-type activities program revenue	5,798,559	6,061,772	6,198,150	6,112,255	6,182,533	6,251,842	6,093,803	5,901,419	6,700,710	6,503,911
Total district program revenue	13,813,520	14,697,224	15,326,253	14,646,808	16,604,393	17,048,707	18,646,865	19,388,248	19,221,458	17,648,352
<b>Net (Expense)/Revenue</b>										
Governmental activities	(5,062,076)	(4,119,861)	(3,871,940)	(4,182,990)	(3,869,644)	(4,714,302)	(4,111,972)	(4,038,525)	(3,043,682)	(3,160,339)
Business-type activities	104,331	68,805	210,264	433,105	301,016	280,376	221,054	437,625	532,087	399,962
Total district-wide net expense	(4,957,746)	(4,051,056)	(3,661,676)	(3,749,885)	(3,568,628)	(4,433,926)	(3,890,918)	(3,600,900)	(2,511,595)	(2,760,377)

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Changes in Net Position,**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
County appropriation	3,974,832	3,974,832	3,974,832	3,974,832	3,974,832	3,974,832	3,974,832	4,054,328	-	4,135,400
Unrestricted grants and contributions	45,321	36,385	15,905	7,369	323,018	208,632	114,520	94,887	-	92,568
Investment earnings	422,219	331,045	40,252	73,642	8,099	11,565	22,794	24,214	-	1,275
Miscellaneous income	184,190	293,918	(60,890)	(69,531)	(66,357)	(84,753)	(74,068)	(11,956)	-	150,213
Capital contributions (Uses)	(107,701)	-	-	-	(66,357)	(84,753)	(74,068)	(11,956)	-	(30,435)
Transfers	(3,644)	-	-	-	-	-	-	-	-	-
Gain/(Loss) on Disposal of Capital Assets	4,515,216	4,596,179	3,970,099	3,986,312	4,262,419	4,127,795	4,067,648	4,186,991	-	4,349,021
Total governmental activities	2,365	2,916	1,757	-	-	-	-	-	1,275	203
Business-type activities:										
Investment earnings	107,701	4,254	(6,680)	69,531	66,357	84,753	74,068	11,956	(30,435)	30,435
Transfers	-	7,170	55,967	69,531	66,357	84,753	74,068	11,956	-	-
Gain/(Loss) on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
Total business-type activities	110,066	12,424	49,287	139,062	132,714	169,506	148,136	23,908	(30,435)	30,435
Total district-wide	4,625,283	4,603,349	4,026,066	4,055,843	4,328,776	4,212,546	4,114,176	4,188,947	(29,160)	4,379,669
Changes in Net Assets	(546,860)	476,318	98,159	(196,678)	392,775	(686,507)	(44,324)	148,466	(3,043,682)	1,188,681
Governmental activities	214,397	75,975	266,231	502,636	367,373	365,129	295,122	449,581	502,927	430,600
Business-type activities	(332,463)	552,294	364,390	305,958	760,148	(221,378)	250,798	598,047	(2,540,755)	1,619,281
Total district										

Source: CAFR Schedule A-2

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES

(A Component Unit of the County of Cape May)

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	62,442	64,325	-	-	-	743,814	942,251	1,142,976	1,345,129	1,745,526
Committed	16,449	77,193	140,061	292,301	541,047	-	-	-	-	-
Assigned	499,425	-	403,722	-	-	-	-	-	-	-
Unassigned	1,057,806	1,297,160	989,908	1,362,846	1,206,783	930,209	1,136,342	1,148,237	1,648,100	1,773,568
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	1,438,678	1,533,691	1,655,147	1,747,830	1,674,023	2,078,593	2,291,213	2,993,229	3,519,094
Total general fund	-	-	-	-	-	-	-	-	-	-
All Other Governmental Funds										
Restricted	-	25,071	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned to										
Capital projects fund	405,948	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	25,071	-	-	-	-	-	-	-	-
Total all other governmental funds	-	-	-	-	-	-	-	-	-	-

As a result of GASB standards, the classification of fund balance was modified effective in fiscal year 2011

