

**SCHOOL DISTRICT  
OF**

# **CAPE MAY CITY**

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

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

# **Annual Comprehensive Financial Report**

**of the**

## **Cape May City Board of Education**

**Cape May, New Jersey**

**For the Fiscal Year Ended June 30, 2021**

**Prepared by  
Cape May City Board of Education  
Finance Department**

# CAPE MAY CITY SCHOOL DISTRICT

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## **Introductory Section**



# CAPE MAY CITY BOARD OF EDUCATION

Zachary H. Palombo  
Superintendent

John R. Thomas  
Business Administrator &  
Board Secretary

Board Members

Dawn M. Austin, President  
Sharon Lee Kustra, Vice President  
Edward B. Connolly  
Anita de Satnick  
Shaun Deignan  
Mark J. Le Munyon  
Joseph McKenna  
Larry Reed  
Thomas Rippman

January 28, 2022

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

Dear Board Members:

The Annual Comprehensive Financial Report (ACFR) of the Cape May City School District for the fiscal year ended June 30, 2021 is hereby submitted. This ACFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Annual Comprehensive Financial Report 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.



*"To Achieve Excellence in Partnership with Family and Community."*

## **1. REPORTING ENTITY AND ITS SERVICES:**

Cape May City School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Cape May City Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to Four Year Old Preschool through Grade 6. These include regular as well as special education for handicapped youngsters. The District completed the 2020-2021 school year with an enrollment of 148.8 students, which is slightly up from the previous year's enrollment. The following details the changes in the student enrollment of the District over the last eleven years.

Average Daily Enrollment		
Fiscal Year	Student Enrollment	Percent Change
2020-21	148.8	0.08%
2019-20	147.6	-2.38%
2018-19	151.2	-10.06%
2017-18	168.1	-14.58%
2016-17	196.8	4.63%
2015-16	188.1	7.36%
2014-15	175.2	9.37%
2013-14	160.2	19.91%
2012-13	133.6	-7.16%
2011-12	143.9	-6.07%
2010-11	153.2	-12.91%

## **2. ECONOMIC CONDITION AND OUTLOOK:**

One of the key objectives of the Cape May City's Municipal Government is to maintain the City's environmental and historic quality by control of commercial land use patterns and adoption of improved design and performance standards for land use in all of the areas regardless of whether they are in the historic district. Another objective-related strategy involves support for the continued existence of the Coast Guard, fishing, and tourism industries so as to enhance their important economic contributions. The City Council and Taxpayers Association continually meet to form a new vision for Cape May that would involve upgrading structures and services to attract new visitors to Cape May.

Affordable housing for families has decreased dramatically, impacting on student enrollment. As in all South Jersey shore communities, school enrollment remains flat or reflects a decrease which will impact on budget concerns.

Approximately three fifths of the school's students are Coast Guard families who are based in Cape May. The number of students fluctuates, dependent on family sizes of Coast Guard active duty members assigned to Cape May on-base housing. A strong educational partnership exists between the Coast Guard, the school and the Housing Authority.

### **3. MAJOR INITIATIVES:**

*Note: The 2020-2021 school year began in a hybrid learning environment, Mixing at-home distance learning with in-person learning. By January, 2021, we were back to full-day, in person learning.*

- K-2 grades: Continue to implement the Go Math program focusing on the technology component Think Central. The STEMscopes program continued, which is a robust science, technology, and math system. The Seesaw platform continued to be used, facilitating remote learning as necessary.
- 3-6 grades: Implement the Go Math program for another year to maximize the potential of the Go Math series, including participation in professional development opportunities. The STEMscopes program also continued. The Google Education platform was expanded to facilitate remote learning as needed.
- Professional development and training for all staff moved to virtual providers. To supplement the Google platform, the district obtained subscriptions to Zoom to facilitate real-time student interactions as well as collaborate meetings.
- School technology initiatives included making sure all students had access to a device at home, as well as access to the Internet from home through the purchase of chromebooks and wifi hotspots.
- School facility cleaning and disinfecting protocols revamped in accordance with the EPA and CDC best practices, which included the purchase of additional equipment. Individual HEPA filter air scrubbers added to every classroom.

Our Mission Statement: *"To teach and achieve excellence in partnership with family and community."*

#### **4. INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimate and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

#### **5. BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2021.

#### **6. ACCOUNTING SYSTEMS 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 that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

## **8. RISK MANAGEMENT:**

The Board carried various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, boiler insurance, parent volunteer insurance, student accident insurance and fidelity bonds. Staff training of safety procedures is on-going and the district was reviewed by the insurance company inspector for compliance.

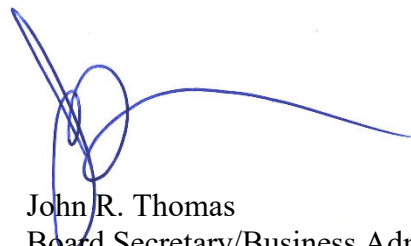
## **9. OTHER INFORMATION:**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso & Stewart, LLC, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and New Jersey OMB’s Circular 04-04. The auditor’s report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

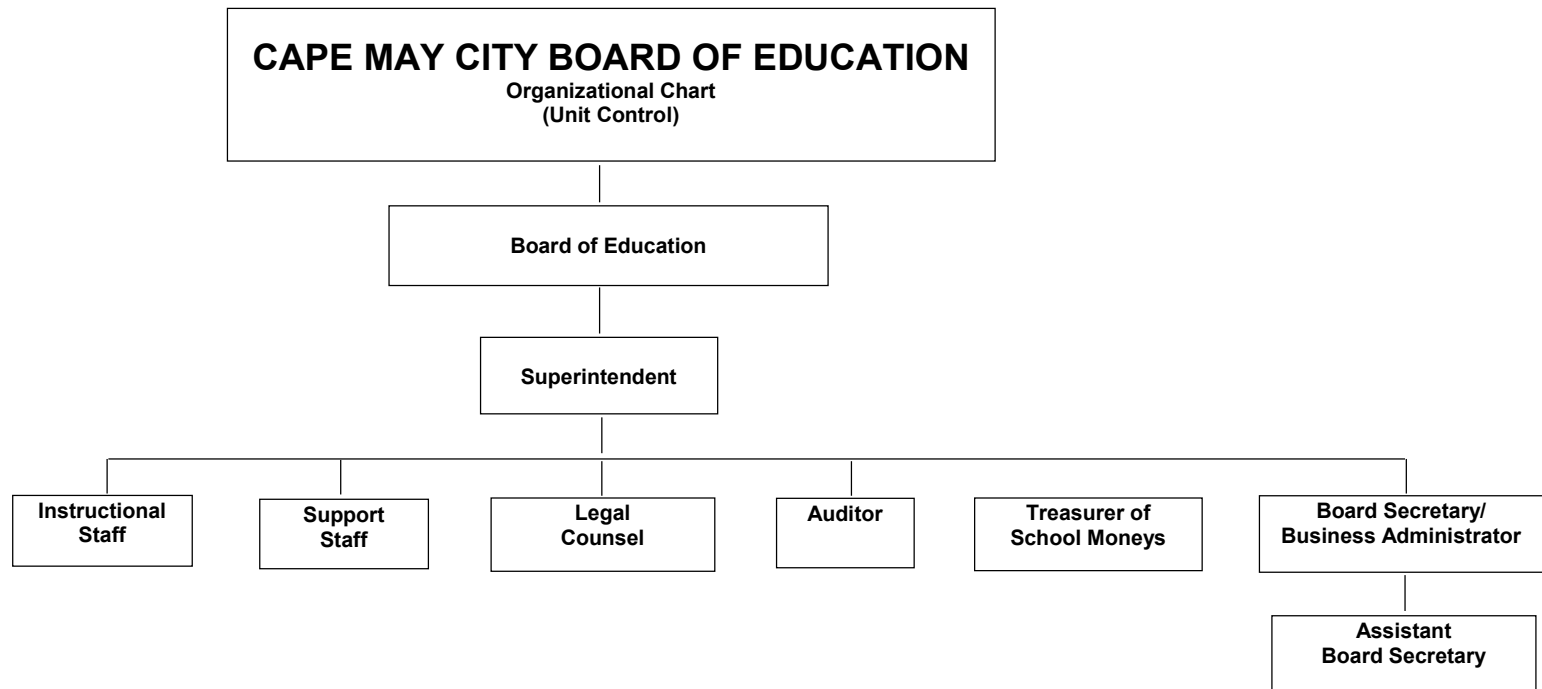
Respectfully submitted,



Zachary H. Palombo  
Superintendent



John R. Thomas  
Board Secretary/Business Administrator





**CAPE MAY CITY BOARD OF EDUCATION  
CAPE MAY, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2021**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Dawn Austin, President	2022
Sharon Lee Kustra, Vice-President	2023
Edward Connolly	2022
Shaun Deignan	2021
Anita de Satnick	2022
Mark J. Le Munyon	2021
Joseph McKenna	2021
Larry Reed	2023
Thomas Rippman	2023

**Other Officials**

Robert Garguilo, Interim Superintendent  
Zachary Palombo, Principal  
John Thomas, Business Administrator/Board Secretary  
Robert Fineberg, Esq., Board Solicitor

**CAPE MAY CITY BOARD OF EDUCATION**  
**Consultants and Advisors**

**Architect**

Garrison Architects  
713 Creek Road  
Bellmawr, NJ 08031

**Audit Firm**

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

**Attorneys**

Robert Fineberg  
208 N. Main Street  
Cape May Court House, NJ 08210

Michael Stanton (Labor Relations)  
McCrosson & Stanton, P.C.  
200 Asbury Avenue  
Ocean City, NJ 08226

**Official Depository**

Sturdy Savings Bank  
701 Washington Street  
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  
Cape May City 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 Cape May City School District, in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Cape May City School District, in the County of Cape May, State of New Jersey, as of June 30, 2021, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

### ***Adoption of New Accounting Principle***

As discussed in Note 22 to the financial statements, during the fiscal year ended June 30, 2021, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. My opinions are not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

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

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

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated January 28, 2022 on my consideration of the Cape May City 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 Cape May City School District's internal control over financial reporting and compliance.

***INVERSO & STEWART, LLC***

Certified Public Accountants

A handwritten signature in black ink, appearing to read 'R. Inverso'.

Robert P. Inverso

Certified Public Accountant

Public School Accountant No. CS001095

Marlton, New Jersey  
January 28, 2022

Required Supplementary Information - Part I

Management's Discussion and Analysis

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

As management of the Board of Education of Cape May City, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Financial Highlights**

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$3,622,946 (*net position*).
- Governmental activities have a unrestricted balance of \$735,103. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, and the June state aid payments, and state statutes that prohibit school districts from maintaining more than 4% of its adopted budget as unrestricted fund balance are primarily responsible for this minimal amount.
- The total net position of the School District increased by \$458,304, or an 14.48% increase from the prior fiscal year-end balance. The majority of this increase is attributable to the results of operations in the general fund.
- Fund balance of the School District's governmental funds increased by \$509,905 resulting in an ending fund balance of \$3,258,990. This increase was largely due to the results of operations in the general fund.
- Business-type activities have an unrestricted balance of \$11,820, which may be used to meet the School District's ongoing obligations of the food service and child care operations.
- The School District's long-term obligations decreased by \$114,199, which is the result of an increase in compensated absences and a decrease in net pension liability.

**Overview of the Basic Financial Statements**

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

**District-wide Financial Statements**

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

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



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

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

### **Fund Financial Statements**

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

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

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

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

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

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

The School District's enterprise funds are 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 and equipment. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2022. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2022.

The assets of the primary government activities exceeded liabilities by \$3,610,737 with a unrestricted balance of \$735,103. The net position of the primary government does not include internal balances.

A net investment of \$1,191,742 in land, improvements, buildings, equipment and vehicles provides the services to the School District's 149 public school students. A balance of \$1,683,892 has been restricted as follows:

Restricted for Future Capital Projects	\$ 964
Restricted for Future Maintenance Projects	250,952
Reserve for Impact Aid	1,403,554
Reserve for Unemployment Compensation	<u>28,422</u>
Total	<u><u>\$ 1,683,892</u></u>

**Comparative Summary of Net Position  
As of June 30, 2021 and 2020**

	Governmental Activities		Business-Type Activities		District-Wide	
	2021	2020	2021	2020	2021	2020
<b>ASSETS</b>						
Current assets	\$ 3,353,641	\$ 2,752,956	\$ 55,973	\$ 45,241	\$ 3,409,614	\$ 2,798,197
Capital assets	1,191,742	1,252,487	389	722	1,192,131	1,253,209
Total assets	<u>4,545,383</u>	<u>4,005,443</u>	<u>56,362</u>	<u>45,963</u>	<u>4,601,745</u>	<u>4,051,406</u>
Deferred Outflows of Resources	152,068	230,491			152,068	230,491
<b>LIABILITIES</b>						
Current liabilities	130,058	64,122	44,153	43,253	174,211	107,375
Noncurrent liabilities	667,329	781,528			667,329	781,528
Total liabilities	<u>797,387</u>	<u>845,650</u>	<u>44,153</u>	<u>43,253</u>	<u>841,540</u>	<u>888,903</u>
Deferred Inflows of Resources	289,327	256,768			289,327	256,768
Net Position	<u>\$ 3,610,737</u>	<u>\$ 3,133,516</u>	<u>\$ 12,209</u>	<u>\$ 2,710</u>	<u>\$ 3,622,946</u>	<u>\$ 3,136,226</u>
Net Position Consists of:						
Invested in Capital Assets	\$ 1,191,742	\$ 1,252,487	\$ 389	\$ 722	\$ 1,192,131	\$ 1,253,209
Restricted Assets	1,683,892	2,089,285			1,683,892	2,089,285
Unrestricted Assets	<u>735,103</u>	<u>(208,256)</u>	<u>11,820</u>	<u>1,988</u>	<u>746,923</u>	<u>(206,268)</u>
Net Position	<u>\$ 3,610,737</u>	<u>\$ 3,133,516</u>	<u>\$ 12,209</u>	<u>\$ 2,710</u>	<u>\$ 3,622,946</u>	<u>\$ 3,136,226</u>

### Governmental Activities

Governmental activities increased the net position of the School District by \$448,805 during the current fiscal year, thereby accounting for almost all the total increase in the net position of the School District. Key elements of the increase in net position for governmental activities are as follows:

- Excess of current year revenues over expenditures in the amount of \$508,815.

### Business-type Activities

Business-type activities increased the School District's net position by \$9,499. Operations of the food service fund produced a gain of \$9,499 for the current fiscal year.

