

**SCHOOL DISTRICT
OF**

WEST CAPE MAY

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

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

**Annual Comprehensive
Financial Report**

of the

West Cape May Board of Education

West Cape May, New Jersey

For the Fiscal Year Ended June 30, 2021

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

WEST CAPE MAY SCHOOL DISTRICT

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	2
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7

FINANCIAL SECTION

Independent Auditor's Report	9
Required Supplementary Information - Part I Management's Discussion and Analysis	13
Basic Financial Statements	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	22
A-2 Statement of Activities	23
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	25
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	26
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Proprietary Funds:	
B-4 Statement of Net Position	28
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	29
B-6 Statement of Cash Flows	30
Fiduciary Funds	N/A
Notes to the Financial Statements	31

Required Supplementary Information - Part II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule - General Fund	63
C-1a	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (if applicable)	N/A
C-2	Budgetary Comparison Schedule - Special Revenue Fund	68

Notes to the Required Supplementary Information

C-3	Budget-to-GAAP Reconciliation	69
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Required Supplementary Information - Part III

L. Schedules Related to Accounting and Reporting for Pensions (GASB-68)

L-1	Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System	71
L-2	Schedule of the District Contributions - Public Employees Retirement System	72
L-3	Schedule of the District's Proportionate Share of the Net Pension Liability - Teachers' Pension and Annuity Fund	73

M. Schedule Related to Accounting and Reporting for OPEB (GASB-75)

M-1	Schedule of Changes in the District's Total OPEB Liability Share of the Net OPEB Liability and Related Ratios	74
-----	--	----

	Notes to the Required Supplementary Information - Part III	75
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Other Supplementary Information

D.	School Level Schedules :	N/A
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E. Special Revenue Fund:

E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	78
E-2	Preschool Education Aid Schedule of Expenditures - Budgetary Basis	N/A

F. Capital Projects Fund:

F-1	Summary Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	N/A
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G. Proprietary Fund:

Enterprise Fund:

G-1	Combining Statement of Net Position	80
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	81
G-3	Combining Statement of Cash Flows	82

	<u>Page</u>
H. Fiduciary Funds	N/A
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Budgetary Comparison Schedule - Debt Service Fund	N/A

STATISTICAL SECTION (Unaudited)

J-1 Net Position by Component	84
J-2 Changes in Net Position, Last ten Fiscal Years	85
J-3 Fund Balances, Governmental Funds, Last Ten Fiscal Years	87
J-4 Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	88
J-5 General Fund - Other Local Revenue by Source, Last Ten Fiscal Years	89
J-6 Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years	90
J-7 Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	91
J-8 Principal Property Tax Payers, Current Year and Nine Years Ago	92
J-9 Property Tax Levies and Collections, Last Ten Fiscal Years	93
J-10 Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	94
J-11 Ratios of Net General Bonded Debt Outstanding, Last Ten Fiscal Years	95
J-12 Ratios of Overlapping Governmental Activities Debt, As of December 31, 2020	96
J-13 Legal Debt Margin Information, Last Ten Fiscal Years	97
J-14 Demographic and Economic Statistics	98
J-15 Principal Employers, Current Year & Nine Years Ago (information not available)	N/A
J-16 Full-time Equivalent District Employees by Function/Program, Last Ten Fiscal Years	99
J-17 Operating Statistics, Last Ten Fiscal Years	100
J-18 School Building Information, Last Ten Fiscal Years	101
J-19 Schedule of Required Maintenance, Last Ten Fiscal Years	102
J-20 Insurance Schedule	103

SINGLE AUDIT SECTION

K-1 Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	105
K-2 Report on Compliance for Each Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey Circular 15-08-OMB	107
K-3 Schedule of Expenditures of Federal Awards, Schedule A	109
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	110
K-5 Notes to the Schedules of Awards and Financial Assistance	111
K-6 Schedule of Findings and Questioned Costs	
Section 1 - Financial Statement Findings	113
Section 2 -Schedule of Financial Statement Findings	115
Section 3 -Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs	116
K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	117

Introductory Section

WEST CAPE MAY BOARD OF EDUCATION
301 Moore Street
West Cape May, New Jersey 08204-1199
(609) 884-4614/ FAX (609) 884-0932

Todd D'Anna
Business Administrator

Zacharay Palombo
Chief School Administrator

January 28, 2022

Honorable President and Members of the Board of Education
Citizens and Taxpayers of the West Cape May School District

Dear Board and Community Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations, cost principles, and audit requirements for federal awards (uniform guidance), and State of New Jersey Circular OMB 15-08. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES:** West Cape May School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The West Cape May Board of Education and the West Cape May Elementary School constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-Kindergarten through 6. These include regular as well as special education for handicapped youngsters. The District completed the 2019-2020 fiscal year with an enrollment of 93 students. The following chart details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percentage Change
2020-2021	79	-15.05%
2019-2020	93	-5.10%
2018-2019	98	-4.85%
2017-2018	103	7.29%
2016-2017	96	17.1%
2015-2016	82	-
2014-2015	82	9.33%
2013-2014	75	15.38%
2012-2013	65	25.00%
2011-2012	52	23.80%
2010-2011	42	13.51%

2) **ECONOMIC CONDITION AND OUTLOOK:** Single family construction has slowed throughout the County and the Borough. This construction has not had an impact on school enrollment. Due to the district's approval by the New Jersey Department of Education as an Inter-District Public School Choice school since the 2011-12 school year, we have accepted many new students in the district, contributing to the years of growth noted in the table above. The choice enrollment has been capped since 2013, but there has still been continued growth. Although enrollment dropped by 15% in 20-21, this was mainly driven by our elimination of the PreK program during COVID and some families choosing to home school during the pandemic. We anticipate this to rebound in the 21-22 school year.

3) **MAJOR INITIATIVES:** After amending its Long-Range Facilities Plan and approval of two (2) Regular Operating District (ROD) grants, a number of years ago, the district upgraded security with a secure vestibule at the entrance, HVAC upgrades in the old section of the building, and new doors and windows in the old section of the building. The financing for these projects has been retired. The District used some reserve funds to repair the entrance way lintel, install a new gym floor, and upgrade the front vestibule in 19-20. In 20-21 we installed a new canopy at the front entrance.

4) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a

control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County Superintendent, or in the case of a budget that exceeds the 2% tax levy cap, the voters of the Borough of West Cape May. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2018.

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

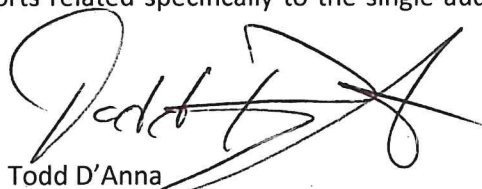
7) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under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

8) **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability, hazard and theft insurance on property and contents, and fidelity bonds.

9) **OTHER INFORMATION:**

A) **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso & Stewart, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations, cost principles, and audit requirements for federal awards (uniform guidance), and State of New Jersey Circular OMB 15-08. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

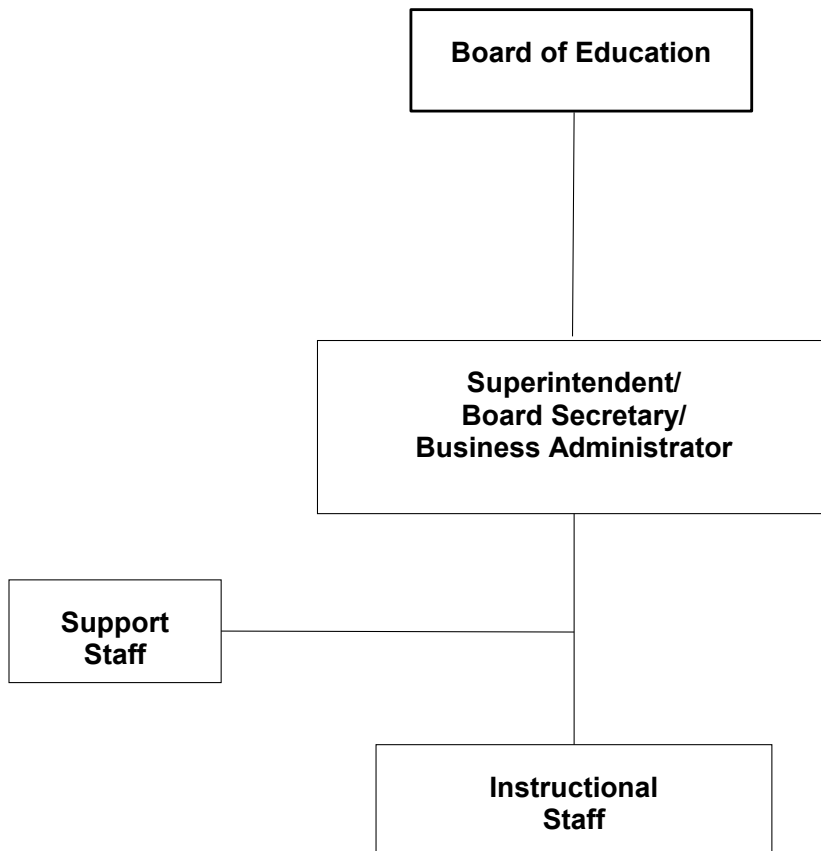
Respectfully submitted,



Todd D'Anna
School Business Administrator / Board Secretary

WEST CAPE MAY BOARD OF EDUCATION

Organizational Chart (Unit Control)



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

**ROSTER OF OFFICIALS
JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Thomas J. Belasco, President	2023
Elaine Lawler, Vice-President	2021
Brian Groetsch	2023
Daniel Kurkowski	2023
Dr. David La Puma	2021

Other Officials

Robert Garguilo, Interim Superintendent
Todd D'Anna, School Business Administrator
Brett Gorman, Esq., Solicitor

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

Architect

Spiezle Architectural Group
1395 Yardville Hamilton Square Road
Suite 2A
Hamilton, NJ 08691

Audit Firm

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

Attorney

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

Official Depository

Sturdy Savings Bank
701 Washington Street
Cape May, NJ 08204

Financial Section

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
West Cape May School District
County of Cape May
West Cape May, New Jersey

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the West Cape May School District, in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 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 West Cape May 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 19 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 West Cape May School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey and are not a required part of the basic financial statements. The accompanying 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 West Cape May School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the West Cape May School District's internal control over financial reporting and compliance.

INVERSO & STEWART, LLC
Certified Public Accountants



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

Marlton, New Jersey
January 28, 2022

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

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

As management of the Board of Education of the Borough of West Cape May, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 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 \$1,454,564 (*net position*).
- Governmental activities have a deficit unassigned net position of \$133,289. The accounting treatment in the governmental funds for compensated absences payable, and the last two state aid payments are primarily responsible for this balance.
- The total net position of the School District decreased by \$53,635, or a 3.56% decrease from the prior fiscal year-end balance. The majority of the decrease is attributable to results of operations in the governmental funds.
- Fund balance of the School District's governmental funds increased by \$6,205 resulting in an ending fund balance of \$1,006,074. The increase in ending fund balance is due to the results of operations in the General Fund.
- Business-type activities have unrestricted net position of \$930, 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 \$16,029 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 include the Food Service Fund.

Fund Financial Statements

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

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

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

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

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

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

The School District's enterprise funds are the Food Service Fund and the Child Care Fund which are listed individually and considered to be major funds.

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

Notes to the Basic Financial Statements

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

Other Information

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

District-wide Financial Analysis

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 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 \$1,452,459 with a deficit unassigned balance of \$133,289. The net position of the primary government does not include internal balances.

A net investment of \$786,871 in land, improvements, buildings, equipment and vehicles which provide the services to the School District's 77 public school students, represents 54.18% of the School District's net position. Net position of \$313,522 has been restricted to provide resources for future capital expansion, \$36,856 has been restricted for maintenance reserve, \$20,020 has been restricted for emergency reserve \$420,641 is restricted as excess surplus, \$1 reserved for repayment of debt, \$7,328 is reserved for unemployment compensation, and \$509 is reserved for student activities.