Source: CAFR Schedule B-1



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
County appropriation	3,974,832	3,974,832	3,974,832	3,974,832	3,974,832	3,974,832	3,974,832	4,054,328	4,054,328	4,135,400
Tuition charges	7,156,231	6,912,197	7,308,861	6,894,678	7,311,594	6,874,621	7,514,923	7,445,373	8,412,032	8,638,386
Nonresident fees	348,211	298,956	302,500	303,845	306,350	315,398	306,350	270,173	302,448	309,589
Miscellaneous	208,291	140,849	107,732	134,094	86,009	70,066	157,025	131,107	146,941	206,153
County - capital										
State sources	1,081,213	1,356,901	1,319,983	1,172,543	1,278,458	1,431,931	1,532,080	3,715,058	1,856,402	1,881,011
Federal sources	177,452	119,450	88,784	175,581	401,535	304,103	141,885	94,886	119,241	92,568
Total revenue	<u>12,946,230</u>	<u>12,803,185</u>	<u>13,102,692</u>	<u>12,655,573</u>	<u>13,358,778</u>	<u>12,970,951</u>	<u>13,627,095</u>	<u>15,710,925</u>	<u>14,891,392</u>	<u>15,263,107</u>
<b>Expenditures</b>										
Instruction:										
Special education instruction	3,882,341	4,004,744	3,857,854	3,710,751	3,810,382	3,684,244	3,464,627	3,382,606	3,784,966	3,958,440
Other instruction	1,054,102	907,779	931,961	937,770	931,375	892,224	801,187	751,731	751,678	722,887
Support Services:										
Student & instruction related services	1,713,016	1,605,379	1,667,474	1,675,649	1,700,790	1,616,243	1,763,762	1,858,127	1,818,878	1,851,405
General & business administrative services	685,980	604,231	621,115	571,760	571,891	550,649	618,566	689,369	689,533	691,381
School administrative services	436,630	369,598	346,368	279,189	363,713	366,402	370,310	375,220	381,023	401,394
Plant operations and maintenance	1,809,157	1,745,047	1,752,043	1,828,913	1,753,482	1,779,782	1,828,860	1,802,446	1,839,530	1,884,357
Pupil transportation										
Unallocated employee benefits	3,430,029	3,468,593	3,729,705	3,615,354	3,703,726	4,029,147	4,087,826	6,447,758	4,655,758	4,810,024
Special schools										
Capital outlay	503,171	643,420	65,340	137,501	72,138	41,314	213,319	179,092	252,306	386,918
Total Expenditures	<u>13,514,426</u>	<u>13,348,791</u>	<u>12,971,860</u>	<u>12,756,887</u>	<u>12,907,497</u>	<u>12,960,005</u>	<u>13,148,457</u>	<u>15,486,349</u>	<u>14,173,672</u>	<u>14,706,807</u>
Excess (Deficiency) of revenues over (under) expenditures	(568,196)	(545,606)	130,832	(101,314)	451,281	10,946	478,638	224,576	717,720	556,300
<b>Other Financing Sources (Uses),</b>										
Transfers in	648,000		25,071							
Transfers out	(797,984)	(32,715)	(85,961)	(69,531)	(66,357)	(84,753)	(74,068)	(11,956)	(15,704)	(30,435)
Capital Authorization Canceled										
Capital leases										
Total other financing sources (uses)	<u>(149,984)</u>	<u>(32,715)</u>	<u>(60,890)</u>	<u>(69,531)</u>	<u>(66,357)</u>	<u>(84,753)</u>	<u>(74,068)</u>	<u>(11,956)</u>	<u>(15,704)</u>	<u>(30,435)</u>
Net change in fund balances	<u>(718,180)</u>	<u>(578,321)</u>	<u>69,942</u>	<u>(170,845)</u>	<u>384,924</u>	<u>(73,807)</u>	<u>404,570</u>	<u>212,620</u>	<u>702,016</u>	<u>525,865</u>

Source: CAFR Schedule B-2

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**General Fund Other Local Revenue by Source,**  
**Last Ten Fiscal Years**  
 Unaudited

