

**SCHOOL DISTRICT  
OF**

**LOWER  
CAPE MAY  
REGIONAL**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2020**

**Comprehensive Annual  
Financial Report**

**of the**

**Lower Cape May Regional  
Board of Education**

**Cape May, New Jersey**

**For the Fiscal Year Ended June 30, 2020**

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

# LOWER CAPE MAY REGIONAL SCHOOL DISTRICT

## INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	2
Organizational Chart	7
Roster of Officials	8
Consultants and Advisors	9

## FINANCIAL SECTION

<b>Independent Auditor's Report</b>	11
<b>Required Supplementary Information - Part I Management's Discussion and Analysis</b>	15
<b>Basic Financial Statements</b>	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	25
A-2 Statement of Activities	26
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	28
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	29
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30 33
Proprietary Funds:	
B-4 Statement of Net Position	31
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	32
B-6 Statement of Cash Flows	33
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	34
B-8 Statement of Changes in Fiduciary Net Position	35
<b>Notes to the Financial Statements</b>	36

**Required Supplementary Information - Part II**

C.	Budgetary Comparison Schedules	
C-1	Budgetary Comparison Schedule - General Fund	69
C-1a	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (if applicable)	N/A
C-2	Budgetary Comparison Schedule - Special Revenue Fund	76
	Notes to the Required Supplementary Information	
C-3	Budget-to-GAAP Reconciliation	77

**Required Supplementary Information - Part III**

L.	Schedules Related to Accounting and Reporting for Pensions (GASB-68)	
L-1	Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System	79
L-2	Schedule of the District Contributions - Public Employees Retirement System	80
L-3	Schedule of the District's Proportionate Share of the Net Pension Liability - Teachers' Pension and Annuity Fund	81
M.	Schedule Related to Accounting and Reporting for OPEB (GASB-75)	
M-1	Schedule of Changes in the District's Total OPEB Liability Share of the Net OPEB Liability and Related Ratios	82
	<b>Notes to the Required Supplementary Information - Part III</b>	83

**Other Supplementary Information**

D.	School Level Schedules :	N/A
E.	Special Revenue Fund:	
E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	86
F.	Capital Projects Fund:	
F-1	Summary Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	90
F-2	Summary Statement of Project Expenditures	92
G.	Proprietary Fund:	
	Enterprise Fund:	
G-1	Combining Statement of Net Position	94
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	95
G-3	Combining Statement of Cash Flows	96
H.	Fiduciary Funds:	
H-1	Combining Statement of Fiduciary Net Position	98
H-2	Combining Statement of Changes in Fiduciary Net Position	99
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	100
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	101



I. Long-Term Debt:

I-1	Schedule of Serial Bonds	103
I-2	Schedule of Obligations under Capital Leases	104
I-3	Budgetary Comparison Schedule	105

**STATISTICAL SECTION (Unaudited)**

**Financial Trends**

J-1	Net Position by Component	107
J-2	Changes in Net Position, Last Ten Fiscal Years	108
J-3	Fund Balances, Governmental Funds, Last Ten Fiscal Years	110
J-4	Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	111
J-5	General Fund - Other Local Revenue by Source, Last Ten Fiscal Years	112

**Revenue Capacity**

J-6	Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years	113
J-7	Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	116
J-8	Principal Property Tax Payers, Current Year and Nine Years Ago	117
J-9	Property Tax Levies and Collections, Last Ten Fiscal Years	118

**Debt Capacity**

J-10	Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	119
J-11	Ratios of Net General Bonded Debt Outstanding, Last Ten Fiscal Years	120
J-12	Ratios of Overlapping Governmental Activities Debt, As of December 31, 2019	121
J-13	Legal Debt Margin Information, Last Ten Fiscal Years	122

**Demographic and Economic Information**

J-14	Demographic and Economic Statistics	123
J-15	Principal Employers, Current Year & Nine Years Ago (information not available)	N/A

**Operating Information**

J-16	Full-time Equivalent District Employees by Function/Program, Last Ten Fiscal Years	124
J-17	Operating Statistics, Last Ten Fiscal Years	125
J-18	School Building Information, Last Ten Fiscal Years	126
J-19	Schedule of Required Maintenance, Last Ten Fiscal Years	127
J-20	Insurance Schedule	128

**SINGLE AUDIT SECTION**

K-1	Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	130
K-2	Report on Compliance for Each Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey Circular 15-08-OMB	132
K-3	Schedule of Expenditures of Federal Awards, Schedule A	134
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	135
K-5	Notes to the Schedules of Awards and Financial Assistance	136
K-6	Schedule of Findings and Questioned Costs	138
K-7	Financial Statement Findings	140
K-7	Federal Awards and State Financial Assistance Findings and Questioned Costs	141
K-8	Summary Schedule of Prior Audit Findings	142

## **Introductory Section**

JOSEPH A. CASTELLUCCI  
Superintendent

RICHARD J. HOOYMAN  
President

MARK MALLETT  
Business Administrator/Board Secretary

GARY PLAYFORD  
Vice-President

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

---

CITY OF CAPE MAY

TOWNSHIP OF LOWER

BOROUGH OF WEST CAPE MAY

---

December 18, 2020

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

The comprehensive annual financial report of the Lower Cape May Regional School District 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 and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report has been prepared in accordance with Governmental Accounting Standards Board Statement 34 and is presented in four sections; introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations, cost principles, and audit requirements for federal awards (uniform guidance); and State of New Jersey Circular OMB15-08. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Lower Cape May Regional School District is an independent reporting entity with the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Lower Cape May Regional Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 7 through 12. These include regular and vocational, as well as special education for handicapped youngsters. The District completed the 2019-20 fiscal year with an enrollment of 1270 students, which is a .55% decrease from the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2019/20	1,270	(0.55)%
2018/19	1,277	(3.11)%
2017/18	1,318	(0.53)%
2016/17	1,325	(2.14)%
2015/16	1,354	(3.70)%
2014/15	1,406	0.72%
2013/14	1,396	(4.51)%
2012/13	1,462	(4.61)%
2011/12	1,528	(5.03)%
2010/11	1,609	(0.43)%
2009/10	1,616	(0.98)%

2. ECONOMIC CONDITION AND OUTLOOK:

**Lower Township**

Description of Governmental Structure:

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

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

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

Population:

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

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

## **Cape May**

### Governmental Structure:

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

### History and Geography:

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

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

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

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

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

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

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

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

## **West Cape May**

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

3. MAJOR INITIATIVES:

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

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

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

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2020.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law required governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT:

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

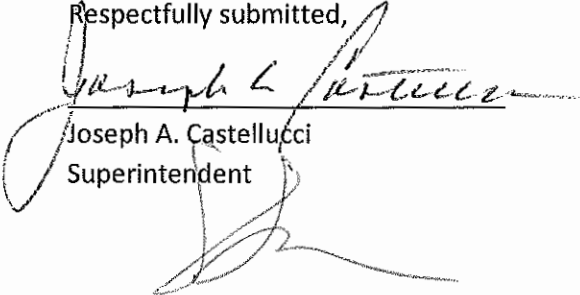
9. OTHER INFORMATION:

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

10. ACKNOWLEDGEMENTS:

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

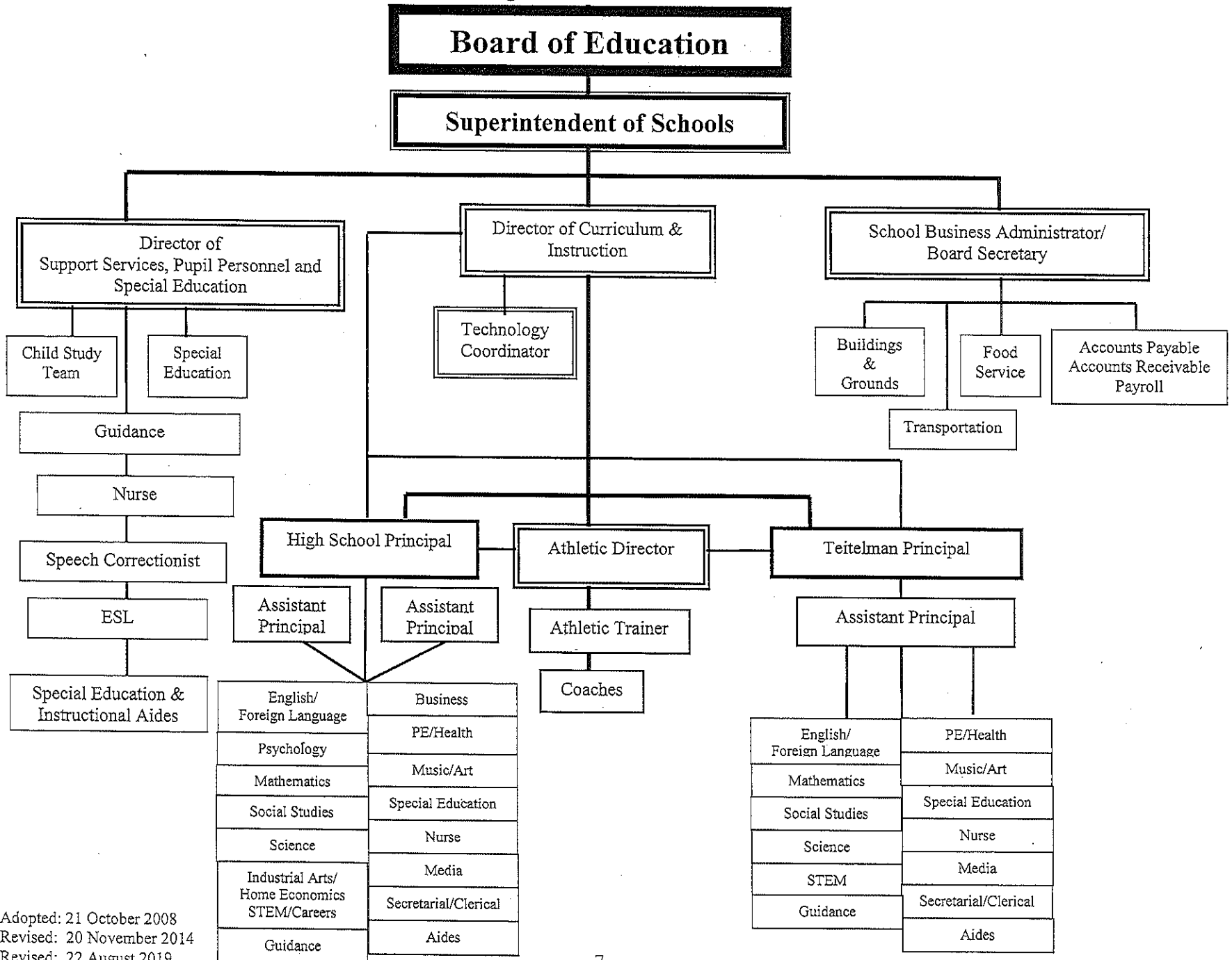
The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,  
  
Joseph A. Castellucci  
Superintendent

---

Mark G. Mallett  
Business Administrator/Board Secretary

**Lower Cape May Regional School District  
Organizational Chart**



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



**LOWER CAPE MAY REGIONAL BOARD OF EDUCATION  
LOWER TOWNSHIP, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2020**

	<b><u>Term Expires</u></b>
Richard J. Hooyman, President	2021
Gary Playford, Vice-President	2021
Thomas Connelly, Jr	2020
Gary Douglass	2022
Kathleen Elwell	2020
Frank A. Onorato	2022
Charles Hunt	2020
Nicole Morrison	2022
Harry F. Sundstrom, Jr.	2021

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

**Other Officials**

Joseph A. Castellucci, Superintendent

Mark Mallet, Board Secretary &  
School Business Administrator

Ruth Foley, Treasurer

Brett Gorman, Solicitor

# LOWER CAPE MAY REGIONAL SCHOOL DISTRICT

## Consultants and Advisors

### Architect

Garrison Architects  
713 Creek Road  
Bellmawr, NJ 08031

### Audit Firm

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

### Attorney

Brett E.J. Gorman, Esquire  
Parker McCay  
9000 Midlantic Drive, Suite 300  
PO Box 5054  
Mount Laurel, NJ 08054-5054

### Fiscal Agents

TD Bank, National Association  
Corporate Trust Services  
101 Haddonfield Rd., 2<sup>nd</sup> Floor  
Cherry Hill, NJ 08002-4401

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

### Official Depository

Sturdy Savings Bank  
3851 Bayshore Road  
North Cape May, NJ 08204

**Financial Section**

***INVERSO & STEWART, LLC***  
Certified Public Accountants

651 Route 73 North, Suite 402  
Marlton, New Jersey 08053  
(856) 983-2244  
Fax (856) 983-6674  
E-Mail: rinverso@inversocpa.com

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

**INDEPENDENT AUDITOR'S REPORT**

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

***Report on the Financial Statements***

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lower Cape May Regional School District, in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## ***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lower Cape May Regional School District, in the County of Cape May, State of New Jersey, as of June 30, 2020, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability and schedule of the School District's contributions, schedule of the State's proportionate share of the net OPEB liability associated with the School District and changes in the total OPEB liability and related ratios as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lower Cape May Regional School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey and are not a required part of the basic financial statements. The accompanying schedules of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated December 18, 2020 on my consideration of the Lower Cape May Regional School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lower Cape May Regional School District's internal control over financial reporting and compliance.

***INVERSO & STEWART, LLC***  
Certified Public Accountants



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant No. CS001095

Marlton, New Jersey  
December 18, 2020

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Lower Cape May Regional School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020**

As management of the Board of Education of the Lower Cape May Regional School District in Cape May New Jersey, we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Financial Highlights**

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$11,936,031 (*net position*).
- Governmental activities have an unrestricted net position deficit of \$13,516,311. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, and the June state aid payments, and the state statute that prohibits school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District increased by \$3,187,122, or a 36.43% increase from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds increased by \$2,603,795 resulting in an ending fund balance of 12,922,644. This increase is largely due to the results of operations in the General Fund.
- Business-type activities have unrestricted net position of \$73,866 which may be used to meet the School District's ongoing obligations of the food service operations.
- The School District's long-term obligations decreased by \$2,192,940 which is the result of the reduction of serial bonds, net pension liability and an increase capital leases and compensated absences.

**Overview of the Basic Financial Statements**

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

**District-wide Financial Statements**

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



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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

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

## **Notes to the Basic Financial Statements**

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

### **Other Information**

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

### **District-wide Financial Analysis**

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2021. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2021.

The assets of the primary government activities exceeded liabilities by \$11,832,421 with an unrestricted deficit balance of \$13,516,311. The net position of the primary government does not include internal balances.

A net investment of \$12,232,679 in land, improvements, buildings, equipment and vehicles which provide the services to the School District's 1,270 public school students. Net position of \$6,271,982 have been restricted to provide resources for future capital expansion and renovation projects, \$1,894,946 is reserved for maintenance, \$65,277 is reserved for debt service, \$20,000 is reserved for scholarships, while \$4,863,848 has been restricted for budget appropriation.

As mentioned earlier, deficit unrestricted net position is primarily due to the accounting treatment for compensated absences payable, net pension liability and the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

**Lower Cape May Regional School District  
Comparative Summary of Net Position  
As of June 30, 2020 and 2019**

	Governmental Activities		Business-Type Activities		District-Wide	
	2020	2019	2020	2019	2020	2019
<b>ASSETS</b>						
Current assets	\$ 12,935,799	\$ 10,415,692	\$ 78,866	\$ 75,147	\$ 13,014,665	\$ 10,490,839
Capital assets	21,456,212	22,109,117	29,744	52,200	21,485,956	22,161,317
<b>Total assets</b>	<b>34,392,011</b>	<b>32,524,809</b>	<b>108,610</b>	<b>127,347</b>	<b>34,500,621</b>	<b>32,652,156</b>
Deferred Outflows of Resources	1,618,562	2,418,073			1,618,562	2,418,073
<b>LIABILITIES</b>						
Current liabilities	1,914,971	1,900,692	5,000	5,632	1,919,971	1,906,324
Noncurrent liabilities	18,450,296	20,699,409			18,450,296	20,699,409
<b>Total Liabilities</b>	<b>20,365,267</b>	<b>22,600,101</b>	<b>5,000</b>	<b>5,632</b>	<b>20,370,267</b>	<b>22,605,733</b>
Deferred Inflows of Resources	3,812,885	3,715,587			3,812,885	3,715,587
<b>Net Position</b>	<b>\$ 11,832,421</b>	<b>\$ 8,627,194</b>	<b>\$ 103,610</b>	<b>\$ 121,715</b>	<b>\$ 11,936,031</b>	<b>\$ 8,748,909</b>
Net Position Consists of:						
Net investment in Capital Assets	12,232,679	11,739,758	29,744	52,200	12,262,423	11,791,958
Restricted Assets	13,116,053	10,437,874			13,116,053	10,437,874
Unrestricted Assets	(13,516,311)	(13,550,438)	73,866	69,515	(13,442,445)	(13,480,923)
<b>Net Position</b>	<b>\$ 11,832,421</b>	<b>\$ 8,627,194</b>	<b>\$ 103,610</b>	<b>\$ 121,715</b>	<b>\$ 11,936,031</b>	<b>\$ 8,748,909</b>

**Lower Cape May Regional School District**  
**Comparative Schedule of Changes in Net Position**  
**As of and for the Fiscal Year Ended June 30, 2020 and 2019**

	Governmental Activities		Business-Type Activites		District-Wide	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Charges for services	\$ -	\$ -	\$ 218,188	\$ 312,369	\$ 218,188	\$ 312,369
Operating Grants and contributions	10,139,718	12,162,677	391,514	494,855	10,531,232	12,657,532
Capital Grants and contributions					-	
Property taxes	22,965,590	21,817,114			22,965,590	21,817,114
State aid - unrestricted	8,859,228	9,681,620			8,859,228	9,681,620
Tuition	159,544	152,996			159,544	152,996
Other revenues	562,465	355,561	(17,961)	761	544,504	356,322
<b>Total Revenues</b>	<b>42,686,545</b>	<b>44,169,968</b>	<b>591,741</b>	<b>807,985</b>	<b>43,278,286</b>	<b>44,977,953</b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
Instruction	13,339,255	13,642,851			13,339,255	13,642,851
Tuition	1,883,961	2,493,725			1,883,961	2,493,725
Related Services	2,115,399	2,105,990			2,115,399	2,105,990
Administrative Services	1,713,484	1,776,490			1,713,484	1,776,490
Central Services	440,681	493,067			440,681	493,067
Operations and Maintenance	4,370,945	5,557,719			4,370,945	5,557,719
Transportation	1,397,976	1,510,251			1,397,976	1,510,251
Employee benefits	13,661,372	15,709,586			13,661,372	15,709,586
Charter Schools	42,831	52,895			42,831	52,895
Interest on debt	242,626	273,460			242,626	273,460
Other	47,788	66,593			47,788	66,593
<b>Business-Type Activities:</b>						
Food Service			834,846	917,900	834,846	917,900
<b>Total Expenses</b>	<b>39,256,318</b>	<b>43,682,627</b>	<b>834,846</b>	<b>917,900</b>	<b>40,091,164</b>	<b>44,600,527</b>
<b>Increase (Decrease) in Net Position before transfers</b>						
	3,430,227	487,341	(243,105)	(109,915)	3,187,122	377,426
Transfers	(225,000)	(157,030)	225,000	157,030		
<b>Change in Net Position</b>	<b>3,205,227</b>	<b>330,311</b>	<b>(18,105)</b>	<b>47,115</b>	<b>3,187,122</b>	<b>377,426</b>
Net Position, July 1	8,627,194	8,296,883	121,715	74,600	8,748,909	8,371,483
<b>Net Position, June 30</b>	<b>\$ 11,832,421</b>	<b>\$ 8,627,194</b>	<b>\$ 103,610</b>	<b>\$ 121,715</b>	<b>\$ 11,936,031</b>	<b>\$ 8,748,909</b>

## **Governmental Activities**

Governmental activities increased the net position of the School District by \$3,205,227 during the current fiscal year. Key elements of the increase in net position for governmental activities are as follows:

- Total Governmental Funds results of operation increased \$2,603,795.
- Net investment in Capital Assets increased by \$470,650.
- Compensated Absence Liability increased by \$142,345.