**Comparative Schedule of Changes in Net Position  
As of and for the Fiscal Year Ended June 30, 2021 and 2020**

	Governmental Activities		Business-Type Activities		District-Wide	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Charges for services	\$ -	\$ -	\$ 3,982	\$ 25,886	\$ 3,982	\$ 25,886
Operating grants and contributions	2,169,752	1,489,368	89,631	50,046	2,259,383	1,539,414
Property taxes	1,886,377	1,886,377			1,886,377	1,886,377
State aid	2,001,380	2,050,454			2,001,380	2,050,454
Tuition	5,030	6,299			5,030	6,299
Other revenues	12,032	83,814	12	8,326	12,044	92,140
<b>Total Revenues</b>	<b>6,074,571</b>	<b>5,516,312</b>	<b>93,625</b>	<b>84,258</b>	<b>6,168,196</b>	<b>5,600,570</b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
Instruction	1,583,898	1,792,796			1,583,898	1,792,796
Tuition	14,984	126,550			14,984	126,550
Related services	524,092	442,260			524,092	442,260
Administrative services	174,440	196,354			174,440	196,354
Central Services	130,649	108,626			130,649	108,626
Operations and Maintenance	539,653	588,017			539,653	588,017
Transportation	19,906	51,708			19,906	51,708
Employee benefits	2,635,107	2,072,230			2,635,107	2,072,230
Other	3,037	3,047			3,037	3,047
<b>Business-Type Activities:</b>						
Operations			84,126	105,748	84,126	105,748
<b>Total Expenses</b>	<b>5,625,766</b>	<b>5,381,588</b>	<b>84,126</b>	<b>105,748</b>	<b>5,709,892</b>	<b>5,487,336</b>
<b>Increase (Decrease) in Net Position before transfers</b>	<b>448,805</b>	<b>134,724</b>	<b>9,499</b>	<b>(21,490)</b>	<b>458,304</b>	<b>113,234</b>
<b>Transfers</b>						
<b>Change in Net Position</b>	<b>448,805</b>	<b>134,724</b>	<b>9,499</b>	<b>(21,490)</b>	<b>458,304</b>	<b>113,234</b>
<b>Net Position July 1</b>	<b>3,133,516</b>	<b>2,998,792</b>	<b>2,710</b>	<b>24,200</b>	<b>3,136,226</b>	<b>3,022,992</b>
<b>Prior Period Adjustment</b>	<b>28,416</b>				<b>28,416</b>	
<b>Net Position, July 1 Restated</b>	<b>3,161,932</b>		<b>2,710</b>		<b>3,164,642</b>	
<b>Net Position June 30</b>	<b>\$ 3,610,737</b>	<b>\$ 3,133,516</b>	<b>\$ 12,209</b>	<b>\$ 2,710</b>	<b>\$ 3,622,946</b>	<b>\$ 3,136,226</b>

**Financial Analysis of the Governmental Funds**

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$3,258,990, an increase of \$509,905 in comparison with the prior year.

The unreserved fund balance for the School District at the end of the fiscal year includes a combination of unreserved fund balance for the General Fund of \$514,064, and a deficit unreserved fund balance of (\$5,727) for the Special Revenue Fund. 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) appropriated as a revenue source in the subsequent year's budget \$1,066,761; 2) reserved for maintenance \$250,952; 3) reserved for capital \$964; 4) reserved for impact aid

\$1,403,554 5) reserved for unemployment compensation \$28,422. The general fund is the chief operating fund of the School District.

The balance in the unreserved fund balance is limited primarily, due to the accounting treatment of the June state aid payments and state statutes that prohibit New Jersey school districts from maintaining more than 4% of its adopted budget as unreserved fund balance.

Revenue in the special revenue fund is generally recognized at the time that the outlays are identified; therefore, no fund balances are normally generated.

### 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 \$556,304, while total fund balance (budgetary basis) was \$3,306,808. 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 \$4,095,509. Unassigned fund balance (budgetary basis) represents 13.58% of expenditures while total fund balance (budgetary basis) represents 80.74% of that same amount.

### Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental activities as of June 30, 2021, totaled \$1,191,742 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$61,078 or a 4.87% decrease.

Major capital assets events during the current fiscal year included the following:

- Depreciation expense for the current fiscal year was \$60,745.

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

	Governmental Activities		Business-type Activities		District-Wide	
	2021	2020	2021	2020	2021	2020
Land	\$ 540,600	\$ 540,600	\$ -	\$ -	\$ 540,600	\$ 540,600
Building and Building Improvements	576,635	627,300			576,635	627,300
Equipment	74,507	84,587	389	722	74,896	85,309
Total	<u>\$ 1,191,742</u>	<u>\$ 1,252,487</u>	<u>\$ 389</u>	<u>\$ 722</u>	<u>\$ 1,192,131</u>	<u>\$ 1,253,209</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.

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

For the 2021-2022 school year, the School District was able to sustain its budget through the tax levy, federal aid, state aid, and miscellaneous revenue sources. One of the most important factors affecting the School District's budget is the amount of state aid it will receive in comparison to its enrollment. The 2021-2022 budget was adopted based on reduced aid from the State of New Jersey and a slight increase in school property taxes. The School District continues to examine its costs in an effort to prevent additional burden on the taxpayers.

### **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 Cape May City School District Business Administrator, 921 Lafayette Street, Cape May, New Jersey, 08204.

## Basic Financial Statements

District-Wide Financial Statements



**CAPE MAY CITY SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2021**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 1,708,955	\$ 32,977	\$ 1,741,932
Internal Balances	(10,925)	10,925	
Accounts Receivables, net	290	9,106	9,396
Inventory		2,965	2,965
Restricted assets:			
Cash and cash equivalents	1,655,321		1,655,321
Capital assets, net	1,191,742	389	1,192,131
<b>Total Assets</b>	<b>4,545,383</b>	<b>56,362</b>	<b>4,601,745</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows of resources from pensions	152,068	-	152,068
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>4,697,451</b>	<b>56,362</b>	<b>4,753,813</b>
<b>LIABILITIES:</b>			
Accounts payable:			
Other	134,513		134,513
Related to pensions	35,407		35,407
Internal Balances	(44,153)	44,153	
Unearned revenue	4,291		4,291
Noncurrent liabilities:			
Due within one year			-
Due beyond one year	667,329		667,329
<b>Total Liabilities</b>	<b>797,387</b>	<b>44,153</b>	<b>841,540</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows of resources from pensions	289,327	-	289,327
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>1,086,714</b>	<b>44,153</b>	<b>1,130,867</b>
<b>NET POSITION:</b>			
Net investment in capital assets	1,191,742	389	1,192,131
Restricted for:			
Capital projects	964		964
Maintenance	250,952		250,952
Impact	1,403,554		1,403,554
Unemployment Compensation	28,422		28,422
Unrestricted (Deficit)	735,103	11,820	746,923
<b>Total Net Position</b>	<b>\$ 3,610,737</b>	<b>\$ 12,209</b>	<b>\$ 3,622,946</b>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 1,356,799	\$ 5,030	\$ 173,723	\$ -	\$ (1,178,046)	\$ -	\$ (1,178,046)
Special Education	126,514		37,267		(89,247)		(89,247)
Other instruction	100,585				(100,585)		(100,585)
Support Services:							
Tuition	14,984				(14,984)		(14,984)
Student & instruction related services	524,092		34,834		(489,258)		(489,258)
General administrative services	89,997				(89,997)		(89,997)
School administrative services	84,443				(84,443)		(84,443)
Central administrative services	130,649				(130,649)		(130,649)
Plant operations and maintenance	539,653				(539,653)		(539,653)
Pupil transportation	19,906				(19,906)		(19,906)
Unallocated employee benefits	2,635,107		1,923,928		(711,179)		(711,179)
Unallocated depreciation and amortization	3,037				(3,037)		(3,037)
Total Governmental Activities	<u>5,625,766</u>	<u>5,030</u>	<u>2,169,752</u>	<u>-</u>	<u>(3,450,984)</u>	<u>-</u>	<u>(3,450,984)</u>
Business-Type Activities:							
Food service	<u>84,126</u>	<u>3,982</u>	<u>89,631</u>	<u>-</u>	<u>-</u>	<u>9,487</u>	<u>9,487</u>
Total Business-Type Activities	<u>84,126</u>	<u>3,982</u>	<u>89,631</u>	<u>-</u>	<u>-</u>	<u>9,487</u>	<u>9,487</u>
Total Primary Government	<u>\$ 5,709,892</u>	<u>\$ 9,012</u>	<u>\$ 2,259,383</u>	<u>\$ -</u>	<u>(3,450,984)</u>	<u>9,487</u>	<u>(3,441,497)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					1,886,377		1,886,377
Federal and State aid unrestricted					2,001,380		2,001,380
Investment and Interest earnings - restricted					5		5
Miscellaneous					12,027	12	12,039
Special Items:							
Transfer							-
Total general revenues, special items, extraordinary items and transfers					<u>3,899,789</u>	<u>12</u>	<u>3,899,801</u>
Change in Net Position					448,805	9,499	458,304
Net Position - July 1,					3,133,516	2,710	3,136,226
Prior Period Adjustments					28,416		28,416
Net Position - July 1, Restated					<u>3,161,932</u>	<u>2,710</u>	<u>3,164,642</u>
Net Position - June 30					<u>\$ 3,610,737</u>	<u>\$ 12,209</u>	<u>\$ 3,622,946</u>

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

## Fund Financial Statements

**CAPE MAY CITY SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

<b>ASSETS</b>	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 3,265,282	\$ 87,798	\$ 11,196	\$ -	\$ 3,364,276
Interfund Accounts Receivables					
Capital Projects Fund	11,047				11,047
Special Revenue Fund	63,676				63,676
Enterprise Fund	44,153				44,153
Intergovernmental Accounts Receivables					
State	290				290
Total Assets	<u>\$ 3,384,448</u>	<u>\$ 87,798</u>	<u>\$ 11,196</u>	<u>\$ -</u>	<u>\$ 3,483,442</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Interfund Accounts Payable:					
General Fund	\$ -	\$ 63,676	\$ 11,047	\$ -	\$ 74,723
Enterprise Fund	10,925				10,925
Accounts Payable:					
Payroll Deductions and Withholdings Payable	2,484				2,484
Unemployment Compensation Claims Payable	8,718				8,718
Other	97,753	25,558			123,311
Unearned Revenue		4,291			4,291
Total liabilities	<u>119,880</u>	<u>93,525</u>	<u>11,047</u>		<u>224,452</u>
Fund Balances:					
Restricted for:					
Capital Reserve	815				815
Maintenance Reserve	250,952				250,952
Impact Aid Reserve	1,403,554				1,403,554
Unemployment Compensation	28,422				28,422
Capital Projects			149		149
Assigned:					
Designated for Subsequent Year's Expenditures	1,066,761				1,066,761
Unassigned (Deficit)	514,064	(5,727)			508,337
Total Fund Balances	<u>3,264,568</u>	<u>(5,727)</u>	<u>149</u>		<u>3,258,990</u>
Total Liabilities and Fund Balances	<u>\$ 3,384,448</u>	<u>\$ 87,798</u>	<u>\$ 11,196</u>	<u>\$ -</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 \$3,840,172 and the accumulated depreciation is \$2,648,430. 1,191,742

Accounts payable related to the April 1, 2022 required PERS contribution that is not to be liquidated with current financial resources. (35,407)

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	\$ 152,068	
Net Pension Liability	(474,561)	
Deferred Inflows of resources from Pensions	<u>(289,327)</u>	(611,820)

Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (192,768)

Net position of governmental activities \$ 3,610,737

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local property tax levy	\$ 1,886,377	\$ -	\$ -	\$ -	\$ 1,886,377
Tuition charges	5,030				5,030
Interest earned Maintenance Reserve	70				70
Interest earned Impact Aid Reserve	248				248
Resticted miscellaneous revenues	5				5
Unrestricted miscellaneous revenues	11,709				11,709
Federal sources	1,531,456	230,315			1,761,771
State sources	1,169,429	58,356			1,227,785
Total revenues	4,604,324	288,671			4,892,995
<b>EXPENDITURES:</b>					
Current expense:					
Regular instruction	1,119,946	173,723			1,293,669
Special education instruction	89,247	37,267			126,514
Other instruction	100,585				100,585
Support services and undistributed costs:					
Tuition	14,984				14,984
Student & instruction related services	490,348	33,744			524,092
General administrative services	83,923				83,923
School administrative services	84,443				84,443
Central services	130,649				130,649
Plant operations and maintenance	383,276				383,276
Pupil transportation	19,906				19,906
Unallocated employee benefits	1,430,937	42,847			1,473,784
Capital outlay	147,265				147,265
Total expenditures	4,095,509	287,581			4,383,090
Excess (deficiency) of revenues over (under) expenditures	508,815	1,090			509,905
Other Financing Sources (Uses):					
Total other financing sources (uses)					
Net change in fund balance	508,815	1,090			509,905
Fund balances, July 1	2,727,337	(6,817)	149		2,720,669
Prior period adjustments	28,416				28,416
Fund balances, July 1, Restated	2,755,753	(6,817)	149		2,749,085
Fund balances, June 30	\$ 3,264,568	\$ (5,727)	\$ 149	\$ -	\$ 3,258,990

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

**CAPE MAY CITY SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**for the Fiscal Year Ended June 30, 2021**

Total net change in fund balances - governmental funds (from B-2)	\$ 509,905
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Capital outlays are reported in the governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.	
Depreciation expense	\$ (60,745)
Capital outlay	(60,745)
	<hr/>
Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.	20,253
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 (+).	
	<hr/> (20,608)
Change in position of governmental activities	<u><u>\$ 448,805</u></u>

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

**CAPE MAY CITY SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	<b>Business-type Activities</b>		
	<b>Child Care Program</b>	<b>Food Service Program</b>	<b>Total</b>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1	\$ 32,976	\$ 32,977
Interfund Receivable	-	10,925	10,925
Accounts Receivable	-	9,106	9,106
Inventories	-	2,965	2,965
Total Current Assets	1	55,972	55,973
Noncurrent Assets:			
Equipment	-	9,964	9,964
Less: Accumulated Depreciation	-	(9,575)	(9,575)
Total Noncurrent Assets	-	389	389
Total Assets	1	56,361	56,362
<b>LIABILITIES</b>			
Current Liabilities:			
Interfund Payable	1	44,152	44,153
Total Liabilities	1	44,152	44,153
<b>NET POSITION</b>			
Net Investment in Capital Assets	-	389	389
Unrestricted	-	11,820	11,820
Total Net Position	\$ -	\$ 12,209	\$ 12,209