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Non-Resident</u> <u>Fees</u>	<u>E- Rate</u>	<u>Miscellaneous</u>	<u>Totals</u>
2011	45,321	7,156,231	348,211	45,839	28,169	7,623,771
2012	36,385	6,912,197	298,956	28,871	3,218	7,279,627
2013	15,905	7,308,861	302,500	36,993	3,259	7,667,518
2014	7,369	6,894,678	303,845	51,216	22,426	7,279,534
2015	8,099	7,311,594	306,350	44,296	231	7,670,570
2016	11,565	6,874,621	315,398	39,579	380	7,241,543
2017	22,794	7,514,923	306,350	40,014	676	7,884,757
2018	24,214	7,445,373	270,173	25,857	447	7,766,064
2019	64,402	8,412,032	302,448			8,778,882
2020	110,516	8,638,386	309,589	6,715	34,257	9,099,463

Source: District Records

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Demographic and Economic Statistics,**  
**Last Ten Fiscal Years**

**Exhibit J-14**

Fiscal Year Ended June 30,	(a) Population	(b) Personal Income (thousands of dollars)	(c) Per Capita Personal Income	(d) Unemployment Rate
2011	96,604	4,599,413,044	47,611	12.5%
2012	96,460	4,756,153,220	49,307	13.4%
2013	95,868	4,766,173,488	49,716	12.0%
2014	95,417	4,943,745,604	51,812	12.0%
2015	94,843	4,914,005,516	51,812	10.9%
2016	94,430	4,892,607,160	51,812	10.9%
2017	93,553	4,977,861,577	53,209	9.1%
2018	93,533	5,131,688,045	54,865	9.1%
2019	92,560	5,398,469,440	58,324	8.4%
2020	92,039	5,603,058,203	60,877	7.2%

Source:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development - most current information is as of 7/1/2019
- (b) Personal income provided by the NJ Dept of Labor and Workforce Development - most current information is as of 11/14/19
- (c) Per capital personal income source Regional Economic Information System, Bureau of Economic Analysis, November 2019 estimate based on 2018 amount
- (d) Unemployment data provided by the U.S. Department of Labor, Bureau of Labor Statistics

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Full-Time Equivalent District Employees by Function/Program,**  
**Last Ten Fiscal Years**

Exhibit J-16

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Function/Program</b>										
Instruction:										
Special education instruction	90	86	81	80	78	72	72	71	81	84
Support Services:										
Student & instruction related services	27	26	25	24	25	25	26	25	25	25
General administrative services	3	3	3	3	3	3	3	3	3	3
School administrative services	7	7	7	6	7	6	6	6	6	6
Business administrative services	4	4	4	4	4	4	4	4	4	4
Plant operations and maintenance	12	12	12	12	11	12	11	12	12	12
Pupil transportation					2	2	2	2	2	2
Special schools					2	2	2	2		
Food Service										
Child Care										
<b>Total</b>	<b>143</b>	<b>138</b>	<b>132</b>	<b>129</b>	<b>130</b>	<b>123</b>	<b>124</b>	<b>125</b>	<b>133</b>	<b>136</b>

Source: District Personnel Records

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Operating Statistics,**  
**Last Ten Fiscal Years**

**Exhibit J-17**

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	Pupil/Teacher Ratio Overall District	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2011	277	12,363,255	44,633	#DIV/0!	90	3:3:1	285	250	#DIV/0!	87.70%
2012	289	12,738,086	44,076	-1.25%	86	3:3:1	293	258	2.99%	88.05%
2013	264	12,906,520	48,888	10.92%	81	3:1:1	275	242	-6.14%	88.00%
2014	275	12,619,386	45,889	-6.14%	80	3:4:1	271	233	-1.53%	86.04%
2015	251	12,835,299	51,137	11.44%	78	3:2:1	250	221	-7.54%	88.30%
2016	225	12,918,691	57,416	12.28%	72	3:2:1	239	212	-4.53%	88.62%
2017	231	12,935,138	55,996	-2.47%	72	3:2:1	233	209	-2.52%	89.70%
**2018	195	15,307,257	78,499	40.19%	71	3:5:1	202	185	-13.30%	91.58%
***2019	219	13,921,366	63,568	-19.02%	81	2:7:1	229	209	13.37%	91.27%
2020	228	14,319,888	62,807	-1.20%	84	2:7:1	229	209	0.00%	91.27%

Source: District records, ASSA and Schedules J-12, J-14

\*\* Elimination of Compact Program

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
 (A Component Unit of the County of Cape May)  
**School Building Information,**  
**Last Ten Fiscal Years**