## **Business-type Activities**

Business-type activities decreased the School District's net position by \$18,105. Key elements of the decrease in net position for business-type activities are as follows:

- Total Business-type Activities results of operations decreased by \$18,105.

## **Financial Analysis of the Governmental Funds**

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds* - The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$12,922,644, an increase of \$2,603,795 in comparison with the prior year. Most of this increase is the results of operations in the General Fund.

The unreserved fund balance for the School District at the end of the fiscal year includes a deficit unreserved fund balance for the General Fund of \$193,409. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) as restricted cash reserved for future capital outlay expenditures of \$6,271,982, 2) \$2,170,285 reserved as excess surplus, 3) \$1,894,946 reserved for maintenance, 4) \$668,294 reserved for encumbrances, 5) \$2,027,376 assigned for subsequent years expenditures, and 6) \$63,170 reserved for the repayment of debt, 7) \$20,000 reserved for the permanent fund.

The general fund is the chief operating fund of the School District. As discussed earlier, the balance in the unreserved fund balance is due, primarily, to the accounting treatment of the June state aid payments as discussed in Note 18 of the notes to the basic financial statements, and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

### General Fund Budgetary Highlights

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

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$626,428 while total fund balance (budgetary basis) was \$13,492,560. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$33,147,358. Unreserved fund balance (budgetary basis) represents 1.89% of expenditures while total fund balance (budgetary basis) represents 40.70% of that same amount.

### Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totaled \$21,485,956 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$675,361, or a 3.05% decrease. The decrease is primarily due to depreciation expense during the year.

#### Capital Asset (net of accumulated depreciation) June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		District-Wide	
	2020	2019	2020	2019	2020	2019
Land	\$ 100	\$ 100	\$ -	\$ -	\$ 100	\$ 100
Site Improvements	180,000	210,000			180,000	210,000
Buildings and Building Improvements	19,430,347	20,078,110			19,430,347	20,078,110
Equipment	<u>1,845,765</u>	<u>1,820,907</u>	<u>29,744</u>	<u>52,200</u>	<u>1,875,509</u>	<u>1,873,107</u>
Total	<u>\$ 21,456,212</u>	<u>\$ 22,109,117</u>	<u>\$ 29,744</u>	<u>\$ 52,200</u>	<u>\$ 21,485,956</u>	<u>\$ 22,161,317</u>

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

*Long-term debt* – During the fiscal year ended June 30, 2020, the School District had \$7,217,000 in serial bonds payable, \$2,006,533 in capital leases payable, \$1,705,918 in compensated absences, and \$8,841,493 in net pension liability.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$262,844,325. The available amount as of June 30, 2020 is \$255,627,325.

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

### **Economic Factors and Next Year's Budgets and Rates**

The following factors were considered and incorporated into the preparation of the School District's budget for the 2020-21 fiscal year.

- For 2020-21 fiscal year the School District will be receiving a decrease in state aid. The local tax levy in the General Fund increased by \$435,858 or 2.00%. Salaries continue to increase contractually; however, the District has managed to control costs. The 2020-21 General Fund Budget is \$74,069 less than the previous year or a 0.22% decrease.

### **For the Future**

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

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

### **Requests for Information**

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Lower Cape May Regional School District Business Administrator, 687 Route 9, Cape May, New Jersey, 08204.

## Basic Financial Statements



District-Wide Financial Statements

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2020**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 4,511,076	\$ 38,081	\$ 4,549,157
Receivables, net	422,439	22,311	444,750
Inventory		18,474	18,474
Restricted assets:			
Capital reserve account	6,107,338		6,107,338
Maintenance reserve account	1,894,946		1,894,946
Capital assets, net (Note 5)	21,456,212	29,744	21,485,956
Total assets	34,392,011	108,610	34,500,621
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows of resources from pensions	1,618,562		1,618,562
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>	<b>36,010,573</b>	<b>108,610</b>	<b>36,119,183</b>
<b>LIABILITIES:</b>			
Accounts payable	-		-
Accounts payable - pension	524,665		524,665
Scholarships payable	1,184		1,184
Unearned revenue	11,971		11,971
Other liabilities		5,000	5,000
Accrued Interest	56,503		56,503
Noncurrent liabilities:			
Due within one year	1,320,648		1,320,648
Due beyond one year	18,450,296		18,450,296
Total liabilities	20,365,267	5,000	20,370,267
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Inflows of resources from pensions	3,812,885		3,812,885
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>	<b>24,178,152</b>	<b>5,000</b>	<b>24,183,152</b>
<b>NET POSITION:</b>			
Net investment in capital assets	12,232,679	29,744	12,262,423
Restricted for:			
Capital Projects	6,271,982		6,271,982
Debt Service	65,277		65,277
Other purposes	6,778,794		6,778,794
Unrestricted	(13,516,311)	73,866	(13,442,445)
Total net position	\$ 11,832,421	\$ 103,610	\$ 11,936,031

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

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 10,074,641	\$ -	\$ 259,326	\$ (9,815,315)	\$ -	\$ (9,815,315)
Special education	2,477,619		393,496	(2,084,123)		(2,084,123)
Other instruction	786,995			(786,995)		(786,995)
Support Services:						
Tuition	1,883,961			(1,883,961)		(1,883,961)
Student & instruction related services	2,115,399		92,152	(2,023,247)		(2,023,247)
General administrative services	749,480			(749,480)		(749,480)
School administrative services	964,004			(964,004)		(964,004)
Central services	440,681			(440,681)		(440,681)
Plant operations and maintenance	4,370,945		28,771	(4,342,174)		(4,342,174)
Pupil transportation	1,397,976			(1,397,976)		(1,397,976)
Unallocated employee benefits	13,661,372		9,365,973	(4,295,399)		(4,295,399)
Charter schools	42,831			(42,831)		(42,831)
Interest on long-term debt	242,626			(242,626)		(242,626)
Unallocated depreciation and amortization	47,788			(47,788)		(47,788)
Total governmental activities	<u>39,256,318</u>		<u>10,139,718</u>	<u>(29,116,600)</u>		<u>(29,116,600)</u>
Business-type activities:						
Food service program	834,846	218,188	391,514		(225,144)	(225,144)
Total business-type activities	<u>834,846</u>	<u>218,188</u>	<u>391,514</u>		<u>(225,144)</u>	<u>(225,144)</u>
Total primary government	<u>\$ 40,091,164</u>	<u>\$ 218,188</u>	<u>\$ 10,531,232</u>	<u>(29,116,600)</u>	<u>(225,144)</u>	<u>(29,341,744)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net				21,792,882		21,792,882
Taxes levied for debt service				1,172,708		1,172,708
Federal and state aid not restricted				8,859,228		8,859,228
Tuition				159,544		159,544
Transportation fees				125,802		125,802
Miscellaneous income				436,663	1,140	437,803
Disposal of fixed assets					(19,101)	(19,101)
Transfer				(225,000)	225,000	
Total general revenues, special items, extraordinary items and transfers				<u>32,321,827</u>	<u>207,039</u>	<u>32,528,866</u>
Change in Net Position				<u>3,205,227</u>	<u>(18,105)</u>	<u>3,187,122</u>
Net Position - July 1				<u>8,627,194</u>	<u>121,715</u>	<u>8,748,909</u>
Net Position - June 30				<u>\$ 11,832,421</u>	<u>\$ 103,610</u>	<u>\$ 11,936,031</u>

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

Fund Financial Statements

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

<b>ASSETS</b>	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
<b>ASSETS</b>						
Assets:						
Cash and cash equivalents	\$ 4,259,971	\$ -	\$ 164,644	\$ 65,277	\$ 21,184	\$ 4,511,076
Receivables, net	257,056	152,729				409,785
Interfund receivable	153,412					153,412
Restricted cash and cash equivalents	<u>8,002,284</u>					<u>8,002,284</u>
Total assets	<u>12,672,723</u>	<u>152,729</u>	<u>164,644</u>	<u>65,277</u>	<u>21,184</u>	<u>13,076,557</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Scholarships payable					1,184	1,184
Interfund payable		140,758				140,758
Unearned revenues		<u>11,971</u>				<u>11,971</u>
Total liabilities	<u>-</u>	<u>152,729</u>		<u>-</u>	<u>1,184</u>	<u>153,913</u>
Fund Balances:						
Restricted for:						
Excess surplus	2,170,285					2,170,285
Excess surplus designated for						
Subsequent years expenditures	2,025,269					2,025,269
Capital reserve	6,107,338					6,107,338
Maintenance reserve	1,894,946					1,894,946
Permanent fund					20,000	20,000
Assigned to:						
Year-end encumbrances	668,294					668,294
Subsequent year's expenditures				2,107		2,107
Unassigned	<u>(193,409)</u>		<u>164,644</u>	<u>63,170</u>		<u>34,405</u>
Total fund balances	<u>12,672,723</u>	<u>-</u>	<u>164,644</u>	<u>65,277</u>	<u>20,000</u>	<u>12,922,644</u>
Total liabilities and fund balances	<u>\$ 12,672,723</u>	<u>\$ 152,729</u>	<u>\$ 164,644</u>	<u>\$ 65,277</u>	<u>\$ 21,184</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$39,326,361 and the accumulated depreciation is \$17,870,149.	21,456,212
Accounts payable related to the April 1, 2021 required PERS contribution that is not to be liquidated with current financial resources.	(524,665)
The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:	
Deferred Outflows of resources from Pensions	\$ 1,618,562
Net Pension Liability	(8,841,493)
Deferred Inflows of resources from Pensions	<u>(3,812,885)</u>
	(11,035,816)
Accrued interest is not due and payable in the current period and therefore, is not reported as a liability in the funds.	(56,503)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Serial bonds payable	(7,217,000)
Capital leases payable	(2,006,533)
Compensated absences	<u>(1,705,918)</u>
	<u>(10,929,451)</u>
Net position of governmental activities	<u>\$ 11,832,421</u>

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

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**for the Fiscal Year Ended June 30, 2020**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
<b>REVENUES:</b>						
Local sources:						
Local tax levy	\$ 21,792,882	\$ -	\$ -	\$ 1,172,708	\$ -	\$ 22,965,590
Tuition	159,544					159,544
Transportation fees	125,802					125,802
Miscellaneous	433,493	-	3,169	1		436,663
Total revenues-local sources	22,511,721	-	3,169	1,172,709		23,687,599
Local sources		4,779				4,779
State sources	13,072,511			68,162		13,140,673
Federal sources	18,599	856,453				875,052
Total revenues	35,602,831	861,232	3,169	1,240,871	-	37,708,103
<b>EXPENDITURES:</b>						
Current expense:						
Regular instruction	9,003,939	259,326				9,263,265
Special education instruction	2,084,123	393,496				2,477,619
Other instruction	786,995					786,995
Support services and undistributed costs:						
Tuition	1,883,961					1,883,961
Student & instruction related services	2,023,247	92,152				2,115,399
General administrative services	606,116					606,116
School administrative services	964,004					964,004
Central services	440,681					440,681
Plant operations and maintenance	3,027,479					3,027,479
Pupil transportation	1,397,976					1,397,976
Unallocated employee benefits	8,842,515	87,487				8,930,002
Transfer to charter schools	42,831					42,831
Capital outlay	1,818,491	28,771	3,053			1,850,315
Debt service:						
Principal				935,000		935,000
Interest and other charges				246,410		246,410
Total expenditures	32,922,358	861,232	3,053	1,181,410	-	34,968,053
Excess (deficiency) of revenues over (under) expenditures	2,680,473	-	116	59,461	-	2,740,050
Other Financing Sources (Uses):						
Proceeds of Capital Leases	88,745					88,745
Transfers in				3,169		3,169
Transfers out	(225,000)		(3,169)			(228,169)
Total other financing sources (uses)	(136,255)	-	(3,169)	3,169	-	(136,255)
Net change in fund balance	2,544,218	-	(3,053)	62,630	-	2,603,795
Fund balances, July 1	10,128,505		167,697	2,647	20,000	10,318,849
Fund balances, June 30	\$ 12,672,723	\$ -	\$ 164,644	\$ 65,277	\$ 20,000	\$ 12,922,644

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

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
for the Fiscal Year Ended June 30, 2020**

Total net change in fund balances - governmental funds (from B-2)		\$ 2,603,795
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p style="margin-left: 40px;">Capital outlays are reported in the governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current fiscal year.</p>		
Depreciation expense	\$ (955,759)	
Capital outlay	302,854	(652,905)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.		935,000
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.		299,571
The proceeds of a capital lease is an other financing source of revenue in the governmental funds but is not reported in the statement of activities.		(88,745)
Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.		247,072
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a reduction in the reconciliation.		3,784
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 (+).		(142,345)
Change in net position of governmental activities		\$ 3,205,227

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

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**for the Fiscal Year Ended June 30, 2020**

	<b>Business-type Activities Enterprise Funds</b>
	Food Service Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 38,081
Accounts receivable	22,311
Inventories	18,474
Total current assets	78,866
Noncurrent assets:	
Equipment	186,495
Less accumulated depreciation	(156,751)
Total noncurrent assets	29,744
Total assets	108,610
<b>LIABILITIES</b>	
Current liabilities:	
Interfund payable	5,000
Total liabilities	5,000
<b>NET POSITION</b>	
Net investment in capital assets	29,744
Unrestricted	73,866
Total net position	\$ 103,610

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



**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**for the Fiscal Year Ended June 30, 2020**

	<b>Business-type Activities Enterprise Funds</b>
	Food Service Fund
<b>Operating revenues:</b>	
Charges for services:	
Daily sales-reimbursable programs	\$ 95,373
Daily sales-non-reimbursable programs	122,815
	218,188
<b>Operating expenses:</b>	
Salaries	374,397
Employee benefits	215,416
Supplies and materials	8,949
Purchased professional benefits	3,206
Depreciation	3,355
Cost of sales - reimbursable programs	179,116
Cost of sales - nonreimbursable programs	49,569
Miscellaneous	838
	834,846
Total operating expenses	834,846
Operating income (loss)	(616,658)
<b>Nonoperating revenues (expenses):</b>	
State sources:	
State school lunch program	4,805
Federal sources:	
National school lunch program	217,066
National school breakfast program	126,540
U.S.D.A. commodities	43,103
Local sources:	
Operating transfer in	225,000
Interest revenue	1,140
	617,654
Total nonoperating revenues (expenses)	617,654
Net income (loss)	996
<b>Other Financing Sources and Uses:</b>	
Disposal of fixed assets	19,101
	19,101
Change in net position	(18,105)
Total net position - July 1	121,715
Total net position - June 30	\$ 103,610

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

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**for the Fiscal Year Ended June 30, 2020**

	<u>Business-type Activities Enterprise Funds</u>
	<u>Food Service Fund</u>
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 218,425
Payments to employees for services	(589,813)
Payments to suppliers	(199,568)
Net cash used for operating activities	<u>(570,956)</u>
<b>Cash flows from noncapital financing activities:</b>	
Board contribution	225,000
State sources	4,844
Federal sources	338,356
Net cash provided by non-capital financing activities	<u>568,200</u>
<b>Cash flows from investing activities:</b>	
Interest and dividends	1,140
Net cash provided by investing activities	<u>1,140</u>
Net increase in cash and cash equivalents	(1,616)
Balances - July 1	<u>39,697</u>
Balances - June 30	<u>\$ 38,081</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (616,658)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	3,355
Federal commodities	43,103
(Increase) decrease in inventories	(361)
(Increase) decrease in accounts receivable	237
Increase (decrease) in accounts payable	(632)
Total adjustments	<u>45,702</u>
Net cash provided by (used for) operating activities	<u>\$ (570,956)</u>

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

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2020**

	<u>Private Purpose Trusts</u>	<u>Unemployment Compensation Insurance Trust</u>	<u>Agency Funds</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 1,164	\$ 178,930	\$ 276,219
Interfund receivable	<u>5,000</u>	<u>                    </u>	<u>                    </u>
Total assets	<u>6,164</u>	<u>178,930</u>	<u>276,219</u>
<b>LIABILITIES:</b>			
Accounts payable	<u>                    </u>	19,210	<u>                    </u>
Payroll deductions and withholdings	<u>                    </u>	11,380	<u>                    </u>
Interfund payable	<u>                    </u>	<u>                    </u>	12,654
Due to student groups	<u>                    </u>	<u>                    </u>	<u>263,565</u>
Total liabilities	<u>-</u>	<u>30,590</u>	<u>\$ 276,219</u>
<b>NET POSITION:</b>			
Restricted for:			
Unemployment claims	<u>                    </u>	148,340	<u>                    </u>
Scholarship payments	6,164	<u>                    </u>	<u>                    </u>
	<u>\$ 6,164</u>	<u>\$ 148,340</u>	<u>                    </u>

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

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2020**

	Private Purpose Trust Funds Scholarship Funds	Unemployment Compensation Insurance Trust
ADDITIONS:		
Contributions:		
Employee withholdings	\$ -	\$ 27,228
Total Contributions	-	27,228
Investment earnings:		
Interest	86	3,076
Total additions	86	30,304
DEDUCTIONS:		
Unemployment claims		32,424
Scholarships awarded	6,593	
Total deductions	6,593	32,424
Change in net position	(6,507)	(2,120)
Net position - July 1	12,671	150,460
Net position - June 30	\$ 6,164	\$ 148,340

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

**Lower Cape May Regional School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of the Reporting Entity** -The Lower Cape May Regional School District (District) is a Type II school district located in Cape May County, New Jersey and covers an area of approximately 34 square miles. As a Type II school district, it functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to provide educational services for all of Lower Cape May Regional's students in grades 7 through 12. The Lower Cape May Regional School District has an approximate enrollment at June 30, 2020 of 1,270 students.

The primary criteria for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School district over which the Board exercises operating control.

**Component Units** – GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Unit*, provide guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. GASB Statement No. 80, *Blending Requirements for Certain Component Units* - an Amendment of GASB Statement No. 14 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

**Basis of Presentation**

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

The School District's basic financial statements consists of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-wide Statements** - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net position presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions.

**Lower Cape May Regional School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Governmental Funds** - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

**General Fund** - The general fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

**Special Revenue Fund** - The special revenue fund is used to account for and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**Capital Projects Fund** - The capital projects fund is used to account and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Proprietary Funds (Continued)**

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

The School District’s enterprise funds are:

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

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

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

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

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

**Measurement Focus**

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

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position.

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Basis of Accounting**

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

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

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

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

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

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



**Lower Cape May Regional School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

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

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

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

**Lower Cape May Regional School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Tuition Payable** - Tuition charges for the fiscal years ended June 30, 2020 and 2019 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

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

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

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

**Prepaid Expenses** - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

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

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

**Short-Term Interfund Receivables / Payables** - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**Capital Assets** - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and the proprietary fund statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets (Continued)**

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land and Improvements	10-20 years	N/A
Buildings and Improvements	10-50 years	N/A
Furniture and Equipment	5-20 years	12 years
Vehicles	5-10 years	4-6 years

**Unearned Revenue** - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

**Compensated Absences** - Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

**Accrued Liabilities and Long-Term Obligations** - All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due.

**Net Position** - Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

**Net Investment in Capital Assets** - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

**Restricted** - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or law or regulations of other governments.

**Lower Cape May Regional School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

**Nonspendable** – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2020.

**Restricted** – This fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – This fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District’s highest level of decision making authority, which for the School District is the Board of Education. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action imposing the commitment.

**Assigned** – This fund balance classification includes amounts that are constrained by the School District’s *intent* to be used for specific purposes but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the Business Administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

**Unassigned** – This fund balance classification is the residual classification for the General Fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the School District’s policy to spend restricted fund balances first. Likewise, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

**Operating and Non-Operating Revenues and Expenses** - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and federal and state subsidy reimbursements for the food service program.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. There are no non-operating expenses.

**Lower Cape May Regional School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Recently Issued Accounting Pronouncements** – In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the District’s financial statements.

In June 2017, the GASB issued Statement 87, *Leases*. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the District’s financial statements.

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

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. This Statement should have no impact on the District’s financial statements.

