

**SCHOOL DISTRICT
OF**

**LOWER
CAPE MAY
REGIONAL**

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022**

**Annual Comprehensive
Financial Report**

of the

**Lower Cape May Regional
Board of Education**

Cape May, New Jersey

For the Fiscal Year Ended June 30, 2022

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT

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Introductory Section

JOSEPH A. CASTELLUCCI
Superintendent

THOMAS CONNELLY JR.
President

MARK MALLETT
Business Administrator/Board Secretary

GARY DOUGLASS
Vice-President

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

CITY OF CAPE MAY

TOWNSHIP OF LOWER

BOROUGH OF WEST CAPE MAY

January 30, 2023

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

The annual comprehensive financial report of the Lower Cape May Regional School District for the fiscal year ended June 30, 2022 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels 7 through 12. These include regular and vocational, as well as special education for handicapped youngsters. The District completed the 2021-2022 fiscal year with an enrollment of 1172 students, which is a 3.06% decrease from the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2021/22	1,172	(3.06)%
2020/21	1,209	(4.80)%
2019/20	1,270	(0.55)%
2018/19	1,277	(3.11)%
2017/18	1,318	(0.53)%
2016/17	1,325	(2.14)%
2015/16	1,354	(3.70)%
2014/15	1,406	0.72%
2013/14	1,396	(4.51)%
2012/13	1,462	(4.61)%
2011/12	1,528	(5.03)%
2010/11	1,609	(0.43)%

2. ECONOMIC CONDITION AND OUTLOOK:

Lower Township

Description of Governmental Structure:

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

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

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

Population:

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

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

Cape May

Governmental Structure:

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

History and Geography:

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

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

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

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

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

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

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

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

West Cape May

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

3. MAJOR INITIATIVES:

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

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

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

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2022.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

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

9. OTHER INFORMATION:

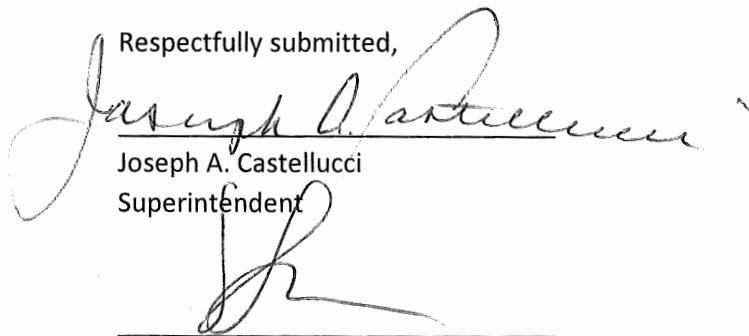
Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso & Stewart was selected by the Board of Education's audit committee. The auditor's report on the general purpose financial statements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