**Exhibit J-18**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Elementary, Middle, High School</b>	166,208	166,208	166,208	166,208	166,208	166,208	166,208	166,208	166,208	166,208
CMC Special Services	400	400	400	400	400	400	400	400	400	400
Square Feet	277	238	264	275	251	225	231	195	219	228
Capacity (students)										
Enrollment										

**District Buildings**

**Elementary, Middle, High School**

CMC Special Services  
 Square Feet  
 Capacity (students)  
 Enrollment

Number of Schools at June 30, 2020

- Elementary - 1
- Middle - 1
- High - 1

Source: District Records, ASSA

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
 (A Component Unit of the County of Cape May)  
 General Fund  
 Schedule of Required Maintenance for School Facilities,  
 Last Ten Fiscal Years  
 (Unaudited)

Undistributed Expenditures - Required Maintenance for School Facilities

School Facilities	Project # (s)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Special Services - One Building		351,530	325,380	334,978	366,873	288,246	315,184	320,680	320,231	317,117	371,162
Total School Facilities		351,530	325,380	334,978	366,873	288,246	315,184	320,680	320,231	317,117	371,162
Other Facilities											
Grand Total		351,530	325,380	334,978	366,873	288,246	315,184	320,680	320,231	317,117	371,162

Source: District Records

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**Insurance Schedule**  
**For the Fiscal Year Ended June 30, 2020**  
*(Unaudited)*

**Exhibit J-20**

Company and Type of Coverage	Amount of Coverage	Deductible
<b>New Jersey School Boards Association Insurance Group</b>		
<b>Package Policy</b>		
<b>I Property</b>		
Blanket Real & Personal Property - per occurrence	\$ 350,000,000	\$ 1,000
Blanket Extra Expense	50,000,000	1,000
Blanket Valuable Papers & Records	10,000,000	1,000
Demolition and Increased Cost of Construction	10,000,000	1000
Fire Department Service Charge	10,000	
Arson Reward	10,000	
Pollutant Cleanup and Removal	250,000	
Contingent Liability		
Flood - per occurrence/NJSBAIG annual aggregate - Zone A & V	10,000,000	500,000
Flood - per occurrence/NJSBAIG annual aggregate - All Other Zones	50,000,000	10,000
Earthquake - per occurrence/NJSBAIG annual aggregate	50,000,000	
Increased Cost of Construction/Demolition		
Terrorism - per occurrence/NJSBAIG annual aggregate	1,000,000	
<b>II Electronic Data Processing</b>		
Blanket Hardware/Software	556,000	1,000
Blanket Extra Expense	Included	
Coverage Extensions:		
Transit	25,000	
Loss of Income	10,000	
<b>III Equipment Breakdown</b>		
Combined Single Limit per Accident for Property Damage & Expense	100,000,000	1,000
Property Damage	Included	
Off Premises Property Damage	100,000	
Business Income	Included	
Extra Expense	10,000,000	
Service Interruption	10,000,000	
Perishable Goods	500,000	
Data Restoration	100,000	
Contingent Business Income	100,000	
Demolition	1,000,000	
Ordinance or Law	1,000,000	
Expediting Expenses	500,000	
Hazardous Substances	500,000	
Newly Acquired Locations	250,000	
Terrorism	Included	
<b>IV Crime</b>		
Public Employee Dishonesty with Faithful Performance	250,000	1,000
Theft, Disappearance and Destruction - Loss of Money and Securities on or off Premises	100,000	1,000
Forgery or Alteration	250,000	1,000
Public Officials Bond - Board Secretary/Business Administrator	2,000	500
Public Officials Bond - Board Treasurer	200,000	1,000



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**Insurance Schedule**  
**For the Fiscal Year Ended June 30, 2020**  
*(Unaudited)*