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

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

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**2. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District’s deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School district in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District’s amount on deposit of \$14,259,593 as of June 30, 2020, \$250,000 was insured under FDIC and the remaining balance of \$14,009,593 was collateralized under GUDPA.

**3. CAPITAL RESERVE ACCOUNT**

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

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

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

Balance – July 1, 2019		\$	4,227,439
Increased by:			
Board resolution	\$	3,000,000	
Interest earned		<u>79,899</u>	<u>3,079,899</u>
			7,307,338
Decreased by:			
Withdrawal			<u>1,200,000</u>
Balance – June 30, 2020		\$	<u>6,107,338</u>

The June 30, 2020 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted capital projects.

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**4. RECEIVABLES**

Receivables at June 30, 2020 consisted of tuition fees charged other governmental units and governmental grants. All receivables are considered collectible in full due to the stable condition of the other governmental units, State programs and the current fiscal year guarantee of federal funds.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
State Aid	\$ 147,239	\$ -	\$ 213	\$ 147,452
Federal Aid	-	152,729	22,098	174,827
Other	109,817	-	-	109,817
<b>Total</b>	<u>\$ 257,056</u>	<u>\$ 152,729</u>	<u>\$ 22,311</u>	<u>\$ 432,096</u>

**5. CAPITAL ASSETS**

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

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2020</u>
<b><u>Governmental Activities:</u></b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 100	\$ -	\$ -	\$ 100
Construction in progress	-	-	-	-
Total capital assets, not being Depreciated	<u>100</u>	<u>-</u>	<u>-</u>	<u>100</u>
<i>Capital Assets, being depreciated:</i>				
Site Improvements	600,000	-	-	600,000
Building and Building Improvements	33,493,225	-	-	33,493,225
Equipment	5,181,854	346,512	295,330	5,233,036
Totals at historical cost	<u>39,275,079</u>	<u>346,512</u>	<u>295,330</u>	<u>39,326,261</u>
<i>Less Accumulated Depreciation:</i>				
Site Improvements	(390,000)	(30,000)	-	(420,000)
Building and Building Improvements	(13,415,115)	(647,763)	-	(14,062,878)
Equipment	(3,360,947)	(277,996)	(251,672)	(3,387,271)
Totals accumulated depreciation	<u>(17,166,062)</u>	<u>(955,759)</u>	<u>(251,672)</u>	<u>(17,870,149)</u>
Total Capital Assets, being depreciated, net	<u>22,109,017</u>	<u>(609,247)</u>	<u>43,658</u>	<u>21,456,112</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,109,117</u>	<u>\$ (609,247)</u>	<u>\$ 43,658</u>	<u>\$ 21,456,212</u>
	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2020</u>
<b><u>Business-Type Activities:</u></b>				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 207,540	\$ -	\$ 21,045	\$ 186,495
Less accumulated depreciation	<u>(155,340)</u>	<u>(3,355)</u>	<u>(1,944)</u>	<u>(156,751)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 52,200</u>	<u>\$ (3,355)</u>	<u>\$ (19,101)</u>	<u>\$ 29,744</u>

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**5. CAPITAL ASSETS (Continued)**

Depreciation expense in the amount of \$955,759 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	\$ 669,031
Administration	143,364
Plant Operations and Maintenance	95,576
Unallocated	47,788
Total depreciation expense	\$ 955,759

**6. INVENTORY**

Inventory in the Proprietary Funds at June 30, 2020 consisted of the following:

	Food Service
Food Supplies	\$ 18,258
	216
	\$ 18,474

**7. LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2020, the following changes occurred in long-term obligations:

<u>Governmental Activities:</u>	<b>Principal Outstanding July 1, 2019</b>	<b>Additions</b>	<b>Reductions</b>	<b>Principal Outstanding June 30, 2020</b>	<b>Amounts Due Within One Year</b>
Compensated Absences	\$ 1,563,573	\$ 142,345	\$ -	\$ 1,705,918	\$ 180,734
Capital Leases	2,217,359	88,745	299,571	2,006,533	209,914
General Obligation Bonds	8,152,000	-	935,000	7,217,000	930,000
Net Pension Liability	10,030,952	-	1,189,459	8,841,493	-
Total Governmental Activity	\$ 21,963,884	\$ 231,090	\$ 2,424,030	\$ 19,770,944	\$ 1,320,648

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

2009 Refunding Bonds dated October 15, 2009 in the amount of \$1,450,000 due in annual installments through June 1, 2022, bearing an interest rate of 4.00%.

2017 School Bonds dated March 15, 2016 in the amount of \$5,767,000 due in annual installments through March 15, 2036, bearing interest rates ranging from 2.00% - 3.00%.



**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**7. LONG-TERM OBLIGATIONS (Continued)**

**Debt Service Requirements**

Principal and interest due on bonds outstanding is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 930,000	\$ 213,010	\$ 1,143,010
2022	920,000	179,810	1,099,810
2023	400,000	147,010	547,010
2024	400,000	139,010	539,010
2025	400,000	131,010	531,010
2026-2030	2,000,000	503,050	2,503,050
2031-2035	1,950,000	205,050	2,155,050
2036	<u>217,000</u>	<u>6,510</u>	<u>223,510</u>
	<u>\$ 7,217,000</u>	<u>\$ 1,524,460</u>	<u>\$ 8,741,460</u>

**Capital Leases** – During the fiscal year 2020, the school district has a Capital Lease for Energy Program and two Capital Leases for Chromebooks totaling \$2,006,533. The following is a schedule of the future minimum lease payments under these capital lease agreements:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 209,914	\$ 3,098	\$ 213,012
2022	195,501	40,212	235,713
2023	174,899	36,293	211,192
2024	184,176	32,164	216,340
2025	193,785	27,817	221,602
2026-2030	<u>1,048,258</u>	<u>65,688</u>	<u>1,113,946</u>
	<u>\$ 2,006,533</u>	<u>\$ 205,272</u>	<u>\$ 2,211,805</u>

**8. OPERATING LEASES**

At June 30, 2020, the District had operating lease agreements in effect for office equipment.

Total operating lease payments made during the year ended June 30, 2020 and June 30, 2019 were \$46,113 and \$49,140 respectively. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2021	\$ 46,113
June 30, 2022	<u>29,320</u>
Total future minimum lease payments	<u>\$ 75,433</u>

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**9. PENSION PLANS**

**Description of Plans** – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). In addition, several School District employees participate in the Defined Contribution Retirement Program (DCRP), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

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

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

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

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

*Contributions* - The contribution requirements of plan members are determined by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the member contribution rate was 7.50% in State fiscal year 2020. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**9. PENSION PLANS (Continued)**

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

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over the several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2020 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2020 was \$2,307,787 and was paid by April 1, 2020. School District employee contributions to the pension plan during the fiscal year ended June 30, 2020 were \$902,502.

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

At June 30, 2020, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

For the year ended June 30, 2020, the School District recognized pension expense of \$4,154,780 and revenue of \$4,154,780 for support provided by the State. Although the School District does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the School District.

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

	<u>06/30/19</u>	<u>06/30/18</u>
Collective deferred outflows of resources	\$ 9,932,767,606	\$ 12,473,998,870
Collective deferred inflows of resources	17,539,845,423	16,180,773,643
Collective net pension liability (Non-Employer – State of New Jersey)	61,519,112,443	63,617,852,031
State's portion of the net pension liability that was associated with the School District	70,440,693	73,078,501
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.1147785714%	.1148710601%

*Actuarial assumptions* – The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019.

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**9. PENSION PLANS (Continued)**

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
	<u>100.00%</u>	

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**9. PENSION PLANS (Continued)**

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

*Discount rate.* The discount rate used to measure the State's total pension liability was 5.60% 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 (State of New Jersey) 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 School District's proportionate share of the net pension liability to changes in the discount rate.* As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2019, the pension plans measurement date, attributable to the School District is \$0.00, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 5.60%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.60%) or 1 percentage point higher (6.60%) than the current rate:

	<b>1% Decrease (4.60%)</b>	<b>Current Discount Rate (5.60%)</b>	<b>1% Increase (6.60%)</b>
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	83,065,168	70,440,693	59,966,365
	\$ 83,065,168	\$ 70,440,693	\$ 59,966,365

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

**Public Employees' Retirement System (PERS)**

*Plan Description* - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS. For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR), which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

*Contributions* - The contribution requirements of plan members are determined by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. The member contribution rate was 7.50% in State fiscal year 2019. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2020 was 15.11% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2019, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2020 was \$479,087 and was paid by April 1, 2020. School District employee contributions to the pension plan during the fiscal year ended June 30, 2020 were \$261,544.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Longterm Disability</u>	<u>Total Liability Paid by District</u>
2020	\$ 44,169	\$ 408,726	\$ 24,404	\$ 1,788	\$ 479,087
2019	63,325	420,378	23,042	2,110	508,855
2018	63,647	396,345	23,570	5,434	488,996

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

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

At June 30, 2020, the School District reported a liability of \$8,841,493 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 July 1, 2018. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2020, the School District recognized pension expense of \$230,226. At June 30, 2020, the School District reported a liability of \$8,841,493 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 158,693	\$ 39,058
Changes of assumptions	882,856	3,068,854
Net Difference between projected and actual earnings on pension plan investments		139,566
Changes in proportion	52,348	565,407
District contributions subsequent to the measurement date	524,665	
<b>Total</b>	<b>\$ 1,618,562</b>	<b>\$ 3,812,885</b>

\$524,665 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2020, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net 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:

For the year ended:	Net Deferred Outflows (Inflows) of Resources
2021	\$ (507,774)
2022	(932,496)
2023	(721,409)
2024	(503,734)
2025	(53,575)
<b>Total</b>	<b>\$ (2,718,988)</b>

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2015	5.00	5.00
June 30, 2016	5.00	5.00
June 30, 2017	5.00	5.00
June 30, 2018	5.00	5.00
June 30, 2019	5.00	5.00

**Additional Information**

Collective balances at June 30, 2019 and 2018 are as follows:

	<u>6/30/2019</u>	<u>6/30/2018</u>
Collective deferred outflows of resources	\$ 3,149,522,616	\$ 4,684,852,302
Collective deferred inflows of resources	\$ 7,645,087,574	\$ 7,646,736,226
Collective net pension liability	\$ 18,143,832,135	\$ 19,689,501,539
School District's Proportion	.0490690174%	.0509456880%

*Actuarial assumptions* – The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019.



**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

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

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

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

*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.

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
Total	100.00%	

*Discount rate.* The discount rate used to measure the State's 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 School District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the School District's proportionate share of the net pension liability measured as of June 30, 2019, calculated using the discount rate of 6.28%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.28%) or 1 percentage point higher (7.28%) than the current rate:

	<u>1% Decrease (5.28%)</u>	<u>Current Discount Rate (6.28%)</u>	<u>1% Increase (7.28%)</u>
School District's proportionate share of the net pension liability	\$ 11,168,242	\$ 8,841,493	\$ 6,880,877

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

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**Defined Contribution Retirement Program (DCRP)**

The Defined Contribution Retirement Program is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District’s contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The School District’s contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Year</u>	<u>Total Liability</u>	<u>Paid by District</u>
2020	\$ 8,810	\$ 8,810
2019	5,539	5,539
2018	5,588	5,588

**10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description and Benefits Provided**

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

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

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

**Contributions**

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

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

**Plan Membership**

As of June 30, 2018, the program membership consisted of the following:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
	364,943

**Total Non-Employer OPEB Liability**

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

*Actuarial assumptions and other imputes* - The total nonemployer OPEB liability as of the June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member enrolled in.

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

Inflation rate	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases Through 2026	1.55 – 3.05% based on years of service	2.00 – 6.00% based on age	3.25 – 15.25% based on age
Thereafter	1.55 - 3.05% based on years of service	3.00 - 7.00% based on age	3.10 - 9.98% based on age

Preretirement mortality rates were based on the Pub-2010 Healthy Teacher’s (TPAF), and “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational improvement projections from the central year using the Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational improvement projections from the central year using the Scale MP-2019.

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, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

*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 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.

**Changes in the Total Nonemployer OPEB Liability**

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

	Total OPEB Liability
Balance as of June 30, 2018	\$ 64,791,077
Changes for the years'	
Service Cost	2,009,465
Interest	2,552,163
Changes of benefit terms	
Differences between expected and actual experience	(10,659,055)
Changes in assumptions	862,299
Gross Benefit Payments	(1,775,309)
Contributions from the Non-employer	N/A
Contributions from the Member	52,625
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	\$ (6,957,812)
Balance at 06/30/2019	\$ 57,833,265

**Sensitivity of the total nonemployer OPEB liability to changes in the discount rate** - The following presents the total nonemployer OPEB liability as of June 30, 2019, respectively, associated with the School District, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage -point lower or 1percentage-point higher than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 68,323,940	\$ 57,833,265	\$ 49,500,048

**Sensitivity of the total nonemployer OPEB liability to changes in the healthcare cost trend rate** - The following presents the total nonemployer OPEB liability as of June 30, 2019, associated with the School District, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage -point lower or 1percentage-point higher than the current rate:

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 70,189,798	\$ 57,833,265	\$ 46,902,731

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

For the year ended June 30, 2020, the School District recognized \$593,436 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB Expense, associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 2019 measurement date.

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

At June 30, 2020, the State's proportionate share of the total nonemployer OPEB liability's deferred outflows of resources and deferred inflows of resources, associated with the School District, from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 14,531,347
Changes of assumptions	-	11,754,741
<b>Total</b>	<b>\$ -</b>	<b>\$ 26,286,088</b>

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

For the year ended:	
2020	\$ (3,529,289)
2021	(3,529,289)
2022	(3,529,289)
2023	(3,529,289)
2024	(3,529,289)
Therafter	(8,639,643)
<b>Total</b>	<b>\$ (26,286,088)</b>

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

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**11. ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2020, the School District has recognized as revenues and expenditures on-behalf payments made by the state for normal retirement costs, post-retirement medical costs and long-term disability insurance related to TPAF, in the fund statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs and long-term disability insurance were \$2,499,957, \$927,438, and \$872, respectively. In addition, \$871,777 on-behalf payments were made by the state for the employer’s share of social security contributions for TPAF members, as calculated on their base salaries.

**12. RISK MANAGEMENT**

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

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

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

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

The following is a summary of 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 four years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$	\$	27,228	\$	148,340
2018-2019			36,229	1,370	150,460
2017-2018			27,864	89	131,673
2016-2017			27,855	86	144,179
2015-2016			46,824	90	150,534

**13. DEFERRED COMPENSATION**

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, available to all permanent School District employees, permit participants to defer a portion of their current salary to future years. Participation in the plans is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and are administered by a third party therefore they are not reflected on the financial statements of the School District.

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**14. COMPENSATED ABSENCES**

The School District accounts for compensated absences (e.g. unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2020, the liability for compensated absences in the governmental fund was \$1,705,918.

**15. INTERFUND RECEIVABLES AND PAYABLES**

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 153,412	\$ -
Special Revenue	-	140,758
Proprietary	-	5,000
Fiduciary	5,000	12,654
	\$ 158,412	\$ 158,412

**16. CONTINGENCIES**

The School District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School District may be required to reimburse the grantor government.

At June 30, 2020, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, deferred revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

**17. TAX ABATEMENTS**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements.



**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**17. TAX ABATEMENTS (Continued)**

If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

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

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

The municipality recognized revenue of \$113,783 from the annual service charge in lieu of payment of taxes in 2019. The assessed value on these tax exemption properties amounted to \$12,250,000 which would have resulted in 2019 taxes billed in full of \$220,990. A portion of the \$107,207 abatement would have been allocated to the District.

**18. DEFICIT UNASSIGNED FUND BALANCE**

The School District has a deficit unassigned fund balance of \$193,409 in the General Fund as of June 30, 2020 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenues, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability.

Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$193,409 is equal to or less than the June state aid payment.

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**19. DEFICIT UNRESTRICTED NET POSITION**

As of June 30, 2020, a deficit of \$13,516,311 existed in the Unrestricted Net Position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Position reported on Exhibited A-1 is as follows:

Balances June 30, 2020	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds):	
Fund Balance – Unassigned	\$ (193,409)
Liabilities:	
Accrued Interest Payable	(56,503)
Net Pension Differences	(11,560,481)
Compensated Absences	<u>(1,705,918)</u>
Unrestricted Net Position (Deficit)	<u>\$ (13,516,311)</u>

**20. FUND BALANCES**

*RESTRICTED*

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District’s fund balance are summarized as follows:

**General Fund:**

**Excess Surplus** – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 is \$2,170,285 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$2,025,269 of excess fund balance generated during the 2018-2019 fiscal year has been restricted and designated for utilization in the 2020-2021 budget.

**Capital Reserve** – As of June 30, 2020, the balance in the capital reserve account is \$6,107,338. Of this amount \$1,870,000 has been appropriated in the 2020-2021 Budget. The remaining amount is restricted for future capital outlay expenditures for capital projects in the School District’s approved Long-Range Facilities Plan.

**Maintenance Reserve Account** – As of June 30, 2020, the balance in the maintenance reserve account is \$1,894,946. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

**Permanent Fund** – As of June 30, 2020, the restricted fund balance amount was \$20,000 of which is restricted for future scholarships.

**Lower Cape May Regional School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**20. FUND BALANCES (CONTINUED)**

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

**General Fund:**

**Other Purposes** – At June 30, 2020 the School District has \$668,294 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

**Debt Service Fund:**

**Designated for Subsequent Year's Expenditures** – The School District has appropriated \$2,107 and included as an anticipated revenue for the fiscal year ending June 30, 2021.

*UNASSIGNED*

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

**General Fund** – As of June 30, 2020, the fund balance of the general fund was a deficit of \$193,409. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 18).