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

	Governmental Activities		Business-Type Activities		District-Wide	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current assets	\$ 1,028,098	\$ 1,022,956	\$ 1,947	\$ 1,810	1,030,045	1,024,766
Capital assets	786,871	835,887	1,175	1,337	788,046	837,224
Total assets	<u>1,814,969</u>	<u>1,858,843</u>	<u>3,122</u>	<u>3,147</u>	<u>1,818,091</u>	<u>1,861,990</u>
Deferred Outflows of Resources	<u>54,329</u>	<u>81,597</u>			<u>54,329</u>	<u>81,597</u>
LIABILITIES						
Current liabilities	39,750	47,685	1,017	1,707	40,767	49,392
Noncurrent liabilities	274,355	289,887			274,355	289,887
Total Liabilities	<u>314,105</u>	<u>337,572</u>	<u>1,017</u>	<u>1,707</u>	<u>315,122</u>	<u>339,279</u>
Deferred Inflows of Resources	<u>102,734</u>	<u>103,945</u>			<u>102,734</u>	<u>103,945</u>
Net Position	<u>\$ 1,452,459</u>	<u>\$ 1,498,923</u>	<u>\$ 2,105</u>	<u>\$ 1,440</u>	<u>\$ 1,454,564</u>	<u>\$ 1,500,363</u>
Net Position Consists of:						
Net investment in						
Capital Assets	786,871	835,887	1,175	1,337	788,046	837,224
Restricted Assets	798,877	796,694			798,877	796,694
Unrestricted Assets	<u>(133,289)</u>	<u>(133,658)</u>	<u>930</u>	<u>103</u>	<u>(132,359)</u>	<u>(133,555)</u>
Net Position	<u>\$ 1,452,459</u>	<u>\$ 1,498,923</u>	<u>\$ 2,105</u>	<u>\$ 1,440</u>	<u>\$ 1,454,564</u>	<u>\$ 1,500,363</u>

Governmental Activities

Governmental activities decreased the net position of the School District by \$54,300 during the current fiscal year. Key elements of the increase in net position for governmental activities are as follows:

- Depreciation expense of \$49,016.
- Results of operations in the general fund of \$6,205.

Business-type Activities

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

- Food Service program revenues exceeded expenditures by \$299.
- Child Care program revenues exceeded expenditures by \$366.

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

	Governmental Activities		Business-Type Activities		District-Wide	
	2021	2020	2021	2020	2021	2020
Revenues:						
Charges for services	\$ -	\$ -	\$ 24,295	\$ 15,031	\$ 24,295	\$ 15,031
Operating Grants and contributions	677,344	582,490	40	5,381	677,384	587,871
Property taxes	1,209,720	1,186,000			1,209,720	1,186,000
State aid - unrestricted	675,323	623,984			675,323	623,984
Other revenues	8,791	4,851		1	8,791	4,852
Total Revenues	2,571,178	2,397,325	24,335	20,413	2,595,513	2,417,738
Expenses:						
Governmental Activities:						
Instruction	850,557	776,135			850,557	776,135
Tuition	72,000	60,446			72,000	60,446
Related Services	425,506	434,959			425,506	434,959
Administrative Services	130,318	126,663			130,318	126,663
Operations and Maintenance	217,700	185,104			217,700	185,104
Transportation	30,467	33,612			30,467	33,612
Employee benefits	889,028	737,623			889,028	737,623
Interest on debt					-	-
Other	4,902	4,737			4,902	4,737
Business-Type Activities:						
Child Care			22,974	10,045	22,974	10,045
Food Service			5,696	40,180	5,696	40,180
Total Expenses	2,620,478	2,359,279	28,670	50,225	2,649,148	2,409,504
Increase (Decrease) in Net Position before transfers						
	(49,300)	38,046	(4,335)	(29,812)	(53,635)	8,234
Transfers	(5,000)	(26,000)	5,000	26,000	-	-
Change in Net Position	(54,300)	12,046	665	(3,812)	(53,635)	8,234
Net Position, July 1	1,498,923	1,479,877	1,440	5,252	1,500,363	1,485,129
Prior Period Adjustment	7,836				7,836	
Net Position, July 1 Restated	1,506,759		1,440		1,508,199	
Net Position, June 30	\$ 1,452,459	\$ 1,491,923	\$ 2,105	\$ 1,440	\$ 1,454,564	\$ 1,493,363

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 \$1,006,074, an increase of \$6,205 in comparison with the prior year. The increase is the result of operations in the General Fund.

The fund balance for the School District at the end of the fiscal year consists of unassigned fund balance in the General Fund of \$203,507. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed as restricted cash reserved for future capital outlay expenditures of \$313,522, \$36,856 is reserved for maintenance, \$20,020 is reserved for emergencies, \$420,641 is reserved for excess surplus, \$3,690 is reserved for encumbrances, \$1 is reserved for repayment of debt, \$7,328 is reserved for unemployment compensation, and \$509 is reserved for student activities.

The general fund is the chief operating fund of the School District. As discussed earlier, the balance in the unassigned fund balance is due, primarily, to the accounting treatment of compensated absences and the last two state aid payments.

General Fund Budgetary Highlights

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the General Fund was \$256,778 while total fund balance (budgetary basis) was \$1,058,835. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance (budgetary basis) and total fund balance (budgetary basis) to total General Fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$2,107,923. Unassigned fund balance (budgetary basis) represents 12.18% of expenditures while total fund balance (budgetary basis) represents 50.23% of that same amount.

Capital Asset and Debt Administration

The School District’s investment in capital assets for its governmental and business-type activities as of June 30, 2021, totaled \$788,046 (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 \$49,178 or a 5.87% decrease. The decrease is due to depreciation expense.

West Cape May School District 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	\$ 120,694	\$ 120,694	\$ -	\$ -	\$ 120,694	\$ 120,694
Building and Building Improvements	595,657	630,228			595,657	630,228
Equipment	70,520	84,965	1,175	1,337	71,695	86,302
Net Assets	<u>\$ 786,871</u>	<u>\$ 835,887</u>	<u>\$ 1,175</u>	<u>\$ 1,337</u>	<u>\$ 788,046</u>	<u>\$ 837,224</u>

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

Long-term debt – During the fiscal year ended June 30, 2021, the School District had \$31,894 in compensated absences.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$14,201,468. The available debt limit as of June 30, 2021 is \$14,201,468.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 6) of this report.

Economic Factors and Next Year's Budgets and Rates Update

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

- For 2021-22 fiscal year the School District will be receiving a reduction in state aid. The local tax levy in the General Fund increased by \$45,523 or 3.76%. Salaries continue to increase contractually; however, the District has managed to control costs. The 2021-22 General Fund Budget remains about the same as the previous year. The 2021 tax rate of \$.245 is slightly higher than the previous year.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the West Cape May School District Business Administrator, 301 Moore Street West Cape May, New Jersey, 08204, telephone number (609) 884-4614.

Basic Financial Statements

District-Wide Financial Statements

RIVERTON SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 609,869	\$ 947	\$ 610,816
Internal Balances	(1,000)	1,000	-
Accounts Receivables, net	48,831		48,831
Restricted Assets:			
Cash and Cash Equivalents	370,398		370,398
Capital assets, net	786,871	1,175	788,046
Total Assets	<u>1,814,969</u>	<u>3,122</u>	<u>1,818,091</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	<u>54,329</u>	<u>-</u>	<u>54,329</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>1,869,298</u>	<u>3,122</u>	<u>1,872,420</u>
LIABILITIES:			
Accounts payable			
Related to pension	17,726		17,726
Other	14,928	696	15,624
Internal balances	(321)	321	
Unearned revenue	7,417		7,417
Noncurrent liabilities:			
Due within one year			-
Due beyond one year	274,355		274,355
Total Liabilities	<u>314,105</u>	<u>1,017</u>	<u>315,122</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of resources from pensions	<u>102,734</u>	<u>-</u>	<u>102,734</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>416,839</u>	<u>1,017</u>	<u>417,856</u>
NET POSITION:			
Net Investment in Capital Assets	786,871	1,175	788,046
Restricted for:			
Capital projects	313,522		313,522
Maintenance	36,856		36,856
Emergency	20,020		20,020
Excess Surplus	420,641		420,641
Debt Service	1		1
Unemployment compensation	7,328		7,328
Student Activities	509		509
Unrestricted (Deficit)	<u>(133,289)</u>	<u>930</u>	<u>(132,359)</u>
Total Net Position	<u>\$ 1,452,459</u>	<u>\$ 2,105</u>	<u>\$ 1,454,564</u>

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

WEST CAPE MAY SCHOOL DISTRICT
Statement of Changes in Net Position
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	\$ 683,450	\$ -	\$ 14,681	\$ -	\$ (668,769)	\$ -	\$ (668,769)
Special education	92,297		22,772		(69,525)		(69,525)
Other instruction	74,810				(74,810)		(74,810)
Support Services:							
Tuition	72,000				(72,000)		(72,000)
Student & instruction related services	425,506		6,210		(419,296)		(419,296)
General administrative services	130,318				(130,318)		(130,318)
Plant operations and maintenance	217,700				(217,700)		(217,700)
Pupil transportation	30,467				(30,467)		(30,467)
Allocated and unallocated benefits	889,028		633,681		(255,347)		(255,347)
Unallocated depreciation and amortization	4,902				(4,902)		(4,902)
Total Governmental Activities	2,620,478		677,344		(1,943,134)		(1,943,134)
Business-Type Activities:							
Child care	22,974	23,340				366	366
Food service	5,696	955	40			(4,701)	(4,701)
Total Business-Type Activities	28,670	24,295	40			(4,335)	(4,335)
Total Primary Government	\$ 2,649,148	\$ 24,295	\$ 677,384	\$ -	(1,943,134)	(4,335)	(1,947,469)
General revenues:							
Taxes:							
Property taxes levied for general purposes, net					1,209,720		1,209,720
Federal and State aid not restricted					675,323		675,323
Interest and Investment Income - Restricted					126		126
Operating transfer					(5,000)	5,000	
Miscellaneous					8,665		8,665
Total general revenues, special items, extraordinary items and transfers					1,888,834	5,000	1,893,834
Change in Net Position					(54,300)	665	(53,635)
Net Position - July 1					1,498,923	1,440	1,500,363
Prior Period Adjustments					7,836		7,836
Net Position - July 1 Restated					1,506,759	1,440	1,508,199
Net Position - June 30					\$ 1,452,459	\$ 2,105	\$ 1,454,564

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

Fund Financial Statements

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Assets:					
Cash and Cash Equivalents	\$ 927,472	\$ 52,794	\$ -	\$ 1	\$ 980,267
Interfund Accounts Receivable					
General Fund					
Special Revenue Fund	80,495				80,495
Capital Projects Fund					
Enterprise Fund	321				321
Intergovernmental Accounts Receivables:					
State	12,260				12,260
Federal		36,371			36,371
Other Accounts Receivable	200				200
Total Assets	<u>\$ 1,020,748</u>	<u>\$ 89,165</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1,109,914</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Accounts Payable					
General Fund		80,495			80,495
Special Revenue Fund					
Enterprise Fund	1,000				1,000
Accounts Payable:					
Payroll Deductions and Withholdings Payable	10,973				10,973
Unemployment Claims Payable	3,211				3,211
Other		744			744
Unearned Revenue		7,417			7,417
Total Liabilities	<u>15,184</u>	<u>88,656</u>			<u>103,840</u>
Fund Balances:					
Restricted:					
Capital Reserve	313,522				313,522
Maintenance Reserve	36,856				36,856
Emergency Reserve	20,020				20,020
Excess Surplus	420,641				420,641
Debt Service				1	1
Unemployment Compensation	7,328				7,328
Student Activities		509			509
Scholarships					
Assigned to:					
Other Purposes	3,690				3,690
Designated for Subsequent Year's Expenditures					
Unassigned	203,507				203,507
Total Fund Balances	<u>1,005,564</u>	<u>509</u>		<u>1</u>	<u>1,006,074</u>
Total Liabilities and Fund Balances	<u>\$ 1,020,748</u>	<u>\$ 89,165</u>	<u>\$ -</u>	<u>\$ 1</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 \$2,019,909 and the accumulated depreciation is \$1,233,038.	786,871
Accounts payable related to the April 1, 2021 required PERS contribution that is not to be liquidated with current financial resources.	(17,726)
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	\$ 54,329
Net Pension Liability	(242,461)
Deferred Inflows of resources from Pensions	(102,734)
	(290,866)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(31,894)
Net position of governmental activities	<u>\$ 1,452,459</u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local property tax levy	\$ 1,209,720	\$ -	\$ -	\$ -	\$ 1,209,720
Tuition charges	-	-	-	-	-
Capital Reserve interest earned	108	-	-	-	108
Maintenance Reserve interest earned	11	-	-	-	11
Emergency Reserve interest earned	6	-	-	-	6
Other Restricted Miscellaneous Revenue	1	-	-	-	1
Unrestricted Miscellaneous Revenue	8,665	-	-	-	8,665
State sources	900,617	-	-	-	900,617
Federal sources	-	40,194	-	-	40,194
Local sources	-	4,213	-	-	4,213
Total revenues	2,119,128	44,407	-	-	2,163,535
EXPENDITURES:					
Current expense:					
Regular instruction	623,171	14,681	-	-	637,852
Special education instruction	69,525	22,772	-	-	92,297
Other instruction	74,810	-	-	-	74,810
Support services and undistributed costs:					
Tuition	72,000	-	-	-	72,000
Student & instruction related services	419,296	6,210	-	-	425,506
General administrative services	71,051	-	-	-	71,051
Central services	59,267	-	-	-	59,267
Plant operations and maintenance	167,995	-	-	-	167,995
Pupil transportation	30,467	-	-	-	30,467
Unallocated employee benefits	475,538	744	-	-	476,282
Capital Outlay	44,803	-	-	-	44,803
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	2,107,923	44,407	-	-	2,152,330
Excess (deficiency) of revenues over (under) expenditures	11,205	-	-	-	11,205
Other Financing Sources (Uses):					
Transfers out	(5,000)	-	-	-	(5,000)
Total other financing sources (uses)	(5,000)	-	-	-	(5,000)
Net change in fund balance	6,205	-	-	-	6,205
Fund balances, July 1	992,032	-	-	1	992,033
Prior Period Adjustments	7,327	509	-	-	7,836
Fund balances, July 1, Restated	999,359	509	-	1	999,869
Fund balances, June 30	\$ 1,005,564	\$ 509	\$ -	\$ 1	\$ 1,006,074