10. ACKNOWLEDGEMENTS:

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

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

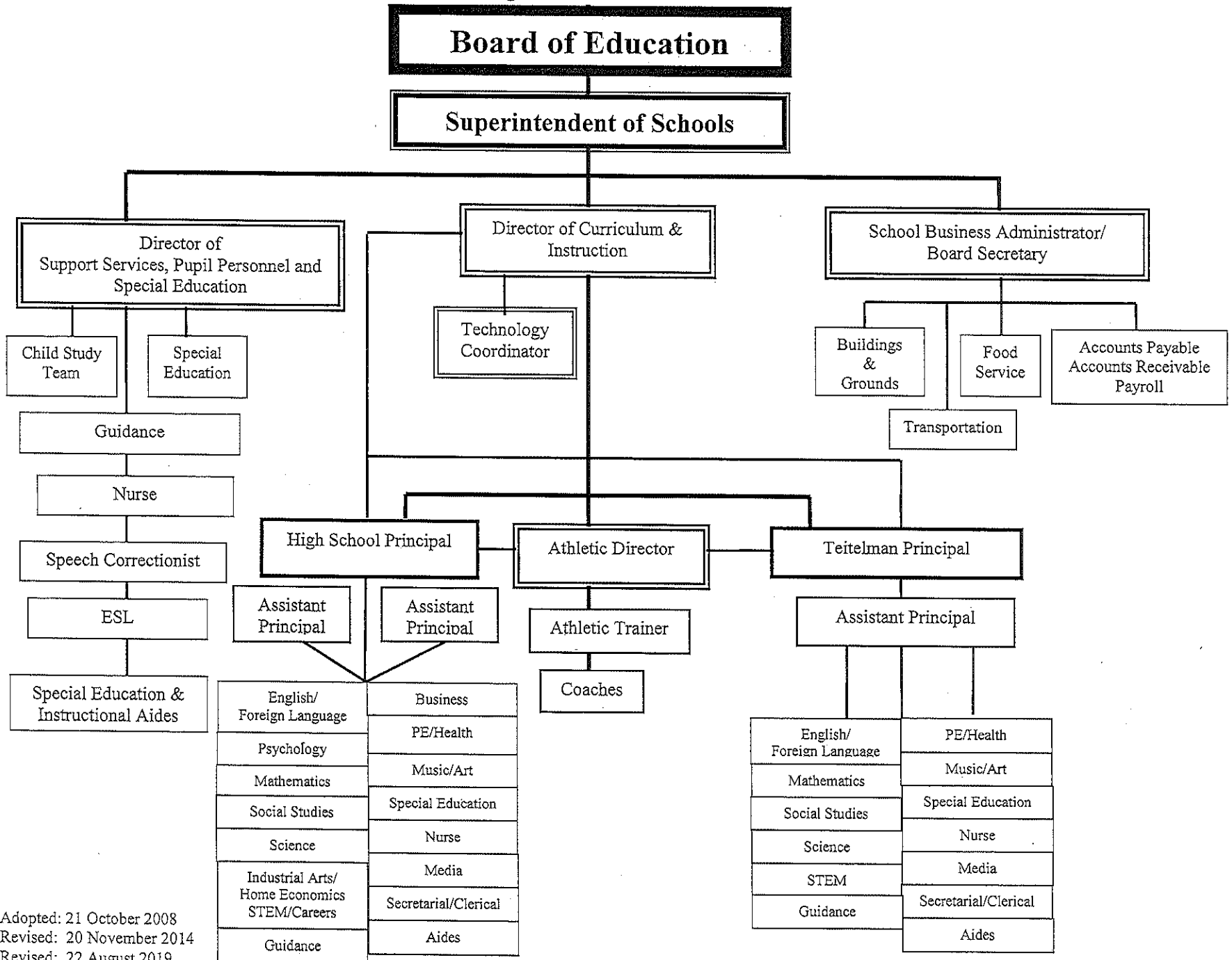
Respectfully submitted,



Joseph A. Castellucci
Superintendent

Mark G. Mallett
Business Administrator/Board Secretary

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



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

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
CAPE MAY, NEW JERSEY 08204
ROSTER OF OFFICIALS
JUNE 30, 2022**

Members of the Board of Education	Term Expires
Thomas Connelly, Jr. President	2023
Gary Douglass Vice President	2022
Roy Abrams, Jr.	2024
Kelly Cronin	2024
Kathleen Elwell	2023
Charles Hunt	2023
Retta Matagiese	2022
Frank Onorato	2022
Harry Sundstrom	2024

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

Other Officials

Joseph A. Castellucci, Superintendent

Mark G. Mallett, Business Administrator/Board Secretary

Brett Gorman, Solicitor

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lower Cape May Regional School District (the "District"), in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Emphasis of Matter

Adoption of New Accounting Principle

As discussed in Note 20 to the financial statements, during the fiscal year ended June 30, 2022, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. My opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* and in accordance with accounting principles and practices prescribed by the Office of School Finance, Department of Education, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions and other post-employment benefits, 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.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 30, 2023, on my consideration of the District’s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of 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 District’s internal control over financial reporting and compliance.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