**Capital Projects Fund** – As of June 30, 2020, the fund balance of the capital projects fund was \$164,644.

**Debt Service Fund** – As of June 30, 2020, the fund balance of the debt service fund was \$63,170.

**21. SUBSEQUENT EVENTS**

COVID-19 - the management of the School District has evaluated its financial statements for subsequent events through the date that the financial statements were issued. As a result of the spread of the COVID-19 coronavirus in New Jersey, economic uncertainties have arisen which could negatively impact the financial position of the School District. While the impact that COVID-19 will have is currently expected to be temporary, as of the date of the financial statements, the related financial impact and duration cannot be reasonably estimated.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 21,792,882	\$ -	\$ 21,792,882	\$21,792,882	\$ -
Tuition from other LEAs	160,335		160,335	159,544	(791)
Transportation fees from other LEAs	50,000		50,000	125,802	75,802
Interest earned on Capital Reserve	100		100	79,899	79,799
Interest earned on Maintenance Reserve	100		100		(100)
Unrestricted miscellaneous revenue	150,000		150,000	353,594	203,594
<b>Total local sources</b>	<b>22,153,417</b>		<b>22,153,417</b>	<b>22,511,721</b>	<b>358,304</b>
State sources:					
School Choice Aid	1,216,728		1,216,728	1,216,728	
Categorical Special Education Aid	862,052		862,052	862,052	
Equalization Aid	95,936		95,936	95,936	
Categorical Security Aid	350,566		350,566	350,566	
Adjustment Aid	5,037,595		5,037,595	5,037,595	
Categorical Transportation Aid	1,178,704		1,178,704	1,178,704	
Extraordinary Aid				55,757	55,757
Homeless Aid				4,978	4,978
On-behalf TPAF Pension (non-budgeted)				2,499,957	2,499,957
On-behalf TPAF Post Retirement Medical contributions (non-budgeted)				927,438	927,438
On-behalf TPAF Pension LTDI (non-budgeted)				872	872
Reimbursed TPAF social security contributions (non-budgeted)				871,777	871,777
<b>Total state sources</b>	<b>8,741,581</b>		<b>8,741,581</b>	<b>13,102,360</b>	<b>4,360,779</b>
Federal sources:					
Medicaid Assistance Program	36,840		36,840	18,599	(18,241)
<b>Total federal sources</b>	<b>36,840</b>		<b>36,840</b>	<b>18,599</b>	<b>(18,241)</b>
<b>TOTAL REVENUES</b>	<b>30,931,838</b>		<b>30,931,838</b>	<b>35,632,680</b>	<b>4,700,842</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Salaries of teachers					
Grades 6-8	3,186,842		3,186,842	2,805,340	381,502
Grades 9-12	5,223,203		5,223,203	5,146,361	76,842
<b>Total Instruction</b>	<b>8,410,045</b>		<b>8,410,045</b>	<b>7,951,701</b>	<b>458,344</b>
Regular Programs - Home Instruction:					
Salaries of teachers	150,000		150,000	57,540	92,460
<b>Total Home Instruction</b>	<b>150,000</b>		<b>150,000</b>	<b>57,540</b>	<b>92,460</b>

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

(CONTINUED TO NEXT PAGE)

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2020**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	\$ 774,897	\$ -	\$ 774,897	\$ 639,121	\$ 135,776
Purchased professional - educ services	10,000	(10,000)			
Purchased technical services	30,000	10,000	40,000	11,614	28,386
Other purchased services	35,475		35,475	24,052	11,423
General supplies	442,089		442,089	319,911	122,178
Textbooks	60,000		60,000		60,000
Total Undistributed Instruction	<u>1,352,461</u>		<u>1,352,461</u>	<u>994,698</u>	<u>357,763</u>
Total - Regular Programs - Instruction	<u>9,912,506</u>		<u>9,912,506</u>	<u>9,003,939</u>	<u>908,567</u>
Special Educ Instruction: Res. Room/Res. Center					
Salaries of teachers	2,102,938	2,800	2,105,738	2,038,850	66,888
Other salaries for instruction	65,423	(8,500)	56,923		56,923
Purchased professional - educ services	20,000	(2,000)	18,000	13,936	4,064
General supplies	25,000	6,450	31,450	31,293	157
Textbooks	2,000	(1,950)	50	44	6
Total Resource Room/Resource Center	<u>2,215,361</u>	<u>(3,200)</u>	<u>2,212,161</u>	<u>2,084,123</u>	<u>128,038</u>
Total Special Education - Instruction	<u>2,215,361</u>	<u>(3,200)</u>	<u>2,212,161</u>	<u>2,084,123</u>	<u>128,038</u>
Bilingual Education - Instruction					
Salaries of teachers	<u>30,384</u>		<u>30,384</u>	<u>30,384</u>	
Total Bilingual Education - Instruction	<u>30,384</u>		<u>30,384</u>	<u>30,384</u>	
Vocational Programs - Local - Instruction					
Salaries of teachers	<u>30,000</u>		<u>30,000</u>		<u>30,000</u>
Total Vocational Programs - Local - Instruction	<u>30,000</u>		<u>30,000</u>		<u>30,000</u>
School-Sponsored Cocurricular Act - Inst.					
Salaries	175,943		175,943	137,081	38,862
Supplies and materials	15,000		15,000	13,938	1,062
Total School-Sponsored Cocurr. Act. - Inst	<u>190,943</u>		<u>190,943</u>	<u>151,019</u>	<u>39,924</u>
School-Sponsored Athletics - Inst.					
Salaries	463,387	20,000	483,387	379,579	103,808
Purchased services	5,000		5,000	437	4,563
Supplies and materials	162,433		162,433	103,076	59,357
Other objects	93,186	(20,000)	73,186	72,500	686
Transfers to cover deficit (agency funds)	50,000		50,000	50,000	
Total School-Sponsored Athletics - Inst	<u>774,006</u>		<u>774,006</u>	<u>605,592</u>	<u>168,414</u>

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

(CONTINUED TO NEXT PAGE)

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2020**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Instructional Programs - Instruction					
Salaries	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 5,000
Supplies and materials	5,000		5,000		5,000
Total Other Instructional Programs - Inst.	10,000		10,000		10,000
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - regular	75,000		75,000		75,000
Tuition county voc. school dist. - regular	686,992		686,992	686,992	
Tuition county voc. school dist. - special	154,919		154,919	154,919	
Tuition to CSSD & reg. day schools	1,123,677		1,123,677	493,196	630,481
Tuition to priv. sch. for the disabled w/i state	518,801		518,801	409,687	109,114
Tuition - state facilities	119,616		119,616	119,616	
Tuition - other	21,000		21,000	19,551	1,449
Total Undistributed Expenditures - Instruction	2,700,005		2,700,005	1,883,961	816,044
Undistributed Expenditures - Attendance & Social Work					
Salaries	46,660		46,660	38,867	7,793
Other purchased services (400-500)	100		100		100
Supplies and materials	1,000		1,000		1,000
Total Undistributed Expenditures - Attendance & Soc.	47,760		47,760	38,867	8,893
Undistributed Expenditures - Health Services					
Salaries	173,064		173,064	165,715	7,349
Purchased Professional Technical Services	30,927		30,927	20,000	10,927
Other purchased services	4,000		4,000	160	3,840
Supplies and materials	18,000		18,000	6,133	11,867
Total Undistributed Expenditures - Health Svcs.	225,991		225,991	192,008	33,983
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	82,505	4,200	86,705	36,418	50,287
Supplies and materials	100		100		100
Total Undst. Expend. - Speech, OT, PT & Related Services	82,605	4,200	86,805	36,418	50,387
Undist. Expend. - Guidance					
Salaries of other professional staff	535,910	8,500	544,410	543,890	520
Salaries of secretarial and clerical assistants	119,055	(5,500)	113,555	111,555	2,000
Other purchased prof. and tech. services	7,000	(6,000)	1,000		1,000
Supplies and materials	12,000	3,000	15,000	13,382	1,618
Total Undst. Expend. - Guidance	673,965		673,965	668,827	5,138
Undist. Expend. - Child Study Team					
Salaries of other professional staff	545,609		545,609	486,552	59,057
Salaries of secretarial and clerical assistants	87,354		87,354	41,792	45,562
Purchased professional - educ services	120,000	(23,000)	97,000	63,440	33,560
Supplies and materials	26,000		26,000	5,755	20,245
Other objects					
Total Undst. Expend. - Child Study Team	778,963	(23,000)	755,963	597,539	158,424

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

(CONTINUED TO NEXT PAGE)



**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2020**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Improvement of Instr. Services					
Salaries of supervisor of instruction	\$ 272,310	\$ (26,000)	\$ 246,310	\$ 231,844	\$ 14,466
Salaries of secretarial and clerical assistants	83,580	9,525	93,105	92,550	555
Total Undst. Expend. - Improvement of Instr. Services	355,890	(16,475)	339,415	324,394	15,021
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	158,571	14,500	173,071	124,974	48,097
Purchased professional and technical services	7,000	(7,000)			
Supplies and materials	60,000	(17,500)	42,500	35,762	6,738
Total Undst. Expend. - Educ. Media Serv./Sch. Library	225,571	(10,000)	215,571	160,736	54,835
Undist. Expend. - Instructional Staff Training Services					
Salaries of supervisor of instruction	5,000	(1,525)	3,475	3,458	17
Purchased professional - educ services	10,000	(9,000)	1,000	1,000	
Total Undst. Expend. - Instructional Staff Training Svcs.	15,000	(10,525)	4,475	4,458	17
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	242,935		242,935	227,987	14,948
Legal services	30,000	20,000	50,000	44,887	5,113
Audit Fee	30,000	10,000	40,000	28,500	11,500
Architectural/Engineering Fees	30,000	(30,000)			
Purchased technical services	35,000		35,000	28,891	6,109
Communications / telephone	85,000		85,000	84,235	765
Misc. Purchased Services	180,000		180,000	141,341	38,659
General Supplies	25,000		25,000	6,985	18,015
BOE In-House Training/Meeting Supplies	1,000		1,000		1,000
Miscellaneous expenditures	25,000		25,000	11,818	13,182
BOE Membership Dues and Fees	32,000		32,000	31,472	528
Total Undst. Expend. - Supp. Serv. General Admin.	715,935		715,935	606,116	109,819
Undist. Expend. - Supp. Serv. School Admin.					
Salaries of principals/assist. principals	686,087		686,087	674,112	11,975
Salaries of secretarial and clerical assistants	280,239		280,239	251,644	28,595
Purchased professional and technical services	65,000		65,000	1,500	63,500
Supplies and materials	60,720		60,720	26,164	34,556
Other objects	90,000		90,000	10,584	79,416
Total Undst. Expend. - Supp. Serv. School Admin.	1,182,046		1,182,046	964,004	218,042
Undist. Expend. - Central Services					
Salaries	282,763	4,100	286,863	272,548	14,315
Supplies and materials	1,500	(1,500)			
Total Undst. Expend. - Central Services	284,263	2,600	286,863	272,548	14,315
Undist. Expend. - Admin. Info. Tech.					
Purchased technical services	194,000	-	194,000	168,133	25,867
Supplies and materials	11,500	(2,600)	8,900		8,900
Total Undst. Expend. - Admin. Info. Tech.	205,500	(2,600)	202,900	168,133	34,767

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

(CONTINUED TO NEXT PAGE)

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2020**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maint. Sch. Facilities					
Salaries	\$ 290,522	\$ (28,900)	\$ 261,622	\$ 209,866	\$ 51,756
General supplies	627,407	(23,100)	604,307	535,926	68,381
Other objects	114,863	269,491	384,354	114,991	269,363
<b>Total Undst. Expend. - Required Maint. Sch. Facilities</b>	<b>1,032,792</b>	<b>217,491</b>	<b>1,250,283</b>	<b>860,783</b>	<b>389,500</b>
Undist. Expend. - Custodial Services					
Salaries	905,664	(50,000)	855,664	827,519	28,145
Purchased professional & tech. services	35,000	(35,000)			
Lease purchase pymts-energy savings impr prog	196,420		196,420	196,420	
Other purchased property services	530,000	(25,000)	505,000	502,139	2,861
Insurance	117,941	(15,000)	102,941	100,328	2,613
General supplies	150,000	(77,500)	72,500	67,437	5,063
Other objects	10,000	(5,000)	5,000	3,032	1,968
<b>Total Undst. Expend. - Custodial Services</b>	<b>1,945,025</b>	<b>(207,500)</b>	<b>1,737,525</b>	<b>1,696,875</b>	<b>40,650</b>
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	192,847		192,847	184,847	8,000
General supplies	10,000	(10,000)			
<b>Total Undst. Expend. - Care and Upkeep of Grounds</b>	<b>202,847</b>	<b>(10,000)</b>	<b>192,847</b>	<b>184,847</b>	<b>8,000</b>
Undist. Expend. - Security					
Salaries	90,000	(15,000)	75,000	45,682	29,318
Purchased professional & tech. services	225,000	15,000	240,000	239,292	708
<b>Total Undst. Expend. - Security</b>	<b>315,000</b>	<b></b>	<b>315,000</b>	<b>284,974</b>	<b>30,026</b>
<b>Total Undst. Expend. - Oper. &amp; Maint. of Plant Services</b>	<b>3,495,664</b>	<b>(9)</b>	<b>3,495,655</b>	<b>3,027,479</b>	<b>468,176</b>
Undist. Expend. - Student Transportation Services					
Salaries of Non-Instructional Aids	181,765	47,000	228,765	227,952	813
Salaries for pupil trans. (bet home & sch) - regular	686,658	(137,000)	549,658	494,725	54,933
Salaries for pupil trans. (bet home & sch) - spec ed.	69,429	72,000	141,429	141,287	142
Salaries for pupil trans. (other than bet home & sch)	150,000	(42,000)	108,000	42,734	65,266
Other purchased professional and technical services	4,000		4,000		4,000
Cleaning, repair, and maintenance services	126,137	1,000	127,137	127,127	10
Aide in Lieu - NonPublic Students	3,000	(1,000)	2,000	1,000	1,000
Aide in Lieu - Charter Schools	4,000		4,000	2,829	1,171
Contr. serv. (bet. home & sch.) - vendors	18,000		18,000	11,500	6,500
Contr. serv. (sp ed stds ) - vendors	80,000	60,000	140,000	128,876	11,124
Miscellaneous purchased services - transportation	46,406		46,406	37,636	8,770
Supplies and materials	315,000		315,000	182,310	132,690
Other objects	1,000		1,000		1,000
<b>Total Undst. Expend. - Student Transportation Services</b>	<b>1,685,395</b>	<b></b>	<b>1,685,395</b>	<b>1,397,976</b>	<b>287,419</b>

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

(CONTINUED TO NEXT PAGE)

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2020**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated Benefits - Employee Benefits					
Social security contributions	\$ 500,000	\$ -	\$ 500,000	\$ 404,019	\$ 95,981
Other retirement contributions - PERS	554,000		554,000	487,883	66,117
Unemployment compensation	15,000		15,000		15,000
Health benefits	3,702,348		3,702,348	2,996,389	705,959
Tuition reimbursement	40,000		40,000	17,134	22,866
Other employee benefits	291,274		291,274	238,933	52,341
Unused sick payments to terminated/retired staff	590,011	(15,991)	574,020	398,113	175,907
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>5,692,633</b>	<b>(15,991)</b>	<b>5,676,642</b>	<b>4,542,471</b>	<b>1,134,171</b>
On-behalf TPAF NCGI pension contributions (non-budgeted)				2,499,957	(2,499,957)
On-behalf TPAF Post Retirement Medical contributions (non-budgeted)				927,438	(927,438)
On-behalf TPAF Pension LTDI (non-budgeted)				872	(872)
Reimbursed TPAF social security contributions (non-bud.)				871,777	(871,777)
<b>Total Undistributed Expenditures - TPAF</b>				<b>4,300,044</b>	<b>(4,300,044)</b>
<b>Total Undistributed Expenditures</b>	<b>18,367,186</b>	<b>(71,800)</b>	<b>18,295,386</b>	<b>19,185,979</b>	<b>(890,593)</b>
<b>Total General Current Expense</b>	<b>31,530,386</b>	<b>(75,000)</b>	<b>31,455,386</b>	<b>31,061,036</b>	<b>394,350</b>
<b>EXPENDITURES:</b>					
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Undist. expenditures - instruction	125,000		125,000	57,165	67,835
Undist. expenditures - admin info tech	50,000		50,000		50,000
Undist. expenditures - required maint for school fac	675,000		675,000	310,712	364,288
Undist. expenditures - care and upkeep of grounds	12,000		12,000	8,445	3,555
Undist. expenditures - security	75,000	(75,000)			
School buses - regular	235,000	75,000	310,000	64,063	245,937
<b>Total equipment</b>	<b>1,172,000</b>		<b>1,172,000</b>	<b>440,385</b>	<b>731,615</b>
Facilities acquisition and construction services:					
Architectural and engineering services	215,000	(68,000)	147,000	137,837	9,163
Construction services	1,046,813	68,000	1,114,813	1,092,676	22,137
SDA assessment	58,848		58,848	58,848	
<b>Total Facilities acquisition and construction services</b>	<b>1,320,661</b>		<b>1,320,661</b>	<b>1,289,361</b>	<b>31,300</b>
Assets acquired under capital leases (non-budgeted):					
Instructional equipment				88,745	(88,745)
<b>Total facilities acquisition and construction services</b>				<b>88,745</b>	<b>(88,745)</b>
<b>Total Capital Outlay</b>	<b>2,492,661</b>		<b>2,492,661</b>	<b>1,818,491</b>	<b>674,170</b>
Transfer of funds to Charter Schools	58,467		58,467	42,831	15,636
<b>Total Expenditures</b>	<b>\$ 34,081,514</b>	<b>\$ (75,000)</b>	<b>\$ 34,006,514</b>	<b>\$ 32,922,358</b>	<b>\$ 1,084,156</b>

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

(CONTINUED TO NEXT PAGE)

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2020**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures:	\$ (3,149,676)	\$ 75,000	\$ (3,074,676)	\$ 2,710,322	\$ 5,784,998
Other Financing Sources (Uses):					
Proceeds of Capital Leases				88,745	88,745
Operating transfer out - Enterprise Fund	(150,000)	(75,000)	(225,000)	(225,000)	
Total Other Financing Sources (Uses):	(150,000)	(75,000)	(225,000)	(136,255)	88,745
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(3,299,676)		(3,299,676)	2,574,067	5,873,743
Fund Balance, July 1	10,918,493		10,918,493	10,918,493	
Fund Balance, June 30	\$ 7,618,817	\$ -	\$ 7,618,817	\$ 13,492,560	\$ 5,873,743
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Excess Surplus				\$ 2,170,285	
Excess Surplus - Designated for Subsequent Years Expenditures				2,025,269	
Capital Reserve				6,107,338	
Maintenance Reserve Account				1,894,946	
Assigned Fund Balance					
Year-end Encumbrances				668,294	
Unassigned Fund Balance				626,428	
				13,492,560	
Last State Aid Payment not Recognized on a GAAP Basis				(819,837)	
Fund Balance per Governmental Funds (GAAP)				\$ 12,672,723	

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

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**Fiscal Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual
<b>REVENUES:</b>					
Federal sources	\$ 693,788	\$ 446,884	\$ 1,140,672	\$ 856,453	\$ 284,219
Local sources		21,369	21,369	4,779	16,590
Total revenues	<u>693,788</u>	<u>468,253</u>	<u>1,162,041</u>	<u>861,232</u>	<u>300,809</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	287,652	(60,816)	226,836	216,330	10,506
Purchased professional - tech. services		1,221	1,221		1,221
Other purchased services		10,000	10,000	3,292	6,708
Tuition	296,227	97,269	393,496	393,496	
General supplies	47,507	122,598	170,105	39,704	130,401
Other Objects					
Total instruction	<u>631,386</u>	<u>170,272</u>	<u>801,658</u>	<u>652,822</u>	<u>148,836</u>
Support services:					
Other salaries	62,402	17,195	79,597	73,897	5,700
Personal services - employee benefits		88,746	88,746	87,487	1,259
Other purchased professional and technical services		17,259	17,259	13,563	3,696
Supplies and materials		146,010	146,010	4,692	141,318
Total support services	<u>62,402</u>	<u>269,210</u>	<u>331,612</u>	<u>179,639</u>	<u>151,973</u>
Facilities acquisition and construction services:					
Instructional equipment		28,771	28,771	28,771	
Non-Instructional equipment					
Total facilities acq. and const. services		<u>28,771</u>	<u>28,771</u>	<u>28,771</u>	
Total expenditures	<u>693,788</u>	<u>468,253</u>	<u>1,162,041</u>	<u>861,232</u>	<u>300,809</u>
Total outflows	<u>693,788</u>	<u>468,253</u>	<u>1,162,041</u>	<u>861,232</u>	<u>300,809</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Lower Cape May Regional School District  
Notes to Required Supplementary Information  
Budgetary Comparison**

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 35,632,680	\$ 861,232
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	789,988	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(819,837)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 35,602,831	\$ 861,232
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 32,922,358	\$ 861,232
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 32,922,358	\$ 861,232

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

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

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportionate share of the net pension liability (asset)	0.0490690174%	0.0509456880%	0.0521983537%	0.0521558363%	0.0515344434%	0.0509829395%	0.0540262820%
District's proportionate share of the net pension liability (asset)	\$ 8,841,493	\$ 10,030,852	\$ 12,150,942	\$ 15,447,063	\$ 11,568,450	\$ 9,545,401	\$ 10,325,496
District's covered-employee payroll	3,472,867	3,451,162	3,495,477	3,508,347	3,044,487	3,510,447	3,503,440
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	254.59%	290.65%	347.62%	440.29%	379.98%	271.91%	294.72%
Plan fiduciary net position as a percentage of the total pension liability	42.04%	40.45%	36.78%	31.20%	38.21%	42.74%	40.71%

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



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

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

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

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

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.1147785714%	0.1148710601%	0.1159116181%	0.1161126960%	0.1140028253%	0.1182919999%	0.1192847401%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 70,440,693	\$ 73,078,501	\$ 78,151,793	\$ 91,341,640	\$ 72,054,654	\$ 63,223,224	\$ 60,285,569
Total	<u>\$ 70,440,693</u>	<u>\$ 73,078,501</u>	<u>\$ 78,151,793</u>	<u>\$ 91,341,640</u>	<u>\$ 72,054,654</u>	<u>\$ 63,223,224</u>	<u>\$ 60,285,569</u>
District's covered-employee payroll	11,972,316	12,033,255	12,109,799	12,165,694	11,902,621	11,300,558	11,278,002
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the District**  
**and Changes in the Total OPEB Liability and Related Ratios**  
**Public Employee's Retirement System and Teachers' Pension and Annuity Fund**  
**Last Three Fiscal Years**

	June 30, 2020	June 30, 2019	June 30, 2018
State's proportion of the net OPEB liability (asset) associated with the District	0.14%	0.14%	0.14%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	57,833,265	64,791,077	77,683,368
<b>Total proportionate share of the net OPEB liability (asset) associated with the District</b>	<b>\$ 57,833,265</b>	<b>\$ 64,791,077</b>	<b>\$ 77,683,368</b>
Plan fiduciary net position as a percentage of the total OPEB Liability	0.00%	0.00%	0.00%
	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB Liability</b>			
Service Cost	\$ 2,009,465	\$ 2,338,255	\$ 2,812,991
Interest	2,552,163	2,835,098	2,449,434
Changes of assumptions and other inputs	(9,796,756)	(16,393,032)	(9,838,497)
Member Contributions	52,625	59,878	66,255
Benefit payments	(1,775,309)	(1,732,490)	(1,799,312)
<b>Net Change in total OPEB Liability</b>	<b>(6,957,812)</b>	<b>(12,892,291)</b>	<b>(6,309,129)</b>
<b>Total OPEB Liability - beginning</b>	<b>64,791,077</b>	<b>77,683,368</b>	<b>83,992,497</b>
<b>Total OPEB Liability - ending</b>	<b>\$ 57,833,265</b>	<b>\$ 64,791,077</b>	<b>\$ 77,683,368</b>
District's covered-employee payroll	15,445,183	15,484,417	15,605,276
Total OPEB Liability as a percentage of covered-employee payroll	374.44%	418.43%	497.80%

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

**Lower Cape May Regional School District  
Notes to Required Supplementary Information – Part III  
For the Fiscal Year Ended June 30, 2020**

**Teacher’s Pension and Annuity Fund (TPAF)**

*Changes of benefit term:* There were none.