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

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

Total net change in fund balances - governmental funds (from B-2)	\$	6,205
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p style="margin-left: 40px;">Capital outlays are reported in the governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation expense	\$ (49,016)	
Capital outlay		(49,016)
Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.		(5,103)
<p style="margin-left: 40px;">In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		(6,386)
Change in net position of governmental activities	\$	(54,300)

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

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

	Business-type Activities		
	Child Care Program	Food Service Program	Total
ASSETS:			
Current assets:			
Cash and Cash Equivalents	\$ 790	\$ 157	\$ 947
Interfund Receivable	-	1,000	1,000
Accounts Receivable	-	-	-
Total Current Assets	<u>790</u>	<u>1,157</u>	<u>1,947</u>
Noncurrent Assets:			
Equipment	-	2,550	2,550
Less Accumulated Depreciation	-	<u>(1,375)</u>	<u>(1,375)</u>
Total Noncurrent Assets	<u>-</u>	<u>1,175</u>	<u>1,175</u>
Total Assets	<u>\$ 790</u>	<u>\$ 2,332</u>	<u>\$ 3,122</u>
LIABILITIES			
Current Liabilities:			
Other liabilities	\$ -	\$ 696	\$ 696
Interfund Payable	<u>321</u>	<u>-</u>	<u>321</u>
Total Liabilities	<u>321</u>	<u>696</u>	<u>1,017</u>
NET POSITION			
Net Investment in Capital Assets	-	1,175	1,175
Unrestricted	<u>469</u>	<u>461</u>	<u>930</u>
Total Net Position	<u>\$ 469</u>	<u>\$ 1,636</u>	<u>\$ 2,105</u>

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

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

	Business-type Activities		
	Enterprise Funds		
	Child Care Program	Food Service Program	Total
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$ -	\$ -	\$ -
Daily sales - non-reimbursable programs	-	955	955
Program fees	23,340	-	23,340
Total operating revenue	23,340	955	24,295
Operating expenses:			
Salaries	13,583	3,469	17,052
Employee benefits	1,039	265	1,304
Purchased services	6,640	1,800	8,440
Supplies and materials	-	-	-
Depreciation	-	162	162
Cost of sales - reimbursable programs	-	-	-
Cost of sales - non-reimbursable programs	1,712	-	1,712
Total operating expenses	22,974	5,696	28,670
Operating income (loss)	366	(4,741)	(4,375)
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	-	40	40
Federal sources:			
National school lunch program	-	-	-
National school breakfast program	-	-	-
Local sources:			
Interest revenue	-	-	-
Total nonoperating revenues (expenses)	-	40	40
Change in net position before transfers	366	(4,701)	(4,335)
Other financing sources and uses:			
Operating transfer in:	-	5,000	5,000
Change in net position	366	299	665
Total net position - July 1, 2020	103	1,337	1,440
Total net position - June 30, 2021	\$ 469	\$ 1,636	\$ 2,105

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

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

	Business-type Activities		
	Child Care Program	Food Service Program	Total
Cash flows from operating activities:			
Receipts from customers	\$ 23,340	\$ -	\$ 23,340
Payments to employees	(14,622)	(3,469)	(18,091)
Payments to suppliers	(8,352)	(1,800)	(10,152)
Net cash used for operating activities	<u>366</u>	<u>(5,269)</u>	<u>(4,903)</u>
Cash flows from noncapital financing activities:			
State and Federal sources	-	40	40
Board contribution	-	4,000	4,000
Net cash provided by non-capital financing activities	<u>-</u>	<u>4,040</u>	<u>4,040</u>
Cash flows from capital activities:			
Purchases of fixed assets	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest and dividends	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	366	(1,229)	(863)
Balances - July 1, 2020	<u>424</u>	<u>1,386</u>	<u>1,810</u>
Balances - June 30, 2021	<u>\$ 790</u>	<u>\$ 157</u>	<u>\$ 947</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 366	\$ (4,741)	\$ (4,375)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	-	162	162
(Increase)/decrease in interfund receivable	-	-	-
Increase/(decrease) in interfund payable	-	(690)	(690)
Total adjustments	<u>-</u>	<u>(528)</u>	<u>(528)</u>
Net cash provided by (used for) operating activities	<u>\$ 366</u>	<u>\$ (5,269)</u>	<u>\$ (4,903)</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Borough of West Cape May School District (“School District”) is a Type II district located in the County of Cape May, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board of Education is comprised of five members elected to three-year terms. These terms are staggered so that one or two member’s terms expire each year. The purpose of the School District is to provide educational services for resident students in grades K through 6. The West Cape May School District has an approximate enrollment at June 30, 2021 of 77 students.

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

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

Basis of Presentation

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds (Continued)

The School District's enterprise funds are:

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

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

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

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

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

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

Measurement Focus

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued) - Depreciation is computed using the straight-line method over the following useful lives:

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

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

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

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$1,061,999 as of June 30, 2021, \$250,000 was insured under FDIC and the remaining balance of \$811,999 was collateralized under GUDPA.

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

3. CAPITAL RESERVE ACCOUNT

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

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

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

Balance July 1, 2020		\$	358,139
Increased by:			
Unspent Appropriations	\$	45,275	
Interest Earned		108	45,383
			403,522
Decreased by:			
Withdrawal			(90,000)
Balance June 30, 2021		\$	313,522

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

4. ACCOUNTS RECEIVABLE

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.

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	Total
Intergovernmental			
State	\$ 12,260	\$ -	\$ 12,260
Federal	-	36,371	36,371
Other	200	-	200
Total	\$ 12,460	\$ 36,371	\$ 48,831

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

5. CAPITAL ASSETS

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

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Governmental Activities:				
Land	\$ 120,694	\$ -	\$ -	\$ 120,694
Total Capital Assets not being Depreciated	120,694	-	-	120,694
Capital Assets, being Depreciated:				
Building and Improvements	1,414,564			1,414,564
Equipment	484,651			484,651
Total Historical Cost	1,899,215	-	-	1,899,215
Less Accumulated Depreciation:				
Building and Improvements	(784,336)	(34,571)		(818,907)
Equipment	(399,686)	(14,445)		(414,131)
Total Accumulated Depreciation	(1,184,022)	(49,016)	-	(1,233,038)
Total Capital Assets, being depreciated, net	715,193	(49,016)		666,177
Governmental Activities Capital Assets, Net	\$ 835,887	\$ (49,016)	\$ -	\$ 786,871
Business-Type Activities:				
Equipment	\$ 2,550	\$ -	\$ -	\$ 2,550
Less - Accumulated Depreciation	(1,213)	(162)		(1,375)
Business-Type Activities Capital Assets, Net	\$ 1,337	\$ (162)	\$ -	\$ 1,175

Depreciation expense in the amount of \$49,016 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	\$ 39,213
Plant Operations and Maintenance	4,901
Unallocated	4,902
Total depreciation expense	\$ 49,016

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

6. 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>
Governmental Activities:					
Compensated Absences	\$ 25,508	\$ 6,386	\$ -	\$ 31,894	\$ -
Net Pension Liability	<u>264,876</u>	<u>-</u>	<u>22,415</u>	<u>242,461</u>	<u>-</u>
	<u>\$ 290,384</u>	<u>\$ 6,386</u>	<u>\$ 22,415</u>	<u>\$ 274,355</u>	<u>\$ -</u>

Bonds Payable - Bonds and loans are authorized in accordance with State law by the voters of the School District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. As of June 30, 2021, the School District had no outstanding bonds.

As of June 30, 2021, the School District had no authorized but not issued bonds.

Capital Leases

As of June 30, 2021, the School District had no capital leases.

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

7. OPERATING LEASES

At June 30, 2021, the School District had an operating lease agreement in effect for the following:

One Copier

Total operating lease payments made during the year ended June 30, 2021 and 2020, were \$2,119 and \$2,119 respectively. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2022	\$ 1,766
	<u>-</u>
Total future minimum lease payments	<u>\$ 1,766</u>

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

8. PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

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

Contributions - The contribution requirements of plan members are determined by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the member contribution rate was 7.50% in State fiscal year 2021. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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*.

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

8. PENSION PLANS (Continued)

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

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 \$128,650 and was paid by April 1, 2021. School District employee contributions to the pension plan during the fiscal year ended June 30, 2010 were \$58,021.

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 \$232,668 and revenue of \$232,668 for support provided by the State. Although the School District does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the School District.

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

	<u>06/30/20</u>	<u>06/30/19</u>
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	3,741,595	3,926,796
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.0056821009%	.0063984619%

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%

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

8. PENSION PLANS (Continued)

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

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

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

8. PENSION PLANS (Continued)

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

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%) than the current rate:

	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	4,394,942	3,741,595	3,199,100
	\$ 4,394,942	\$ 3,741,595	\$ 3,199,100

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

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

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

Contributions - The contribution requirements of plan members are determined by N.J.S.A 43:15A and requires contributions by active members and contributing employers. The School District's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Based on the most recent PERS measurement date of June 30, 2020, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2021 was \$16,265 and was paid by April 1, 2021. School District employee contributions to the pension plan during the fiscal year ended June 30, 2021 were \$8,513.

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

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Long Term Disability</u>	<u>Total Liability Paid by District</u>
2021	\$ 1,857	\$ 13,622	\$ 786	\$ -	\$ 16,265
2020	1,323	12,245	731	185	14,484
2019	1,740	11,552	633	229	14,154

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 \$242,461 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.

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

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

For the year ended June 30, 2021, the School District recognized pension expense of \$21,367. At June 30, 2021, the School District reported a liability of \$242,461 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,415	\$ 857
Changes of assumptions	7,866	101,521
Net Difference between projected and actual earnings on pension plan investments	8,287	-
Changes in proportion	16,035	356
District contributions subsequent to the measurement date	17,726	
Total	\$ 54,329	\$ 102,734

\$17,726 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net liability in the year ended June 30, 2021.

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

For the year ended:	Net Deferred Outflows (Inflows) of Resources
2022	\$ (24,988)
2023	(18,095)
2024	(13,509)
2025	(8,196)
2026	(1,343)
Total	\$ (66,131)

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

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

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

Additional Information

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

	<u>6/30/2020</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$ 2,590,600,991	\$ 3,149,522,616
Collective deferred inflows of resources	\$ 12,009,239,423	\$ 7,645,087,574
Collective net pension liability	\$ 16,435,616,426	\$ 18,143,832,135
School District's Proportion	.0014868144%	.0014700237%

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.

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

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

Inflation rate:	
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.

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

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

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

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Discount rate. The discount rate used to measure the State's total pension liability was 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$ 305,218	\$ 242,461	\$ 189,210

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

Defined Contribution Retirement Program (DCRP)

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

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

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

<u>Year</u>	<u>Total Liability</u>	<u>Paid by District</u>
2021	\$ 6,511	\$ 6,511
2020	4,923	4,923
2019	597	597

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

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

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

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

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

Contributions

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

Plan Membership

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

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

Total Non-Employer OPEB Liability

The State of New Jersey, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB Plan for qualified retired PERS, TPAF and PFRS participants. The School 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.

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

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

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

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

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

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.

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

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the Total Nonemployer OPEB Liability

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

	Total OPEB Liability
Balance as of June 30, 2019	\$ 1,706,966
Changes for the years'	
Service Cost	115,737
Interest	62,932
Changes of benefit terms	
Differences between expected and actual experience	572,035
Changes in assumptions	538,148
Gross Benefit Payments	(51,289)
Contributions from the Non-employer	N/A
Contributions from the Member	1,555
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	\$ 1,239,118
Balance at 06/30/2020	\$ 2,946,084

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

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 3,551,656	\$ 2,946,084	\$ 2,472,585

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 2,378,178	\$ 2,946,084	\$ 3,622,333

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

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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 \$153,608 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	\$ 148,236	\$ (340,711)
Differences between expected and actual experience	447,292	(398,432)
Changes of assumptions	501,119	(336,165)
Total	\$ 1,096,647	\$ (1,075,308)

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	\$ 188
2022	188
2023	188
2024	188
2025	188
Thereafter	20,399
Total	\$ 21,339

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.

10. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2021, the School District has recognized as revenues and expenditures on-behalf payments made by the state for normal retirement costs, post-retirement medical costs and long-term disability insurance related to TPAF, in the fund statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs and long-term disability insurance were \$177,022, \$55,476, and \$185, respectively. In addition, \$56,479 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.