**Exhibit J-20**

Company and Type of Coverage	Amount of Coverage	Deductible
<b>V Comprehensive General Liability</b>		
Bodily Injury & Property Damage - Combined Single Limit Premises & Operations	\$ 16,000,000	\$
Bodily Injury from Products & Operations - Annual Aggregate	16,000,000	
Sexual Abuse - Annual Aggregate	17,000,000	
Personal Injury & Advertising Injury - Per Occurrence/Annual Aggregate	16,000,000	
Employee Benefit Liability - Per Claim/Annual Aggregate	16,000,000	1,000
Premises Medical Payments - Per Accident	10,000	
Terrorism - per occurrence	1,000,000	
<b>VI Automobile</b>		
Liability		
Combined Single Limits for Bodily Injury & Property Damage	16,000,000	
Uninsured/Under insured Mootrists	1,000,000	
Personal Injury Protection	250,000	
Medical Payments	10,000	
Terrorism	1,000,000	
<b>Workers Compensation</b>		
Bodily Injury by Accident - Per Accident	2,000,000	
Bodily Injury by Disease - Per Employee	2,000,000	
Bodily Injury by Disease - Agreement Limit	2,000,000	
<b>Umbrella Liability</b>		
Each Occurrence	10,000,000	
Aggregate	10,000,000	
Self Insured Retention	10,000	
<b>Volunteer Workers</b>		
Maximum Amount	500,000	
<b>Errors &amp; Omissions</b>		
Coverage A		
Limit of Liability - Each Policy Period	16,000,000	5,000
Coverage B		
Limit of Liability - Each Claim	100,000	5,000
Each Policy Period	300,000	

Source: District records

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# **Single Audit Section**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## **K-1 Report on Internal Control over Financial Reporting and on Compliance and Other Matter Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Honorable President and  
Members of the Board of Education  
Cape May County Schools for Special Services School District  
(a component unit of the County of Cape May)  
Cape May Court House, New Jersey

We have audited the basic financial statements of the Board of Education of the Cape May County Schools for Special Services School (a component unit of the County of Cape May), State of New Jersey, as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated January 8, 2021. We conducted our 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 audit requirements presented by the Division of Finance, Department of Education, State of New Jersey.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Cape May County Schools for Special Services' (a component unit of the County of Cape May) control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Cape May County Schools for Special Services' (a component unit of the County of Cape May) internal control. Accordingly, we do not express an opinion on the effectiveness of 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 a 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.

Our 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 our audit we did not identify any

deficiencies in internal control that we 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 Cape May County Schools for Special Services (a component unit of the County of Cape May) basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements prescribed by the Division of Finance, Department of Education, and State of New Jersey.

This report is intended for the information of the management of the Cape May County Schools for Special Services School District Board of Education (a component unit of the County of Cape May), the New Jersey State Department of Education (the cognizant audit agency), other state and federal awarding agencies and pass-through entities, and is not intended and should not be used by anyone other than these parties.

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Leon P. Costello*

**Leon P. Costello**  
**Certified Public Accountant**  
**Licensed Public School Accountant**  
**No. 767**

**January 8, 2021**



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**K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance required by *Uniform Administrative Requirements, Costs Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, and New Jersey OMB's Circular 15-08**

The Honorable President and  
Members of Board of Education  
Cape May County Schools for Special Services  
(a component unit of the County of Cape May)  
Cape May Court House, New Jersey

## **Report on Compliance for Each Major Federal and State Program**

We have audited the Board of Education of the Cape May County Schools for Special Services (a component unit of 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 Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2020. The Board of Education of the Cape May County Schools for Special Services' (a component unit of the County of Cape May) 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 the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Cape May County Schools for Special Services (a component unit of the County of Cape May) major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our 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; and OMB Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB 15-08. Those standards, OMB Uniform Guidance and NJ OMB 15-08 require that we 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 Cape May County Schools for Special Services (a component unit of the County of Cape May) compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Cape May County Schools for Special Services (a component unit of the County of Cape May) compliance.

### **Opinion on Each Major Federal and State Program**

In our opinion, the Cape May County Schools for Special Services (a component unit of the County of Cape May) 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 year ended June 30, 2020.

### **Report on Internal Control over Compliance**

Management of the Cape May County Schools for Special Services (a component unit of the County of Cape May) is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Cape May County Schools for Special Services' (a component unit of the County of Cape May) internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and 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 program and to test and report on internal control over compliance in accordance with OMB Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Cape May County Schools for Special Services' (a component unit of the County of Cape May) 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 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.

Our 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. We did not identify any deficiencies in internal control over compliance that we 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 our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and NJ OMB 15-08. Accordingly, this report is not suitable for any other purpose.