*Changes of assumptions:* The discount rate changed to 5.60% as of June 30, 2019 from 4.86% as of June 30, 2018 and the long-term rate of return remained at 7.00%.

**Public Employees’ Retirement System (PERS)**

*Changes of benefit term:* There were none.

*Changes of assumptions:* The discount rate changed to 6.28% as of June 30, 2019 from 5.66% as of June 30, 2018 and the long-term rate of return remained at 7.00%.

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

*Changes of benefit term:* There were none.

*Changes of assumptions:* The discount rate changed to 3.50% as of June 30, 2019 from 3.87% as of June 30, 2018.

Other Supplementary Information

Special Revenue Fund

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Statement of Revenues and Expenditures**  
**Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2020**

	Brought Forward (Exh. E-1B)	Brought Forward (Exh. E-1C)	Totals
<b>REVENUES:</b>			
State sources			
Federal sources	\$ 856,453	\$ -	\$ 856,453
Local sources		4,779	4,779
Total Revenues	<u>856,453</u>	<u>4,779</u>	<u>861,232</u>
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of teachers	214,880	1,450	216,330
Other purchased services		3,292	3,292
General supplies	39,704		39,704
Tuition	393,496		393,496
Total instruction	<u>648,080</u>	<u>4,742</u>	<u>652,822</u>
Support services:			
Other salaries	73,897		73,897
Personal services-employee benefits	87,487		87,487
Other purchased professional and technical serv.	13,563		13,563
Supplies and materials	4,655	37	4,692
Total support services	<u>179,602</u>	<u>37</u>	<u>179,639</u>
Facilities acquisition and const. serv.:			
Instructional equipment	28,771		28,771
Total facilities acquisition and const. serv.:	<u>28,771</u>		<u>28,771</u>
Total Expenditures	<u>856,453</u>	<u>4,779</u>	<u>861,232</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u><u>                    </u></u>	<u><u>                    </u></u>	<u><u>                    </u></u>

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT  
Special Revenue Fund  
Combining Statement of Revenues and Expenditures  
Budgetary Basis  
for the Fiscal Year Ended June 30, 2020**

	No Child Left Behind (N.C.L.B.)							Totals
	Title I Current Yr.	Title I-SIA Current Yr.	Title II - Part A Current Yr.	Title IV Current Yr.	IDEA Basic Current Yr.	CARES Act	Carl Perkins Grant	
<b>REVENUES:</b>								
Federal sources	\$ 322,166	\$ 3,691	\$ 53,152	\$ 11,837	\$ 393,496	\$ 10,578	\$ 61,533	\$ 856,453
Total Revenues	<u>322,166</u>	<u>3,691</u>	<u>53,152</u>	<u>11,837</u>	<u>393,496</u>	<u>10,578</u>	<u>61,533</u>	<u>856,453</u>
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of teachers	214,880							214,880
General supplies	3,075			2,979		10,578	23,072	39,704
Tuition					393,496			393,496
Total instruction	<u>217,955</u>			<u>2,979</u>	<u>393,496</u>	<u>10,578</u>	<u>23,072</u>	<u>648,080</u>
Support services:								
Other salaries	21,550	2,667	35,770	4,910			9,000	73,897
Personal services-employee benefits	82,661	1,024	2,736	376			690	87,487
Other purchased professional and technical serv.			12,163	1,400				13,563
Supplies and materials			2,483	2,172				4,655
Total support services	<u>104,211</u>	<u>3,691</u>	<u>53,152</u>	<u>8,858</u>			<u>9,690</u>	<u>179,602</u>
Facilities acquisition and const. serv.:								
Instructional equipment							28,771	28,771
Total facilities acquisition and const. serv.:							<u>28,771</u>	<u>28,771</u>
Total Expenditures	<u>322,166</u>	<u>3,691</u>	<u>53,152</u>	<u>11,837</u>	<u>393,496</u>	<u>10,578</u>	<u>61,533</u>	<u>856,453</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)								



**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Statement of Revenues and Expenditures**  
**Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2020**

	Sustainable Jersey Grant	RWJ Grant	Totals
<b>REVENUES:</b>			
Local sources	\$ 3,292	\$ 1,487	\$ 4,779
Total Revenues	3,292	1,487	4,779
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of teachers		1,450	1,450
Other purchased services (400-500)	3,292		3,292
Total instruction	3,292	1,450	4,742
Support services:			
Supplies and materials		37	37
Total support services		37	37
Total Expenditures	3,292	1,487	4,779
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)			

Capital Projects Fund  
Detail Statements

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budgetary Basis**  
**For the Fiscal Year ended June 30, 2020**

**Revenues and Other Financing Sources:**

Proceeds of serial bonds	\$ -	
Interest earned on investments	3,169	
Total revenues and other financing sources	3,169	

**Expenditures and Other Financing (Uses):**

Purchased professional services	-	
Construction services	3,053	
Equipment	-	
Other objects	-	
Transfer to Debt Service Fund	3,169	
Total expenditures and other financing (uses)	6,222	
Excess (deficiency) or revenues over (under) expenditures	(3,053)	
Fund Balance - July 1, 2019	167,697	
Fund Balance - June 30, 2020	\$ 164,644	

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Statement of Project Revenues, Expenditures, Project Balance,**  
**and Project Status - Budgetary Basis**  
**Construction and Various Improvements to the District's Facilities**  
**From Inception and for the Fiscal Year ended June 30, 2020**

	Prior Periods	Current Year	Total	Revised Authorized Costs
<b>Revenues and Other Financing Sources:</b>				
Bond proceeds	\$ 6,367,000	\$ -	\$ 6,367,000	\$ 6,367,000
Total revenues	6,367,000		6,367,000	6,367,000
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional services	524,541	-	524,541	524,541
Construction services	5,674,762	3,053	5,677,815	5,677,815
Equipment			-	-
Other Objects			-	-
Total expenditures	6,199,303	3,053	6,202,356	6,202,356
Excess (deficiency) or revenues over (under) expenditures	\$ 167,697	\$ (3,053)	\$ 164,644	\$ 164,644
<b>Additional project information:</b>				
Bond Authorization Date	01/26/16			
Bonds Authorized	\$ 6,367,963			
Bonds Issued	\$ 6,367,963			
Original Authorized Cost	\$ 6,367,963			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 6,367,963			
Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage Completion	10.00%			
Original target completion date	07/31/17			
Revised target completion date	N/A			

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Capital Projects Fund**  
 Summary Statement of Project Expenditures  
 Year Ended June 30, 2020

---

<u>Issue/Project Title</u>	<u>Date Authorized</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Unexpended Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>		
Various Improvements to School Facilities	1/26/2016	\$ 6,367,000	\$ 6,199,303	\$ 3,053		\$ 164,644
		<u>\$ 6,367,000</u>	<u>\$ 6,199,303</u>	<u>\$ 3,053</u>		<u>\$ 164,644</u>

Proprietary Funds

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**

**Enterprise Funds**

Statement of Net Position

as of June 30, 2020

---

	Total
<b>ASSETS:</b>	
Current assets:	
Cash and cash equivalents	\$ 38,081
Accounts receivable:	
State	213
Federal	22,098
Inventories	18,474
Total current assets	78,866
Fixed assets:	
Equipment	186,495
Less Accumulated depreciation	(156,751)
Total fixed assets	29,744
Total assets	108,610
<b>LIABILITIES:</b>	
Current liabilities:	
Interfund payable	5,000
Total current liabilities	5,000
<b>NET POSITION:</b>	
Net investment in capital assets	29,744
Unrestricted	73,866
Total net position	\$ 103,610

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Enterprise Funds**

Statement of Revenues, Expenses and Changes in Fund Net Position  
for the Fiscal Year ended June 30, 2020

	Total
<b>OPERATING REVENUES:</b>	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	\$ 95,373
Total-daily sales-reimbursable programs	95,373
Daily sales non-reimbursable programs:	
Adult and AlaCarte meals	122,815
Total operating revenue	218,188
<b>OPERATING EXPENSES:</b>	
Salaries	374,397
Employee benefits	215,416
Supplies and materials	8,949
Purchased professional services	3,206
Depreciation	3,355
Cost of sales - reimbursable programs	179,116
Cost of sales - nonreimbursable programs	49,569
Miscellaneous	838
Total operating expenses	834,846
Operating income (loss)	(616,658)
<b>Non-operating revenues:</b>	
State sources:	
State school lunch program	4,805
Federal sources:	
National school lunch program	217,066
National school breakfast program	126,540
U.S.D.A. commodities	43,103
Operating transfer in	225,000
Interest revenue	1,140
Total non-operating revenues	617,654
Net income (loss)	996
<b>Other Financing Sources and Uses:</b>	
Disposal of fixed assets	19,101
Change in net position	(18,105)
Total net position - July 1	121,715
Total net position - June 30	\$ 103,610



**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Enterprise Funds**  
Statement of Cash Flows  
for the Fiscal Year ended June 30, 2020

	Total
Cash flows from operating activities:	
Cash receipts from customers	\$ 218,425
Cash payments to employees for services	(589,813)
Cash payments to suppliers for goods and services	(199,568)
Net cash used by operating activities	(570,956)
Cash flows from noncapital financing activities:	
Board contribution	225,000
Cash received from state and federal reimbursements	343,200
Net cash provided by noncapital financing activities	568,200
Cash flows from capital financing activities:	
Purchases of fixed assets	-
Net cash used by capital financing activities	-
Cash flows from investing activities:	
Interest on investments	1,140
Net cash provided by investing activities	1,140
Net increase (decrease) in cash and cash equivalents	(1,616)
Cash and cash equivalents, July 1	39,697
Cash and cash equivalents, June 30	\$ 38,081
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (616,658)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	3,355
Federal commodities	43,103
Change in assets and liabilities:	
(Increase)/decrease in inventory	(361)
(Increase)/decrease in accounts receivable	237
Increase (decrease) in accounts payable	(632)
Increase/(decrease) in unearned revenue	-
Net cash used by operating activities	\$ (570,956)

Fiduciary Funds

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Fiduciary Funds**  
Combining Statement of Net Position  
June 30, 2020

	<u>Agency Funds</u>		<u>Private Purpose Trust Fund</u>	<u>Unemployment Compensation Insurance Trust</u>	<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Scholarship Funds</u>		
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 263,565	\$ 12,654	\$ 1,164	\$ 178,930	\$ 456,313
Interfund receivable	-	-	5,000	-	5,000
<b>TOTAL ASSETS</b>	<b><u>\$ 263,565</u></b>	<b><u>\$ 12,654</u></b>	<b><u>\$ 6,164</u></b>	<b><u>\$ 178,930</u></b>	<b><u>\$ 461,313</u></b>
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 19,210	\$ 19,210
Payroll deductions and withholdings	-	-	-	11,380	11,380
Interfund payable	-	12,654	-	-	12,654
Due to student groups	263,565	-	-	-	263,565
<b>Total liabilities</b>	<b><u>263,565</u></b>	<b><u>12,654</u></b>	<b><u>-</u></b>	<b><u>30,590</u></b>	<b><u>306,809</u></b>
<b>NET POSITION:</b>					
Restricted for:					
Unemployment claims	-	-	-	148,340	148,340
Scholarship payments	-	-	6,164	-	6,164
<b>Total net position</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 6,164</u></b>	<b><u>\$ 148,340</u></b>	<b><u>\$ 154,504</u></b>

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Fiduciary Fund**  
Combining Statement of Changes in Fiduciary Net Position  
for the Fiscal Year ended June 30, 2020

	Private Purpose Trust Fund <u>Scholarship Funds</u>	Unemployment Compensation Insurance Trust Fund	<u>Total</u>
<b>REVENUES:</b>			
Local sources:			
Employee withholdings	\$ -	\$ 27,228	\$ 27,228
Interest on Investments	86	3,076	3,162
<b>Total Revenues</b>	<u>86</u>	<u>30,304</u>	<u>30,390</u>
<b>EXPENDITURES:</b>			
Current Expense:			
Undistributed Expenditures:			
Unemployment claims	-	32,424	32,424
Scholarship payments	6,593	-	6,593
<b>Total Expenditures</b>	<u>6,593</u>	<u>32,424</u>	<u>39,017</u>
Change in net position	(6,507)	(2,120)	(8,627)
Total net position - July 1	<u>12,671</u>	<u>150,460</u>	<u>163,131</u>
Total net position - June 30	<u>\$ 6,164</u>	<u>\$ 148,340</u>	<u>\$ 154,504</u>

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Student Activity Agency Fund**  
 Schedule of Receipts and Disbursements  
 for the Fiscal Year ended June 30, 2020

---

	<u>Balance</u> <u>July 1, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u> <u>June 30, 2020</u>	<u>Balance</u> <u>June 30, 2020</u>
<b>JUNIOR/SENIOR HIGH SCHOOLS:</b>					
Lower Cape May Regional:					
Activities	\$ 226,490	\$ 367,147	\$ 337,953	\$ -	\$ 255,684
Athletic	<u>623</u>	<u>58,690</u>	<u>51,432</u>	<u>-</u>	<u>7,881</u>
Total	<u>\$ 227,113</u>	<u>\$ 425,837</u>	<u>\$ 389,385</u>	<u>\$ -</u>	<u>\$ 263,565</u>

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Payroll Agency Fund**  
 Schedule of Receipts and Disbursements  
 for the Fiscal Year ended June 30, 2020

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 13,870	\$ 19,568,313	\$ 19,569,529	\$ 12,654
Total assets	<u>\$ 13,870</u>	<u>\$ 19,568,313</u>	<u>\$ 19,569,529</u>	<u>\$ 12,654</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	\$ 5,486	\$ 8,721,191	\$ 8,726,677	\$ -
Net payroll		10,840,391	10,840,391	
Interfund payable	<u>8,384</u>	<u>6,731</u>	<u>2,461</u>	<u>12,654</u>
Total liabilities	<u>\$ 13,870</u>	<u>\$ 19,568,313</u>	<u>\$ 19,569,529</u>	<u>\$ 12,654</u>

## Long-Term Debt Schedules

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**General Long-Term Debt Account Group**  
 Statement of Serial Bonds  
 June 30, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities		Rate of Interest	Balance July 1, 2019	Issued	Retired	Balance June 30, 2020
			Date	Amount					
Refunding Bonds	10/15/2009	\$ 7,215,000	06/01/2021	\$ 730,000	4.00%	\$ 2,185,000	\$ -	\$ 735,000	\$ 1,450,000
			06/01/2022	720,000	4.00%				
School Bonds	3/15/2016	6,367,000	03/01/2021	200,000	2.00%	5,967,000		200,000	5,767,000
			03/01/2022	200,000	2.00%				
			03/01/2023	400,000	2.00%				
			03/01/2024	400,000	2.00%				
			03/01/2025	400,000	2.00%				
			03/01/2026	400,000	2.50%				
			03/01/2027	400,000	3.00%				
			03/01/2028	400,000	3.00%				
			03/01/2029	400,000	3.00%				
			03/01/2030	400,000	3.00%				
			03/01/2031	400,000	3.00%				
			03/01/2032	400,000	3.00%				
			03/01/2033	400,000	3.00%				
			03/01/2034	400,000	3.00%				
			03/01/2035	350,000	3.00%				
			03/01/2036	217,000	3.00%				
			Total						
						<u>\$ 8,152,000</u>	<u>\$ -</u>	<u>\$ 935,000</u>	<u>\$ 7,217,000</u>



**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**General Long-Term Debt Account Group**  
Statement of Obligations Under Capital Leases  
June 30, 2020

Series	Interest Rate Payable	Amount of Original Issue	Amount Outstanding July 1, 2019	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2020
Energy Program	2.33%	\$ 2,931,725	\$ 2,073,346	\$ -	\$ 148,974	\$ 1,924,372
Dell Chromebooks	2.82%	185,519	61,774		61,774	
Dell Chromebooks	5.79%	103,226	34,373		34,373	
Dell Chromebooks	5.38%	73,746	47,866		23,306	24,560
Dell Chromebooks	5.38%	88,745	<u>                    </u>	<u>88,745</u>	<u>31,144</u>	<u>57,601</u>
			<u>\$ 2,217,359</u>	<u>\$ 88,745</u>	<u>\$ 299,571</u>	<u>\$ 2,006,533</u>

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**Fiscal Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 1,172,708	\$ -	\$ 1,172,708	\$ 1,172,708	\$ -
Miscellaneous				1	1
Total revenues - local sources	<u>1,172,708</u>	<u>-</u>	<u>1,172,708</u>	<u>1,172,709</u>	<u>1</u>
State sources:					
Debt service aid type II	68,162		68,162	68,162	
Total revenues - state sources	<u>68,162</u>	<u>-</u>	<u>68,162</u>	<u>68,162</u>	<u>-</u>
Total Revenues	<u>1,240,870</u>		<u>1,240,870</u>	<u>1,240,871</u>	<u>1</u>
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	306,410		306,410	246,410	60,000
Redemption of principal	935,000		935,000	935,000	
Total Expenditures	<u>1,241,410</u>		<u>1,241,410</u>	<u>1,181,410</u>	<u>60,000</u>
Excess (Deficiency) of revenues over (under) expenditures	(540)		(540)	59,461	60,001
Other Financing Sources (Uses):					
Operating transfer in				3,169	3,169
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,169</u>	<u>3,169</u>
Excess (Deficiency) of revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(540)		(540)	62,630	63,170
Fund Balances, July 1	<u>2,647</u>		<u>2,647</u>	<u>2,647</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 2,107</u>	<u>\$ -</u>	<u>\$ 2,107</u>	<u>\$ 65,277</u>	<u>\$ 63,170</u>
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	<u>\$ (540)</u>	<u>\$ -</u>	<u>\$ (540)</u>	<u>\$ 62,630</u>	<u>\$ 63,170</u>