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

11. RISK MANAGEMENT

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

Property and Liability Insurance - The School District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Joint Insurance Pool - The School District is a member of the School Boards Association Insurance Group. Insurance coverage as provided by the Fund can be found in the Statistical Section of this 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 by writing to: School Boards Association Insurance Group, 450 Veterans Drive, Burlington, New Jersey, 08102.

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

The following is a summary of 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 Ended June 30,</u>	<u>Miscellaneous</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021	\$ -	\$ -	\$ 1	\$ -	\$ 7,328
2020	-	2,348	5	6,511	7,327
2019	-	2,397	2	-	11,485

12. DEFERRED COMPENSATION

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

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

13. COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2021, the liability for compensated absences in the governmental activities fund types was \$31,894.

14. INTERFUND RECEIVABLES/PAYABLES

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

Fund	Interfund Receivable	Interfund Payable
General	\$ 80,816	\$ 1,000
Special Revenue	-	80,495
Proprietary	1,000	321
Total	\$ 81,816	\$ 81,816

15. CONTINGENCIES

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

At June 30, 2021, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, deferred revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

16. TAX ABATEMENTS

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

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.

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

16. TAX ABATEMENTS (Continued)

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

As of December 31, 2020, the Borough of West Cape May had no tax abatements.

17. DEFICIT UNRESTRICTED NET POSITIONS

As of June 30, 2021, a deficit of \$133,289 existed in the Unrestricted Net Position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Position reported on Exhibited A-1 is as follows:

Balances June 30, 2021	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds):	
Fund Balance – Unassigned	\$ 203,507
Fund Balance – Assigned to Other Purposes	3,690
Liabilities:	
Accrued Interest Payable	-
Net Pension Differences	(308,592)
Compensated Absences	<u>(31,894)</u>
Unrestricted Net Position (Deficit)	<u>\$ (133,289)</u>

18. FUND BALANCES

RESTRICTED

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

General Fund:

Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 is \$198,989 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$221,652 of excess fund balance generated during the 2019-2020 fiscal year has been restricted and designated for utilization in the 2021-2022 budget.

Capital Reserve – As of June 30, 2021, the balance in the capital reserve account is \$313,522 which is restricted for future capital outlay expenditures for capital projects in the School District’s approved Long-Range Facilities Plan. Of this amount \$90,000 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2022.

Maintenance Reserve Account – As of June 30, 2021, the balance in the maintenance reserve account is \$36,856. Of this amount \$13,800 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2022. 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).

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

18. FUND BALANCES (Continued)

RESTRICTED (Continued)

Emergency Reserve – As of June 30, 2021, the balance in the emergency reserve is \$20,020. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a through and efficient education in accordance with N.J.S.A. 18A:7F-41c(1).

Unemployment Compensation Reserve – As of June 30, 2021, the balance in the unemployment compensation reserve is \$7,328. These funds are restricted for the purpose of financing unemployment claims.

Special Revenue Fund:

Student Activities – As of June 30, 2021, the balance in student activities is \$509.

Debt Service Fund – As of June 30, 2021, the balance is \$1.

ASSIGNED

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

General Fund:

Other Purposes – At June 30, 2021 the School District has \$3,690 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

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

General Fund – As of June 30, 2021, \$203,507 of general fund balance was unassigned.

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

19. 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	\$ 1,498,923	\$ 7,836	\$ 1,506,759
 <u>Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	992,032	7,327	999,359
 Special Revenue Fund:			
Fund Balance - June 30		509	509
 <u>Statement of Fiduciary Net Position - Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	7,327	(7,327)	-
Student Activity Agency Fund:			
Net Position - End of the Year	509	(509)	-

20. 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

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local property tax levy	\$ 1,209,720	\$ -	\$ 1,209,720	\$ 1,209,720	\$ -
Tuition from individuals	8,000	-	8,000		(8,000)
Interest Earned on Capital Reserve	350	-	350	108	(242)
Interest Earned on Maintenance Reserve	70	-	70	11	(59)
Interest Earned on Emergency Reserve	20	-	20	6	(14)
Other Restricted Miscellaneous Revenue				1	1
Unrestricted Miscellaneous Revenue	900	-	900	8,665	7,765
Total local sources	1,219,060	-	1,219,060	1,218,511	(549)
State sources:					
School Choice Aid	524,841	-	524,841	524,841	-
Categorical Special Education Aid	61,576	(322)	61,254	61,254	-
Categorical Security Aid	11,934	-	11,934	11,934	-
Categorical Transportation Aid	5,258	-	5,258	5,258	-
Extraordinary Aid				6,198	6,198
Nonpublic Transportation Aid				580	580
On-behalf TPAF pension contributions (non-budgeted)				177,022	177,022
On-behalf TPAF post retirement medical (non-budgeted)				55,476	55,476
On-behalf TPAF-LTGI (non-budgeted)				185	185
Reimbursed TPAF social security contributions (non-budgeted)				56,479	56,479
Total state sources	603,609	(322)	603,287	899,227	295,940
TOTAL REVENUES	1,822,669	(322)	1,822,347	2,117,738	295,391
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Preschool	29,927	(29,447)	480	480	-
Kindergarten	41,883	27,747	69,630	69,612	18
Grades 1-5	307,654	71,384	379,038	378,962	76
Grades 6-8	68,214	(1,199)	67,015	66,097	918
Total Instruction	447,678	68,485	516,163	515,151	1,012
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	62,985	9,907	72,892	64,179	8,713
Purchased professional services	6,500	11,500	18,000	17,797	203
Purchased technical services	10,250	(2,201)	8,049	7,916	133
Other purchased services	2,870	-	2,870	2,252	618
General supplies	63,815	(49,600)	14,215	13,337	878
Textbooks	6,125	(2,800)	3,325	2,539	786
Total Undistributed Instruction	152,545	(33,194)	119,351	108,020	11,331
Total - Regular Programs - Instruction	600,223	35,291	635,514	623,171	12,343

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

(CONTINUED TO NEXT PAGE)

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

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Educ Instruction: Res. Room/Res. Center					
Salaries of teachers	\$ 56,543	\$ 40	\$ 56,583	\$ 56,583	\$ -
Other salaries for instruction	14,750	(1,808)	12,942	12,942	-
General supplies	1,000	(40)	960	-	960
Total Resource Room/Resource Center	<u>72,293</u>	<u>(1,808)</u>	<u>70,485</u>	<u>69,525</u>	<u>960</u>
Home Instruction					
Salaries of teachers	<u>750</u>	<u>-</u>	<u>750</u>	<u>-</u>	<u>750</u>
Total Home Instruction	<u>750</u>	<u>-</u>	<u>750</u>	<u>-</u>	<u>750</u>
Total Special Education - Instruction	<u>73,043</u>	<u>(1,808)</u>	<u>71,235</u>	<u>69,525</u>	<u>1,710</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	71,218	2,500	73,718	71,810	1,908
General supplies	750	-	750	-	750
Textbooks	-	-	-	-	-
Total Basic Skills/Remedial - Instruction	<u>71,968</u>	<u>2,500</u>	<u>74,468</u>	<u>71,810</u>	<u>2,658</u>
School-Sponsored Cocurricular Act - Inst.					
Salaries	4,500	-	4,500	3,000	1,500
General Supplies	500	-	500	-	500
Total School-Sponsored Cocurr. Act. - Inst	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>3,000</u>	<u>2,000</u>
Undistributed Expenditures - Instruction					
Tuition to CSSD & reg. day schools	208,703	(20,000)	188,703	72,000	116,703
Tuition to Private School for Handicapped w/i State	-	-	-	-	-
Total Undistributed Expenditures - Instruction	<u>208,703</u>	<u>(20,000)</u>	<u>188,703</u>	<u>72,000</u>	<u>116,703</u>
Undistributed Expenditures - Attend. and Social Work					
Salaries of teachers	14,946	6,500	21,446	21,415	31
General Supplies	400	-	400	76	324
Total Undistributed Expenditures - Attendance	<u>15,346</u>	<u>6,500</u>	<u>21,846</u>	<u>21,491</u>	<u>355</u>
Undistributed Expenditures - Health Services					
Salaries	54,943	5,000	59,943	59,730	213
Purchased services	1,600	-	1,600	-	1,600
Supplies and materials	2,000	-	2,000	1,373	627
Total Undistributed Expenditures - Health Svcs.	<u>58,543</u>	<u>5,000</u>	<u>63,543</u>	<u>61,103</u>	<u>2,440</u>
Undist. Expend. - Speech, OT, PT & Rel. Serv.					
Salaries	16,216	(1)	16,215	16,215	-
Supplies and materials	717	-	717	-	717
Total Undst. Expend. - Speech, OT, PT & Rel. Serv.	<u>16,933</u>	<u>(1)</u>	<u>16,932</u>	<u>16,215</u>	<u>717</u>
Undist. Expend. - Guidance					
Salaries	33,196	1,701	34,897	34,879	18
Supplies and materials	-	-	-	-	-
Total Undst. Expend. - Guidance	<u>33,196</u>	<u>1,701</u>	<u>34,897</u>	<u>34,879</u>	<u>18</u>

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

WEST CAPE MAY SCHOOL DISTRICT
Budgetary Comparison Schedule
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. - Child Study Teams					
Purchased professional and educ. services	\$ 38,550	\$ 1,800	\$ 40,350	\$ 38,515	\$ 1,835
Total Undst. Expend. - Child study Teams	38,550	1,800	40,350	38,515	1,835
Undist. Expend. - Improvement of Instructional Services					
Salaries of Supervisors of Instruction	149,575	(8,900)	140,675	137,575	3,100
Salaries of Other Professional Staff	26,282	500	26,782	26,728	54
Supplies and materials	500	-	500	59	441
Total Undst. Expend. - Imp. of Instructional Services	176,357	(8,400)	167,957	164,362	3,595
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	58,343	(57,883)	460	460	-
Purchased professional and technical services	31,152	2,100	33,252	33,200	52
Other purchased services	22,000	2,700	24,700	22,615	2,085
Supplies and materials	9,615	12,400	22,015	21,755	260
Other objects	-	-	-	-	-
Total Undst. Expend. - Educ. Media Serv./Sch. Library	121,110	(40,683)	80,427	78,030	2,397
Undist. Expend. - Instructional Staff Training Services					
Salaries of Supervisors of Instruction	3,500	(2,600)	900	-	900
Purchased professional and educ. services	13,294	(8,200)	5,094	4,692	402
Other purchased services	1,000	-	1,000	9	991
Total Undst. Expend. - Instr. Staff Training Services	17,794	(10,800)	6,994	4,701	2,293
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	41,218	(10,000)	31,218	30,914	304
Legal services	8,000	13,961	21,961	20,328	1,633
Audit Fees	9,500	(200)	9,300	9,300	-
Other purchased professional services	2,125	(1,225)	900	884	16
Purchased technical services	-	840	840	840	-
Communications/Telephone	1,500	735	2,235	2,165	70
BOE Other Purchased Services	750	(750)	-	-	-
Miscellaneous purchased services	200	2,250	2,450	1,977	473
General Supplies	400	100	500	500	-
BOE in-house training/meeting supplies	-	-	-	-	-
BOE membership dues and fees	3,600	550	4,150	4,143	7
Total Undst. Expend. - Supp. Serv. General Admin.	67,293	6,261	73,554	71,051	2,503
Undist. Expend. - Central Services					
Salaries	54,180	-	54,180	52,808	1,372
Purchased professional services	5,266	1,538	6,804	6,341	463
Travel	350	-	350	-	350
Supplies and materials	390	-	390	118	272
Total Undst. Expend. - Central Services	60,186	1,538	61,724	59,267	2,457

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

(CONTINUED TO NEXT PAGE)