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

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

	<b>Business-type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Child Care Program</b>	<b>Food Service Program</b>	<b>Total</b>
<b>Operating revenues:</b>			
Charges for services:			
Daily sales-reimbursable programs	\$ -	\$ -	\$ -
Daily sales-non-reimbursable programs	-	1,347	1,347
Miscellaneous	-	2,635	2,635
Program fees	-	-	-
Total operating revenue	-	3,982	3,982
<b>Operating expenses:</b>			
Salaries	-	47,748	47,748
Employee benefits	-	3,653	3,653
Supplies and materials	-	444	444
Depreciation	-	333	333
Other purchased services	-	182	182
Cost of sales - reimbursable programs	-	30,232	30,232
Cost of sales - nonreimbursable programs	-	1,534	1,534
Total operating expenses	-	84,126	84,126
Operating income (loss)	-	(80,144)	(80,144)
<b>Nonoperating revenues (expenses):</b>			
State sources:			
State school lunch program	-	2,140	2,140
Federal sources:			
National school lunch program	-	46,303	46,303
National school breakfast program	-	34,024	34,024
U.S.D.A. commodities	-	7,164	7,164
Local sources:			
Interest revenue	-	12	12
Total nonoperating revenues (expenses)	-	89,643	89,643
Change in net position	-	9,499	9,499
Total net position - July 1, 2020	-	2,710	2,710
Total net position - June 30, 2021	\$ -	\$ 12,209	\$ 12,209

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



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

	<b>Business-type Activities</b>		
	<u>Child Care Program</u>	<u>Food Service Program</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ -	\$ 1,347	\$ 1,347
Payments to employees	-	(47,748)	(47,748)
Payments to suppliers	-	(24,027)	(24,027)
Net cash used for operating activities	-	(70,428)	(70,428)
<b>Cash flows from noncapital financing activities:</b>			
Transfers from / (to) other funds	(1,918)	-	(1,918)
Cash received from state and federal reimbursements	-	64,572	64,572
Net cash provided by non-capital financing activities	(1,918)	64,572	62,654
<b>Cash flows from investing activities:</b>			
Interest and dividends	-	12	12
Net cash provided by investing activities	-	12	12
Net increase in cash and cash equivalents	(1,918)	(5,844)	(7,762)
Balances - July 1, 2020	1,919	38,820	40,739
Balances - June 30, 2021	<u>\$ 1</u>	<u>\$ 32,976</u>	<u>\$ 32,977</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ -	\$ (80,144)	\$ (80,144)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	-	333	333
Federal commodities	-	7,164	7,164
(Increase) decrease in inventories	-	1,201	1,201
(Increase) decrease in accounts receivable	-	(1,800)	(1,800)
Increase/(decrease) in interfund payable	-	3,653	3,653
Increase/(decrease) in unearned revenue	-	(835)	(835)
Total adjustments	-	9,716	9,716
Net cash provided by (used for) operating activities	<u>\$ -</u>	<u>\$ (70,428)</u>	<u>\$ (70,428)</u>

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** - The Cape May City School District (District) is a Type II school district located in Cape May County, New Jersey and covers an area of approximately one square mile. 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 District is to provide educational services for all of Cape May City's students in grades K through 6. Students in grades 7 through 8 attend Richard Teitleman Middle School. Students in grades 9 through 12 attend Lower Cape May Regional High School. The Cape May City School District has an approximate enrollment at June 30, 2021 of 149 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 require 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.

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

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

**Government-wide Statements (Continued)** - Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. 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.

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

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

**Proprietary Funds (Continued)**

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

The School District's enterprise funds are:

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

**Child Care Program** - This fund accounts for all revenues and expenses pertaining to the operations of the before and after school program sponsored by the 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

**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.

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

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

**Measurement Focus (Continued)**

**Fund Financial Statements (Continued)** - Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net 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.

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

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

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

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

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.

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

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

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

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

**Tuition Payable** - Tuition charges for the fiscal years ended June 30, 2020 and 2021 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

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

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

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

**Prepaid Expenses** - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

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

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

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

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

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

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

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

**Capital Assets (Continued)** - 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.

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

**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.

**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.

**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.



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Recently Issued Accounting Pronouncements** – In June 2017, the GASB issued Statement 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. This Statement should have no impact on the District's financial statements.

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

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

**2. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School district in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District's amount on deposit of \$3,447,059 as of June 30, 2021, \$250,000 was insured under FDIC and the remaining balance of \$3,197,059 was collateralized under GUDPA.

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

**3. CAPITAL RESERVE ACCOUNT**

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

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

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Balances, June 30, 2020	\$ 815
Increased by:	
Interest earned	-
Balances, June 30, 2021	<u>\$ 815</u>

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

**4. FEDERAL IMPACT AID RESERVE**

As permitted by P.L. 2015, c.46 which amended N.J.S.A. 18A:7F-41 a federal impact reserve was established by the Board of Education of the Cape May City School District by transfer of \$400,000 on June 15, 2017. Additionally, by board resolution on June 14, 2018, June 20, 2019, and June 18, 2020, \$300,00, \$400,000 and \$600,000 were approved increases for the amount of federal impact aid funds – general fund – received during the current fiscal year for use as general fund expenditures in subsequent years. The activity of the Impact Aid Reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Balances, June 30, 2020	\$ 1,103,306
Increased by:	
Interest earned	248
Transfer by Resolution	<u>800,000</u>
	1,903,554
Decreased by:	
Budget Appropriation	<u>500,000</u>
Balances, June 30, 2021	<u>\$ 1,403,554</u>

**5. ACCOUNTS RECEIVABLES**

Accounts receivables at June 30, 2021 consisted of accounts (fees) and intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

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

**5. ACCOUNTS RECEIVABLES (Continued)**

Accounts receivable at June 30, 2021 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Fund	Total
Intergovernmental					
State	\$ 290	\$ -	\$ -	\$ 297	\$ 587
Federal	-	-	-	7,009	7,009
Other	-	-	-	1,800	1,800
Total	<u>\$ 290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,106</u>	<u>\$ 9,396</u>

**6. CAPITAL ASSETS**

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

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<b>Governmental Activities:</b>				
Land	\$ 540,600	\$ -	\$ -	\$ 540,600
Total Capital Assets not being				
Depreciation	540,600		-	540,600
Building and Improvements	3,038,717			3,038,717
Equipment	260,855			260,855
Total Historical Cost	<u>3,840,172</u>	<u>-</u>	<u>-</u>	<u>3,840,172</u>
Less Accumulated Depreciation:				
Building and Improvements	(2,411,417)	(50,665)		(2,462,082)
Equipment	<u>(176,268)</u>	<u>(10,080)</u>		<u>(186,348)</u>
Total Accumulated Depreciation	<u>(2,587,685)</u>	<u>(60,745)</u>	<u>-</u>	<u>(2,648,430)</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,252,487</u>	<u>\$ (60,745)</u>	<u>\$ -</u>	<u>\$ 1,191,742</u>
<b>Business-Type Activities:</b>				
Equipment	\$ 9,964	\$ -	\$ -	\$ 9,964
Less - Accumulated Depreciation	<u>(9,242)</u>	<u>(333)</u>		<u>(9,575)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 722</u>	<u>\$ (333)</u>	<u>\$ -</u>	<u>\$ 389</u>

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

**6. CAPITAL ASSETS (Continued)**

Depreciation expense in the amount of \$60,745 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 42,522
General Administration	6,074
Plant Operation and Maintenance	9,112
Unallocated	<u>3,037</u>
Total depreciation expense	<u><u>\$ 60,745</u></u>

**7. INVENTORY**

Inventory in the food service fund at June 30, 2021 consisted of the following:

Food	\$ 2,634
Supplies	<u>331</u>
	<u><u>\$ 2,965</u></u>

**8. LONG-TERM OBLIGATIONS**

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

	<u>Principal Outstanding June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2021</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Compensated Absences	\$ 172,160	\$ 43,010	\$ 22,402	\$ 192,768	\$ -
Net Pension Liability	<u>609,368</u>		<u>134,807</u>	<u>474,561</u>	
	<u><u>\$ 781,528</u></u>	<u><u>\$ 43,010</u></u>	<u><u>\$ 157,209</u></u>	<u><u>\$ 667,329</u></u>	<u><u>\$ -</u></u>

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

**9. OPERATING LEASES**

At June 30, 2021, the District had operating lease agreements in effect for the following:

Copiers, Printers, and a Postage Meter

Total operating lease payments made during the year ended June 30, 2021, and 2020 were \$25,533 and \$27,132 respectively.

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

**9. OPERATING LEASES (Continued)**

Future minimum lease payments are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2022	\$ 25,860
2023	14,829
2024	<u>237</u>
	<u>\$ 40,926</u>

**10. PENSION PLANS**

**Description of Plans** – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). In addition, several School District employees participate in the Defined Contribution Retirement Program (DCRP), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. For additional information about TPAF, please refer to the Division's annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

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

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

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

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
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

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

**10. PENSION PLANS (Continued)**

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

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 2021. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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

The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2021 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2020, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2021 was \$352,216 and was paid by April 1, 2021. School District employee contributions to the pension plan during the fiscal year ended June 30, 2021 were \$115,760.

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

At June 30, 2021, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

For the year ended June 30, 2021, the School District recognized pension expense of \$636,461 and revenue of \$636,461 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.

**Cape May City School District  
Notes to Basic Financial Statements  
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**10. PENSION PLANS (Continued)**

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

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

	06/30/20	06/30/19
Collective deferred outflows of resources	\$ 9,458,881,999	\$ 9,932,767,606
Collective deferred inflows of resources	14,424,322,612	17,539,845,423
Collective net pension liability (Non-Employer – State of New Jersey)	65,993,498,688	61,519,112,443
State's portion of the net pension liability that was associated with the School District	10,235,075	9,126,914
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.0155432978%	.0148717178%

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

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

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

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

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

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.



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

**10. PENSION PLANS (Continued)**

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

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

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

*Discount rate.* The discount rate used to measure the State's total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate.* As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2020, the pension plans measurement date, attributable to the School District is \$0.00, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 5.40%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.40%) or 1 percentage point higher (6.40%) that the current rate:

	<b>1% Decrease (4.40%)</b>	<b>Current Discount Rate (5.40%)</b>	<b>1% Increase (6.40%)</b>
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	12,022,294	10,235,075	8,751,089
	<u>\$ 12,022,294</u>	<u>\$ 10,235,075</u>	<u>\$ 8,751,089</u>

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

**10. PENSION PLANS (Continued)**

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

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

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

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

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

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. The School District's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Based on the most recent PERS measurement date of June 30, 2020, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2021 was \$35,407 and was paid by April 1, 2022. School District employee contributions to the pension plan during the fiscal year ended June 30, 2021 were \$12,106.

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

**10. PENSION PLANS (Continued)**

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

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:

<b>Fiscal Year</b>	<b>Normal Contributions</b>	<b>Accrued Liability</b>	<b>Non Contributory Life</b>	<b>Long Term Disability</b>	<b>Total Liability Paid by District</b>
2021	\$ 3,634	\$ 26,662	\$ 1,539	\$ -	\$ 31,835
2020	3,044	28,170	1,682	298	33,194
2019	3,682	24,441	1,340	227	29,690

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

At June 30, 2021, the School District reported a liability of \$474,561 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The School District's proportion of the of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2021, the School District recognized pension expense of \$11,582. At June 30, 2021, the School District reported a liability of \$474,561 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 8,641	\$ 1,678
Changes of assumptions	15,395	198,703
Net Difference between projected and actual earnings on pension plan investments	16,221	-
Changes in proportion	76,404	88,946
District contributions subsequent to the measurement date	35,407	
<b>Total</b>	<b>\$ 152,068</b>	<b>\$ 289,327</b>

\$35,407 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2021, the plan measurement date is June 30, 2021) will be recognized as a reduction of the net liability in the year ended June 30, 2021.

**Cape May City School District**  
**Notes to Basic Financial Statements**  
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**10. PENSION PLANS (Continued)**

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	Net Deferred Outflows (Inflows) of Resources
2022	\$ (60,810)
2023	(42,735)
2024	(35,379)
2025	(28,916)
2026	(4,826)
Total	\$ (172,666)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.16	-
June 30, 2020	5.16	
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2015	5.00	5.00
June 30, 2016	5.00	5.00
June 30, 2017	5.00	5.00
June 30, 2018	5.00	5.00
June 30, 2019	5.00	5.00
June 30, 2020	5.00	5.00

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

**10. PENSION PLANS (Continued)**

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

**Additional Information**

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

	<u>6/30/2020</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$ 2,590,600,991	\$ 3,149,522,616
Collective deferred inflows of resources	\$ 12,009,239,423	\$ 7,645,087,574
Collective net pension liability	\$ 16,435,616,426	\$ 18,143,832,135
School District's Proportion	.0029100976%	.0033819077%

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

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

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

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

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

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

**10. PENSION PLANS (Continued)**

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

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

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

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

*Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the School District's proportionate share of the net pension liability measured as of June 30, 2020, calculated using the discount rate of 7.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
School District's proportionate share of the net pension liability	\$ 597,393	\$ 474,561	\$ 370,335

*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.

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

**10. PENSION PLANS (Continued)**

**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:

<b>Fiscal Year</b>	<b>Paid by School District</b>
2021	\$ 7,410
2020	7,000
2019	4,664
2018	6,434

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

**Plan Description and Benefits Provided**

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

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

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

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

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

**Contributions**

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

**Plan Membership**

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

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

**Total Non-Employer OPEB Liability**

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

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

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

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



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

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

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

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

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

*Discount Rate* - The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Changes in the Total Nonemployer OPEB Liability**

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

	Total OPEB Liability
Balance as of June 30, 2019	\$ 7,397,526
Changes for the years'	
Service Cost	265,610
Interest	264,654
Changes of benefit terms	
Differences between expected and actual experience	2,200,029
Changes in assumptions	2,217,657
Gross Benefit Payments	(211,357)
Contributions from the Non-employer	N/A
Contributions from the Member	6,406
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	\$ 4,742,999
Balance at 06/30/2020	\$ 12,140,525

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

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

**Sensitivity of the total nonemployer OPEB liability to changes in the discount rate** - The following presents the total nonemployer OPEB liability as of June 30, 2020, respectively, associated with the School District, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<b>1% Decrease (1.21%)</b>	<b>Current Discount Rate (2.21%)</b>	<b>1% Increase (3.21%)</b>
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 14,636,030	\$ 12,140,525	\$ 10,189,281

**Sensitivity of the total nonemployer OPEB liability to changes in the healthcare cost trend rate** - The following presents the total nonemployer OPEB liability as of June 30, 2020, associated with the School District, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage -point lower or 1percentage-point higher than the current rate:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 9,800,241	\$ 12,140,525	\$ 14,927,283

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

For the fiscal year ended June 30, 2021, the School District recognized \$533,533 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 were based on the OPEB Plan's June 30, 2020 measurement date.