*Ford, Scott & Associates, L.L.C.*  
FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

*Leon P. Costello*

Leon P. Costello  
Certified Public Accountant  
Licensed Public School Accountant  
No. 767

January 8, 2021



CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
(Continued)  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2019	Budgetary Expenditures			Carryover (Waiver) Amount	Cash Retained	Pass Through to Sub-Recipients	Repayment of Prior Years' Balances	Balance at June 30, 2020	
							Pass Through	Direct	Total					Accounts Receivable	Deferred Revenue
<b>U.S. Department of Education</b>															
Medical Assistance Program General Fund	93.778	190NUSMAP	N/A	7/1/2019	92,568	-	-	92,568	(92,568)	-	-	-	-	-	-
Total General Fund								92,568	(92,568)	-	-	-	-	-	-
<b>U.S. Department of Labor (Passed Through Atlantic Workforce Investment Board)</b>															
In School Youth Grant-OMIC High School	17.258/17.259	16-0174-0-1-504	K08-207	7/1/2015	-	52,453	-	(52,453)	-	-	-	-	-	50,207	-
Total Special Revenue Fund						52,453	-	(52,453)	-	-	-	-	-	50,207	-
<b>U.S. Department of Agriculture</b>															
<b>Passed-Through State</b>															
Enterprise Fund															
Food Distribution Program	10.555	1919/NJ304N1099	N/A	7/1/2018	13,199	4,376	-	(4,376)	-	15,234	(4,376)	-	-	11,457	-
Food Distribution Program	10.555	2020/NJ304N1099	N/A	7/1/2019	15,234	-	-	(3,777)	-	-	(3,777)	-	-	-	-
Child Nutrition Program Cluster:															
School Breakfast Program - Svere	10.553	1919/NJ304N1099	N/A	7/1/2018	36,293	(2,350)	-	2,350	-	33,631	(34,488)	-	(957)	-	-
School Breakfast Program - Svere	10.553	2020/NJ304N1099	N/A	7/1/2019	34,488	(6,444)	-	4,444	-	60,659	(62,135)	-	(1,476)	-	-
National School Lunch Program	10.555	1919/NJ304N1099	N/A	7/1/2018	71,490	(2,418)	-	10,984	(8,623)	-	(8,623)	-	(2,433)	11,457	-
National School Lunch Program	10.555	2020/NJ304N1099	N/A	7/1/2019	62,228	(2,418)	-	116,218	(104,776)	-	(104,776)	-	(2,433)	11,457	-
Total Child Nutrition Program Cluster:															
Total Enterprise Funds								224,020	(203,967)	-	-	-	-	(2,433)	73,121
Total Federal Financial Awards						\$ 50,655	-	(224,020)	(203,967)	-	-	-	-	(2,433)	73,121

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
 (A Component Unit of the County of Cape May)  
**Schedule of Expenditures of Awards for Financial Assistance**  
**For the Year Ended June 30, 2020**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019		Carryover (If Applicable) Amount	Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Balances	Balance at June 30, 2020		MEMO
				Deferred (Accs Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenues Payable	
<b>State Department of Education</b>												
General Fund:												
Reimbursed TPAF Social Security Contributions	19-495-034-5095-003	7/1/2018 - 6/30/2019	375,331	\$ (18,857)			18,857					375,331
Reimbursed TPAF Social Security Contributions	20-495-034-5095-003	7/1/2019 - 6/30/2020	388,351				369,247	(888,351)		(19,104)		388,351
On-Behalf Teachers Pension and Annuity Fund	20-495-034-5094-002	7/1/2019 - 6/30/2020	1,086,185				1,086,185	(1,086,185)				1,086,185
On-Behalf Teachers Pension and Annuity Fund	20-495-034-5094-001	7/1/2019 - 6/30/2020	402,954				402,954	(402,954)				402,954
On-Behalf Teachers Pension & Annuity Fund - Non-contributory Insurance	20-495-034-5094-004	7/1/2019 - 6/30/2020	1,275				1,275	(1,275)				1,275
Total General Fund				(18,857)			1,878,518	(1,878,785)		(19,104)		2,254,096
<b>State Department of Agriculture</b>												
Enterprise Funds:												
Food Service Fund:												
Child Nutrition Program Cluster (State):			1,484	(92)			92	(1,175)				1,484
National School Lunch Program (State Share)	19-100-010-3350-023	7/1/2018 - 6/30/2019					1,151	(1,175)		(24)		1,175
National School Lunch Program (State Share)	20-100-010-3350-023	7/1/2019 - 6/30/2020	1,175	(92)			1,243	(1,175)		(24)		2,659
Total Child Nutrition Program Cluster (State)				(92)			1,243	(1,175)		(24)		2,659
Total Enterprise Funds				(18,949)			1,879,761	(1,879,940)		(19,128)		2,296,755
<b>Total State Financial Assistance</b>												
							\$	\$				
								1,086,185.00				
								402,954.00				
								1,275.00				
								(399,236.00)				