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

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maint. Sch. Facilities					
Salaries	\$ 48,362	\$ 1,700	\$ 50,062	\$ 50,053	\$ 9
Cleaning, repair, and maintenance services	30,047	(1,000)	29,047	16,224	12,823
General supplies	14,219	(1,322)	12,897	9,189	3,708
Other objects	250		250	125	125
Total Undst. Expend. - Required Maint. Sch. Facilities	92,878	(622)	92,256	75,591	16,665
Undist. Expend. - Custodial Services					
Salaries	12,450	4,150	16,600	16,589	11
Cleaning, repair, and maintenance services	1,140	1,760	2,900	2,587	313
Other purchased property services	1,600	-	1,600	1,268	332
Insurance	18,621	(1,860)	16,761	16,575	186
General supplies	3,000	1,900	4,900	2,782	2,118
Energy (natural gas)	12,000	(2,400)	9,600	9,588	12
Energy (electricity)	15,000	(900)	14,100	13,690	410
Other objects	-	-	-	-	-
Total Undst. Expend. - Custodial Services	63,811	2,650	66,461	63,079	3,382
Undist. Expend. - Care and Upkeep of Grounds					
Cleaning, repair, and maintenance services	5,900	(200)	5,700	5,125	575
Total Undst. Expend. - Care and Upkeep of Grounds	5,900	(200)	5,700	5,125	575
Security					
Salaries		24,250	24,250	24,200	50
Purchased Professional and Technical Services	30,000	(30,000)	-	-	-
Total Security	30,000	(5,750)	24,250	24,200	50
Total Undst. Expend. - Oper. & Maint. of Plant Services	192,589	(3,922)	188,667	167,995	20,672
Undist. Expend. - Student Trans. Services					
Contr. serv. - Aid in lieu pymts - nonpub school	1,000	-	1,000		1,000
Contr. serv. (other than bet. home & sch.) - vendors	431	-	431		431
Contr. serv. (bet. home and school) - joint agreements		2,000	2,000	1,891	109
Contr. serv. (spec ed students) - joint agreements	42,959	(7,000)	35,959	27,877	8,082
Miscellaneous purchased services		1,000	1,000	699	301
Total Undst. Expend. - Student Trans. Services	44,390	(4,000)	40,390	30,467	9,923
Regular Programs - Instruction - Employee Benefits					
Other Employee Benefits	-	-	-	-	-
Total regular Programs - Instruction	-	-	-	-	-
Unallocated Benefits - Employee Benefits					
Social security contributions	26,000	9,170	35,170	34,925	245
Other retirement contributions - PERS	10,500	11,000	21,500	21,298	202
Other retirement contributions - Regular		-	-	-	-
Unemployment Compensation	2,250	(1,500)	750	-	750
Workmen's compensation	13,500	3,500	17,000	16,814	186
Health Benefits	109,271	6,501	115,772	101,339	14,433
Tuition Reimbursement	11,970	30	12,000	12,000	-
Total Unallocated Benefits - Employee Benefits	173,491	28,701	202,192	186,376	15,816
On-behalf TPAF pension contributions (non-budgeted)				177,022	(177,022)
On-behalf TPAF post retirement medical (non-budgeted)				55,476	(55,476)
On-behalf TPAF-LTGI (non-budgeted)				185	(185)
Reimbursed TPAF social security contributions (non-budgeted)				56,479	(56,479)
Total Undistributed Expenditures - TPAF	-	-	-	289,162	(289,162)

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

(CONTINUED TO NEXT PAGE)

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

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Undistributed Expenditures	\$ 1,224,481	\$ (36,305)	\$ 1,188,176	\$ 1,295,614	\$ (107,438)
Total General Current Expense	1,974,715	(322)	1,974,393	2,063,120	(88,727)
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services					
Construction services	90,000	-	90,000	44,734	45,266
Assessment for Debt Service on SDA Funding	69	-	69	69	-
Total Facilities Acquisition and Construction Services	90,069	-	90,069	44,803	45,266
Total Capital Outlay	90,069	-	90,069	44,803	45,266
Total Expenditures	2,064,784	(322)	2,064,462	2,107,923	(43,461)
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(242,115)	-	(242,115)	9,815	251,930
Other Financing Sources:					
Operating transfer out - Food Service Fund	(7,500)	-	(7,500)	(5,000)	2,500
Total Other Financing Sources	(7,500)	-	(7,500)	(5,000)	2,500
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(249,615)	-	(249,615)	4,815	254,430
Fund Balance, July 1	1,046,693	-	1,046,693	1,046,693	
Prior Period Adjustment				7,327	7,327
Fund Balance, July 1, Restated	1,046,693		1,046,693	1,054,020	7,327
Fund Balance, June 30	<u>\$ 797,078</u>	<u>\$ -</u>	<u>\$ 797,078</u>	<u>\$ 1,058,835</u>	<u>\$ 261,757</u>

Recapitulation:

Restricted:

Capital Reserve:					
Designated for Subsequent Year's Expenditures				\$ 90,000	
Capital Reserve				223,522	
Maintenance Reserve:					
Designated for Subsequent Year's Expenditures				13,800	
Maintenance Reserve				23,056	
Emergency Reserve				20,020	
Excess Surplus:					
Designated for Subsequent Year's Expenditures					
Years Expenditures				221,652	
Current Year				198,989	
Unemployment Compensation				7,328	
Assigned:					
Year-end encumbrances				3,690	
Unassigned				256,778	
				<u>1,058,835</u>	
Reconciliation on Governmental Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				(53,271)	
Fund Balance per Government Fund (GAAP)				<u>\$ 1,005,564</u>	

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

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 22,489	\$ 17,705	\$ 40,194	\$ 40,194	\$ -
Local sources	<u>2,000</u>	<u>3,912</u>	<u>5,912</u>	<u>4,213</u>	<u>(1,699)</u>
Total revenues	<u>24,489</u>	<u>21,617</u>	<u>46,106</u>	<u>44,407</u>	<u>(1,699)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	1,858	-	1,858	1,858	-
Other purchased services	18,200	3,951	22,151	22,151	-
General supplies	<u>1</u>	<u>13,443</u>	<u>13,444</u>	<u>13,444</u>	<u>-</u>
Total instruction	<u>20,059</u>	<u>17,394</u>	<u>37,453</u>	<u>37,453</u>	<u>-</u>
Support Services:					
Employee benefits	743	1	744	744	-
Other purchased services	1,687	310	1,997	1,997	-
Other objects	2,000	3,912	5,912	3,943	1,969
Student Activities				<u>270</u>	
Total support services	<u>4,430</u>	<u>4,223</u>	<u>8,653</u>	<u>6,954</u>	<u>1,969</u>
Total expenditures	<u>24,489</u>	<u>21,617</u>	<u>46,106</u>	<u>44,407</u>	<u>1,969</u>
Total outflows	<u>24,489</u>	<u>21,617</u>	<u>46,106</u>	<u>44,407</u>	<u>1,969</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, July 1				-	
Prior Period Adjustment				<u>509</u>	
Fund Balance, July 1 (Restated)				<u>509</u>	
Fund Balance, June 30				<u>\$ 509</u>	
Recapitulation:					
Restricted:					
Student Activities				<u>\$ 509</u>	
Total Fund Balance				<u>\$ 509</u>	

WEST CAPE MAY 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**

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 2,117,738	\$ 44,407
Difference - budget to GAAP:		
The last State aid payment from the prior year is recognized as revenue for GAAP and differs from the budgetary basis which recognized this revenue in the prior year.	54,661	-
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)	(53,271)	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 2,119,128	\$ 44,407
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 2,107,923	\$ 44,407
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 2,107,923	\$ 44,407

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

WEST CAPE MAY SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees Retirement System
Last 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)	0.0014868144%	0.0014700237%	0.0060236645%	0.0013754419%	0.0013814945%	0.0013506538%	0.0006898471%	0.0011538468%
District's proportionate share of the net pension liability (asset)	\$ 242,461	\$ 264,876	\$ 275,644	\$ 320,181	\$ 409,159	\$ 303,195	\$ 129,158	\$ 220,523
District's covered-employee payroll	113,504	110,922	107,590	104,464	98,314	95,290	94,616	91,100
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	213.61%	238.79%	256.20%	306.50%	416.18%	318.18%	136.51%	242.07%
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.

WEST CAPE MAY 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	\$ 17,726	\$ 16,265	\$ 14,484	\$ 14,154	\$ 13,483	\$ 12,273	\$ 11,612	\$ 5,687
Contributions in relation to the contractually required contributions	<u>(17,726)</u>	<u>(16,265)</u>	<u>(14,484)</u>	<u>(14,154)</u>	<u>(13,483)</u>	<u>(12,273)</u>	<u>(11,612)</u>	<u>(5,687)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	113,504	110,922	107,590	104,464	98,314	95,290	94,616	91,100
Contributions as a percentage of covered-employee payroll	15.62%	14.66%	13.46%	13.55%	13.71%	12.88%	12.27%	6.24%

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

WEST CAPE MAY SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last 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)	0.0056821009%	0.0063984919%	0.0057511238%	0.0058225698%	0.0056807149%	0.0049741360%	0.0044332634%	0.0046440706%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>3,741,595</u>	<u>3,926,796</u>	<u>3,658,741</u>	<u>3,925,786</u>	<u>4,468,812</u>	<u>3,143,866</u>	<u>2,369,435</u>	<u>2,347,077</u>
Total	<u><u>\$ 3,741,595</u></u>	<u><u>\$ 3,926,796</u></u>	<u><u>\$ 3,658,741</u></u>	<u><u>\$ 3,925,786</u></u>	<u><u>\$ 4,468,812</u></u>	<u><u>\$ 3,143,866</u></u>	<u><u>\$ 2,369,435</u></u>	<u><u>\$ 2,347,077</u></u>
District's covered-employee payroll	\$ 735,584	\$ 652,026	\$ 623,149	\$ 644,033	\$ 654,778	\$ 632,675	\$ 600,328	\$ 578,017
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	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.

WEST CAPE MAY SCHOOL DISTRICT
Required Supplementary Information
Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the District
and Changes in the Total OPEB Liability and Related Ratios
Public Employee's Retirement System and Teachers' Pension and Annuity Fund
Last 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	0.004%	0.004%	0.004%	0.004%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 2,946,084	\$ 1,706,966	\$ 2,149,566	\$ 2,588,939
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 2,946,084</u>	<u>\$ 1,706,966</u>	<u>\$ 2,149,566</u>	<u>\$ 2,588,939</u>
Plan fiduciary net position as a percentage of the total OPEB Liability	0.00%	0.00%	0.00%	0.00%
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability				
Service Cost	\$ 115,737	\$ 101,256	\$ 124,340	\$ 148,266
Interest	62,932	86,132	96,151	82,367
Difference between expected and actual experiences	572,035	(604,593)	(357,699)	
Changes of assumptions	538,148	25,451	(246,673)	(354,425)
Member Contributions	1,555	1,553	1,987	2,208
Benefit payments	<u>(51,289)</u>	<u>(52,399)</u>	<u>(57,479)</u>	<u>(59,965)</u>
Net Change in total OPEB Liability	\$ 1,239,118	\$ (442,600)	\$ (439,373)	\$ (181,549)
Total OPEB Liability - beginning	<u>\$ 1,706,966</u>	<u>\$ 2,149,566</u>	<u>\$ 2,588,939</u>	<u>\$ 2,770,488</u>
Total OPEB Liability - ending	<u>\$ 2,946,084</u>	<u>\$ 1,706,966</u>	<u>\$ 2,149,566</u>	<u>\$ 2,588,939</u>
District's covered-employee payroll	849,088	762,948	730,739	748,497
Total OPEB Liability as a percentage of covered-employee payroll	346.97%	223.73%	294.16%	345.89%

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

West Cape May School District
Notes to Required Supplementary Information – 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

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

	Title I	Title IIA	Title IV	IDEA Basic	IDEA Preschool	Coronavirus Relief	NJSIG Safety Award Grant	Technology Grant	Student Activities	Total
REVENUES:										
Federal sources	\$ 2,602	\$ 997	\$ 10,000	\$ 22,151	\$ 621	\$ 3,823	\$ -	\$ -	\$ -	\$ 40,194
Local sources	-	-	-	-	-	-	2,000	1,943	270	4,213
Total Revenues	2,602	997	10,000	22,151	621	3,823	2,000	1,943	270	44,407
EXPENDITURES:										
Instruction:										
Salaries	1,858	-	-	-	-	-	-	-	-	1,858
Other purchased services	-	-	-	22,151	-	-	-	-	-	22,151
General supplies	-	-	9,000	-	621	3,823	-	-	-	13,444
Total Instruction	1,858	-	9,000	22,151	621	3,823	-	-	-	37,453
Support Services:										
Personal services-employee benefits	744	-	-	-	-	-	-	-	-	744
Other purchased services	-	997	1,000	-	-	-	-	-	-	1,997
Other objects	-	-	-	-	-	-	2,000	1,943	-	3,943
Student Activities	-	-	-	-	-	-	-	-	270	270
Total Support Services	744	997	1,000	-	-	-	2,000	1,943	270	6,954
Total Expenditures	2,602	997	10,000	22,151	621	3,823	2,000	1,943	270	44,407
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	-	-	509	509
Fund Balance, July 1 (Restated)	-	-	-	-	-	-	-	-	509	509
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 509	\$ 509

Proprietary Funds

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

	Child Care Program	Food Service	Total
ASSETS:			
Current assets:			
Cash and Cash Equivalents	\$ 790	\$ 157	\$ 947
Accounts receivable:			
State	-	-	-
Federal	-	-	-
Interfund receivable	-	1,000	1,000
Total Current Assets	790	1,157	1,947
Fixed Assets:			
Equipment	-	2,550	2,550
Less Accumulated depreciation	-	(1,375)	(1,375)
Total Fixed Assets	-	1,175	1,175
Total Assets	\$ 790	\$ 2,332	\$ 3,122
LIABILITIES:			
Current Liabilities:			
Other liabilities	\$ -	\$ 696	\$ 696
Interfund payable	321	-	321
Total Current Liabilities	321	696	1,017
NET POSITION:			
Net Investment in Capital Assets	-	1,175	1,175
Unreserved Retained Earnings	469	461	930
Total Net Position	\$ 469	\$ 1,636	\$ 2,105