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

At June 30, 2021, the State's proportionate share of the total nonemployer OPEB liability's deferred outflows of resources and deferred inflows of resources, associated with the School District, from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion	\$ 100,704	\$ (149,100)
Differences between expected and actual experience	1,843,248	(1,641,900)
Changes of assumptions	2,065,063	(1,385,303)
Total	\$ 4,009,015	\$ (3,176,303)

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

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

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

For the year ended:		
2021	\$	7,350
2022		7,350
2023		7,350
2024		7,350
2025		7,350
Thereafter		795,962
<b>Total</b>	<b>\$</b>	<b>832,712</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.

**12. ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2021, the School District has recognized as revenues and expenditures on-behalf payments made by the state for normal retirement costs, post-retirement medical costs and long-term disability insurance related to TPAF, in the fund statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal retirement costs, post-retirement medical costs and long-term disability insurance were \$447,047, \$140,098, and \$304, respectively. In addition, \$112,056 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.

**13. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters.

**Joint Insurance Pool** - The School District is a member of the New Jersey School Boards Association Insurance Group (NJSBAIG). Insurance coverage as provided by the Fund can be found in the Statistical Section of this Annual Comprehensive Financial Report.

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The Fund publishes its own financial report which can be obtained at: [www.njsbaig.com](http://www.njsbaig.com).

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

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

**13. RISK MANAGEMENT (Continued)**

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

<u>Fiscal Year</u>	<u>Interest Earnings</u>	<u>Board Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ 6	\$ -	\$ -	\$ -	\$ 28,422
2019-2020	3	20,000	4,082	11,279	28,416
2018-2019	2	-	4,170	236	15,610

**14. 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.

**15. COMPENSATED ABSENCES**

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2021, the liability for compensated absences in the governmental activities fund type was \$192,768.

**16. INTERFUND BALANCES AND TRANSFERS**

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2022. The following interfund balances were recorded on the various balance sheets as of June 30, 2021:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 118,876	\$ 10,925
Special Revenue	-	63,676
Capital Projects	-	11,047
Proprietary	10,925	44,153
Total	<u>\$ 129,801</u>	<u>\$ 129,801</u>

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

**17. CONTINGENCIES**

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

At June 30, 2021, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District.

**18. TAX ABATEMENTS**

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

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

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

The municipality recognized revenue of \$207,816 from the annual service charge in lieu of payment of taxes in 2020. The assessed value on these tax exemption properties amounted to \$18,044,300 which would have resulted in 2020 taxes billed in full of \$183,150. Of this amount \$11,909 would have been allocated to the district.

**19. DEFICIT UNASSIGNED FUND BALANCE**

The School District has a deficit unassigned fund balance of \$5,727 in the Special Revenue Fund as of June 30, 2021 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 \$5,727 in the Special Revenue Fund is equal to or less than the June state aid payment.

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

**20. SHARED SERVICES AGREEMENT**

On May 7, 2016, the District entered a shared services agreement with the City of Cape May (City) providing for the District's swimming pool reconstruction. Under the agreement, the cost of the reconstruction is estimated to be \$2,000,000 which will be funded by a City bond ordinance. The District will be responsible to pay to the City, in (10) ten equal annual instalments, one million (\$1,000,000) dollars to contribute to the final cost of the project, without interest, commencing one (1) year after the project receives a final certificate of occupancy.

In addition, the District and City shall equally share the maintenance expense of the pool, which is specifically the chemical and water costs, and mechanical repairs not covered by warranties.

**21. 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:**

**Capital Reserve** – As of June 30, 2021, the balance in the capital reserve account is \$815. This amount is restricted for future capital outlay expenditures for capital projects in the School District's approved Long-Range Facilities Plan.

**Maintenance Reserve Account** – As of June 30, 2021, the balance in the maintenance reserve account is \$250,952. 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).

**Impact Aid Reserve** – As of June 30, 2021, the balance in the impact aid reserve is \$1,403,554. Of this amount \$300,000 has been appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2022.

**Unemployment Compensation** – As of June 30, 2021, the balance in unemployment compensation is \$28,422. These funds are restricted for the purpose of financing unemployment claims.

**Capital Projects Fund:**

**Capital Projects** – As of June 30, 2021, the balance in capital projects is \$149.

*ASSIGNED*

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

**General Fund:**

**Designated for Subsequent Year's Expenditures** – The School District has appropriated \$1,066,761 as an anticipated revenue for the fiscal year ending June 30, 2022.

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

**21. FUND BALANCES (Continued)**

*UNASSIGNED*

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

**General Fund** – As of June 30, 2021, the unassigned fund balance of the general fund was \$514,064.

**Special Revenue Fund** – As of June 30, 2021, the unassigned fund balance of the special revenue fund was a deficit of \$5,727. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 19).

**22. PRIOR PERIOD ADJUSTMENT**

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

	Balance June 30, 2020 as Previously Reported	Retroactive Adjustments	Balance June 30, 2020 as Restated
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ 3,133,516	\$ 28,416	\$ 3,161,932
<u>Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	2,727,337	28,416	2,755,753
<u>Statement of Fiduciary Net Position - Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	28,416	(28,416)	-

**23. SUBSEQUENT EVENTS**

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

Required Supplementary Information - Part II



Budgetary Comparison Schedules

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 1,886,377	\$ -	\$ 1,886,377	\$ 1,886,377	\$ -
Tuition - Individuals				5,030	5,030
Maintenance reserve - interest	20		20	70	50
Impact aid reserve - interest				248	248
Other restricted miscellaneous revenues				5	5
Unrestricted miscellaneous revenues	1,000		1,000	11,709	10,709
Total local sources	1,887,397		1,887,397	1,903,439	16,042
State sources:					
Special education aid	78,905		78,905	78,905	
Security aid	40,306		40,306	40,306	
Adjustment aid	174,404		174,404	174,404	
Transportation aid	5,993		5,993	5,993	
School choice aid	165,096		165,096	165,096	
Nonpublic Transportation Aid				290	290
On-behalf TPAF pension contributions (non-budgeted)				447,047	447,047
On-behalf TPAF post retirement medical (non-budgeted)				140,098	140,098
On-behalf TPAF - LTDI (non-budgeted)				304	304
Reimbursed TPAF social security contributions (non-budgeted)				112,056	112,056
Total state sources	464,704		464,704	1,164,499	699,795
Federal sources:					
P.L. 103-382 Impact Aid - General	700,000		700,000	1,486,836	786,836
P.L. 103-382 Impact Aid - Capital				44,620	44,620
Department of Defense					
Total federal sources	700,000		700,000	1,531,456	831,456
TOTAL REVENUES	3,052,101		3,052,101	4,599,394	1,547,293
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Salaries of teachers					
Pre-School	93,261	(7,302)	85,959	85,959	
Kindergarten	186,758	(12,237)	174,521	174,521	
Grades 1-5	517,045	116,199	633,244	633,244	
Grades 6-8	87,832	(10,437)	77,395	77,395	
Total Instruction	884,896	86,223	971,119	971,119	
Regular Programs - Home Instruction:					
Salaries of Teachers	4,000	(570)	3,430		3,430
Total Home Instruction	4,000	(570)	3,430		3,430

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

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

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	\$ 76,550	\$ (36,587)	\$ 39,963	\$ 38,584	\$ 1,379
Purchased technical services	41,896	(750)	41,146	41,146	
Other purchased services	2,500		2,500	731	1,769
General supplies	114,000	(7,469)	106,531	61,925	44,606
Textbooks	30,000		30,000	4,786	25,214
Other objects	21,500		21,500	1,655	19,845
Total Undistributed Instruction	286,446	(44,806)	241,640	148,827	92,813
Total - Regular Programs - Instruction	1,175,342	40,847	1,216,189	1,119,946	96,243
Special Educ Instruction: Resource Room					
Salaries of teachers	159,447		159,447	89,150	70,297
General supplies	2,500		2,500	97	2,403
Total Resource Room	161,947		161,947	89,247	72,700
Total Special Education - Instruction	161,947		161,947	89,247	72,700
Basic Skills/Remedial - Instruction					
Salaries of teachers	109,778	(51,738)	58,040	3,699	54,341
General supplies	1,500	(466)	1,034	488	546
Total Basic Skills/Remedial - Instruction	111,278	(52,204)	59,074	4,187	54,887
Bilingual Education - Instruction					
Salaries of teachers	57,650		57,650	57,650	
Purchased Technical Services	10,000	5,656	15,656	15,656	
Textbooks	5,000	(538)	4,462		4,462
General supplies	3,000	(3,000)			
Total Bilingual Education - Instruction	75,650	2,118	77,768	73,306	4,462
Summer School - Instruction					
Salaries of teachers	15,300	(5,527)	9,773	7,200	2,573
Other salaries for instruction	1,950	3,270	5,220	5,220	
General supplies	300	307	607	607	
Total Summer School - Instruction	17,550	(1,950)	15,600	13,027	2,573
School-Sponsored Cocurricular Act - Inst.					
Salaries	30,000		30,000	9,240	20,760
Total School-Sponsored Cocurr. Act. - Inst	30,000		30,000	9,240	20,760
Before/After School Programs - Support Service					
Salaries of teachers		1,950	1,950	825	1,125
Supplies and Materials					
Total Before/After School Programs - Support Service		1,950	1,950	825	1,125
Undistributed Expenditures - Instruction					
Tuition to CSSD & Reg. Day Schools	150,069		150,069	14,984	135,085
Tuition to Private School for the Disabled					
Total Undistributed Expenditures - Instruction	150,069		150,069	14,984	135,085

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

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

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Attend. and Social Work					
Salaries	\$ 9,567	\$ 47	\$ 9,614	\$ 9,614	\$ -
Purchased professional and technical services	6,750	-	6,750	6,750	-
Total Undistributed Expenditures - Attendance	16,317	47	16,364	16,364	
Undistributed Expenditures - Health Services					
Salaries	66,215	(95)	66,120	63,565	2,555
Purchased prof. and technical services	2,000		2,000	1,600	400
Supplies and materials	5,000		5,000	1,496	3,504
Total Undistributed Expenditures - Health Svcs.	73,215	(95)	73,120	66,661	6,459
Undist. Expend. - Speech, OT, PT & Rel. Serv.					
Purchased prof. and educational services	56,510		56,510	56,510	
Supplies and materials	500	176	676	676	
Total Undst. Expend. - Speech, OT, PT & Rel. Serv.	57,010	176	57,186	57,186	
Undist. Expend. - Supp Serv STD- Extra Serv					
Salaries	104,370	2,082	106,452	106,452	
Total Undst. Expend. - Supp Serv STD- Extra Serv	104,370	2,082	106,452	106,452	
Undist. Expend. - Guidance					
Salaries of other professional staff	58,695		58,695	58,695	
Supplies and materials	500	(176)	324	134	190
Total Undst. Expend. - Guidance	59,195	(176)	59,019	58,829	190
Undist. Expend. - Child Study Teams					
Purchased professional Staff	57,650	(2,082)	55,568	39,801	15,767
Salaries of secretarial and clerical assistants	17,600		17,600		17,600
Purchased educational services	95,000		95,000	38,230	56,770
Supplies and materials	3,000		3,000	2,189	811
Total Undst. Expend. - Child Study Teams	173,250	(2,082)	171,168	80,220	90,948
Undist. Expend. - Improvement of Inst. Services					
Salaries of other professional staff	36,906		36,906	36,906	
Salaries of secretarial and clerical assistants	9,567	48	9,615	9,615	
Supplies and Materials	9,000		9,000	7,143	1,857
Total Undst. Expend. - Improvement of Inst. Services	55,473	48	55,521	53,664	1,857
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	47,879	10,000	57,879	45,704	12,175
Salaries of technology coordinators	10,000	(10,000)			
Purchased prof/technical services	4,250		4,250	2,462	1,788
Supplies and materials	5,000		5,000	2,806	2,194
Total Undst. Expend. - Educ. Media Serv./Sch. Library	67,129		67,129	50,972	16,157

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

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

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	\$ 50,000	\$ 3,486	\$ 53,486	\$ 48,000	\$ 5,486
Legal services	6,000		6,000	5,300	700
Audit Fees	13,000		13,000	12,900	100
Expenditure and internal control audit fees	3,000	200	3,200	3,200	
Other Purchased Professional Services	3,500		3,500	2,545	955
Communications / telephone	6,500	4,648	11,148	6,400	4,748
BOE Other Purchased Services	100		100		100
BOE In-House training/meeting supplies	500		500		500
Miscellaneous expenditures	2,500	233	2,733	1,307	1,426
BOE membership dues and fees	4,650		4,650	4,271	379
Total Undst. Expend. - Supp. Serv. General Admin.	89,750	8,567	98,317	83,923	14,394
Undist. Expend. - Supp. Serv. School Admin.					
Salaries of principals/assist. principals	81,011	(12,755)	68,256	68,256	
Salaries of other professional staff		12,755	12,755	12,755	
Other purchased services	800		800		800
Supplies and materials	550	5,400	5,950	178	5,772
Other objects	550	2,704	3,254	3,254	
Total Undst. Expend. - Supp. Serv. School Admin.	82,911	8,104	91,015	84,443	6,572
Undist. Expend. - Central Services					
Salaries	114,772		114,772	114,772	
Supplies and materials	800	5,000	5,800	3,265	2,535
Miscellaneous expenditures	1,000		1,000	685	315
Total Undst. Expend. - Central Services	116,572	5,000	121,572	118,722	2,850
Undist. Expend. - Admin. Info. Technology					
Salaries					
Purchased technical services	9,000	7,452	16,452	11,927	4,525
Total Undst. Expend. - Admin. Info. Technology	9,000	7,452	16,452	11,927	4,525
Undist. Expend. - Required Maint. Sch. Facilities					
Salaries	33,296	(25,057)	8,239		8,239
Cleaning, repair, and maintenance services	135,000	5,173	140,173	108,890	31,283
Lead Testing of Drinking Water	4,500	(207)	4,293		4,293
Supplies and materials	8,500		8,500	2,876	5,624
Total Undst. Expend. - Required Maint. Sch. Facilities	181,296	(20,091)	161,205	111,766	49,439
Undist. Expend. - Custodial Services					
Salaries	121,148	(750)	120,398	80,832	39,566
Purchased professional & tech. services	15,000	(136)	14,864	864	14,000
Insurance	39,000	(4,960)	34,040	34,040	
Misc. purchased services	500		500	149	351
General supplies	32,000		32,000	20,722	11,278
Energy (natural gas)	45,000		45,000	29,370	15,630
Energy (electricity)	65,000		65,000	43,792	21,208
Energy (gasoline)	750	750	1,500	14	1,486
Other objects	20,550		20,550	12,483	8,067
Total Undst. Expend. - Custodial Services	338,948	(5,096)	333,852	222,266	111,586