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

Marlton, New Jersey
January 30, 2023

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

**Lower Cape May Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

As management of the Board of Education of the Lower Cape May Regional School District in Cape May New Jersey, we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2022. 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 \$21,173,441 (*net position*).
- Governmental activities have an unrestricted net position deficit of \$7,991,423. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, and the June state aid payments, and the state statute that prohibits school districts from maintaining more than 4% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District increased by \$4,948,610, or a 30.50% increase from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds increased by \$15,216,595 resulting in an ending fund balance of \$30,888,610. This increase is largely due to bond sale proceeds.
- Business-type activities have unrestricted net position of \$100,088 which may be used to meet the School District's ongoing obligations of the food service operations.
- The School District's long-term obligations increased by \$10,347,494 which is the result of the sale of serial bonds, a reduction net pension liability, capital leases and compensated absences.

Overview of the Basic Financial Statements

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

District-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

Other Information

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

District-wide Financial Analysis

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2023. 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 2023.

The assets of the primary government activities exceeded liabilities by \$20,941,193 with an unrestricted deficit balance of \$7,991,423. The net position of the primary government does not include internal balances.

A net investment of \$1,197,842 in land, improvements, buildings, equipment and vehicles which provide the services to the School District's 1,172 public school students. Net position of \$21,198,714 have been restricted to provide resources for future capital expansion and renovation projects, \$1,894,946 is reserved for maintenance, \$170,888 is reserved for debt service, \$26,199 is reserved for scholarships, \$250,295 is reserved for student activities, \$153,471 is reserved for unemployment compensation, while \$4,040,261 has been restricted for budget appropriation.

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

**Lower Cape May Regional School District
Comparative Summary of Net Position
As of June 30, 2022 and 2021**

	Governmental Activities		Business-Type Activities		District-Wide	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current assets	\$ 31,395,853	\$ 15,721,609	\$ 119,368	\$ 67,933	\$ 31,515,221	\$ 15,789,542
Capital assets	22,170,880	21,215,537	132,160	35,732	22,303,040	21,251,269
Total assets	53,566,733	36,937,146	251,528	103,665	53,818,261	37,040,811
Deferred Outflows of Resources	710,435	1,223,708			710,435	1,223,708
LIABILITIES						
Current liabilities	1,941,225	1,918,957	8,535	8,837	1,949,760	1,927,794
Noncurrent liabilities	27,276,366	16,214,373	10,745		27,287,111	16,214,373
Total Liabilities	29,217,591	18,133,330	19,280	8,837	29,236,871	18,142,167
Deferred Inflows of Resources	4,118,384	3,897,521			4,118,384	3,897,521
Net Position	\$ 20,941,193	\$ 16,130,003	\$ 232,248	\$ 94,828	\$ 21,173,441	\$ 16,224,831
Net Position Consists of:						
Net investment in Capital Assets	\$ 1,197,842	\$ 13,131,918	\$ 132,160	\$ 35,732	\$ 1,330,002	\$ 13,167,650
Restricted Assets	27,734,774	14,661,100			27,734,774	14,661,100
Unrestricted Assets	(7,991,423)	(11,663,015)	100,088	59,096	(7,891,335)	(11,603,919)
Net Position	\$ 20,941,193	\$ 16,130,003	\$ 232,248	\$ 94,828	\$ 21,173,441	\$ 16,224,831