**Statistical Section**

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

**Exhibit J-1**

	<b>Fiscal Year Ending June 30,</b>									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 11,495,947	\$ 12,182,168	\$ 12,766,618	\$ 12,131,485	\$ 9,628,492	\$ 3,689,154	\$ 4,285,902	\$ 11,333,298	\$ 11,739,758	\$ 12,232,679
Restricted for:	-	-	-	-	-	-	-	-	-	-
Capital projects	11,824	21,919	11,979	112,039	612,345	7,702,751	5,040,940	4,964,177	4,395,136	6,271,982
Special revenue	-	-	-	-	-	-	-	-	-	-
Debt service	268,362	267,368	267,367	-	6,752	7,729	4,838	4,401	2,647	65,277
Other purposes	622,639	2,080,378	2,038,004	2,306,454	3,332,159	4,854,574	5,905,708	5,875,371	6,040,091	6,778,794
Unrestricted	(1,486,090)	(1,622,792)	(1,795,299)	(1,716,489)	(11,833,999)	(12,154,051)	(13,561,376)	(13,880,364)	(13,550,438)	(13,516,311)
<b>Total governmental activities net position</b>	<b>\$ 10,912,682</b>	<b>\$ 12,929,041</b>	<b>\$ 13,288,669</b>	<b>\$ 12,833,489</b>	<b>\$ 1,745,749</b>	<b>\$ 4,100,157</b>	<b>\$ 1,676,012</b>	<b>\$ 8,296,883</b>	<b>\$ 8,627,194</b>	<b>\$ 11,832,421</b>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 38,089	\$ 32,836	\$ 27,583	\$ 27,559	\$ 24,195	\$ 23,029	\$ 19,214	\$ 17,840	\$ 52,200	\$ 29,744
Unrestricted	13,933	58,563	50,154	36,459	24,470	50,576	55,605	36,760	69,515	73,866
<b>Total business-type activities net position</b>	<b>\$ 52,022</b>	<b>\$ 91,399</b>	<b>\$ 77,737</b>	<b>\$ 64,018</b>	<b>\$ 48,665</b>	<b>\$ 73,605</b>	<b>\$ 74,819</b>	<b>\$ 74,600</b>	<b>\$ 121,715</b>	<b>\$ 103,610</b>
<b>District-wide:</b>										
Net investment in capital assets	\$ 11,534,036	\$ 12,215,004	\$ 12,794,201	\$ 12,159,044	\$ 9,652,687	\$ 3,712,183	\$ 4,305,116	\$ 11,351,138	\$ 11,791,958	\$ 12,262,423
Restricted:										
Capital projects	11,824	21,919	11,979	112,039	612,345	7,702,751	5,040,940	4,964,177	4,395,136	6,271,982
Special revenue	-	-	-	-	-	-	-	-	-	-
Debt service	268,362	267,368	267,367	-	6,752	7,729	4,838	4,401	2,647	65,277
Other purposes	622,639	2,080,378	2,038,004	2,306,454	3,332,159	4,854,574	5,905,708	5,875,371	6,040,091	6,778,794
Unrestricted	(1,472,157)	(1,564,229)	(1,745,145)	(1,680,030)	(11,809,529)	(12,103,475)	(13,505,771)	(13,823,604)	(13,480,923)	(13,442,445)
<b>Total district net position</b>	<b>\$ 10,964,704</b>	<b>\$ 13,020,440</b>	<b>\$ 13,366,406</b>	<b>\$ 12,897,507</b>	<b>\$ 1,794,414</b>	<b>\$ 4,173,762</b>	<b>\$ 1,750,831</b>	<b>\$ 8,371,483</b>	<b>\$ 8,748,909</b>	<b>\$ 11,936,031</b>

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

**Exhibit J-2**

	<b>Fiscal Year Ending June 30,</b>									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses:</b>										
Governmental activities:										
Instruction:										
Regular	\$ 10,002,765	\$ 9,542,650	\$ 9,840,839	\$ 10,549,770	\$ 10,012,727	\$ 10,096,876	\$ 9,936,892	\$ 10,482,239	\$ 10,294,527	\$ 10,074,641
Special education	3,409,275	2,846,667	2,174,703	2,573,801	2,578,098	2,552,234	2,496,784	2,385,277	2,417,440	2,477,619
Other instruction	703,005	802,021	807,053	805,687	812,076	816,489	872,375	925,136	930,884	786,995
Support Services:										
Tuition	2,253,954	2,023,446	2,903,704	2,708,703	3,038,667	2,370,107	2,475,403	2,259,197	2,493,725	1,883,961
Student & instruction related services	2,249,542	2,330,130	2,139,842	2,094,724	2,101,476	2,045,574	2,098,765	2,070,005	2,105,990	2,115,399
School administrative services	975,310	908,336	1,000,202	1,277,459	966,060	1,125,975	1,039,111	1,024,419	957,221	964,004
General and business administrative services	1,085,092	954,278	888,459	880,749	968,094	861,056	1,036,641	1,200,649	1,312,336	1,190,161
Plant operations and maintenance	2,494,661	2,736,751	3,073,300	3,229,918	5,795,676	3,023,197	6,796,009	(512,570)	5,557,719	4,370,945
Pupil transportation	1,321,877	1,393,584	1,490,083	1,503,109	1,376,761	1,339,556	1,358,762	1,471,180	1,510,251	1,397,976
Business and other support services										
Unallocated employee benefits	5,410,186	5,999,682	6,948,499	6,549,029	6,768,916	7,480,247	9,146,323	18,437,912	15,709,586	13,661,372
Special schools	19,225	25,022	60,441	41,664	32,644	23,644				
Charter schools	-	-	-	-	-	-	62,856	28,141	52,895	42,831
Interest on long-term debt	381,877	328,873	282,100	232,748	209,409	232,501	324,326	303,327	273,460	242,626
Unallocated depreciation	139,056	51,682	29,763	88,007	31,733	34,053	33,089	46,938	66,593	47,788
Total governmental activities expenses	<u>\$ 30,445,825</u>	<u>\$ 29,943,122</u>	<u>\$ 31,638,988</u>	<u>\$ 32,535,368</u>	<u>\$ 34,692,337</u>	<u>\$ 32,001,509</u>	<u>\$ 37,677,336</u>	<u>\$ 40,121,850</u>	<u>\$ 43,682,627</u>	<u>\$ 39,256,318</u>
Business-type activities:										
Food service	1,021,039	979,085	971,152	966,178	964,123	953,238	928,012	941,884	917,900	834,846
Total business-type activities expense	<u>1,021,039</u>	<u>979,085</u>	<u>971,152</u>	<u>966,178</u>	<u>964,123</u>	<u>953,238</u>	<u>928,012</u>	<u>941,884</u>	<u>917,900</u>	<u>834,846</u>
Total district expenses	<u>\$ 31,466,864</u>	<u>\$ 30,922,207</u>	<u>\$ 32,610,140</u>	<u>\$ 33,501,546</u>	<u>\$ 35,656,460</u>	<u>\$ 32,954,747</u>	<u>\$ 38,605,348</u>	<u>\$ 41,063,734</u>	<u>\$ 44,600,527</u>	<u>\$ 40,091,164</u>
<b>Program Revenues:</b>										
Governmental activities:										
Operating grants and contributions	\$ 3,099,000	\$ 2,983,149	\$ 3,568,375	\$ 3,224,843	\$ 3,366,499	\$ 3,795,741	\$ 4,141,326	\$ 15,155,551	\$ 12,162,677	\$ 10,139,718
Total governmental activities program revenues	<u>3,099,000</u>	<u>2,983,149</u>	<u>3,568,375</u>	<u>3,224,843</u>	<u>3,366,499</u>	<u>3,795,741</u>	<u>4,141,326</u>	<u>15,155,551</u>	<u>12,162,677</u>	<u>10,139,718</u>

(Continued)

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

**Exhibit J-2**

	<b>Fiscal Year Ending June 30,</b>									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Business-type activities:</b>										
Charges for services:										
Food service	\$ 443,652	\$ 453,884	\$ 408,018	\$ 385,247	\$ 366,411	\$ 344,221	\$ 352,828	\$ 327,743	\$ 312,369	\$ 218,188
Operating grants and contributions	370,726	399,491	361,430	401,359	398,183	429,320	442,666	466,056	494,855	391,514
Capital grants and contributions										
Total business type activities program revenues	<u>814,378</u>	<u>853,375</u>	<u>769,448</u>	<u>786,606</u>	<u>764,594</u>	<u>773,541</u>	<u>795,494</u>	<u>793,799</u>	<u>807,224</u>	<u>609,702</u>
Total district program revenues	<u>\$ 3,913,378</u>	<u>\$ 3,836,524</u>	<u>\$ 4,337,823</u>	<u>\$ 4,011,449</u>	<u>\$ 4,131,093</u>	<u>\$ 4,569,282</u>	<u>\$ 4,936,820</u>	<u>\$ 15,949,350</u>	<u>\$ 12,969,901</u>	<u>\$ 10,749,420</u>
<b>Net (Expense)/Revenue:</b>										
Governmental activities	\$ (27,346,825)	\$ (26,959,973)	\$ (28,070,613)	\$ (29,310,525)	\$ (31,325,838)	\$ (28,205,768)	\$ (33,536,010)	\$ (24,966,299)	\$ (31,519,950)	\$ (29,116,600)
Business-type activities	(206,661)	(125,710)	(201,704)	(179,572)	(199,529)	(179,697)	(132,518)	(148,085)	(110,676)	(225,144)
Total district-wide net expense	<u>\$ (27,553,486)</u>	<u>\$ (27,085,683)</u>	<u>\$ (28,272,317)</u>	<u>\$ (29,490,097)</u>	<u>\$ (31,525,367)</u>	<u>\$ (28,385,465)</u>	<u>\$ (33,668,528)</u>	<u>\$ (25,114,384)</u>	<u>\$ (31,630,626)</u>	<u>\$ (29,341,744)</u>
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 17,432,098	\$ 17,780,740	\$ 18,136,355	\$ 18,499,082	\$ 19,167,844	\$ 19,551,199	\$ 19,942,222	\$ 20,341,066	\$ 20,747,887	\$ 21,792,882
Taxes levied for debt service	1,427,947	1,418,460	1,256,338	961,534	1,088,238	787,800	910,605	1,051,998	1,069,227	1,172,708
Unrestricted grants and contributions	8,977,954	9,730,774	9,135,635	9,415,816	9,758,588	9,833,476	10,032,655	9,922,931	9,681,620	8,859,228
Miscellaneous income	231,301	211,358	179,700	144,723	325,987	592,313	360,068	419,000	508,557	722,009
Transfers	(193,000)	(165,000)	(188,000)	(165,810)	(184,140)	(204,612)	(133,685)	(147,825)	(157,030)	(225,000)
Total governmental activities	<u>27,876,300</u>	<u>28,976,332</u>	<u>28,520,028</u>	<u>28,855,345</u>	<u>30,156,517</u>	<u>30,560,176</u>	<u>31,111,865</u>	<u>31,587,170</u>	<u>31,850,261</u>	<u>32,321,827</u>
Business-type activities:										
Investment earnings	108	87	42	43	36	25	47	41	761	1,140
Disposal of fixed assets	-	-	-	-	-	-	-	-	-	(19,101)
Transfers	193,000	165,000	188,000	165,810	184,140	204,612	133,685	147,825	157,030	225,000
Total business-type activities	<u>193,108</u>	<u>165,087</u>	<u>188,042</u>	<u>165,853</u>	<u>184,176</u>	<u>204,637</u>	<u>133,732</u>	<u>147,866</u>	<u>157,791</u>	<u>207,039</u>
Total district-wide	<u>\$ 28,069,408</u>	<u>\$ 29,141,419</u>	<u>\$ 28,708,070</u>	<u>\$ 29,021,198</u>	<u>\$ 30,340,693</u>	<u>\$ 30,764,813</u>	<u>\$ 31,245,597</u>	<u>\$ 31,735,036</u>	<u>\$ 32,008,052</u>	<u>\$ 32,528,866</u>
<b>Change in Net Position:</b>										
Governmental activities	\$ 529,475	\$ 2,016,359	\$ 449,415	\$ (455,180)	\$ (1,169,321)	\$ 2,354,408	\$ (2,424,145)	\$ 6,620,871	\$ 330,311	\$ 3,205,227
Business-type activities	(13,553)	39,377	(13,662)	(13,719)	(15,353)	24,940	1,214	(219)	47,115	(18,105)
Total district-wide	<u>\$ 515,922</u>	<u>\$ 2,055,736</u>	<u>\$ 435,753</u>	<u>\$ (468,899)</u>	<u>\$ (1,184,674)</u>	<u>\$ 2,379,348</u>	<u>\$ (2,422,931)</u>	<u>\$ 6,620,652</u>	<u>\$ 377,426</u>	<u>\$ 3,187,122</u>

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

**Exhibit J-3**

	<b>Fiscal Year Ending June 30,</b>									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Reserved for:										
Encumbrances	\$ 79,120	\$ 226,887	\$ 266,056	\$ 169,085	\$ 170,466	\$ 104,232	\$ 245,034	\$ 220,593	\$ 268,800	\$ 668,294
Capital reserve	11,824	21,919	11,979	112,039	612,345	1,616,020	3,016,989	4,796,480	4,227,439	6,107,338
Maintenance reserve		50,000	50,000	150,000	650,000	1,650,000	1,800,000	1,887,565	1,894,946	1,894,946
Excess surplus	523,519	983,233	706,423	1,215,680	1,105,535	1,924,537	1,916,137	1,831,076	2,025,269	2,170,285
Designated for Subsequent Years Expd.		800,258	995,525	751,689	1,386,158	1,155,805	1,924,537	1,916,137	1,831,076	2,025,269
Unreserved	(204,434)	(253,207)	(139,121)	(86,782)	(189,066)	(250,391)	(293,715)	(255,852)	(119,025)	(193,409)
Total general fund	<u>\$ 410,029</u>	<u>\$ 1,829,090</u>	<u>\$ 1,890,862</u>	<u>\$ 2,311,711</u>	<u>\$ 3,735,438</u>	<u>\$ 6,200,203</u>	<u>\$ 8,608,982</u>	<u>\$ 10,395,999</u>	<u>\$ 10,128,505</u>	<u>\$ 12,672,723</u>
All Other Governmental Funds										
Reserved:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,859,307	\$ 3,053	\$ 3,053	\$ -
Debt service reserve	267,363	267,363	267,367	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund						6,086,731	164,644	164,644	164,644	164,644
Permanent fund	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Debt service fund	45,203	5	-	-	6,752	7,729	4,838	4,401	2,647	65,277
Total all other governmental funds	<u>\$ 332,566</u>	<u>\$ 287,368</u>	<u>\$ 287,367</u>	<u>\$ 20,000</u>	<u>\$ 26,752</u>	<u>\$ 6,114,460</u>	<u>\$ 2,048,789</u>	<u>\$ 192,098</u>	<u>\$ 190,344</u>	<u>\$ 249,921</u>

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

**Exhibit J-4**

	<b>Fiscal Year Ending June 30,</b>									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Tax levy	\$ 18,860,045	\$ 19,199,200	\$ 19,392,693	\$ 19,460,616	\$ 20,256,082	\$ 20,338,999	\$ 20,852,827	\$ 21,393,064	\$ 21,817,114	\$ 22,965,590
Tuition charges	57,576	31,156	19,690	2,543	128,816	239,397	129,265	131,629	152,996	159,544
Transportation fees	82,301	76,611	50,721	82,463	75,219	93,678	104,755	110,700	150,751	125,802
Interest earnings	5,681	95	60	60	306	4,652	4,062	4,636	70,840	79,899
Miscellaneous	90,743	103,496	109,729	59,657	121,646	254,586	121,986	172,035	139,001	361,543
State sources	10,748,638	11,473,290	11,735,906	11,700,390	12,223,126	12,701,205	13,267,135	13,713,429	13,943,759	13,140,673
Federal sources	1,323,316	1,240,633	967,604	940,269	901,961	928,012	906,846	940,944	927,651	875,052
<b>Total revenue</b>	<b>31,168,300</b>	<b>32,124,481</b>	<b>32,276,403</b>	<b>32,245,998</b>	<b>33,707,156</b>	<b>34,560,529</b>	<b>35,386,876</b>	<b>36,466,437</b>	<b>37,202,112</b>	<b>37,708,103</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	8,939,499	8,933,128	9,221,158	9,337,997	9,432,757	9,620,128	9,541,811	9,540,476	9,503,008	9,263,265
Special education instruction	3,409,275	2,846,667	2,174,703	2,573,801	2,578,098	2,552,234	2,496,784	2,385,277	2,417,440	2,477,619
Other special instruction	703,005	802,021	807,053	805,687	812,076	816,489	872,375	925,136	930,884	786,995
<b>Support Services:</b>										
Tuition	2,253,954	2,023,446	2,903,704	2,708,703	3,038,667	2,370,107	2,475,403	2,259,197	2,493,725	1,883,961
Student & instruction related services	2,249,542	2,330,130	2,139,842	2,094,724	2,101,476	2,045,574	2,098,765	2,070,005	2,105,990	2,115,399
School administrative services	975,310	908,336	1,000,202	880,749	966,060	1,023,815	1,039,111	1,024,419	957,221	964,004
General and business admin.services	837,514	873,360	828,933	1,013,439	872,897	861,056	937,375	1,059,834	1,112,557	1,046,797
Plant operations and maintenance	2,610,777	2,687,255	2,728,755	2,622,496	2,560,888	2,704,963	2,736,722	2,969,141	3,051,827	3,027,479
Pupil transportation	1,321,877	1,393,584	1,490,083	1,503,109	1,376,761	1,339,556	1,358,762	1,471,180	1,510,251	1,397,976
Other support services	5,410,186	5,999,682	6,948,499	6,549,029	6,802,209	7,266,221	7,721,130	8,358,764	8,790,496	8,930,002
Special Schools	1,716	-	-	-	-	-	-	-	-	-
Charter Schools	17,509	25,022	60,441	41,664	32,644	23,644	62,856	28,141	52,895	42,831
Capital outlay	352,853	143,521	304,964	418,595	3,504,705	855,856	4,837,151	3,248,132	3,319,772	1,850,315
<b>Debt service:</b>										
Principal	1,200,000	1,280,000	1,130,000	1,125,000	930,000	600,000	600,000	845,000	865,000	935,000
Interest and other charges	391,944	339,466	288,295	251,713	215,024	187,800	317,357	306,810	277,010	246,410
<b>Total expenditures</b>	<b>30,674,961</b>	<b>30,585,618</b>	<b>32,026,632</b>	<b>31,926,706</b>	<b>35,224,262</b>	<b>32,267,443</b>	<b>37,095,602</b>	<b>36,491,512</b>	<b>37,388,076</b>	<b>34,968,053</b>
Excess (Deficiency) of revenues over (under) expenditures	493,339	1,538,863	249,771	319,292	(1,517,106)	2,293,086	(1,708,726)	(25,075)	(185,964)	2,740,050
<b>Other Financing sources (uses)</b>										
Proceeds from borrowing	-	-	-	-	3,131,725	96,999	185,519	103,226	73,746	88,745
Proceeds from Serial Bonds	-	-	-	-	-	6,367,000	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	10,000	-	-	977	3,861	540	2,107	3,169
Transfers out	(193,000)	(165,000)	(198,000)	(165,810)	(184,140)	(205,589)	(137,546)	(148,365)	(159,137)	(228,169)
<b>Total other financing sources (uses)</b>	<b>(193,000)</b>	<b>(165,000)</b>	<b>(188,000)</b>	<b>(165,810)</b>	<b>2,947,585</b>	<b>6,259,387</b>	<b>51,834</b>	<b>(44,599)</b>	<b>(83,284)</b>	<b>(136,255)</b>
<b>Net change in fund balances</b>	<b>\$ 300,339</b>	<b>\$ 1,373,863</b>	<b>\$ 61,771</b>	<b>\$ 153,482</b>	<b>\$ 1,430,479</b>	<b>\$ 8,552,473</b>	<b>\$ (1,656,892)</b>	<b>\$ (69,674)</b>	<b>\$ (269,248)</b>	<b>\$ 2,603,795</b>
Debt service as a percentage of noncapital expenditures	5.25%	5.32%	4.47%	4.37%	3.61%	2.51%	2.84%	3.46%	3.35%	3.57%

**Source: District records**

Note: Noncapital expenditures are total expenditures less capital outlay.