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

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

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Security					
Salaries	\$ 49,000	\$ -	\$ 49,000	\$ 45,137	\$ 3,863
Purchased professional & tech. services	3,500		3,500	1,595	1,905
General Supplies	10,654		10,654	2,512	8,142
Total Security	63,154		63,154	49,244	13,910
Total Undst. Expend. - Oper. & Maint. of Plant Services	583,398	(25,187)	558,211	383,276	174,935
Undist. Expend. - Student Trans. Services					
Sal. Of Non-Instructional Aides	9,780		9,780	9,780	
Contr. serv. - Aid in Lieu -nonpublic	8,000		8,000	5,000	3,000
Contr. serv. - Aid in Lieu -choice	6,000		6,000	322	5,678
Contr. serv. (other than bet. home & sch.) - vendors	4,000		4,000		4,000
Contr. serv. (bet. home & sch.) - joint agreements					
Contr. serv. (sp ed stds) - vendors	12,000		12,000		12,000
Contr. serv. (sp ed stds) - joint agreements	32,000		32,000	4,804	27,196
Total Undst. Expend. - Student Trans. Services	71,780		71,780	19,906	51,874
Unallocated Benefits - Employee Benefits					
Social security contributions	40,095	3,848	43,943	40,290	3,653
Other retirement contributions - PERS	32,338	(503)	31,835	31,835	
Other retirement contributions - reg.	15,000	(7,604)	7,396	7,396	
Unemployment compensation	9,500	(3,206)	6,294		6,294
Workmen's compensation	41,708	5,890	47,598	47,598	
Health benefits	626,558		626,558	535,039	91,519
Tuition reimbursement	15,000	4,934	19,934	19,934	
Other employee benefits	47,396	1,944	49,340	49,340	
Total Unallocated Benefits - Employee Benefits	827,595	5,303	832,898	731,432	101,466
On-behalf TPAF pension contributions (non-budgeted)				447,047	(447,047)
On-behalf TPAF post retirement medical (non-budgeted)				140,098	(140,098)
On-behalf TPAF - LTDI (non-budgeted)				304	(304)
Reimbursed TPAF social security contributions (non-budgeted)				112,056	(112,056)
Total Undistributed Expenditures - TPAF				699,505	(699,505)
Total Undistributed Expenditures	2,537,034	9,239	2,546,273	2,638,466	(92,193)
Total General Current Expense	4,108,801		4,108,801	3,948,244	160,557
<b>EXPENDITURES:</b>					
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Undistributed Expenditures:					
Required Maintenance for School Facilities	50,000		50,000	24,979	25,021
Security	15,960		15,960	9,125	6,835
Non-instructional services	10,000		10,000	10,000	
Total Equipment	75,960		75,960	44,104	31,856

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

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

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities Acquisition and Construction Services					
Other Purchased Prof and Tech Services	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ -
Assessment for Debt Service on SDA Funding	3,161	-	3,161	3,161	-
Total Facilities Acquisition and Construction Services	103,161		103,161	103,161	
Total Capital Outlay	179,121		179,121	147,265	
Total Expenditures	4,287,922		4,287,922	4,095,509	192,413
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(1,235,821)		(1,235,821)	503,885	1,739,706
Other Financing Sources:					
Operating Transfer Out - Food Service Fund	(5,000)		(5,000)		(5,000)
Total Other Financing Sources	(5,000)		(5,000)		(5,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(1,240,821)		(1,240,821)	503,885	1,744,706
Fund Balance, July 1	2,774,507		2,774,507	2,774,507	
Prior Period Adjustment				28,416	28,416
Fund Balance, July 1, Restated	2,774,507		2,774,507	2,802,923	28,416
Fund Balance, June 30	\$ 1,533,686	\$ -	\$ 1,533,686	\$ 3,306,808	\$ 1,773,122
Recapitulation:					
Restricted:					
Capital Reserve:					
Designated for Subsequent Year's Expenditures				\$ -	
Capital Reserve				815	
Maintenance Reserve				250,952	
Impact Aid Reserve					
Designated for Subsequent Year's Expenditures				300,000	
Impact Aid Reserve				1,103,554	
Unemployment Compensation				28,422	
Assigned:					
Year-end encumbrances					
Designated for Subsequent Year's Expenditures				1,066,761	
Unassigned				556,304	
				3,306,808	
Reconciliation on Governmental Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				(42,240)	
Fund Balance per Government Fund (GAAP)				\$ 3,264,568	

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

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State sources	\$ 57,266	\$ -	\$ 57,266	\$ 57,266	\$ -
Federal sources	122,568	113,146	235,714	230,315	(5,399)
Total revenues	179,834	113,146	292,980	287,581	(5,399)
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	128,152	24,690	152,842	152,842	
Purchase Prof Tech	8,000	(480)	7,520	7,520	
Other Purchased Service		31,000	31,000	30,601	399
Tuition	41,064	(41,064)			
General supplies		20,027	20,027	20,027	
Total instruction	177,216	34,173	211,389	210,990	399
Support services:					
Personal services - employee benefits		42,847	42,847	42,847	
Purchase Prof Tech		5,000	5,000		5,000
Other purchased services	2,618	4,988	7,606	7,606	
Supplies and Materials		26,138	26,138	26,138	
Total support services	2,618	78,973	81,591	76,591	5,000
Facilities acquisition and const. serv.:					
Instructional equipment					
Total facilities acquisition and const. serv.:					
Total expenditures	179,834	113,146	292,980	287,581	5,399
Total outflows	179,834	113,146	292,980	287,581	5,399
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -



**CAPE MAY CITY SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budgetary Comparison**  
**Fiscal Year Ended June 30, 2021**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 4,599,394	\$ 287,581
Difference - budget to GAAP:		
The last State aid payment for the prior year is recognized as revenue for GAAP purposes and differs from budgetary basis which recognized this revenue in the prior year.	47,170	6,817
The last State aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognizes this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	<u>(42,240)</u>	<u>(5,727)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 4,604,324</u>	<u>\$ 288,671</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 4,095,509	\$ 287,581
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.	<u>                    </u>	<u>                    </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,095,509</u>	<u>\$ 287,581</u>

Required Supplementary Information - Part III

Schedules Related to Accounting and Reporting

For Pensions and

Other Post Employment Benefits

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

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0029100976%	0.0033819077%	0.0029620673%	0.0028242867%	0.0028805056%	0.0027185222%	0.0018551999%	0.0039536573%
District's proportionate share of the net pension liability (asset)	\$ 474,561	\$ 609,368	\$ 583,216	\$ 657,449	\$ 853,123	\$ 610,254	\$ 347,344	\$ 755,622
District's covered-employee payroll	161,413	219,167	191,765	237,191	207,887	196,958	183,842	189,026
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	294.00%	278.04%	304.13%	277.18%	410.38%	309.84%	188.94%	399.75%
Plan fiduciary net position as a percentage of the total pension liability	42.90%	42.04%	40.45%	36.78%	31.20%	38.21%	42.74%	40.71%

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

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

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 35,407	\$ 31,835	\$ 33,194	\$ 29,463	\$ 26,164	\$ 25,590	\$ 23,372	\$ 15,294
Contributions in relation to the contractually required contributions	<u>(35,407)</u>	<u>(31,835)</u>	<u>(33,194)</u>	<u>(29,463)</u>	<u>(26,164)</u>	<u>(25,590)</u>	<u>(23,372)</u>	<u>(15,294)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	161,413	219,167	191,765	237,191	207,887	196,958	183,842	189,026
Contributions as a percentage of covered-employee payroll	21.94%	14.53%	17.31%	12.42%	12.59%	12.99%	12.71%	8.09%

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

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

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0155432978%	0.0148717178%	0.0144954202%	0.0141587944%	0.0144438971%	0.0152416614%	0.0152518196%	0.0154010277%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 10,235,075</u>	<u>\$ 9,126,914</u>	<u>\$ 9,221,675</u>	<u>\$ 9,546,370</u>	<u>\$ 11,362,489</u>	<u>\$ 9,633,381</u>	<u>\$ 8,151,601</u>	<u>\$ 7,783,558</u>
Total	<u><u>\$ 10,235,075</u></u>	<u><u>\$ 9,126,914</u></u>	<u><u>\$ 9,221,675</u></u>	<u><u>\$ 9,546,370</u></u>	<u><u>\$ 11,362,489</u></u>	<u><u>\$ 9,633,381</u></u>	<u><u>\$ 8,151,601</u></u>	<u><u>\$ 7,783,558</u></u>
District's covered-employee payroll	1,515,422	1,617,636	1,715,479	1,600,701	1,511,342	1,409,569	1,458,772	1,499,909
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
State's proportion of the net OPEB liability (asset) associated with the District	0.02%	0.02%	0.02%	0.02%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 12,140,525	\$ 7,397,526	\$ 8,298,594	\$ 9,646,738
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 12,140,525</u>	<u>\$ 7,397,526</u>	<u>\$ 8,298,594</u>	<u>\$ 9,646,738</u>
Plan fiduciary net position as a percentage of the total OPEB Liability	0.00%	0.00%	0.00%	0.00%
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB Liability</b>				
Service Cost	\$ 265,610	\$ 254,563	\$ 272,213	\$ 326,151
Interest	264,654	326,784	351,297	303,793
Difference between expected and actual experiences	2,200,029	(1,372,362)	(805,117)	
Changes of assumptions	2,217,657	110,298	(952,305)	(1,208,100)
Member Contributions	6,406	6,731	7,669	8,228
Benefit payments	<u>(211,357)</u>	<u>(227,082)</u>	<u>(221,901)</u>	<u>(223,439)</u>
<b>Net Change in total OPEB Liability</b>	\$ 4,742,999	\$ (901,068)	\$ (1,348,144)	\$ (793,367)
<b>Total OPEB Liability - beginning</b>	<u>\$ 7,397,526</u>	<u>\$ 8,298,594</u>	<u>\$ 9,646,738</u>	<u>\$ 10,440,105</u>
<b>Total OPEB Liability - ending</b>	<u>\$ 12,140,525</u>	<u>\$ 7,397,526</u>	<u>\$ 8,298,594</u>	<u>\$ 9,646,738</u>
District's covered-employee payroll	1,676,835	1,836,803	1,907,244	1,837,892
Total OPEB Liability as a percentage of covered-employee payroll	724.01%	402.74%	435.11%	524.88%

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

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

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

*Changes of benefit term:* There were none.

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

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

*Changes of benefit term:* There were none.

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

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

*Changes of benefit term:* There were none.

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

Other Supplementary Information



Special Revenue Fund

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

	No Child Left Behind (N.C.L.B.)			Individuals With Disabilities Act (I.D.E.A.)				Preschool Education Aid	
	Title I Current Year	Title II - Part A Current Year	Title IV - Part A Current Year	Part B - Basic Current Year	Part B - Preschool Current Year	CARES Act Current Year	Coronavirus Relief Current Year		Total
<b>REVENUES:</b>									
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,266	\$ 57,266
Federal sources	89,087	4,606	10,000	49,336	2,027	66,239	9,020	-	230,315
<b>Total Revenues</b>	<b>89,087</b>	<b>4,606</b>	<b>10,000</b>	<b>49,336</b>	<b>2,027</b>	<b>66,239</b>	<b>9,020</b>	<b>57,266</b>	<b>287,581</b>
<b>EXPENDITURES:</b>									
Instruction:									
Salaries of Teachers	60,336			35,240				57,266	152,842
Purchase Prof Tech						5,000	2,520		7,520
Other Purchased Service						25,800	4,801		30,601
General Supplies			10,000		2,027	8,000			20,027
<b>Total instruction</b>	<b>60,336</b>		<b>10,000</b>	<b>35,240</b>	<b>2,027</b>	<b>38,800</b>	<b>7,321</b>	<b>57,266</b>	<b>210,990</b>
Support services:									
Personal Services - Employee Benefits	28,751			14,096					42,847
Other Purchased Services		4,606				3,000			7,606
Supplies and Materials						24,439	1,699		26,138
<b>Total support services</b>	<b>28,751</b>	<b>4,606</b>		<b>14,096</b>		<b>27,439</b>	<b>1,699</b>		<b>76,591</b>
Facilities acquisition and const. serv.:									
Instructional equipment									
<b>Total facilities acquisition and const. serv.:</b>									
<b>Total Expenditures</b>	<b>89,087</b>	<b>4,606</b>	<b>10,000</b>	<b>49,336</b>	<b>2,027</b>	<b>66,239</b>	<b>9,020</b>	<b>57,266</b>	<b>287,581</b>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CAPE MAY CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
Statement of Preschool Education Aid  
Budgetary Basis  
for the Fiscal Year Ended June 30, 2021

<b><u>District-Wide Total</u></b>			
	<b><u>Budgeted</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of teachers	\$ 57,266	\$ 57,266	\$ -
Other salaries for instruction			
Total Instruction	<u>57,266</u>	<u>57,266</u>	
<b>Support Services:</b>			
Salaries of supervisor of instruction			
Personal Services - Employee Benefits			
Total support services			
Total expenditures	<u>\$ 57,266</u>	<u>\$ 57,266</u>	<u>\$ -</u>

<b><u>CALCULATION OF BUDGET AND CARRYOVER</u></b>	
Total Revised 2020-2021 Preschool Education Allocation	\$ 57,266
Add: Actual Preschool Ed Aid Carryover (June 30, 2020)	
Total Preschool Education Aid Funds Available for 2020-2021	57,266
Less: 2020-2021 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(57,266)</u>
Available & Unbudgeted Preschool Education Funds as of June 30, 2021	
Add: June 30, 2021 Unexpended Preschool Education Aid	
2020-2021 Preschool Education Aid Carryover	<u>\$ -</u>
2020-2021 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2021-22	<u>\$ -</u>