**Lower Cape May Regional School District
Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2022 and 2021**

	Governmental Activities		Business-Type Activities		District-Wide	
	2022	2021	2022	2021	2022	2021
Revenues:						
Charges for services	\$ -	\$ -	\$ 140,564	\$ 33,727	\$ 140,564	\$ 33,727
Operating Grants and contributions	11,989,343	14,717,617	757,138	514,800	12,746,481	15,232,417
Capital Grants and contributions					-	-
Property taxes	23,643,312	23,302,240			23,643,312	23,302,240
State aid - unrestricted	9,485,016	8,114,479			9,485,016	8,114,479
Tuition		129,215			-	129,215
Loss on disposal of asset	(162,454)				(162,454)	
Other revenues	498,141	492,703	92,122	14,261	590,263	506,964
Total Revenues	45,453,358	46,756,254	989,824	562,788	46,443,182	47,319,042
Expenses:						
Governmental Activities:						
Instruction	13,608,886	12,911,371			13,608,886	12,911,371
Tuition	2,130,166	2,289,989			2,130,166	2,289,989
Related Services	2,589,078	2,545,118			2,589,078	2,545,118
Administrative Services	1,849,458	1,765,066			1,849,458	1,765,066
Central Services	391,278	396,675			391,278	396,675
Operations and Maintenance	5,615,328	4,390,663			5,615,328	4,390,663
Transportation	1,474,159	1,247,593			1,474,159	1,247,593
Employee benefits	12,652,245	16,996,561			12,652,245	16,996,561
Charter Schools		27,497			-	27,497
Interest on debt	279,859	209,244			279,859	209,244
Other	51,711	42,964			51,711	42,964
Business-Type Activities:						
Food Service			852,404	625,570	852,404	625,570
Total Expenses	40,642,168	42,822,741	852,404	625,570	41,494,572	43,448,311
Increase (Decrease) in Net Position before transfers	4,811,190	3,933,513	137,420	(62,782)	4,948,610	3,870,731
Transfers		(54,000)		54,000		
Change in Net Position	4,811,190	3,879,513	137,420	(8,782)	4,948,610	3,870,731
Net Position, July 1	16,130,003	11,832,421	94,828	103,610	16,224,831	11,936,031
Prior Period Adjustment		418,069			-	
Net Position, July 1 Restated	16,130,003	12,250,490	94,828		16,224,831	
Net Position, June 30	\$ 20,941,193	\$ 16,130,003	\$ 232,248	\$ 94,828	\$ 21,173,441	\$ 15,806,762

Governmental Activities

Governmental activities increased the net position of the School District by \$4,811,190 during the current fiscal year. Key elements of the increase in net position for governmental activities are as follows:

- Total Governmental Funds results of operation increased \$15,216,595.
- Net investment in Capital Assets decreased by \$11,931,853.
- Compensated Absence Liability decreased by \$104,658.

Business-type Activities

Business-type activities increased the School District's net position by \$137,420. Key elements of the increase in net position for business-type activities are as follows:

- Total Business-type Activities results of operations increased by 137,420.

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$30,888,610, an increase of \$15,216,595 in comparison with the prior year. Most of this increase is the results of operations in the General Fund.

The unreserved fund balance for the School District at the end of the fiscal year includes an unreserved fund balance for the General Fund of \$1,826,981. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) as restricted cash reserved for future capital outlay expenditures of \$20,284,426, 2) \$4,040,261 reserved as excess surplus, 3) \$1,894,946 reserved for maintenance, 4) \$1,326,855 reserved for encumbrances, 5) \$917,400 assigned for subsequent years expenditures, and 6) \$167,776 reserved for the repayment of debt, 7) \$26,199 reserved for the scholarship fund, 8) \$153,471 reserved for unemployment compensation, 9) \$250,295 reserved for student activities.

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

General Fund Budgetary Highlights

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

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$2,356,971 while total fund balance (budgetary basis) was \$17,408,071. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$37,226,651. Unreserved fund balance (budgetary basis) represents 6.33% of expenditures while total fund balance (budgetary basis) represents 46.76% 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, 2022, totaled \$21,251,269 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$234,687, or a 1.09% decrease. The decrease is primarily due to depreciation expense during the year.