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

**Exhibit J-5**

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Insurance Refunds	Transportaion	Other Refunds	Use of Facilities	Adult Education Program Fees	Sale of Assets	Energy Reimbursements	Miscellaneous	Total
2011	\$ 5,621	\$ 57,576	\$ 5,798	\$ 82,301	\$ 50,919	\$ 22,696	\$ 761	\$ -	\$ -	\$ 5,569	\$ 231,241
2012	4,779	31,156	27,060	76,611	55,311	10,985				5,361	211,263
2013	1,943	16,690	13,226	50,721	56,675	21,696		10,046		5,703	176,700
2014	2,258	2,543	33,323	82,463	-	17,923		1,300		4,913	144,723
2015	2,681	128,816	13,597	75,219	66,540	17,510		8,966		12,352	325,681
2016	3,675	239,397	3,889	93,678	32,331	30,390		12,428	170,658	4,890	591,336
2017	4,062	129,265	1,000	104,755	54,133	45,264		12,393	1,250	4,085	356,207
2018	7,186	131,629	1,000	110,700	59,285	63,552		8,288	26,003	10,817	418,460
2019	110,224	152,996	-	150,751	6,643	47,195		5,815	23,715	9,111	506,450
2020	247,955	159,544	-	125,802	97,862	41,628		12,077	22,833	11,138	718,839
	<u>\$ 390,384</u>	<u>\$ 1,049,612</u>	<u>\$ 98,893</u>	<u>\$ 953,001</u>	<u>\$ 479,699</u>	<u>\$ 318,839</u>	<u>\$ 761</u>	<u>\$ 71,313</u>	<u>\$ 244,459</u>	<u>\$ 73,939</u>	<u>\$ 3,680,900</u>

**Source: District records**

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

Exhibit J-6

Fiscal Year Ended June 30,	Borough of West Cape May							Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax- Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Apartment							
2011	\$ 20,996,200	\$ 385,812,600	\$ 3,828,600	\$ 205,800	\$ 35,180,700	\$ 1,066,100	\$ 447,090,000	\$ 225,357	\$ 447,315,357	\$ 9,143,300	\$ 0.202	\$ 490,883,238	
2012	19,404,000	389,387,800	3,828,600	205,800	36,215,900	1,066,100	450,108,200	210,266	450,318,466	9,445,000	0.191	494,415,656	
2013	19,596,100	391,522,000	3,301,300	210,200	35,430,600	1,066,100	451,126,300	226,124	451,352,424	9,445,000	0.194	455,908,033	
2014	18,272,800	394,148,500	3,301,300	210,200	35,647,800	1,066,100	452,646,700	153,222	452,799,922	9,662,400	0.197	439,431,249	
2015	18,717,700	397,040,600	3,301,300	210,200	35,427,900	1,066,100	455,763,800	150,096	455,913,896	10,094,500	0.220	429,146,511	
2016	18,128,200	399,794,400	3,301,300	210,200	35,069,100	1,066,100	457,569,300	146,736	457,716,036	10,094,500	0.229	439,244,856	
2017	19,378,700	409,260,600	3,301,300	210,200	35,234,100	1,066,100	468,451,000	142,823	468,593,823	10,454,600	0.229	483,309,561	
2018	15,962,500	424,392,600	3,301,300	220,500	35,969,500	1,066,100	480,912,500	150,824	481,063,324	10,454,600	0.247	499,169,212	
2019	16,152,100	433,582,500	3,301,300	220,500	36,753,700	1,066,100	491,076,200		491,076,200	10,829,500	0.242	536,795,884	
2020	14,884,100	447,337,200	3,301,300	220,500	36,967,500	1,066,100	503,776,700		503,776,700	10,848,900	0.241	581,676,862	

Source: Municipal Tax Assessor

**Note:**

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

Continued

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

Exhibit J-6

Fiscal Year Ended June 30,	City of Cape May							Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Apartment	Total Assessed Value					
2011	\$ 58,125,700	\$ 2,149,223,600	\$ -	\$ -	\$ 439,858,800	\$ 143,882,000	\$ 2,791,090,100	\$ 796,181	\$ 2,791,886,281	\$ 420,630,400	\$ 0.054	\$ 2,848,404,511
2012	57,451,900	2,160,163,500	-	-	435,731,100	143,061,100	2,796,407,600	750,281	2,797,157,881	419,138,600	0.054	2,904,884,781
2013	53,163,900	2,168,319,400	-	-	435,863,300	139,510,400	2,796,857,000	815,630	2,797,672,630	429,768,200	0.054	2,812,671,567
2014	53,288,200	2,173,873,900	-	-	431,761,000	135,723,600	2,794,646,700	589,060	2,795,235,760	431,981,900	0.057	2,738,737,239
2015	64,370,700	2,177,186,500	-	-	430,297,700	133,612,100	2,805,467,000	612,231	2,806,079,231	433,484,900	0.065	2,742,474,025
2016	62,194,300	2,187,231,000	-	-	429,579,600	133,420,700	2,812,425,600	625,355	2,813,050,955	433,758,300	0.066	2,711,154,162
2017	61,236,100	2,193,506,400	-	-	427,044,200	131,838,600	2,813,625,300	612,446	2,814,237,746	433,571,800	0.066	2,814,237,746
2018	66,574,600	2,214,046,300	-	-	431,678,400	130,479,000	2,842,778,300	62,831	2,842,841,131	432,997,700	0.066	2,871,036,576
2019	69,618,400	2,230,627,200	-	-	432,392,700	127,325,200	2,859,963,500		2,859,963,500	431,388,400	0.066	2,964,429,051
2020	66,588,800	2,253,648,100	-	-	441,592,700	125,058,100	2,886,887,700		2,886,887,700	431,388,400	0.066	2,886,887,700

Source: Municipal Tax Assessor

**Note:**

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

Continued

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

Exhibit J-6

Fiscal Year Ended June 30,	Township of Lower							Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax- Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Apartment							
2011	\$ 91,427,900	\$ 3,694,390,400	\$ 6,219,800	\$ 942,300	\$ 278,275,900	\$ 13,375,400	\$ 4,084,631,700	\$ 5,957,340	\$ 4,090,589,040	\$ 268,718,900	\$ 0.355	\$ 4,227,524,473	
2012	87,921,400	3,705,980,700	4,460,700	911,900	276,929,100	13,161,400	4,089,365,200	6,102,592	4,095,467,792	268,066,300	0.362	4,034,131,771	
2013	86,948,300	3,684,519,500	5,236,800	953,300	275,766,100	13,161,400	4,066,585,400	5,339,934	4,071,925,334	270,144,600	0.371	3,773,894,430	
2014	70,784,000	3,247,623,400	4,914,400	953,300	258,806,900	11,332,200	3,594,414,200	4,337,206	3,598,751,406	232,262,300	0.432	3,725,002,834	
2015	70,254,400	3,254,393,300	4,914,400	927,600	259,130,000	11,432,200	3,601,051,900	4,347,721	3,605,399,621	234,835,200	0.458	3,719,358,459	
2016	68,016,300	3,261,711,400	5,052,600	577,600	263,588,800	11,432,200	3,610,378,900	4,212,178	3,614,591,078	232,698,600	0.466	3,781,566,024	
2017	64,279,700	3,274,539,000	5,413,000	595,500	264,828,800	11,432,200	3,621,088,200	4,172,271	3,625,260,471	233,773,100	0.466	3,802,011,213	
2018	64,779,300	3,283,120,000	6,360,900	567,200	264,001,400	11,432,200	3,630,261,000	4,178,452	3,634,439,452	237,688,000	0.472	3,908,079,119	
2019	63,692,900	3,290,370,000	6,554,900	602,400	264,731,700	11,432,200	3,637,384,100	4,107,346	3,641,491,446	240,525,100	0.483	4,056,420,781	
2020	65,057,300	3,304,009,400	6,600,500	586,300	263,951,400	11,432,200	3,651,637,100	4,075,029	3,655,712,129	241,944,200	0.483	4,212,338,290	

Source: Municipal Tax Assessor

**Note:**

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-7

**Borough of West Cape May**

Fiscal Year Ended June 30,	West Cape May School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of West Cape May	Regional School	Cape May County	
2011	\$ 0.112	\$ 0.090	\$ 0.202	\$ 0.337	\$ 0.389	\$ 0.242	\$ 1.170
2012	0.180	0.011	0.191	0.346	0.356	0.256	1.149
2013	0.184	0.010	0.194	0.331	0.294	0.248	1.067
2014	0.107	0.010	0.117	0.330	0.378	0.244	1.069
2015	0.215	0.010	0.225	0.331	0.353	0.240	1.149
2016	0.210	0.010	0.220	0.350	0.397	0.247	1.214
2017	0.220	0.009	0.229	0.356	0.365	0.272	1.222
2018	0.239	0.008	0.247	0.357	0.382	0.279	1.265
2019	0.242		0.242	0.359	0.356	0.297	1.254
2020	0.241		0.241	0.372	0.390	0.316	1.319

**City of Cape May**

Fiscal Year Ended June 30,	Cape May City School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	City of Cape May	Regional School	Cape May County	
2011	\$ 0.054	\$ -	\$ 0.054	\$ 0.283	\$ 0.220	\$ 0.227	\$ 0.784
2012	0.054	-	0.054	0.294	0.237	0.242	0.827
2013	0.054	-	0.054	0.310	0.226	0.248	0.838
2014	0.057	-	0.057	0.329	0.234	0.245	0.865
2015	0.062	-	0.062	0.339	0.215	0.249	0.865
2016	0.065	-	0.065	0.340	0.178	0.249	0.832
2017	0.066	-	0.066	0.210	0.340	0.268	0.884
2018	0.066	-	0.066	0.243	0.350	0.272	0.931
2019	0.066	-	0.066	0.363	0.275	0.283	0.987
2020	0.066	-	0.066	0.246	0.363	0.295	0.970

**Township of Lower**

Fiscal Year Ended June 30,	Lower Township School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Township of Lower	Regional School	Cape May County	
2011	\$ 0.355	\$ -	\$ 0.355	\$ 0.443	\$ 0.277	\$ 0.231	\$ 1.306
2012	0.362	-	0.362	0.443	0.273	0.229	1.307
2013	0.371	-	0.371	0.473	0.291	0.227	1.362
2014	0.432	-	0.432	0.536	0.335	0.260	1.563
2015	0.446	-	0.446	0.556	0.353	0.263	1.618
2016	0.456	0.002	0.458	0.556	0.389	0.270	1.673
2017	0.462	0.004	0.466	0.574	0.381	0.276	1.697
2018	0.468	0.004	0.472	0.575	0.360	0.289	1.696
2019	0.478	0.005	0.483	0.584	0.368	0.303	1.738
2020	0.489	0.005	0.494	0.584	0.390	0.315	1.783

Source: Municipal Tax Collector

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

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

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

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

**Exhibit J-8**

**Borough of West Cape May**

Taxpayer	2020		Taxpayer	2011	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Wilbraham Mansion, LLC	\$ 3,242,100	0.64%	Depot Travel Park, Inc.	\$4,050,300	0.90%
Rayson Property Management	2,750,000	0.55%	Raysun Property Management	3,382,200	0.75%
The Depot Travel Park, Inc.	2,729,900	0.54%	Wilbraham Mansion, LLC	2,854,600	0.64%
Individual #1	2,349,300	0.47%	CVS, Inc.	2,479,000	0.55%
CVS	2,300,000	0.46%	Cape May Lumber	2,138,900	0.48%
Cape May Lumber Company	2,138,900	0.42%	Individual #1	2,058,200	0.46%
Individual #2	2,102,402	0.42%	Cape West Associates Inc.	1,862,800	0.42%
Individual #3	2,058,200	0.41%	Individual #2	1,594,300	0.36%
122 Stevens Street, LLC	2,017,700	0.40%	Individual #3	1,018,500	0.23%
Cape West Associates, Inc.	1,862,800	0.37%	Individual #4	996,400	0.22%
<b>Total</b>	<b>\$ 23,551,302</b>	<b>4.67%</b>	<b>Total</b>	<b>\$ 22,435,200</b>	<b>5.00%</b>

**City of Cape May**

Taxpayer	2020		Taxpayer	2010	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Congress Hall, LLC	\$ 27,881,326	0.97%	Congress Hall LLC	\$ 28,412,795	1.01%
ADIS Inc.	26,422,500	0.92%	Oceanfront Properties LLC	25,304,795	0.90%
Oceanfront Properties, LLC	25,753,780	0.89%	ADIS Inc.	20,878,501	0.75%
Pella, LLC	13,489,137	0.47%	Ocean Club Hotel CM, LLC	12,500,000	0.45%
Ocean Club Hotel CM, LLC	13,227,835	0.46%	Cape Coachman Realty, LLC	11,989,500	0.43%
Cape Coachman Realty, LLC	12,199,626	0.42%	Osprey Landing Development Co. LLC	11,780,300	0.42%
Kejzman Hospitality, LLC	11,674,175	0.40%	Kejzman Enterprises, LLC	11,473,100	0.41%
Montreal Inn	10,266,530	0.36%	Montreal Inn	10,089,700	0.36%
Spicer Creek Homes, LLC	8,967,047	0.31%	Keystone Inc.	9,837,735	0.35%
Individual #1	8,438,138	0.29%	Individual #1	8,812,600	0.31%
<b>Total</b>	<b>\$ 158,320,094</b>	<b>5.48%</b>	<b>Total</b>	<b>\$ 151,079,026</b>	<b>5.40%</b>

**Township of Lower**

Taxpayer	2020		Taxpayer	2011	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Sun Lake Laurie RV, Inc.	\$ 17,300,000	0.47%	Jenlo Corp. & Harlo Inc	\$10,408,800	0.25%
Harbortown Resort Marina, Inc	14,590,700	0.40%	Achristavest Pier 6600, LLC	9,700,000	0.24%
Achristavest Pier 6600, LLC	12,696,700	0.35%	Bayshore Mall, LLC	8,795,000	0.21%
Jenlo Corp. & Harlo Inc	11,700,000	0.32%	Lake Laurie RV Resort, LLC	7,133,800	0.17%
Shaw Limited Partnership	10,101,400	0.28%	Seashore Campsites, Inc.	6,500,000	0.16%
Bayshore Mall, LLC	8,512,700	0.23%	Channels Apartments	6,242,600	0.15%
Beachcomber Campground, Inc	6,749,100	0.18%	Victoria Health Corp.	6,203,800	0.15%
Cold Spring Fish & Supply Co	6,302,900	0.17%	Verizon - New Jersey	5,975,340	0.15%
Cape Island Associates	6,000,000	0.16%	Beachcomber Campground, Inc	5,932,800	0.14%
FC-GEN Real Estate, LLC	6,000,000	0.16%	North Cape Convalescent Center	5,890,000	0.14%
<b>Total</b>	<b>\$ 99,953,500</b>	<b>2.73%</b>	<b>Total</b>	<b>\$72,782,140</b>	<b>1.78%</b>

Source: Municipal Tax Assessors

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

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 18,860,045	\$ 18,860,045	100.00%	
2012	19,199,200	19,194,200	99.97%	5,000
2013	19,392,693	19,397,693	100.03%	
2014	19,460,616	19,460,616	100.00%	
2015	20,256,082	20,256,082	100.00%	
2016	20,338,999	20,338,999	100.00%	
2017	20,852,827	20,852,827	100.00%	
2018	21,393,064	21,393,064	100.00%	
2019	21,817,114	21,817,114	100.00%	
2020	22,965,590	22,965,590	100.00%	

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

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

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

**Exhibit J-10**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income (a)			Per Capita (b)		
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Borough of West Cape May	City of Cape May	Township of Lower	Borough of West Cape May	City of Cape May	Township of Lower
2011	\$ 8,440,000	\$ 720,000	\$ -	\$ -	\$ -	\$ 9,160,000	19.27%	5.44%	0.86%	\$ 9,042	\$ 2,553	\$ 405
2012	7,390,000	490,000	-	-	-	7,880,000	15.97%	4.52%	0.72%	7,787	2,204	350
2013	6,500,000	250,000	-	-	-	6,750,000	13.52%	3.84%	0.61%	6,703	1,902	302
2014	5,625,000	-	-	-	-	5,625,000	10.92%	3.10%	0.49%	5,619	1,594	254
2015	4,695,000	-	2,931,725	-	-	7,626,725	14.13%	4.02%	0.64%	7,642	2,174	347
2016	10,462,000	-	2,827,608	-	-	13,289,608	23.71%	6.80%	1.09%	13,276	3,807	609
2017	9,862,000	-	2,627,685	-	-	12,489,685	21.44%	6.20%	0.99%	12,428	3,592	576
2018	9,017,000	-	2,401,307	-	-	11,418,307	18.70%	5.44%	0.87%	11,384	3,313	532
2019	8,152,000	-	2,217,359	-	-	10,369,359	(c)	(c)	(c)	10,359	3,030	486
2020	7,217,000	-	2,006,533	-	-	9,223,533	(c)	(c)	(c)	(c)	(c)	(c)

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

(a) Based on Per Capita Income for Cape May County

(b) Based on School District Population as of July 1,

(c) Not available



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

**Exhibit J-11**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property(a)			Per Capita(b)		
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Borough of West Cape May	City of Cape May	Township of Lower	Borough of West Cape May	City of Cape May	Township of Lower
2011	\$ 8,440,000	\$ -	\$ 8,440,000	1.88%	0.30%	0.21%	\$ 8,332	\$ 2,352	\$ 373
2012	7,390,000		7,390,000	1.64%	0.26%	0.18%	7,302	2,067	328
2013	6,500,000		6,500,000	1.44%	0.23%	0.16%	6,455	1,832	291
2014	5,625,000		5,625,000	1.24%	0.20%	0.16%	5,619	1,594	254
2015	4,695,000		4,695,000	1.03%	0.17%	0.13%	4,704	1,338	213
2016	10,462,000		10,462,000	2.29%	0.37%	0.29%	10,452	2,997	479
2017	9,862,000		9,862,000	2.10%	0.35%	0.27%	9,813	2,836	455
2018	9,017,000		9,017,000	1.87%	0.32%	0.25%	8,990	2,617	420
2019	8,152,000		8,152,000	1.66%	0.29%	0.22%	8,144	2,382	382
2020	7,217,000		7,217,000	1.43%	0.25%	0.20%	(c)	(c)	(c)

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.  
(a) See Exhibit J-6 for property tax data.  
(b) Population data can be found in Exhibit J-14.  
(c) Not available.