Capital Projects Fund  
Detail Statements

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

**Revenues and Other Financing Sources:**

State Aid - SDA Grant	\$ -
Transfer from capital outlay	
Total revenues and other financing sources	<u>-</u>

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

Purchased professional services	
Construction services	
Total expenditures and other financing (uses)	<u></u>

Excess (deficiency) or revenues over (under) expenditures	-
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Fund Balance - July 1, 2020	<u>149</u>
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Fund Balance - June 30, 2021	<u><u>\$ 149</u></u>
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**CAPE MAY CITY SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Statement of Project Revenues, Expenditures, Project Balance,**  
**and Project Status - Budgetary Basis**  
**Elementary School - Security Upgrade**  
**From Inception and for the Fiscal Year ended June 30, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
<b>Revenues and Other Financing Sources:</b>				
State sources - SCC Grant	\$ 11,196	\$ -	\$ 11,196	\$ 11,196
Transfer from capital outlay	16,571		16,571	16,571
Total revenues	<u>27,767</u>	<u>-</u>	<u>27,767</u>	<u>27,767</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional services	2,998		2,998	2,998
Construction services	24,620		24,620	24,620
	<u>27,618</u>	<u></u>	<u>27,618</u>	<u>27,618</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149</u>	<u>\$ 149</u>
<b>Additional project information:</b>				
Project Number	0710-050-09-2001			
Grant Date	06/09/10			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 46,250			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 27,618			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original target completion date	12/31/09			
Revised target completion date	12/31/09			

Proprietary Funds

**CAPE MAY CITY SCHOOL DISTRICT**  
**Enterprise Funds**  
Statement of Net Position  
as of June 30, 2021

	Child Care Program	Food Service	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1	\$ 32,976	\$ 32,977
Accounts Receivable:			
State	-	297	297
Federal	-	7,009	7,009
Other	-	1,800	1,800
Interfund	-	10,925	10,925
Inventories	-	2,965	2,965
Total Current Assets	1	55,972	55,973
Fixed Assets:			
Equipment	-	9,964	9,964
Less: Accumulated Depreciation	-	(9,575)	(9,575)
Total Fixed Assets	-	389	389
Total Assets	1	56,361	56,362
<b>LIABILITIES:</b>			
Current liabilities:			
Unearned Revenue	-	-	-
Interfund Payable	1	44,152	44,153
Total Current Liabilities	1	44,152	44,153
<b>NET POSITION:</b>			
Net Investment in Capital Assets	-	389	389
Unreserved Retained Earnings	-	11,820	11,820
Total Net Position	\$ -	\$ 12,209	\$ 12,209



**CAPE MAY CITY SCHOOL DISTRICT**  
**Enterprise Funds**

Combined Statement of Revenues, Expenses and Changes in Net Position  
for the Fiscal Year ended June 30, 2021

	Child Care Program	Food Service	Total
<b>OPERATING REVENUES:</b>			
Local sources:			
Daily sales-reimbursable programs	\$ -	\$ -	\$ -
Total-daily sales-reimbursable programs	-	-	-
Daily sales non-reimbursable programs	-	1,347	1,347
Miscellaneous	-	2,635	2,635
Total operating revenue	-	3,982	3,982
<b>OPERATING EXPENSES:</b>			
Salaries	-	47,748	47,748
Employee benefits	-	3,653	3,653
Supplies and materials	-	444	444
Depreciation	-	333	333
Other purchased services	-	182	182
Cost of Sales - reimbursable programs	-	30,232	30,232
Cost of Sales - nonreimbursable programs	-	1,534	1,534
Total operating expenses	-	84,126	84,126
Operating income (loss)	-	(80,144)	(80,144)
<b>Non-operating revenues:</b>			
State sources:			
State school lunch program	-	2,140	2,140
Federal sources:			
National school lunch program	-	46,303	46,303
National school breakfast program	-	34,024	34,024
U.S.D.A. commodities	-	7,164	7,164
Interest revenue	-	12	12
Total non-operating revenues	-	89,643	89,643
Change in Net Position	-	9,499	9,499
Net Position - July 1	-	2,710	2,710
Net Position - June 30	\$ -	\$ 12,209	\$ 12,209

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

	Child Care Program	Food Service	Total
Cash flows from operating activities:			
Cash receipts from customers	\$ -	\$ 1,347	\$ 1,347
Cash payments to employees for services	-	(47,748)	(47,748)
Cash payments to suppliers for goods and services	-	(24,027)	(24,027)
Net cash used by operating activities	-	(70,428)	(70,428)
Cash flows from noncapital financing activities:			
Transfers from / (to) other funds	(1,918)	-	(1,918)
Cash received from state and federal reimbursements	-	64,572	64,572
Net cash provided by noncapital financing activities	(1,918)	64,572	62,654
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	-	12	12
Net cash provided by investing activities	-	12	12
Net increase (decrease) in cash and cash equivalents	(1,918)	(5,844)	(7,762)
Cash and cash equivalents, July 1	1,919	38,820	40,739
Cash and cash equivalents, June 30	<u>\$ 1</u>	<u>\$ 32,976</u>	<u>\$ 32,977</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ -	\$ (80,144)	\$ (80,144)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation	-	333	333
Federal commodities	-	7,164	7,164
Change in assets and liabilities:			
(Increase)/decrease in inventory	-	1,201	1,201
(Increase)/decrease in accounts receivable	-	(1,800)	(1,800)
Increase/(decrease) in interfund payable	-	3,653	3,653
Increase/(decrease) in unearned revenue	-	(835)	(835)
Net cash used by operating activities	<u>\$ -</u>	<u>\$ (70,428)</u>	<u>\$ (70,428)</u>

**Statistical Section**

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

**Exhibit J-1**

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities:										
Net Investment in Capital Assets	\$ 1,713,775	\$ 1,663,528	\$ 1,572,948	\$ 1,494,960	\$ 1,433,367	\$ 1,381,120	\$ 1,350,142	\$ 1,309,084	\$ 1,252,487	\$ 1,191,742
Restricted for:										
Special Revenue	(2,478)	(3,366)	(4,319)	(6,622)	(10,077)	(6,622)	(9,501)	(9,058)	(6,817)	(5,727)
Capital Projects	75,688	75,723	75,753	75,784	814	814	963	963	964	964
Other Purposes	953,568	935,650	606,192	445,963	550,455	1,092,618	1,848,490	1,901,419	2,095,138	1,682,928
Unrestricted	360,364	139,660	(130,992)	(473,567)	(111,385)	(276,327)	(525,826)	(203,616)	(208,256)	740,830
Total Governmental Activities Net Position	<u>\$ 3,100,917</u>	<u>\$ 2,811,195</u>	<u>\$ 2,119,582</u>	<u>\$ 1,536,518</u>	<u>\$ 1,863,174</u>	<u>\$ 2,191,603</u>	<u>\$ 2,664,268</u>	<u>\$ 2,998,792</u>	<u>\$ 3,133,516</u>	<u>\$ 3,610,737</u>
Business-Type Activities:										
Net Investment in Capital Assets	\$ 4,891	\$ 4,338	\$ 3,784	\$ 3,231	\$ 2,678	\$ 2,125	\$ 1,572	\$ 1,055	\$ 722	\$ 389
Unrestricted	10,084	10,887	3,252	9,772	29,331	58,912	38,989	23,145	1,988	11,820
Total Business-Type Activities Net Position	<u>\$ 14,975</u>	<u>\$ 15,225</u>	<u>\$ 7,036</u>	<u>\$ 13,003</u>	<u>\$ 32,009</u>	<u>\$ 61,037</u>	<u>\$ 40,561</u>	<u>\$ 24,200</u>	<u>\$ 2,710</u>	<u>\$ 12,209</u>
District-Wide:										
Net Investment in Capital Assets	\$ 1,718,666	\$ 1,667,866	\$ 1,576,732	\$ 1,498,191	\$ 1,436,045	\$ 1,383,245	\$ 1,351,714	\$ 1,310,139	\$ 1,253,209	\$ 1,192,131
Restricted:										
Special Revenue	(2,478)	(3,366)	(4,319)	(6,622)	(10,077)	(6,622)	(9,501)	(9,058)	(6,817)	(5,727)
Capital Projects	75,688	75,723	75,753	75,784	814	814	963	963	964	964
Other Purposes	953,568	935,650	606,192	445,963	550,455	1,092,618	1,848,490	1,901,419	2,095,138	1,682,928
Unrestricted	370,448	150,547	(127,740)	(463,795)	(82,054)	(217,415)	(486,837)	(180,471)	(206,268)	752,650
Total District Net Position	<u>\$ 3,115,892</u>	<u>\$ 2,826,420</u>	<u>\$ 2,126,618</u>	<u>\$ 1,549,521</u>	<u>\$ 1,895,183</u>	<u>\$ 2,252,640</u>	<u>\$ 2,704,829</u>	<u>\$ 3,022,992</u>	<u>\$ 3,136,226</u>	<u>\$ 3,622,946</u>

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

**Exhibit J-2**

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses:</b>										
Governmental activities:										
Instruction:										
Regular	\$ 1,320,931	\$ 1,405,163	\$ 1,253,104	\$ 1,312,897	\$ 1,270,164	\$ 1,438,810	\$ 1,462,681	\$ 1,479,658	\$ 1,527,725	\$ 1,356,799
Special education	201,479	174,812	186,529	171,441	203,176	168,574	117,852	120,214	172,023	126,514
Other instruction	161,915	135,795	187,810	157,194	197,190	78,871	155,457	163,986	93,048	100,585
Support Services:										
Tuition		63,881	170,479	89,986	88,431	122,621	112,400	102,844	126,550	14,984
Student & instruction related services	378,733	405,282	417,051	416,911	452,330	470,087	462,510	543,508	442,260	524,092
School administrative services	54,907	54,581	61,758	60,446	61,667	58,878	77,198	75,312	72,318	84,443
General and business administrative services	192,094	178,890	187,707	186,199	186,721	205,117	232,055	240,671	232,662	220,646
Plant operations and maintenance	411,389	397,424	361,714	338,590	396,742	388,374	396,402	606,522	588,017	539,653
Pupil transportation	16,392	63,840	71,543	55,063	53,207	70,351	52,533	76,766	51,708	19,906
Unallocated employee benefits	805,634	914,357	883,052	866,717	908,577	1,123,291	2,383,378	2,199,234	2,072,230	2,635,107
Unallocated depreciation	4,322	4,512	7,690	3,899	3,080	2,910	3,039	3,074	3,047	3,037
Total governmental activities expenses	<u>3,547,796</u>	<u>3,798,537</u>	<u>3,788,437</u>	<u>3,659,343</u>	<u>3,821,285</u>	<u>4,127,884</u>	<u>5,455,505</u>	<u>5,611,789</u>	<u>5,381,588</u>	<u>5,625,766</u>
Business-type activities:										
Food service	84,851	81,148	98,066	112,031	105,936	110,228	120,167	103,858	95,280	84,126
Child care program	13,638	18,627	20,806	14,504	18,852	14,831	15,328	13,420	10,468	
Total business-type activities expense	<u>98,489</u>	<u>99,775</u>	<u>118,872</u>	<u>126,535</u>	<u>124,788</u>	<u>125,059</u>	<u>135,495</u>	<u>117,278</u>	<u>105,748</u>	<u>84,126</u>
Total district expenses	<u>\$ 3,646,285</u>	<u>\$ 3,898,312</u>	<u>\$ 3,907,309</u>	<u>\$ 3,785,878</u>	<u>\$ 3,946,073</u>	<u>\$ 4,252,943</u>	<u>\$ 5,591,000</u>	<u>\$ 5,729,067</u>	<u>\$ 5,487,336</u>	<u>\$ 5,709,892</u>
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,299	\$ 5,030
Operating grants and contributions	267,301	457,559	137,419	470,970	563,360	660,564	1,933,738	1,654,438	1,489,368	2,169,752
Total governmental activities program revenues	<u>267,301</u>	<u>457,559</u>	<u>137,419</u>	<u>470,970</u>	<u>563,360</u>	<u>660,564</u>	<u>1,933,738</u>	<u>1,654,438</u>	<u>1,495,667</u>	<u>2,174,782</u>
Business-type activities:										
Charges for services:										
Food service	20,453	20,870	17,981	17,897	19,733	25,988	25,686	19,517	16,927	3,982
Child care program	18,457	16,894	12,835	20,663	13,483	13,224	14,774	6,565	8,959	
Operating grants and contributions	57,209	52,652	63,850	73,932	93,046	96,329	74,514	74,786	50,046	89,631
Capital grants and contributions										
Total business type activities program revenues	<u>96,119</u>	<u>90,416</u>	<u>94,666</u>	<u>112,492</u>	<u>126,262</u>	<u>135,541</u>	<u>114,974</u>	<u>100,868</u>	<u>75,932</u>	<u>93,613</u>
Total district program revenues	<u>\$ 363,420</u>	<u>\$ 547,975</u>	<u>\$ 232,085</u>	<u>\$ 583,462</u>	<u>\$ 689,622</u>	<u>\$ 796,105</u>	<u>\$ 2,048,712</u>	<u>\$ 1,755,306</u>	<u>\$ 1,571,599</u>	<u>\$ 2,268,395</u>
<b>Net (Expense)/Revenue:</b>										
Governmental activities	\$ (3,280,495)	\$ (3,340,978)	\$ (3,651,018)	\$ (3,188,373)	\$ (3,257,925)	\$ (3,467,320)	\$ (3,521,767)	\$ (3,957,351)	\$ (3,885,921)	\$ (3,450,984)
Business-type activities	(2,370)	(9,359)	(24,206)	(14,043)	1,474	10,482	(20,521)	(16,410)	(29,816)	9,487
Total district-wide net expense	<u>\$ (3,282,865)</u>	<u>\$ (3,350,337)</u>	<u>\$ (3,675,224)</u>	<u>\$ (3,202,416)</u>	<u>\$ (3,256,451)</u>	<u>\$ (3,456,838)</u>	<u>\$ (3,542,288)</u>	<u>\$ (3,973,761)</u>	<u>\$ (3,915,737)</u>	<u>\$ (3,441,497)</u>

(Continued)