WEST CAPE MAY SCHOOL DISTRICT
Enterprise Funds

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

	<u>Child Care Program</u>	<u>Food Service</u>	<u>Total</u>
OPERATING REVENUES:			
Local sources:			
Daily sales - reimbursable programs:			
School lunch program	\$ -	\$ -	\$ -
Total-daily sales - reimbursable programs	-	-	-
Daily sales - non-reimbursable programs:			
Miscellaneous	-	955	955
Program fees	23,340	-	23,340
Total operating revenue	<u>23,340</u>	<u>955</u>	<u>24,295</u>
OPERATING EXPENSES:			
Salaries	13,583	3,469	17,052
Employee benefits	1,039	265	1,304
Purchased services	6,640	1,800	8,440
Supplies and materials	-	-	-
Depreciation	-	162	162
Cost of Sales - reimbursable	-	-	-
Cost of Sales - nonreimbursable	1,712	-	1,712
Total operating expenses	<u>22,974</u>	<u>5,696</u>	<u>28,670</u>
Operating income (loss)	<u>366</u>	<u>(4,741)</u>	<u>(4,375)</u>
Non-operating revenues:			
State sources:			
State school lunch program	-	40	40
Federal sources:			
National school lunch program	-	-	-
National school breakfast program	-	-	-
Interest revenue	-	-	-
Total non-operating revenues	<u>-</u>	<u>40</u>	<u>40</u>
Net income (loss) before transfers	366	(4,701)	(4,335)
Other Financing Sources and Uses:			
Operating transfers in	-	5,000	5,000
Change in Net Position	366	299	665
Net Position - July 1	<u>103</u>	<u>1,337</u>	<u>1,440</u>
Net Position - June 30	<u>\$ 469</u>	<u>\$ 1,636</u>	<u>\$ 2,105</u>

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

	<u>Child Care Program</u>	<u>Food Service</u>	<u>Total</u>
Cash flows from operating activities:			
Cash receipts from customers	\$ 23,340	\$ -	\$ 23,340
Cash payments to employees for services	(14,622)	(3,469)	(18,091)
Cash payments to suppliers for goods and services	<u>(8,352)</u>	<u>(1,800)</u>	<u>(10,152)</u>
Net cash used by operating activities	<u>366</u>	<u>(5,269)</u>	<u>(4,903)</u>
Cash flows from noncapital financing activities:			
Cash received from state and federal reimbursements	-	40	40
Cash received from board contribution	<u>-</u>	<u>4,000</u>	<u>4,000</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>4,040</u>	<u>4,040</u>
Cash flows from capital financing activities:			
Purchases of fixed assets	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used by capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest on investments	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	366	(1,229)	(863)
Cash and cash equivalents, July 1	<u>424</u>	<u>1,386</u>	<u>1,810</u>
Cash and cash equivalents, June 30	<u>\$ 790</u>	<u>\$ 157</u>	<u>\$ 947</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 366	\$ (4,741)	\$ (4,375)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation	-	162	162
Change in assets and liabilities:			
(Increase)/decrease in interfund receivable	-	-	-
Increase/(decrease) in interfund payable	<u>-</u>	<u>(690)</u>	<u>(690)</u>
Net cash used by operating activities	<u>\$ 366</u>	<u>\$ (5,269)</u>	<u>\$ (4,903)</u>

Statistical Section

West Cape May 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	\$ 401,478	\$ 426,445	\$ 597,808	\$ 403,534	\$ 658,988	\$ 725,674	\$ 774,712	\$ 838,083	\$ 835,887	\$ 786,871
Restricted for:										
Capital projects	157,076	157,076	242,222	867,902	269,196	398,369	398,532	398,736	358,139	313,522
Special revenue										509
Debt service	-	-	-	-	-	201	201	1	1	1
Other purposes	215,263	210,240	261,530	226,469	225,384	231,296	325,700	369,308	438,554	484,845
Unrestricted	235,107	208,439	170,463	(33,338)	(42,026)	(104,105)	(111,521)	(126,251)	(133,658)	(133,289)
Total governmental activities net position	<u>\$ 1,008,924</u>	<u>\$ 1,002,200</u>	<u>\$ 1,272,023</u>	<u>\$ 1,464,567</u>	<u>\$ 1,111,542</u>	<u>\$ 1,251,435</u>	<u>\$ 1,387,624</u>	<u>\$ 1,479,877</u>	<u>\$ 1,498,923</u>	<u>\$ 1,452,459</u>
Business-type activities:										
Net investment in capital assets	\$ -	\$ -	\$ 2,308	\$ 2,146	\$ 1,985	\$ 1,823	\$ 1,661	\$ 1,499	\$ 1,337	\$ 1,175
Unrestricted	3,519	3,076	3,905	2,319	2,561	1,139	1,498	3,753	103	930
Total business-type activities net position	<u>\$ 3,519</u>	<u>\$ 3,076</u>	<u>\$ 6,213</u>	<u>\$ 4,465</u>	<u>\$ 4,546</u>	<u>\$ 2,962</u>	<u>\$ 3,159</u>	<u>\$ 5,252</u>	<u>\$ 1,440</u>	<u>\$ 2,105</u>
District-wide:										
Net investment in capital assets	\$ 401,478	\$ 426,445	\$ 600,116	\$ 405,680	\$ 660,973	\$ 727,497	\$ 776,373	\$ 839,582	\$ 837,224	\$ 788,046
Restricted:										
Special revenue										\$ 509
Capital projects	157,076	157,076	242,222	867,902	269,196	398,369	398,532	398,736	358,139	313,522
Debt service	-	-	-	-	-	201	201	1	1	1
Other purposes	215,263	210,240	261,530	226,469	225,384	231,296	325,700	369,308	438,554	484,845
Unrestricted	238,626	211,515	174,368	(31,019)	(39,465)	(102,966)	(110,023)	(122,498)	(133,555)	(132,359)
Total district net position	<u>\$ 1,012,443</u>	<u>\$ 1,005,276</u>	<u>\$ 1,278,236</u>	<u>\$ 1,469,032</u>	<u>\$ 1,116,088</u>	<u>\$ 1,254,397</u>	<u>\$ 1,390,783</u>	<u>\$ 1,485,129</u>	<u>\$ 1,500,363</u>	<u>\$ 1,454,564</u>

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

Exhibit J-2

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 449,998	\$ 501,919	\$ 641,168	\$ 651,275	\$ 640,823	\$ 726,167	\$ 787,965	\$ 752,479	\$ 653,492	\$ 683,450
Special education	74,135	68,480	93,245	83,295	151,731	128,220	77,952	90,033	82,789	92,297
Other instruction	550	8,524	8,526	11,928	12,366	11,165	14,964	29,199	39,854	74,810
Support Services:										
Tuition	18,353	2,300	22,167	14,067	27,358	18,326	55,888	63,078	60,446	72,000
Student & instruction related services	162,650	207,469	258,963	240,549	277,702	267,216	295,058	405,092	434,959	425,506
General and business administrative services	56,310	66,784	72,239	66,453	74,553	93,811	110,827	121,481	126,663	130,318
Plant operations and maintenance	242,154	120,608	129,453	434,335	635,239	194,013	145,966	188,843	185,104	217,700
Pupil transportation	30,411	7,102	9,011	10,702	10,974	2,858	19,353	45,863	33,612	30,467
Unallocated employee benefits	177,619	318,733	197,764	205,986	283,414	334,743	860,685	767,540	737,623	889,028
Special schools										
Charter schools										
Interest on long-term debt	19,025	17,174	14,494	11,812	8,897	5,971	3,047	122		
Unallocated depreciation	5,189	3,003						6,269	4,737	4,902
Total governmental activities expenses	<u>1,236,394</u>	<u>1,322,096</u>	<u>1,447,030</u>	<u>1,730,402</u>	<u>2,123,057</u>	<u>1,782,490</u>	<u>2,371,705</u>	<u>2,469,999</u>	<u>2,359,279</u>	<u>2,620,478</u>
Business-type activities:										
Food service	13,384	16,842	11,264	22,660	22,771	28,442	17,399	45,304	40,180	5,696
Child care			6,064	8,517	21,360	14,772	27,893	16,606	10,045	22,974
Total business-type activities expense	<u>13,384</u>	<u>16,842</u>	<u>17,328</u>	<u>31,177</u>	<u>44,131</u>	<u>43,214</u>	<u>45,292</u>	<u>61,910</u>	<u>50,225</u>	<u>28,670</u>
Total district expenses	<u>\$ 1,249,778</u>	<u>\$ 1,338,938</u>	<u>\$ 1,464,358</u>	<u>\$ 1,761,579</u>	<u>\$ 2,167,188</u>	<u>\$ 1,825,704</u>	<u>\$ 2,416,997</u>	<u>\$ 2,531,909</u>	<u>\$ 2,409,504</u>	<u>\$ 2,649,148</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
Instruction (tuition)										
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	129,441	162,986	175,687	203,445	215,910	268,734	792,652	718,601	582,490	677,344
Total governmental activities program revenues	<u>129,441</u>	<u>162,986</u>	<u>175,687</u>	<u>203,445</u>	<u>215,910</u>	<u>268,734</u>	<u>792,652</u>	<u>718,601</u>	<u>582,490</u>	<u>677,344</u>

(Continued)

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

Exhibit J-2

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type activities:										
Charges for services:										
Food service	\$ 4,167	\$ 3,689	\$ 3,591	\$ 5,370	\$ 5,737	\$ 7,760	\$ 8,777	\$ 7,438	\$ 5,229	\$ 955
Child care			7,450	8,181	21,467	14,722	17,282	15,951	9,802	23,340
Operating grants and contributions	12,353	12,709	9,421	15,875	14,034	16,546	14,428	10,611	5,381	40
Capital grants and contributions					-	-	-	-	-	-
Total business type activities program revenues	<u>16,520</u>	<u>16,398</u>	<u>20,462</u>	<u>29,426</u>	<u>41,238</u>	<u>39,028</u>	<u>40,487</u>	<u>34,000</u>	<u>20,412</u>	<u>24,335</u>
Total district program revenues	<u>\$ 145,961</u>	<u>\$ 179,384</u>	<u>\$ 196,149</u>	<u>\$ 232,871</u>	<u>\$ 257,148</u>	<u>\$ 307,762</u>	<u>\$ 833,139</u>	<u>\$ 752,601</u>	<u>\$ 602,902</u>	<u>\$ 701,679</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (1,106,953)	\$ (1,159,110)	\$ (1,271,343)	\$ (1,526,957)	\$ (1,907,147)	\$ (1,513,756)	\$ (1,579,053)	\$ (1,751,398)	\$ (1,776,789)	\$ (1,943,134)
Business-type activities	3,136	(444)	3,134	(1,751)	(2,893)	(4,186)	(4,805)	(27,910)	(29,813)	(4,335)
Total district-wide net expense	<u>\$ (1,103,817)</u>	<u>\$ (1,159,554)</u>	<u>\$ (1,268,209)</u>	<u>\$ (1,528,708)</u>	<u>\$ (1,910,040)</u>	<u>\$ (1,517,942)</u>	<u>\$ (1,583,858)</u>	<u>\$ (1,779,308)</u>	<u>\$ (1,806,602)</u>	<u>\$ (1,947,469)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 855,354	\$ 809,987	\$ 826,187	\$ 842,710	\$ 978,868	\$ 998,445	\$ 1,025,925	\$ 1,145,481	\$ 1,186,000	\$ 1,209,720
Taxes levied for debt service	50,100	48,631	46,854	45,078	46,534	44,796	42,658	40,519		
Unrestricted grants and contributions	190,317	298,779	462,386	814,598	512,342	592,136	629,777	666,416	623,984	675,323
Tuition revenue	540	7,360	14,400	3,070	14,400	14,454	9,000	11,000	7,000	
Investment earnings	32	73	146	63	10	23	163	204	265	126
Miscellaneous income	9,564	2,857	15,366	10,811	1,968	6,395	12,719	10,031	4,586	8,665
Proceeds of capital lease				215,000	-	-	-	-	-	-
Transfers	-	-	-	-	-	(2,600)	(5,000)	(30,000)	(26,000)	(5,000)
Total governmental activities	<u>1,105,907</u>	<u>1,167,687</u>	<u>1,365,339</u>	<u>1,931,330</u>	<u>1,554,122</u>	<u>1,653,649</u>	<u>1,715,242</u>	<u>1,843,651</u>	<u>1,795,835</u>	<u>1,888,834</u>
Business-type activities:										
Miscellaneous income	2	1	3	3	2,974	2	2	3	1	
Transfers	-	-	-	-	-	2,600	5,000	30,000	26,000	5,000
Total business-type activities	<u>2</u>	<u>1</u>	<u>3</u>	<u>3</u>	<u>2,974</u>	<u>2,602</u>	<u>5,002</u>	<u>30,003</u>	<u>26,001</u>	<u>5,000</u>
Total district-wide	<u>\$ 1,105,909</u>	<u>\$ 1,167,688</u>	<u>\$ 1,365,342</u>	<u>\$ 1,931,333</u>	<u>\$ 1,557,096</u>	<u>\$ 1,656,251</u>	<u>\$ 1,720,244</u>	<u>\$ 1,873,654</u>	<u>\$ 1,821,836</u>	<u>\$ 1,893,834</u>
Change in Net Position:										
Governmental activities	\$ (1,046)	\$ 8,577	\$ 93,996	\$ 404,373	\$ (353,025)	\$ 139,893	\$ 136,189	\$ 92,253	\$ 19,046	\$ (54,300)
Business-type activities	3,138	(443)	3,137	(1,748)	81	(1,584)	197	2,093	(3,812)	665
Total district-wide	<u>\$ 2,092</u>	<u>\$ 8,134</u>	<u>\$ 97,133</u>	<u>\$ 402,625</u>	<u>\$ (352,944)</u>	<u>\$ 138,309</u>	<u>\$ 136,386</u>	<u>\$ 94,346</u>	<u>\$ 15,234</u>	<u>\$ (53,635)</u>