**Lower Cape May Regional School District  
 Ratios of Overlapping Governmental Activities Debt  
 As of December 31, 2019**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of West Cape May	\$ 3,689,392	100.000%	\$ 3,689,392
Township of Lower	29,389,259	100.000%	29,389,259
City of Cape May	44,089,843	100.000%	44,089,843
Cape May County General Obligation Debt	299,971,257	14.494%	<u>43,477,834</u>
Subtotal, overlapping debt			116,956,936
<b>Lower Cape May Regional School District Direct Debt</b>			<u>8,152,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 125,108,936</u></u>

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

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2020

	Equalized valuation basis	
	2017	\$ 7,199,181,011
	2018	7,495,203,972
	2019	7,835,128,577
	[A]	<u>\$ 22,529,513,560</u>
Average equalized valuation of taxable property	[A/3]	\$ 7,509,837,853
Debt limit (3.5% of average equalized valuation)	[B]	262,844,325 <sup>a</sup>
Net bonded school debt	[C]	7,217,000
Legal debt margin	[B-C]	<u>\$ 255,627,325</u>

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 266,091,905	\$ 262,421,266	\$ 256,217,733	\$ 248,337,483	\$ 241,983,147	\$ 240,306,913	\$ 243,022,210	\$ 247,177,017	\$ 254,275,903	\$ 262,844,325
Total net debt applicable to limit	8,440,000	7,390,000	6,500,000	5,625,000	4,695,000	10,462,000	9,862,000	9,017,000	8,152,000	7,217,000
Legal debt margin	<u>\$ 257,651,905</u>	<u>\$ 255,031,266</u>	<u>\$ 249,717,733</u>	<u>\$ 242,712,483</u>	<u>\$ 237,288,147</u>	<u>\$ 229,844,913</u>	<u>\$ 233,160,210</u>	<u>\$ 238,160,017</u>	<u>\$ 246,123,903</u>	<u>\$ 255,627,325</u>
Total net debt applicable to the limit as a percentage of debt limit	3.17%	2.82%	2.54%	2.27%	1.94%	4.35%	4.06%	3.65%	3.21%	2.75%

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

<sup>a</sup> Limit set by NJSA 18A:24-19 for a 7 through 12 district; other % limits would be applicable for other districts

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

**Exhibit J-14**

<u>Year</u>	<u>Population<sup>a</sup></u>	<u>Personal Income (thousands of dollars)<sup>b</sup></u>	<u>Per Capita Personal Income<sup>c</sup></u>	<u>Unemployment Rate<sup>d</sup></u>
<u>Borough of West Cape May</u>				
2011	1,013	\$ 47,545,155	\$ 46,935	14.2%
2012	1,012	49,356,252	48,771	15.2%
2013	1,007	49,908,934	49,562	18.8%
2014	1,001	51,524,473	51,473	10.4%
2015	998	53,993,796	54,102	9.9%
2016	1,001	56,050,995	55,995	9.2%
2017	1,005	58,265,880	57,976	7.9%
2018	1,003	61,059,631	60,877	7.2%
2019	1,001	e	e	6.4%
2020	e	e	e	e
<u>City of Cape May</u>				
2011	3,588	\$ 168,402,780	\$ 46,935	13.4%
2012	3,575	174,356,325	48,771	14.4%
2013	3,548	175,845,976	49,562	14.6%
2014	3,529	181,648,217	51,473	12.9%
2015	3,508	189,789,816	54,102	12.5%
2016	3,491	195,478,545	55,995	11.2%
2017	3,477	201,582,552	57,976	10.3%
2018	3,446	209,782,142	60,877	9.6%
2019	3,442	e	e	8.5%
2020	e	e	e	e
<u>Township of Lower</u>				
2011	22,632	\$ 1,062,232,920	\$ 46,935	15.2%
2012	22,529	1,098,761,859	48,771	16.3%
2013	22,329	1,106,669,898	49,562	11.9%
2014	22,143	1,139,766,639	51,473	12.6%
2015	21,991	1,189,757,082	54,102	11.1%
2016	21,827	1,222,202,865	55,995	10.1%
2017	21,676	1,256,687,776	57,976	9.8%
2018	21,462	1,306,542,174	60,877	8.9%
2019	21,339	e	e	7.7%
2020	e	e	e	e

Source:

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

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

Exhibit J-16

Function/Program	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction										
Regular	147	136	136	135	132	130	126	122	117	114
Special education	30	32	34	34	31	31	30	29	28	25
Other special education	5	6	6	6	7	7	7	7	7	7
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	34	34	32	32	28	28	27	27	27	26
School administrative services	8	12	12	12	12	12	12	11	11	11
General and business administrative services	6	6	6	6	6	6	6	6	6	6
Plant operations and maintenance	23	24	23	23	22	22	24	24	24	24
Pupil transportation	22	22	22	22	21	21	21	21	21	21
Special Schools							17	17	17	17
Food Service	19	19	19	18	17	17				
Total	<u>294</u>	<u>291</u>	<u>290</u>	<u>288</u>	<u>276</u>	<u>274</u>	<u>270</u>	<u>264</u>	<u>258</u>	<u>251</u>

Source: District Personnel Records

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

Exhibit J-17

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>b</sup></u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)<sup>c</sup></u>	<u>Average Daily Attendance (ADA)<sup>c</sup></u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2011	1,616	28,730,164	17,779	2.54%	182	10.8	1,609	1,499	-0.43%	93.16%
2012	1,538	28,822,631	18,740	5.41%	174	10.8	1,528	1,433	-5.03%	93.78%
2013	1,480	30,303,373	20,475	9.20%	176	10.8	1,462	1,366	-4.61%	93.43%
2014	1,395	30,131,398	21,600	5.40%	175	10.8	1,396	1,307	-4.51%	93.61%
2015	1,429	30,574,533	21,396	0.94%	170	10.8	1,406	1,318	0.72%	93.79%
2016	1,354	30,623,787	22,617	5.71%	168	10.8	1,354	1,276	-3.70%	94.23%
2017	1,357	31,341,094	23,096	2.12%	163	10.8	1,325	1,248	-2.14%	94.19%
2018	1,411	32,091,570	22,744	-1.52%	158	11.6	1,318	1,241	-0.53%	94.16%
2019	1,296	32,926,294	25,406	11.70%	152	11.6	1,277	1,202	-3.11%	94.13%
2020	1,298	31,936,328	24,604	-2.88%	146	11.6	1,270	1,218	-0.55%	95.91%

**Sources:** District records

**Note:** Enrollment based on annual October district count.

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

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

Exhibit J-18

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>District Building</b>										
Tietleman School (1973)										
Square Feet	99,638	99,638	99,638	99,638	99,638	99,638	99,638	99,638	99,638	99,638
Capacity (students)	796	796	796	796	796	796	796	796	796	796
Enrollment	558	535	517	500	520	480	467	458	471	480
High School (1960)										
Square Feet	231,944	231,944	231,944	231,944	231,944	231,944	231,944	231,944	231,944	231,944
Capacity (students)	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016
Enrollment	1,051	1,003	963	897	886	874	858	860	806	790
<b>Other</b>										
Central Administration (1989)										
Square Feet	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Number of Schools at June 30, 2020										
Middle School = 1										
Senior High School = 1										

**Source:** District Facilities Office

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

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

Exhibit J-19

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

	Fiscal Year Ending June 30,										Total
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
* School Facilities											
High School	\$ 475,485	\$ 544,357	\$ 503,049	\$ 531,230	\$ 497,830	\$ 418,474	\$ 447,054	\$ 695,064	\$ 725,988	\$ 592,305	\$ 4,838,531
Tietleman School	199,841	233,850	216,104	228,211	213,862	179,771	192,049	298,591	311,876	254,447	2,328,602
Other facilities	13,782	12,895	11,917	12,584	11,793	9,913	10,590	16,464	17,197	14,031	131,166
Total School Facilities	<u>\$ 689,108</u>	<u>\$ 791,102</u>	<u>\$ 731,070</u>	<u>\$ 772,025</u>	<u>\$ 723,485</u>	<u>\$ 608,158</u>	<u>\$ 649,693</u>	<u>\$ 1,010,119</u>	<u>\$ 1,055,061</u>	<u>\$ 860,783</u>	<u>\$ 7,298,299</u>

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

Source: District records



**Lower Cape May Regional School District  
Insurance Schedule  
June 30, 2020**

**Exhibit J-20**

	<u>Coverage</u>	<u>Self-Insured Retention</u>	<u>Deductible</u>
School Package Policy (1)			
Property, Inland Marine and Automobile Physical Damages			
Limits of liability per occurrence	\$ 175,000,000	\$ 250,000	\$ 500
Property Valuation			
Buildings and Contents	Replacement Cost		
Contractors Equipment	Actual Cash Value		
Automobiles	Replacement Cost		
Boiler and Machinery	125,000,000		1,000
General and Automobile Liability	20,000,000	250,000	500
Worker's Compensation	Statutory	250,000	
Educators Legal Liability	20,000,000	175,000	
Crime coverage:			
Employee Dishonesty	500,000	250,000	500
Pollution Legal Liability	3,000,000		25,000
Cyber Liability	2,000,000		25,000
Violent Malicious Acts	1,000,000		15,000
Disaster Management Services	2,000,000		15,000
Surety Bonds (2)			
Treasurer	250,000		
Board Secretary	100,000		

(1) Atlantic and Cape May Counties Joint Insurance Fund

(2) RLI Insurance Company

Source: District records

**Single Audit Section**

***INVERSO & STEWART, LLC***  
**Certified Public Accountants**

651 Route 73 North, Suite 402  
 Marlton, New Jersey 08053  
 (856) 983-2244  
 Fax (856) 983-6674  
 E-Mail: rinverso@inversocpa.com

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

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

**INDEPENDENT AUDITOR'S REPORT**

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lower Cape May Regional School District, in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated December 18, 2020.

***Internal Control Over Financial Reporting***

In planning and performing my audit of the financial statements, I considered the Lower Cape May Regional School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Lower Cape May Regional School District's internal control.

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

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Lower Cape May Regional School District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***INVERSO & STEWART, LLC***  
Certified Public Accountants



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant No. CS001095

Marlton, New Jersey  
December 18, 2020

***INVERSO & STEWART, LLC***  
**Certified Public Accountants**

651 Route 73 North, Suite 402  
 Marlton, New Jersey 08053  
 (856) 983-2244  
 Fax (856) 983-6674  
 E-Mail: rinverso@inversocpa.com

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

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

**INDEPENDENT AUDITOR'S REPORT**

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

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

I have audited Lower Cape May Regional School District's (School District), in the County of Cape May, State of New Jersey compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2020. The School District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and State of New Jersey Circular 15-08-OMB require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

### Opinion on Each Major Federal and State Program

In my opinion, the Lower Cape May Regional School District, in the County of Cape May, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2020.

### Report on Internal Control Over Compliance

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

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

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

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

**INVERSO & STEWART, LLC**  
Certified Public Accountants



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant No. CS001095

Marlton, New Jersey  
December 18, 2020

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period	June 30, 2019			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	June 30, 2020		
						Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
<b>U.S. Department of Education</b>															
<u>General Fund:</u>															
Medical Assistance Program - SEMI	93.778	2005NJ5MAP	N/A	\$ 18,599	7/1/19 - 6/30/20	\$ -	\$ -	\$ -	\$ -	\$ 18,599	\$ (18,599)	\$ -	\$ -	\$ -	\$ -
Total General Fund						-	-	-	-	18,599	(18,599)	-	-	-	-
<b>U.S. Department of Education</b>															
<u>Special Revenue Fund:</u>															
<u>Every Student Succeeds Act (ESSA)</u>															
Title I - Current Year	84.010A	S010A190030	ESSA-2820-20	332,538	7/1/19 - 9/30/20					184,439	(322,166)		(137,727)		
Title I - Prior Year	84.010A	S010A180030	ESSA-2820-19	351,772	7/1/18 - 6/30/19	(108,927)				108,927			-		
Title I-SIA - Current Year	84.010A	S010A190030	ESSA-2820-20	14,215	7/1/19 - 9/30/20					2,667	(3,691)		(1,024)		
Title I-SIA - Prior Year	84.010A	S010A180030	ESSA-2820-19	31,764	7/1/18 - 6/30/19	(3,198)				3,198			-		
Title II - Part A - Current Year	84.367A	S367A190029	ESSA-2820-20	59,278	7/1/19 - 9/30/20					50,417	(53,152)		(2,735)		
Title II - Part A - Prior Year	84.367A	S367A180029	ESSA-2820-19	62,490	7/1/18 - 6/30/19	(2,240)				2,240			-		
Title IV - Part A - Current Year	84.424A	S424A190031	ESSA-2820-20	21,221	7/1/19 - 9/30/20					11,172	(11,837)		(665)		
Title IV - Part A - Current Year	84.424A	S424A180031	ESSA-2820-19	20,712	7/1/18 - 6/30/19	(10,119)				10,119			-		
<u>Individuals With Disabilities Act (I.D.E.A.)</u>															
Part B - Basic - Current Year	84.027	H027A190100	IDEA-2820-20	393,496	7/1/19 - 9/30/20					393,496	(393,496)		-		
Carl D. Perkins	84.048A	V048A190030	PERK-2820-20	63,904	7/1/19 - 6/30/20					62,849	(61,533)			1,316	
Carl D. Perkins - Prior Year	84.048A	V048A180030	PERK-2820-19	63,342	7/1/18 - 6/30/19	(6,250)				6,250			-		
CARES Act	84.425D	S425D200027	N/A	256,020	3/13/20 - 9/30/22						(10,578)		(10,578)		
Total Special Revenue Fund						(130,734)	-	-	-	835,774	(856,453)	-	(152,729)	1,316	-
<b>U.S. Department of Agriculture</b>															
<u>Enterprise Fund:</u>															
Food Distribution Program	10.565	201NJ304N1099	N/A	43,103	7/1/19 - 6/30/20					43,103	(43,103)				
National School Lunch Program	10.555	201NJ304N1099	N/A	217,066	7/1/19 - 6/30/20					203,496	(217,066)		(13,570)		
National School Lunch Program	10.555	191NJ304N1099	N/A	252,480	7/1/18 - 6/30/19	(10,384)				10,384			-		
School Breakfast Program	10.553	201NJ304N1099	N/A	126,540	7/1/19 - 6/30/20					118,011	(126,540)		(8,529)		
School Breakfast Program	10.553	191NJ304N1099	N/A	146,657	7/1/18 - 6/30/19	(6,465)				6,465			-		
Total Enterprise Fund						(16,849)	-	-	-	381,459	(386,709)	-	(22,099)	-	-
Total Federal Awards						\$ (147,583)	\$ -	\$ -	\$ -	\$ 1,235,832	\$ (1,261,761)	\$ -	\$ (174,828)	\$ 1,316	\$ -

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2020

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2019			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2020		
				Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
<b>State Department of Education</b>													
General Fund:													
Equalization Aid	20-495-034-5120-078	\$ 95,936	7/1/19 - 6/30/20	\$ -	\$ -	\$ -	\$ -	\$ 86,938	\$ (95,936)	\$ -	\$ (8,998)	\$ -	\$ -
Equalization Aid	19-495-034-5120-078	95,936	7/1/18 - 6/30/19	(7,954)				7,954					
Transportation Aid	20-495-034-5120-014	1,178,704	7/1/19 - 6/30/20					1,068,158	(1,178,704)		(110,546)		
Transportation Aid	19-495-034-5120-014	1,178,704	7/1/18 - 6/30/19	(97,723)				97,723					
Special Education Aid	20-495-034-5120-089	862,052	7/1/19 - 6/30/20					781,204	(862,052)		(80,848)		
Special Education Aid	19-495-034-5120-089	862,052	7/1/18 - 6/30/19	(71,470)				71,470					
Security Aid	20-495-034-5120-084	350,566	7/1/19 - 6/30/20					317,688	(350,566)		(32,878)		
Security Aid	19-495-034-5120-084	350,566	7/1/18 - 6/30/19	(29,064)				29,064					
Adjustment Aid	20-495-034-5120-085	5,037,595	7/1/19 - 6/30/20					4,565,140	(5,037,595)		(472,455)		
Adjustment Aid	19-495-034-5120-085	5,814,051	7/1/18 - 6/30/19	(482,025)				482,025					
Extraordinary Aid	20-495-034-5120-044	55,757	7/1/19 - 6/30/20						(55,757)		(55,757)		
Extraordinary Aid	19-495-034-5120-044	33,505	7/1/18 - 6/30/19	(33,505)				33,505					
School Choice Aid	20-495-034-5120-068	1,216,728	7/1/19 - 6/30/20					1,102,616	(1,216,728)		(114,112)		
School Choice Aid	19-495-034-5120-068	1,227,303	7/1/18 - 6/30/19	(101,752)				101,752					
Additional Transportation Aid	20-495-034-5120-014		7/1/19 - 6/30/20								-		
Additional Transportation Aid	19-495-034-5120-014	16,530	7/1/18 - 6/30/19	(16,530)				16,530					
Homeless Tuition Aid	20-495-034-5120-005	4,978	7/1/19 - 6/30/20						(4,978)		(4,978)		
On Behalf TPAF Pension Contributions	20-495-034-5094-002	2,499,957	7/1/19 - 6/30/20					2,499,957	(2,499,957)				
On Behalf TPAF Post Retirement Medical	20-495-034-5094-001	927,438	7/1/19 - 6/30/20					927,438	(927,438)				
On Behalf TPAF Pension LTDI Contributions	20-495-034-5094-004	872	7/1/19 - 6/30/20					872	(872)				
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	871,777	7/1/19 - 6/30/20					785,273	(871,777)		(86,504)		
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	871,892	7/1/18 - 6/30/19	(43,053)				43,053					
Total General Fund				(883,076)	-	-	-	13,018,360	(13,102,360)	-	(967,076)	-	-
<b>Debt Service Fund</b>													
Debt Service Aid Type II	20-100-034-5120-017	68,162	7/1/19 - 6/30/20	-	-	-	-	68,162	(68,162)	-	-	-	-
Total Debt Service				-	-	-	-	68,162	(68,162)	-	-	-	-
<b>State Department of Agriculture</b>													
Enterprise Fund:													
State School Lunch Program	20-100-010-3350-023	4,805	7/1/19 - 6/30/20					4,592	(4,805)		(213)		
State School Lunch Program	19-100-010-3350-023	6,151	7/1/18 - 6/30/19	(252)				252					
Total Enterprise Fund				(252)	-	-	-	4,844	(4,805)	-	(213)	-	-
Total State Financial Assistance				\$ (883,328)	\$ -	\$ -	\$ -	\$ 13,091,366	\$ (13,175,327)	\$ -	\$ (967,289)	\$ -	\$ -
									Less: State Financial Assistance Not Subject to Major Program Determination:				
									On-Behalf TPAF Contribution - Pension (Non-Budgeted) (2,499,957)				
									On-Behalf TPAF Contribution - Post Retirement Medical (Non-Budgeted) (927,438)				
									On-Behalf TPAF Contribution - Pension LTDI (Non-Budgeted) (872)				
									Total State Financial Assistance Subject to Major Program Determination \$ (9,747,060)				

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



**Lower Cape May Regional School District  
Notes to the Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2020**

**I. GENERAL**

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

**2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The school district has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

**Lower Cape May Regional School District  
Notes to the Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2020  
(Continued)**

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)**

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is (\$29,849) in the general fund and \$-0- in the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

	<b>Federal</b>	<b>State</b>	<b>Total</b>
<b>General Fund</b>	\$ 18,599	\$ 13,072,511	\$ 13,091,110
<b>Special Revenue Fund</b>	856,453		856,453
<b>Debt Service Fund</b>		68,162	68,162
<b>Food Service Fund</b>	386,709	4,805	391,514
<b>Total Awards &amp; Financial Assistance</b>	<b>\$ 1,261,761</b>	<b>\$ 13,145,478</b>	<b>\$ 14,407,239</b>

**4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2020. TPAF Social Security Contributions represents the amount reimbursed by the State for the School District's share of social security contributions for TPAF members for the year ended June 30, 2020.

**6. MAJOR PROGRAMS**

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

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**Financial Statements**

Type of auditor's report issued: \_\_\_\_\_ Unmodified \_\_\_\_\_

Internal control over financial reporting:

1) Material weaknesses identified? \_\_\_\_\_ yes   X   no

2) Significant deficiencies identified? \_\_\_\_\_ yes   X   none reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes   X   no

**Federal Awards**

Internal Control over major programs:

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

2) Significant deficiencies identified? \_\_\_\_\_ yes   X   none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ( Uniform Guidance)? \_\_\_\_\_ yes   X   no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	201NJ304N1099	National School Lunch Program
10.553	201NJ304N1099	School Breakfast Program

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

Auditee qualified as low-risk auditee? \_\_\_\_\_   X   yes \_\_\_\_\_ no

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**State Awards Section**

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

Auditee qualified as low-risk auditee?   X   yes        no

Internal Control over major programs:

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

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

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

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

Identification of major programs:

<b><u>State Grant/Project Number(s)</u></b>	<b><u>Name of State Program</u></b>
<u>20-495-034-5120-068</u>	<b>State Aid Public Cluster:</b> <u>School Choice Aid</u>
<u>20-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>20-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>20-495-034-5120-084</u>	<u>Security Aid</u>
<u>20-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>20-495-034-5120-014</u>	<u>Transportation Aid</u>
<u>20-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security Contributions</u>
<u>20-100-010-3350-023</u>	<u>State School Lunch Program</u>

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Section 2 -- Schedule of Financial Statement Findings**

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

No findings identified.

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Circular 15-08-OMB.

**FEDERAL AWARDS:**

No findings and/or questioned costs identified.

**STATE AWARDS:**

No findings and/or questioned costs identified.

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

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

**FINANCIAL STATEMENT FINDINGS**

There were no prior year audit findings

**FEDERAL AWARDS**

There were no prior year audit findings.

**STATE AWARDS**

There were no prior year audit findings.