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

**Exhibit J-2**

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 1,483,921	\$ 1,483,921	\$ 1,513,599	\$ 1,574,143	\$ 1,731,557	\$ 1,804,282	\$ 1,849,389	\$ 1,849,389	\$ 1,886,377	\$ 1,886,377
Unrestricted grants and contributions	1,655,773	1,532,289	1,418,777	1,708,647	1,822,464	1,987,533	2,100,528	2,422,780	2,050,454	2,001,380
Investment earnings	26	35	1,767	63	30	23	21			5
Miscellaneous income	87,240	1,867	41,262	68,288	48,030	22,411	44,494	19,706	83,814	12,027
Transfers	(12,945)	(9,599)	(16,000)	(20,000)	(17,500)	(18,500)				
Total governmental activities	<u>3,214,015</u>	<u>3,008,513</u>	<u>2,959,405</u>	<u>3,331,141</u>	<u>3,584,581</u>	<u>3,795,749</u>	<u>3,994,432</u>	<u>4,291,875</u>	<u>4,020,645</u>	<u>3,899,789</u>
Business-type activities:										
Investment earnings	22	10	17	10	32	46	45	49	8,326	12
Transfers	12,945	9,599	16,000	20,000	17,500	18,500				
Total business-type activities	<u>12,967</u>	<u>9,609</u>	<u>16,017</u>	<u>20,010</u>	<u>17,532</u>	<u>18,546</u>	<u>45</u>	<u>49</u>	<u>8,326</u>	<u>12</u>
Total district-wide	<u>\$ 3,226,982</u>	<u>\$ 3,018,122</u>	<u>\$ 2,975,422</u>	<u>\$ 3,351,151</u>	<u>\$ 3,602,113</u>	<u>\$ 3,814,295</u>	<u>\$ 3,994,477</u>	<u>\$ 4,291,924</u>	<u>\$ 4,028,971</u>	<u>\$ 3,899,801</u>
<b>Change in Net Position:</b>										
Governmental activities	\$ (66,480)	\$ (332,465)	\$ (691,613)	\$ 142,768	\$ 326,656	\$ 328,429	\$ 472,665	\$ 334,524	\$ 134,724	\$ 448,805
Business-type activities	10,597	250	(8,189)	5,967	19,006	29,028	(20,476)	(16,361)	(21,490)	9,499
Total district-wide	<u>\$ (55,883)</u>	<u>\$ (332,215)</u>	<u>\$ (699,802)</u>	<u>\$ 148,735</u>	<u>\$ 345,662</u>	<u>\$ 357,457</u>	<u>\$ 452,189</u>	<u>\$ 318,163</u>	<u>\$ 113,234</u>	<u>\$ 458,304</u>

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

**Exhibit J-3**

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Reserved for:										
Encumbrances	\$ 2,916	\$ 650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital reserve	75,688	75,723	75,753	75,784	814	814	814	814	815	815
Maintenance reserve	200,000	150,000	50,028	48	68	88	100,098	200,151	250,991	250,952
Emergency reserve	50,000	50,000	50,000	50,000	13,049	13,931	-	-	-	-
Impact Aid reserve						400,003	700,013	1,100,364	1,103,306	1,403,554
Unemployment Compensation										28,422
Unreserved - designated for subsequent year's expenditures	700,652	735,000	506,164	395,915	537,338	678,596	930,967	600,904	740,841	1,066,761
Unreserved	<u>534,895</u>	<u>283,809</u>	<u>(28,768)</u>	<u>346,922</u>	<u>699,046</u>	<u>585,976</u>	<u>341,141</u>	<u>653,075</u>	<u>631,384</u>	<u>514,064</u>
Total general fund	<u>\$ 1,564,151</u>	<u>\$ 1,295,182</u>	<u>\$ 653,177</u>	<u>\$ 868,669</u>	<u>\$ 1,250,315</u>	<u>\$ 1,679,408</u>	<u>\$ 2,073,033</u>	<u>\$ 2,555,308</u>	<u>\$ 2,727,337</u>	<u>\$ 3,264,568</u>
All Other Governmental Funds										
Reserved:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,412	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	(2,478)	(3,366)	(4,319)	(6,622)	(10,077)	(6,622)	(9,501)	(9,058)	(6,817)	(5,727)
Capital projects fund							149	149	149	149
Debt service fund										
Total all other governmental funds	<u>\$ (2,478)</u>	<u>\$ (3,366)</u>	<u>\$ (4,319)</u>	<u>\$ (6,622)</u>	<u>\$ (10,077)</u>	<u>\$ (6,622)</u>	<u>\$ 108,060</u>	<u>\$ (8,909)</u>	<u>\$ (6,668)</u>	<u>\$ (5,578)</u>

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

**Exhibit J-4**

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Tax levy	\$ 1,483,921	\$ 1,483,921	\$ 1,513,599	\$ 1,574,143	\$ 1,731,557	\$ 1,804,282	\$ 1,849,389	\$ 1,849,389	\$ 1,886,377	\$ 1,886,377
Tuition charges	48,564	25,934	38,136	68,063	41,996	21,911	15,611	16,979	6,299	5,030
Interest earnings	1,806	35	1,767	63	50	23	21	404	4,783	323
Miscellaneous	36,896	18,676	3,126	225	6,014	500	28,734	2,323	79,031	11,709
State sources	674,332	783,053	790,233	846,276	1,005,437	1,034,524	1,127,695	1,238,267	1,205,161	1,227,785
Federal sources	1,248,742	1,206,795	765,963	1,333,341	1,380,387	1,613,573	1,732,683	1,997,727	1,667,365	1,761,771
Total revenue	<u>3,494,261</u>	<u>3,518,414</u>	<u>3,112,824</u>	<u>3,822,111</u>	<u>4,165,441</u>	<u>4,474,813</u>	<u>4,754,133</u>	<u>5,105,089</u>	<u>4,849,016</u>	<u>4,892,995</u>
<b>Expenditures</b>										
Instruction										
Regular Instruction	1,283,491	1,372,372	1,231,623	1,220,649	1,253,365	1,400,210	1,407,061	1,425,601	1,491,558	1,293,669
Special education instruction	201,479	174,812	186,529	171,441	203,176	168,574	117,852	120,214	172,023	126,514
Other instruction	161,915	135,795	187,810	157,194	154,075	78,871	155,457	163,986	93,048	100,585
Support Services:										
Tuition	-	63,881	170,479	89,986	88,431	122,621	112,400	102,844	126,550	14,984
Student & instruction related services	378,733	405,282	417,051	416,911	452,330	470,087	462,510	543,508	442,260	524,092
General admin.services	84,269	87,922	103,930	100,239	100,218	111,109	135,972	131,626	117,941	83,923
School administrative services	54,907	54,581	61,758	60,446	61,667	58,878	77,198	75,312	72,318	84,443
Central Services	99,181	81,943	74,719	78,161	80,344	88,190	90,008	102,897	108,626	130,649
Plant operations and maintenance	356,221	358,351	348,127	323,731	284,342	326,226	337,913	468,000	436,558	383,276
Pupil transportation	16,392	63,840	71,543	55,063	53,207	70,351	52,533	76,766	51,708	19,906
Unallocated employee benefits	805,634	914,357	883,052	911,940	935,434	1,069,288	1,217,766	1,379,305	1,415,489	1,473,784
Capital outlay	35,538	65,536	3,161	3,161	103,161	59,360	79,156	149,724	146,667	147,265
Debt service:										
Principal										
Interest and other charges										
Total expenditures	<u>3,477,760</u>	<u>3,778,672</u>	<u>3,739,782</u>	<u>3,588,922</u>	<u>3,769,750</u>	<u>4,023,765</u>	<u>4,245,826</u>	<u>4,739,783</u>	<u>4,674,746</u>	<u>4,383,090</u>
Excess (Deficiency) of revenues over (under) expenditures	16,501	(260,258)	(626,958)	233,189	395,691	451,048	508,307	365,306	174,270	509,905
Other Financing Sources (Uses):										
Transfers in										
Transfers out	(12,945)	(9,599)	(16,000)	(20,000)	(17,500)	(18,500)				
Total other financing sources (uses)	<u>(12,945)</u>	<u>(9,599)</u>	<u>(16,000)</u>	<u>(20,000)</u>	<u>(17,500)</u>	<u>(18,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 3,556</u>	<u>\$ (269,857)</u>	<u>\$ (642,958)</u>	<u>\$ 213,189</u>	<u>\$ 378,191</u>	<u>\$ 432,548</u>	<u>\$ 508,307</u>	<u>\$ 365,306</u>	<u>\$ 174,270</u>	<u>\$ 509,905</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Source: District records**

Note: Noncapital expenditures are total expenditures less capital outlay.



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

**Exhibit J-5**

<u>Fiscal Year Ending June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Building Use</u>	<u>Refund of Prior Year Expenditures</u>	<u>Miscellaneous</u>	<u>Total</u>
2012	\$ 1,780	\$ 48,564	\$ 17,135	\$ 18,393	\$ 1,368	\$ 87,240
2013	714	25,934	16,624	77	1,296	44,645
2014	1,767	38,136	225	2,901		43,029
2015	63	68,063	225			68,351
2016	411	41,996	3,725		1,928	48,060
2017	523	21,911				22,434
2018	773	15,611	225	19,000	8,757	44,366
2019	978	16,979	662	1,032	55	19,706
2020	1,109	6,299		70,661	7,261	85,330
2021	446	5,030		6,788	4,475	16,739
	<u>\$ 8,564</u>	<u>\$ 288,523</u>	<u>\$ 38,821</u>	<u>\$ 118,852</u>	<u>\$ 25,140</u>	<u>\$ 479,900</u>

**Source: District records**

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

**Exhibit J-6**

<b>Fiscal Year Ended June 30,</b>	<b>Vacant Land</b>	<b>Residential</b>	<b>Commercial</b>	<b>Apartment</b>	<b>Total Assessed Value</b>	<b>Public Utilities a</b>	<b>Net Valuation Taxable</b>	<b>Tax- Exempt Property</b>	<b>Total Direct School Tax Rate b</b>	<b>Estimated Actual (County Equalized) Value</b>
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	621,231	2,806,088,231	433,484,900	0.062	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	0.065	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	628,331	2,843,406,631	432,997,700	0.066	2,871,036,576
2019	69,618,400	2,230,627,200	432,392,700	127,325,200	2,859,963,500		2,859,963,500	431,388,400	0.066	2,964,429,051
2020	66,588,800	2,253,648,100	441,592,700	125,058,100	2,886,887,700		2,886,887,700	431,388,400	0.066	2,886,887,700
2021	57,306,100	2,290,501,500	441,823,000	123,147,200	2,912,777,800		2,912,777,800	427,666,100	0.065	3,284,890,675

**Source: Municipal Tax Assessor**

**Note:**

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

Reassessment occurs when ordered by the County Board of Taxation

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

**b** Tax rates are per \$100

**c** Information not available.

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

**Exhibit J-7**

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

**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.

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

**Exhibit J-8**

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

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

**Source:** Municipal Tax Assessor

**Cape May City 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	
2012	\$ 1,483,921	\$ 1,483,921	100.00%	-
2013	1,483,921	1,483,921	100.00%	-
2014	1,513,599	1,513,599	100.00%	-
2015	1,574,143	1,574,143	100.00%	-
2016	1,731,557	1,731,557	100.00%	-
2017	1,804,282	1,804,282	100.00%	-
2018	1,849,389	1,849,389	100.00%	-
2019	1,849,389	1,849,389	100.00%	-
2020	1,886,377	1,886,377	100.00%	-
2021	1,886,377	1,886,377	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.

**Cape May City 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 <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Unfunded Pension Liability	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	-
2013	-	-	-	-	-	-	0.00%	-
2014	-	-	-	-	-	-	0.00%	-
2015	-	-	-	-	-	-	0.00%	-
2016	-	-	-	-	-	-	0.00%	-
2017	-	-	-	-	-	-	0.00%	-
2018	-	-	-	-	-	-	0.00%	-
2019	-	-	-	-	-	-	0.00%	-
2020	-	-	-	-	-	-	0.00%	-
2021	-	-	-	-	-	-	0.00%	-

**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

**Cape May City 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 <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	None	None	None	0.00%	-
2013	None	None	None	0.00%	-
2014	None	None	None	0.00%	-
2015	None	None	None	0.00%	-
2016	None	None	None	0.00%	-
2017	None	None	None	0.00%	-
2018	None	None	None	0.00%	-
2019	None	None	None	0.00%	-
2020	None	None	None	0.00%	-
2021	None	None	None	0.00%	-

**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.

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

**Exhibit J-12**

<u><b>Governmental Unit</b></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:			
City of Cape May	\$ 43,665,975	100.000%	\$ 43,665,975
Lower Cape May Regional School Debt	7,217,000	39.423%	2,845,146
County of Cape May - City's Share	310,626,093	5.709%	<u>17,733,644</u>
Subtotal, overlapping debt			64,244,765
<b>Cape May City School District Direct Debt</b>			<u>-</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 64,244,765</u></u>

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

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

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



Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized valuation basis	
	2018	\$ 2,934,935,267
	2019	3,086,180,533
	2020	3,243,694,045
	<b>[A]</b>	<u>\$ 9,264,809,845</u>
Average equalized valuation of taxable property	<b>[A/3]</b>	\$ 3,088,269,948
Debt limit (2.5% of average equalized valuation)	<b>[B]</b>	77,206,749
Net bonded school debt	<b>[C]</b>	-
Legal debt margin	<b>[B-C]</b>	<u>\$ 77,206,749</u>

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 70,762,990	\$ 71,028,034	\$ 70,080,555	\$ 68,701,450	\$ 67,816,494	\$ 68,853,741	\$ 69,766,741	\$ 71,794,437	\$ 73,747,773	\$ 77,206,749
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 70,762,990</u>	<u>\$ 71,028,034</u>	<u>\$ 70,080,555</u>	<u>\$ 68,701,450</u>	<u>\$ 67,816,494</u>	<u>\$ 68,853,741</u>	<u>\$ 69,766,741</u>	<u>\$ 71,794,437</u>	<u>\$ 73,747,773</u>	<u>\$ 77,206,749</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

**Exhibit J-14**

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2012	3,575	\$ 174,359,900	\$ 48,772	14.4%
2013	3,548	175,842,428	49,561	14.6%
2014	3,530	181,717,340	51,478	12.9%
2015	3,510	189,729,540	54,054	12.5%
2016	3,491	195,701,969	56,059	11.2%
2017	3,478	201,790,082	58,019	10.3%
2018	3,448	207,790,272	60,264	9.6%
2019	3,422	214,675,748	62,734	8.5%
2020	3,404	e	e	e
2021	e	e	e	e

**Source:**

- <sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development.
- <sup>b</sup> Personal income for Cape May City.
- <sup>c</sup> Per Capita for Cape May County.
- <sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development.
- <sup>e</sup> Not available.