West Cape May 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	\$ -	\$ -	\$ 42,532	\$ 8,311	\$ 2,879	\$ 6,720	\$ 19,046	\$ 5,101	\$ 5,168	\$ 3,690
Capital reserve	157,076	157,076	242,222	336,054	266,239	398,369	398,532	398,736	358,139	313,522
Maintenance reserve	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	51,845	36,856
Unemployment compensation										7,328
Emergency reserve	50,000	50,000	50,000	50,000	50,000	50,000	50,000	20,000	20,000	20,020
Excess surplus	88,487	90,240	98,684	98,005	102,505	104,576	186,480	274,207	361,541	420,641
Assigned fund balance										
Designated for subsequent year's expenditures	6,776	-	314	153	-	-	174	-	-	-
Unassigned	232,440	220,538	202,361	202,984	204,318	187,249	187,053	189,055	195,339	203,507
Total general fund	<u>\$ 604,779</u>	<u>\$ 587,854</u>	<u>\$ 706,113</u>	<u>\$ 765,507</u>	<u>\$ 695,941</u>	<u>\$ 816,914</u>	<u>\$ 911,285</u>	<u>\$ 957,099</u>	<u>\$ 992,032</u>	<u>\$ 1,005,564</u>
All Other Governmental Funds										
Reserved:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Encumbrances										
Unreserved, reported in:										
Special revenue fund										509
Capital projects fund				531,848	2,957	201	201			
Debt service fund								1	1	1
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 531,848</u>	<u>\$ 2,957</u>	<u>\$ 201</u>	<u>\$ 201</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 510</u>

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

Exhibit J-4

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax levy	\$ 905,454	\$ 858,618	\$ 873,041	\$ 887,788	\$ 1,025,402	\$ 1,043,241	\$ 1,068,583	\$ 1,186,000	\$ 1,186,000	\$ 1,209,720
Tuition charges	540	7,360	14,400	3,070	14,400	14,454	9,000	11,000	7,000	
Interest earnings	32	73	146	63	157	23	163	204	265	126
Miscellaneous	9,564	4,369	15,426	13,311	11,821	8,395	12,719	5,853	4,586	8,665
Local sources								4,178	4,127	4,213
State sources	289,903	416,496	576,423	950,525	679,641	781,344	847,018	907,269	849,278	900,617
Federal sources	29,855	43,757	61,590	65,018	38,611	77,526	74,672	116,238	69,892	40,194
Total revenue	<u>1,235,348</u>	<u>1,330,673</u>	<u>1,541,026</u>	<u>1,919,775</u>	<u>1,770,032</u>	<u>1,924,983</u>	<u>2,012,155</u>	<u>2,230,742</u>	<u>2,121,148</u>	<u>2,163,535</u>
Expenditures										
Instruction										
Regular Instruction	425,518	477,198	512,501	610,091	598,277	684,316	755,936	695,919	613,240	637,852
Special education instruction	74,135	68,480	93,245	83,295	151,731	128,220	77,952	90,033	82,789	92,297
Other special instruction	550	8,524	8,526	11,928	12,366	11,165	14,964	29,199	39,854	74,810
Other instruction										
Support Services:										
Tuition	18,353	2,300	22,167	14,067	27,358	18,326	55,888	63,078	60,446	72,000
Student & instruction related services	162,650	207,469	258,963	240,549	277,702	267,216	295,058	405,092	434,959	425,506
General and business admin.services	56,310	66,784	58,784	61,760	69,385	88,295	105,434	121,481	126,663	130,318
Plant operations and maintenance	147,378	117,605	115,998	103,660	121,344	112,136	119,568	142,485	184,653	167,995
Pupil transportation	30,411	7,102	9,011	10,702	10,974	2,858	19,353	45,863	33,612	30,467
Other support services	177,619	193,166	197,764	215,799	273,253	286,112	340,265	394,366	443,110	476,282
Special Schools										
Charter Schools										
Capital outlay	92,393	125,567	75,086	123,641	755,861	138,210	63,978	106,150	40,889	44,803
Debt service:										
Principal	55,000	55,000	55,000	55,000	60,000	60,000	60,000	60,000	60,000	
Interest and other charges	21,084	18,403	15,722	13,041	10,238	7,312	4,388	1,462		
Total expenditures	<u>1,261,401</u>	<u>1,347,598</u>	<u>1,422,767</u>	<u>1,543,533</u>	<u>2,368,489</u>	<u>1,804,166</u>	<u>1,912,784</u>	<u>2,155,128</u>	<u>2,060,215</u>	<u>2,152,330</u>
Excess (Deficiency) of revenues over (under) expenditures	(26,053)	(16,925)	118,259	376,242	(598,457)	120,817	99,371	75,614	60,933	11,205
Other Financing sources (uses)										
Proceeds from borrowing	-	-	-	215,000	-	-	-	-	-	-
Accrued interest on sale of bonds	-	-	-	-	-	-	-	-	-	-
Transfers in	306	-	-	89,231	154,474	18,611	-	-	-	-
Transfers out	(306)	-	-	(89,231)	(154,474)	(21,211)	(5,000)	(30,000)	(26,000)	(5,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>215,000</u>	<u>-</u>	<u>(2,600)</u>	<u>(5,000)</u>	<u>(30,000)</u>	<u>(26,000)</u>	<u>(5,000)</u>
Net change in fund balances	<u>\$ (26,053)</u>	<u>\$ (16,925)</u>	<u>\$ 118,259</u>	<u>\$ 591,242</u>	<u>\$ (598,457)</u>	<u>\$ 118,217</u>	<u>\$ 94,371</u>	<u>\$ 45,614</u>	<u>\$ 34,933</u>	<u>\$ 6,205</u>
Debt service as a percentage of noncapital expenditures	6.51%	6.01%	5.25%	4.79%	4.36%	4.04%	3.48%	3.00%	0.00%	0.00%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

West Cape May School District
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit J-5

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Refunds</u>	<u>Miscellaneous</u>	<u>Donations</u>	<u>Rentals</u>	<u>Total</u>
2012	\$ 752	\$ 540	\$ 3,151	\$ 611	\$ -	\$ 5,050	\$ 10,104
2013	216	7,360		641	2,000		10,217
2014	179	14,400	12,674	513	2,000		29,766
2015	278	3,070	7,276	820	2,500		13,944
2016	157	14,400		1,821			16,378
2017	261	14,454	5,372	762			20,849
2018	293	9,000	11,839	36			21,168
2019	510	11,000	3,235	812	1,500		17,057
2020	580	7,000	3,771		500		11,851
2021	263		7,918	110	500		8,791
	<u>\$ 3,489</u>	<u>\$ 81,224</u>	<u>\$ 55,236</u>	<u>\$ 6,126</u>	<u>\$ 9,000</u>	<u>\$ 5,050</u>	<u>\$ 160,125</u>

Source: District records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2012	\$ 19,404,000	\$ 389,387,800	\$ 3,828,600	\$ 205,800	\$ 36,215,900	\$ 1,066,100	\$ 450,108,200	\$ 210,266	\$ 450,318,466	\$ 9,445,000	\$ 0.191	\$ 494,415,656
2013	19,596,100	391,522,000	3,301,300	210,200	35,430,600	1,066,100	451,126,300	226,124	451,352,424	9,445,000	0.194	455,908,033
2014	18,272,800	394,148,500	3,301,300	210,200	35,647,800	1,066,100	452,646,700	153,222	452,799,922	9,662,400	0.197	439,431,249
2015	18,717,700	397,040,600	3,301,300	210,200	35,427,900	1,066,100	455,763,800	150,096	455,913,896	10,094,500	0.225	429,146,511
2016	18,128,200	399,794,400	3,301,300	210,200	35,069,100	1,066,100	457,569,300	146,736	457,716,036	10,094,500	0.228	439,244,856
2017	19,378,700	409,260,600	3,301,300	210,200	35,234,100	1,066,100	468,451,000	142,823	468,593,823	10,454,600	0.229	483,309,561
2018	15,962,500	424,392,600	3,301,300	220,500	35,969,500	1,066,100	480,912,500	150,824	481,063,324	10,454,600	0.247	499,169,212
2019	16,152,100	433,582,500	3,301,300	220,500	36,753,700	1,066,100	491,076,200		491,076,200	10,829,900	0.242	536,795,884
2020	14,884,100	447,337,200	3,301,300	220,500	36,967,500	1,066,100	503,776,700		503,776,700	10,848,900	0.241	581,676,862
2021	14,222,700	457,848,600	3,301,300	190,500	36,314,200	1,066,100	512,943,400		512,943,400	10,848,900	0.245	623,832,196

Source: Municipal Tax Assessor

Note:

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

c Information not available.

r Reassessment.

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

Fiscal Year Ended June 30,	West Cape May School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of West Cape May	Regional School	Cape May County	
2012	\$ 0.180	\$ 0.011	\$ 0.191	\$ 0.346	\$ 0.356	\$ 0.256	\$ 1.149
2013	0.184	0.010	0.194	0.331	0.294	0.248	1.067
2014	0.107	0.010	0.197	0.330	0.378	0.244	1.149
2015	0.215	0.010	0.225	0.331	0.353	0.240	1.149
2016	0.218	0.010	0.228	0.350	0.397	0.247	1.222
2017	0.220	0.009	0.229	0.356	0.365	0.272	1.222
2018	0.239	0.008	0.247	0.357	0.382	0.279	1.265
2019	0.242		0.242	0.359	0.356	0.297	1.254
2020	0.241		0.241	0.372	0.390	0.316	1.319
2021	0.245		0.245	0.390	0.304	0.341	1.280

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.

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

Exhibit J-8

Taxpayer	2021		Taxpayer	2012	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Wilbraham Mansion, LLC	\$ 3,242,100	0.63%	Depot Travel Park, Inc.	\$ 4,050,300	0.90%
The Depot Travel Park, Inc.	2,729,900	0.53%	Rayson Properties	3,382,200	0.75%
Individual #1	2,349,300	0.46%	Wilbraham Mansion, LLC	2,854,600	0.63%
CVS	2,300,000	0.45%	CVS	2,479,000	0.55%
Cape May Rentals, LLC	2,190,300	0.43%	Cape May Lumber	2,138,900	0.47%
Cape May Lumber Company	2,138,900	0.42%	Individual #1	2,058,200	0.46%
Stevens Street, LLC	2,132,200	0.42%	Cape West Associates	1,862,800	0.41%
Individual #2	2,102,400	0.41%	Individual #2	1,594,300	0.35%
Individual #3	2,070,600	0.40%	Individual #3	1,018,500	0.23%
Individual #4	1,980,075	0.39%	Individual #4	996,400	0.22%
Total	<u>\$ 23,235,775</u>	<u>4.53%</u>	Total	<u>\$ 22,435,200</u>	<u>5.01%</u>

Source: Municipal Tax Assessor

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

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 905,454	\$ 905,454	100.00%	-
2013	858,618	858,618	100.00%	-
2014	873,041	873,041	100.00%	-
2015	887,788	887,788	100.00%	-
2016	1,025,402	1,025,402	100.00%	-
2017	1,043,241	1,043,241	100.00%	-
2018	1,068,583	1,068,583	100.00%	-
2019	1,186,000	1,103,474	93.04%	82,526
2020	1,186,000	1,186,000	100.00%	
2021	1,209,720	1,209,720	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.