Less: On-Behalf Teachers Pension and Annuity Fund \$ 1,086,185.00  
 Less: On-Behalf TPAF-Post Retirement Medical 402,954.00  
 Less: On-Behalf TPAF Non-contributory Insurance 1,275.00  
 Total for State Financial Assistance-Major Program Determination \$ (399,236.00)

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

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Schedules of Expenditures of Federal Awards and  
State Financial Assistance  
June 30, 2020**

**NOTE 1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state award programs of the Board of Education, Cape May County Schools for Special Services. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary of accounting with the exception of programs recorded in the enterprise funds, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) and 1(D) to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Uniform Guidance and NJ OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate.

**NOTE 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 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. 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 net adjustment to reconcile from the budgetary basis to the GAAP basis is \$0 for the general fund and \$0 for the special revenue fund. See *Notes to Required Supplementary Information* for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general fund and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	Federal	State	On-Behalf	Total
General Fund	\$ 92,568	\$ 1,878,765	\$ (1,490,414)	\$ 480,919
Special Revenue Fund		2,246		2,246
Enterprise Funds	104,776	1,175		105,951
Total Financial Award Revenues	<u>\$ 197,344</u>	<u>\$ 1,882,186</u>	<u>\$ (1,490,414)</u>	<u>\$ 589,116</u>

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Schedules of Expenditures of Federal Awards and  
State Financial Assistance  
June 30, 2020**

**NOTE 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.

**NOTE 5. OTHER**

Revenues and expenditures reported under Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension Contributions, TPAF Post-Retirement Contributions, and TPAF Long-Term Disability Insurance represents the amount paid by the State on behalf of the District for the year ended June 30, 2020. These amounts, \$1,086,185, \$402,954, and \$1,275, respectively, are reported in the basic financial statements as both a revenue and expenditure of the District. These amounts are not reported on the schedule of state financial assistance and were not considered for major program determination. TPAF social security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020. This amount, \$388,351 is reported in the basic financial statements as both a revenue and expenditure of the District. This amount is reported on the schedule of state financial assistance.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
(A Component Unit of the County of Cape May)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified Opinion

Internal control over financial reporting:

1) Material weakness(es) identified?        Yes   X   No

2) Significant deficiencies identified?        Yes   X   No

Non-compliance material to basic financial statements noted?        Yes   X   No

**Federal Awards - N/A**

Internal Control over major programs:

1) Material weakness(es) identified:        Yes        No

2) Significant deficiencies identified?        Yes        No

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?        Yes        No

Identification of major programs:

**CFDA Number(s)**

**Name of Federal Program or Cluster**

N/A

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

Auditee qualified as low-risk auditee?        Yes        No

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
(A Component Unit of the County of Cape May)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Section I - Summary of Auditor's Results (Continued)**

**State Awards**

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

Auditee qualified as low-risk auditee?  X  Yes   No

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

Internal Control over major programs:

1) Material weakness(es) identified?   Yes  X  No

2) Significant deficiencies identified   Yes  X  None reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08?   Yes  X  No

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
N/A	

***Section II - Findings Related to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards***

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements that are required to be reported under this section.

***Section III - Findings and Questioned Costs for Federal and State Awards***

**FEDERAL AWARDS:**

**None**

**STATE AWARDS:**

**None**

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
(A Component Unit of the County of Cape May)  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE YEAR ENDED JUNE 30, 2020**

**STATUS OF PRIOR YEAR FINDINGS**

**FEDERAL PROGRAMS**

There were no prior year findings.

**STATE PROGRAMS**

There were no prior year findings.