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

**Exhibit J-16**

<b>Function/Program</b>	Fiscal Year Ending June 30,									
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Instruction										
Regular	14.6	14.6	15.6	15.6	16.6	17.6	18.2	18.2	18.2	16.6
Special education	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	2.5
Other special education	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.0
Other instruction	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	4.8
Support Services:										
Student & instruction related services	2.5	2.0	2.0	2.0	2.0	2.0	2.5	2.5	3.0	2.0
School administrative services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.5	2.0
General and business administrative services	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.0
Plant operations and maintenance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.5
Pupil transportation										
Business and other support services										
Special Schools										
Food Service	1.0	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Total	<u>32.4</u>	<u>32.6</u>	<u>33.6</u>	<u>33.6</u>	<u>34.6</u>	<u>35.6</u>	<u>36.7</u>	<u>36.7</u>	<u>38.2</u>	<u>36.0</u>

**Source:** District Personnel Records

**Cape May City School District  
Operating Statistics,  
Last Ten Fiscal Years**

**Exhibit J-17**

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff <sup>b</sup>	Elementary				
2012	149	\$ 3,442,222	\$ 23,102	16.95%	21.7	6.63	143.9	134.3	-6.07%	93.33%
2013	142	3,713,136	26,148.85	13.19%	21.7	6.54	133.6	125.3	-7.15%	93.79%
2014	160	3,736,621	23,353.88	-10.69%	21.7	7.34	160.2	151.5	26.60%	94.57%
2015	175	3,585,761	20,490.06	-12.26%	21.7	8.06	175.2	165.2	9.36%	94.29%
2016	188	3,666,589	19,503.13	-4.82%	22.7	8.29	188.1	178.4	7.36%	94.82%
2017	197	3,964,405	20,123.88	3.18%	22.7	8.67	196.8	187.4	4.63%	95.22%
2018	176	4,166,670	23,674.26	17.64%	21.7	8.11	168.1	158.6	-14.57%	94.31%
2019	153	4,590,059	30,000.39	26.72%	21.7	7.05	151.2	142.1	-10.05%	93.94%
2020	149	4,528,079	30,389.79	1.30%	21.7	6.87	147.6	137.4	-2.38%	93.14%
2021	149	4,235,825	28,428.36	-6.45%	21.7	7.20	148.7	142.3	0.75%	95.65%

**Sources:** District records

**Note:** Enrollment based on average daily enrollment.

- 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).

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

**Exhibit J-18**

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b><u>District Building</u></b>										
<u>Elementary</u>										
Cape May City Elementary (1967)										
Square Feet	32,412	32,412	32,412	32,412	32,412	32,412	32,412	32,412	32,412	32,412
Capacity (students)	275	275	275	275	275	275	275	275	275	275
Enrollment	144	134	160	175	188	197	168	151	148	149

Number of Schools at June 30, 2021

    Elementary = 1

**Source:** District Facilities Office

Note: Year of original construction is shown in parentheses. Enrollment is based on average daily enrollment.

**Cape May City School District**  
**Schedule of Required Maintenance**  
**Last Ten Years**

**Exhibit J-19**

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

	Fiscal Year Ending June 30,										Total
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
* School Facilities											
Cape May City Elementary	\$ 122,351	\$ 123,542	\$ 135,364	\$ 132,526	\$ 104,586	\$ 127,018	\$ 115,883	\$ 137,296	\$ 122,875	\$ 111,766	\$ 1,233,207
Project # (s)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total School Facilities	<u>\$ 122,351</u>	<u>\$ 123,542</u>	<u>\$ 135,364</u>	<u>\$ 132,526</u>	<u>\$ 104,586</u>	<u>\$ 127,018</u>	<u>\$ 115,883</u>	<u>\$ 137,296</u>	<u>\$ 122,875</u>	<u>\$ 111,766</u>	<u>\$ 1,233,207</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

**Cape May City School District**  
**Insurance Schedule**  
**June 30, 2021**

**Exhibit J-20**

	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Board Association Insurance Group -		
School Package Policy -		
Blanket Real and Personal Property	\$ 500,000,000	\$ 1,000
Blanket Extra Expense	50,000,000	1,000
Blanket Valuable Papers & Records	10,000,000	1,000
Limited Builders Risk	10,000,000	1,000
Employee Dishonesty	25,000	500
Electronic Data Processing	80,000	1,000
Equipment Breakdown	100,000,000	1,000
Errors & Omissions	4,000,000	5,000
General Liability	5,000,000	
Business Auto	5,000,000	
Workers Compensation	3,000,000	
Faithful Performance	25,000	500
Forgery & Alteration	25,000	500
Money & Securities	25,000	500
National Union Insurance Company -		
Student Accident	1,000,000	
Group Accident	500,000	50
New Jersey School Board Association Insurance Group -		
Public Officials Bond:		
Business Administrator/Board Secretary	75,000	500

Source: District records

**Single Audit Section**



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

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and Members  
of the Board of Education  
Cape May City 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 Cape May City School District, in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated January 28, 2022.

***Internal Control Over Financial Reporting***

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

### ***Purpose of this Report***

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

***INVERSO & STEWART, LLC***

Certified Public Accountants



Robert P. Inverso

Certified Public Accountant

Public School Accountant No. CS001095

Marlton, New Jersey  
January 28, 2022

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

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**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  
 Cape May City School District  
 County of Cape May  
 Cape May, New Jersey

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

I have audited Cape May City School District's (School District), in the County of Cape May, State of New Jersey compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2021. The School District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

### Opinion on Each Major Federal and State Program

In my opinion, the Cape May City School District, in the County of Cape May, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2021.

### Report on Internal Control Over Compliance

Management of the Cape May City 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 Cape May City School District's internal control over compliance.

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

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

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

**INVERSO & STEWART, LLC**

Certified Public Accountants



Robert P. Inverso

Certified Public Accountant

Public School Accountant No. CS001095

Marlton, New Jersey  
January 28, 2022

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

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period	June 30, 2020			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	June 30, 2021		
						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>															
Impact Aid	84.041	S041B203047	40-NJ-2021-0208	\$ 1,486,836	07/01/20-06/30/21	\$ -	\$ -	\$ -	\$ -	\$ 1,486,836	\$(1,486,836)	\$ -	\$ -	\$ -	\$ -
Department of Defense	12.558	57NJ201610146	40-NJ-2017-0208	44,620	07/01/20-06/30/21					44,620	(44,620)				
Total General Fund						-	-	-	-	1,531,456	(1,531,456)	-	-	-	-
<b>U.S. Department of Education</b>															
<u>Special Revenue Fund:</u>															
<u>Every Student Succeeds Act (ESSA)</u>															
Title I	84.010	S010A210030	ESSA-0710-21	89,087	07/01/20-09/30/21					89,087	(89,087)		-		
Title IIA	84.367	S367A210029	ESSA-0710-21	4,606	07/01/20-09/30/21					4,606	(4,606)		-		
Title IV	84.424	S424A210029	ESSA-0710-21	10,000	07/01/20-09/30/21					10,000	(10,000)		-		
<u>Individuals With Disabilities Act (I.D.E.A.)</u>															
Part B - Basic	84.027	H027A210100	IDEA-0710-21	49,336	07/01/20-09/30/21					49,336	(49,336)		-		
Part B - Preschool	84.173	H173A210114	IDEA-0710-21	2,027	07/01/20-09/30/21					2,027	(2,027)				
CARES Act	84.425D	S425D200027	N/A	75,131	03/30/20-09/30/22					70,131	(66,239)			3,892	
Coronavirus Relief	21.019	S425D200027	N/A	9,419	03/13/20-9/30/23					9,419	(9,020)			399	
Total Special Revenue Fund						-	-	-	-	234,606	(230,315)	-	-	4,291	-
<b>U.S. Department of Agriculture</b>															
<u>Enterprise Fund:</u>															
Food Distribution Program	10.565	201NJ304N1099	N/A	7,164	07/01/20-06/30/21					7,164	(7,164)				
School Breakfast Program	10.553	201NJ304N1099	N/A	34,024	07/01/20-06/30/21					31,213	(34,024)		(2,811)		
School Breakfast Program	10.553	191NJ304N1099	N/A	17,873	07/01/19-06/30/20	(132)				132					
National School Lunch Program	10.555	201NJ304N1099	N/A	46,303	07/01/20-06/30/21					42,105	(46,303)	-	(4,198)		
Total Enterprise Fund						(132)	-	-	-	80,614	(87,491)	-	(7,009)	-	-
Total Federal Awards						\$ (132)	\$ -	\$ -	\$ -	\$ 1,846,676	\$(1,849,262)	\$ -	\$ (7,009)	\$ 4,291	\$ -

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

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

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2020				Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Paid to Grantor	Adjustments	June 30, 2021		
				Accounts Receivable	Deferred Revenue	Due to Grantor at	Due to Grantor at						(Accounts Receivable)	Deferred Revenue	Due to Grantor at
State Department of Education															
General Fund:															
Reimbursement of Nonpublic Transportation Aid	21-103190	\$ 290	07/1/20 - 06/30/21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (290)	\$ -	\$ -	\$ (290)	\$ -	\$ -
Reimbursement of Nonpublic Transportation Aid	20-103190	580	07/1/19 - 06/30/20	(580)	-	-	-	-	580		-	-	-	-	-
Transportation Aid	21-495-034-5120-014	5,993	07/1/20 - 06/30/21						5,448	(5,993)			(545)		
Transportation Aid	20-495-034-5120-014	5,993	07/1/19 - 06/30/20	(549)					549						
Special Education Categorical Aid	21-495-034-5120-089	78,905	07/1/20 - 06/30/21						71,733	(78,905)			(7,172)		
Special Education Categorical Aid	20-495-034-5120-089	78,905	07/1/19 - 06/30/20	(7,222)					7,222						
Security Aid	21-495-034-5120-084	40,306	07/1/20 - 06/30/21						36,643	(40,306)			(3,663)		
Security Aid	20-495-034-5120-084	40,306	07/1/19 - 06/30/20	(3,689)					3,689						
Adjustment Aid	21-495-034-5120-085	174,404	07/1/20 - 06/30/21						158,551	(174,404)			(15,853)		
Adjustment Aid	20-495-034-5120-085	217,791	07/1/19 - 06/30/20	(19,935)					19,935						
School Choice Aid	21-495-034-5120-068	165,096	07/1/20 - 06/30/21						150,089	(165,096)			(15,007)		
School Choice Aid	20-495-034-5120-068	172,346	07/1/19 - 06/30/20	(15,775)					15,775						
Extraordinary Aid	20-495-034-5120-044	27,541	07/1/19 - 06/30/20	(27,541)					27,541						
On Behalf TPAF - Pension Contributions	21-495-034-5094-002	447,047	07/1/19 - 06/30/20						447,047	(447,047)					
On Behalf TPAF Post Retirement	21-495-034-5094-001	140,098	07/1/19 - 06/30/20						140,098	(140,098)					
On Behalf - LTDI	21-495-034-5094-004	304	07/1/19 - 06/30/20						304	(304)					
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	112,056	07/1/20 - 06/30/21						112,056	(112,056)					
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	124,570	07/1/19 - 06/30/20	(10,369)					10,369				-		
Total General Fund				(85,660)	-		-		1,207,629	(1,164,499)	-	-	(42,530)	-	-
Special Revenue Fund															
Preschool Education Aid - Current Year	21-495-034-5120-086	57,266	07/1/20 - 06/30/21						51,539	(57,266)			(5,727)		
Preschool Education Aid - Prior Year	20-495-034-5120-086	68,172	07/1/19 - 06/30/20	(6,817)					6,817						
Total Special Revenue Fund				(6,817)	-	-	-	-	58,356	(57,266)	-	-	(5,727)	-	-
State Department of Agriculture															
Enterprise Fund:															
State School Lunch Program	21-100-010-3350-023	2,140	07/1/20 - 06/30/21						1,843	(2,140)			(297)		
State School Lunch Program	20-100-010-3350-023	769	07/1/19 - 06/30/20	(204)					204						
Total Enterprise Fund				(204)	-	-	-	-	2,047	(2,140)	-	-	(297)	-	-
Total State Financial Assistance				\$ (92,681)	\$ -	\$ -	\$ -	\$ -	\$1,268,032	(1,223,905)	\$ -	\$ -	\$ (48,554)	\$ -	\$ -
Less: State Financial Assistance Not Subject to Major Program Determination															
On-Behalf TPAF Contribution - Pension (Non-Budgeted)										(447,047)					
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted)										(140,098)					
On-Behalf TPAF Contribution - LTDI (Non-Budgeted)										(304)					
Total State Financial Assistance Subject to Major Program Determination										\$ (636,456)					

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

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

## **1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Cape May City 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*.

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$4,930 in the general fund and \$1,090 in the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

	<u><b>Federal</b></u>	<u><b>State</b></u>	<u><b>Total</b></u>
<b>General Fund</b>	\$ 1,531,456	\$ 1,169,429	\$ 2,700,885
<b>Special Revenue Fund</b>	230,315	58,356	288,671
<b>Food Service Fund</b>	<u>87,491</u>	<u>2,140</u>	<u>89,631</u>
<b>Total Awards &amp; Financial Assistance</b>	<u><u>\$ 1,849,262</u></u>	<u><u>\$ 1,229,925</u></u>	<u><u>\$ 3,079,187</u></u>

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

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

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

**5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2021. TPAF Social Security Contributions represents the amount reimbursed by the State for the School District's share of social security contributions for TPAF members for the year ended June 30, 2021.

**6. MAJOR PROGRAMS**

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



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

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

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weaknesses identified?                      yes       X       no

2) Significant deficiencies identified that are not considered to be a material weakness?                      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 that are not considered to be a 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 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:

<b><u>CFDA Number(s)</u></b>	<b><u>FAIN Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
<u>84.041</u>	<u>S041B200347</u>	<u>Impact Aid</u>
<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>	<u>                    </u>

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

Auditee qualified as low-risk auditee?       X       yes                      no

## State Awards Section

Identification of major programs:

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

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

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

No findings and/or questioned costs identified.

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

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

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

**FEDERAL AWARDS:**

No findings and/or questioned costs identified.

**STATE AWARDS:**

No findings and/or questioned costs identified.

**CAPE MAY CITY 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.