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^b
	General Obligation Bonds	Unfunded Pension Liability	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2012	\$ 405,000	\$ -	\$ -	\$ -	\$ -	\$ 405,000	0.82%	\$ 400
2013	350,000	-	-	-	-	350,000	0.70%	348
2014	295,000	-	-	-	-	295,000	0.57%	294
2015	240,000	-	215,000	-	-	455,000	0.84%	455
2016	180,000	-	174,121	-	-	354,121	0.63%	353
2017	120,000	-	132,209	-	-	252,209	0.43%	251
2018	60,000	-	89,236	-	-	149,236	0.25%	149
2019	-	-	45,175	-	-	45,175	0.07%	45
2020	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-

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

- a Based on Per Capita Income for Cape May County.
- b Based on School District Population as of July 1.
- c Not available.

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

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 405,000	\$ -	\$ 405,000	0.09%	\$ 400
2013	350,000	-	350,000	0.08%	348
2014	295,000	-	295,000	0.07%	294
2015	240,000	-	240,000	0.05%	240
2016	180,000	-	180,000	0.04%	180
2017	120,000	-	120,000	0.03%	119
2018	60,000	-	60,000	0.01%	60
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-

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

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of West Cape May	\$ 4,409,392	100.000%	\$ 4,409,392
Lower Cape May Regional School Debt	7,217,000	7.251%	523,338
Cape May County General Obligation Debt	310,626,093	1.062%	3,298,849
Subtotal, overlapping debt			8,231,579
West Cape May School District Direct Debt			-
Total direct and overlapping debt			\$ 8,231,579

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 West Cape May Borough. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized valuation basis	
	2018	\$ 525,300,382
	2019	566,604,592
	2020	612,271,147
	[A]	<u>\$ 1,704,176,121</u>
Average equalized valuation of taxable property	[A/3]	\$ 568,058,707
Debt limit (2 1/2% of average equalized valuation)	[B]	14,201,468 a
Net bonded school debt	[C]	
Legal debt margin	[B-C]	<u>\$ 14,201,468</u>

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 12,241,548	\$ 11,950,487	\$ 11,525,734	\$ 10,976,713	\$ 10,833,196	\$ 11,118,407	\$ 11,618,684	\$ 12,354,738	\$ 13,146,651	\$ 14,201,468
Total net debt applicable to limit	405,000	350,000	295,000	240,000	180,000	120,000	60,000			
Legal debt margin	<u>\$ 11,836,548</u>	<u>\$ 11,600,487</u>	<u>\$ 11,230,734</u>	<u>\$ 10,736,713</u>	<u>\$ 10,736,713</u>	<u>\$ 10,998,407</u>	<u>\$ 11,558,684</u>	<u>\$ 12,354,738</u>	<u>\$ 13,146,651</u>	<u>\$ 14,201,468</u>
Total net debt applicable to the limit as a percentage of debt limit	3.31%	2.93%	2.56%	2.19%	1.66%	1.08%	0.52%	0.00%	0.00%	0.00%

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

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

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

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2012	1,013	\$ 49,406,036	\$ 48,772	15.2%
2013	1,007	49,907,927	49,561	18.8%
2014	1,002	51,580,956	51,478	10.4%
2015	999	53,999,946	54,054	9.9%
2016	1,002	56,171,118	56,059	9.2%
2017	1,005	58,309,095	58,019	7.9%
2018	1,003	60,444,792	60,264	7.2%
2019	1,002	62,859,468	62,734	6.4%
2020	991	e	e	12.7%
2021	e	e	e	e

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development.
- ^b Personal income for West Cape May Borough.
- ^c Per Capita income for Cape May County.
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development.
- ^e Not available.

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

Exhibit J-16

Function/Program	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction										
Regular	6	4	5	5	6	6	6	9.5	9	10
Special education	1	1	1	1	1	1	1	1	1	2
Other instruction	3	5	5	6	6	6	6	5	7	6
Support Services:										
General and business administrative services	1	1	1	2	2	2	2	1	3	3
Plant operations and maintenance	1	1	1	1	1	1	1	1	2	2
Business and other support services	1	1	1	1	1	1	1	2	5	5
Total	13	13	14	16	17	17	17	20	27	28

Source: District Personnel Records

West Cape May School District
 Operating Statistics,
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2012	56	\$ 1,092,924	\$ 19,517	-25.73%	5	1 to 10		51.8	49.5	23.33%	95.56%
2013	71	1,148,628	16,178	-17.11%	5	1 to 13		65.8	62.2	27.03%	94.53%
2014	78	1,276,959	16,371	1.19%	6	1 to 13		75.4	71.7	14.59%	95.06%
2015	80	1,351,851	16,898	3.21%	6	1 to 14		82.1	76.6	8.89%	93.30%
2016	88	1,542,390	17,527	3.72%	8	1 to 11		82.4	79.1	0.36%	95.91%
2017	98	1,598,644	16,313	3.72%	8	1 to 11		95.1	90.2	0.36%	95.91%
2018	102	1,784,418	17,494	7.24%	8	1 to 11		100.5	94.5	5.68%	94.05%
2019	98	1,987,516	20,281	15.93%	10	1 to 10		95.6	90.9	-4.87%	95.06%
2020	93	2,019,326	21,713	7.06%	10	1 to 9		90.7	86.7	-5.13%	95.59%
2021	80	2,107,527	26,344	21.32%	10	1 to 9		76.8	74.1	-15.32%	96.48%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
District Building										
<u>Elementary</u>										
West Cape May Elementary (1963)										
Square Feet	17,233	17,233	17,233	17,233	17,233	17,233	17,233	17,233	17,233	17,233
Capacity (students)	118	118	118	118	118	118	118	118	118	118
Enrollment	56	65	75	82	88	95	100	96	91	76

Number of Schools at June 30, 2021

 Elementary = 1

 Other = 0

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October district count.

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

Exhibit J-19

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

* School Facilities	Fiscal Year Ending June 30,										Total
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
West Cape May School	\$ 44,396	\$ 18,980	\$ 12,185	\$ 8,413	\$ 15,010	\$ 8,274	\$ 11,453	\$ 25,179	\$ 76,760	\$ 75,591	\$ 296,241
Project # (s)											
Total School Facilities	<u>\$ 44,396</u>	<u>\$ 18,980</u>	<u>\$ 12,185</u>	<u>\$ 8,413</u>	<u>\$ 15,010</u>	<u>\$ 8,274</u>	<u>\$ 11,453</u>	<u>\$ 25,179</u>	<u>\$ 76,760</u>	<u>\$ 75,591</u>	<u>\$ 296,241</u>

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

Source: District records

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

Exhibit J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Property - Blanket and Personal Property	\$ 3,881,160	\$ 1,000
Extra Expense	50,000,000	1,000
Valuable Papers and Records	10,000,000	1,000
Equipment Breakdown	10,000,000	1,000
Terrorism	1,000,000	1,000
Hazardous Substances	1,000,000	1,000
Data Processing Equipment	100,000	1,000
Blanket Faithful Performance	50,000	1,000
Depositors Forgery and Alteration	25,000	1,000
Money and Securities	10,000	1,000
Computer Fraud	25,000	1,000
Comprehensive General Liability	6,000,000	
Automobile Non Ownership Liability (1)	6,000,000	
School Leaders Errors and Omissions (1)	6,000,000	5,000
Workers Compensation (1)	Statutory	
Student Accident Coverage (2)		
Accidental Medical Benefits	1,000,000	
Surety Bonds - (1)		
Board Secretary/Business Administrator	100,000	1,000

(1) - New Jersey School Boards Association Insurance Group

(2) - McCloskey Insurance

Source: District records

Single Audit Section

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

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

INDEPENDENT AUDITOR'S REPORT

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Cape May School District, in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 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 West Cape May 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 West Cape May School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the West Cape May School District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

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Marlton, New Jersey
January 28, 2022

WEST CAPE MAY 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	Repayment of Prior Years' Balances	June 30, 2021										
						Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at								
U.S. Department of Education																							
<u>Every Student Succeeds Act (ESSA)</u>																							
Title I	84.010A	S010A200030	ESSA-5610-21	2,602	7/1/20-9/30/21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,602)	\$ -	\$ (2,602)	\$ -	\$ -								
Title I - Prior Year	84.010A	S010A190030	ESSA-5610-20	43,498	7/1/19-9/30/20	(18,876)				18,876			-										
Title II - Part A	84.367A	S367A200029	ESSA-5610-21	997	7/1/20-9/30/21						(997)		(997)										
Title IV	84.424	S424A200031	ESSA-5610-21	10,000	7/1/20-9/30/21						(10,000)		(10,000)										
<u>Individuals With Disabilities Imp. Act (I.D.E.A.)</u>																							
Part B - Basic - Current Year	84.027	H027A200100	IDEA-5610-21	22,151	7/1/20-9/30/21						(22,151)		(22,151)										
Part B - Preschool - Current Year	84.173	H173A200114	IDEA-5610-21	621	7/1/20-9/30/21						(621)		(621)										
Corona Virus Relief	84/425D	S425D210027	N/A	3,823	3/13/20-9/30/23					3,823	(3,823)		-										
Total Special Revenue Fund						(18,876)	-	-	-	22,699	(40,194)	-	(36,371)	-									
Total Federal Awards						\$ (18,876)	\$ -	\$ -	\$ -	\$ 22,699	\$ (40,194)	\$ -	\$ (36,371)	\$ -									

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

WEST CAPE MAY SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 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	Adjustment	June 30, 2021		
				Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
State Department of Education													
<u>General Fund:</u>													
Special Education Categorical Aid	21-495-034-5120-089	\$ 61,254	7/1/20-6/30/21	\$ -	\$ -	\$ -	\$ -	\$ 55,845	\$ (61,254)	\$ -	\$ (5,409)	\$ -	\$ -
Special Education Categorical Aid	20-495-034-5120-089	61,104	7/1/19-6/30/20	(5,407)				5,407			-		
Security Aid	21-495-034-5120-084	11,934	7/1/20-6/30/21					10,880	(11,934)		(1,054)		
Security Aid	20-495-034-5120-084	11,934	7/1/19-6/30/20	(1,056)				1,056			-		
School Choice Aid	21-495-034-5120-068	524,841	7/1/20-6/30/21					478,497	(524,841)		(46,344)		
School Choice Aid	20-495-034-5120-068	539,404	7/1/19-6/30/20	(47,733)				47,733			-		
Transportation Aid	21-495-034-5120-014	5,258	7/1/20-6/30/21					4,794	(5,258)		(464)		
Transportation Aid	20-495-034-5120-014	5,258	7/1/19-6/30/20	(465)				465			-		
Extraordinary Aid	20-495-034-5120-044	6,198	7/1/20-6/30/21						(6,198)		(6,198)		
Reimburse Non Public Transportation	20-103190	580	7/1/20-6/30/21						(580)		(580)		
On Behalf TPAF Pension	21-495-034-5094-002	177,022	7/1/20-6/30/21					177,022	(177,022)		-		
On Behalf TPAF Post Retirement Medical	21-495-034-5094-001	55,476	7/1/20-6/30/21					55,476	(55,476)		-		
On Behalf TPAF Long Term Disability Insurance	21-495-034-5094-004	185	7/1/20-6/30/21					185	(185)		-		
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	56,479	7/1/20-6/30/21					50,997	(56,479)		(5,482)		
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	51,159	7/1/19-6/30/20	(5,291)				5,291			-		
Total General Fund				<u>(59,952)</u>				<u>893,648</u>	<u>(899,227)</u>		<u>(65,531)</u>		
State Department of Agriculture													
<u>Enterprise Fund:</u>													
State School Lunch Program	21-100-010-3350-023	40	7/1/20-6/30/21					40	(40)				
Total Enterprise Fund								<u>40</u>	<u>(40)</u>				
Total State Financial Assistance				<u>\$ (59,952)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 893,688</u>	<u>\$ (899,267)</u>	<u>\$ -</u>	<u>\$ (65,531)</u>	<u>\$ -</u>	<u>\$ -</u>
Less: State Financial Assistance Not Subject to Major Program Determination													
On-Behalf TPAF Contribution - Pension (Non-Budgeted) (177,022)													
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted) (55,476)													
On-Behalf TPAF Contribution - Long Term Disability Insurance (Non-Budgeted) (185)													
Total State Financial Assistance Subject to Major Program Determination <u>\$ (666,584)</u>													

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

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

I. GENERAL

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

2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,390 for the general fund and \$-0- for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ -	\$ 900,617	\$ 900,617
Special Revenue	40,194	-	40,194
Food Service		40	40
Total	<u>\$ 40,194</u>	<u>\$ 900,657</u>	<u>\$ 940,851</u>

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

WEST CAPE MAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

State Awards Section

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

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

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

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

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

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

Identification of major programs:

State Grant/Project Number(s)
21-495-034-5120-068
21-495-034-5120-089
21-495-034-5120-084

Name of State Program
State Aid Public Cluster:
School Choice Aid
Special Education Categorical Aid
Security Aid

**WEST CAPE MAY 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 identified.

**WEST CAPE MAY 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:

A federal single audit was not required.

STATE AWARDS:

No findings identified.

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

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

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings.

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

There were no prior year audit findings.