Capital Asset/Leases (net of accumulated depreciation/amortization) June 30, 2022 and 2021

	Governmental Activities		Business-Type Activities		District-Wide	
	2022	2021	2022	2021	2022	2021
Land	\$ 100	\$ 100	\$ -	\$ -	\$ 100	\$ 100
Site Improvements	120,000	150,000			120,000	150,000
Buildings and Building Improvements	18,134,821	18,782,584			18,134,821	18,782,584
Equipment	3,813,262	2,282,853	132,160	35,732	3,945,422	2,318,585
Leases	102,697	130,233			102,697	130,233
Total	<u>\$ 22,170,880</u>	<u>\$ 21,345,770</u>	<u>\$ 132,160</u>	<u>\$ 35,732</u>	<u>\$ 22,303,040</u>	<u>\$ 21,381,502</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, 2022, the School District had \$19,267,000 in serial bonds payable, \$1,601,118 in capital leases payable, \$1,476,506 in compensated absences, and \$5,514,074 in net pension liability.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$292,460,490. The available amount as of June 30, 2022 is \$273,193,490.

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

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2022-23 fiscal year.

- For 2022-23 fiscal year the School District will be receiving a decrease in state aid. The local tax levy in the General Fund increased by \$453,466 or 2.00%. Salaries continue to increase contractually; however, the District has managed to control costs. The 2022-23 General Fund Budget is \$4,189,059 less than the previous year or a 11.29% decrease.

For the Future

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

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

Requests for Information

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

Basic Financial Statements

District-Wide Financial Statements

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 20,017,550	\$ 41,804	\$ 20,059,354
Accounts Receivables, net	1,847,790	41,974	1,889,764
Inventory		35,590	35,590
Restricted assets:			
Cash and cash equivalents	9,530,513		9,530,513
Capital assets, net	22,068,183	132,160	22,200,343
Right-to-use lease assets, net	102,697		102,697
Total Assets	<u>53,566,733</u>	<u>251,528</u>	<u>53,818,261</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	<u>710,435</u>	<u>-</u>	<u>710,435</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>54,277,168</u>	<u>251,528</u>	<u>54,528,696</u>
LIABILITIES:			
Accounts payable:			
Other	507,067		507,067
Related to pensions	593,944		593,944
Internal Balances	(5,000)	5,000	
Accrued Liabilities:			
Interest payable	152,786		152,786
Unearned revenue	5,176	3,535	8,711
Noncurrent liabilities:			
Due within one year	687,252		687,252
Due beyond one year	27,276,366	10,745	27,287,111
Total Liabilities	<u>29,217,591</u>	<u>19,280</u>	<u>29,236,871</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources from pensions	<u>4,118,384</u>	<u>-</u>	<u>4,118,384</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>33,335,975</u>	<u>19,280</u>	<u>33,355,255</u>
NET POSITION:			
Net investment in capital assets	1,197,842	132,160	1,330,002
Restricted for:			
Capital projects	21,198,714		21,198,714
Maintenance	1,894,946		1,894,946
Excess Surplus	4,040,261		4,040,261
Unemployment Compensation	153,471		153,471
Debt Service	170,888		170,888
Student Activities	250,295		250,295
Scholarships	26,199		26,199
Unrestricted (Deficit)	<u>(7,991,423)</u>	<u>100,088</u>	<u>(7,891,335)</u>
Total Net Position	<u>\$ 20,941,193</u>	<u>\$ 232,248</u>	<u>\$ 21,173,441</u>

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2022

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	\$ 10,181,276	\$ -	\$ 556,378	\$ -	\$ (9,624,898)	\$ -	\$ (9,624,898)
Special Education	2,473,553		455,367		(2,018,186)		(2,018,186)
Other instruction	954,057				(954,057)		(954,057)
Support Services:							
Tuition	2,130,166				(2,130,166)		(2,130,166)
Student & instruction related services	2,589,078		636,115		(1,952,963)		(1,952,963)
General administrative services	841,448				(841,448)		(841,448)
School administrative services	1,008,010				(1,008,010)		(1,008,010)
Central administrative services	391,278				(391,278)		(391,278)
Plant operations and maintenance	5,615,328		488,729		(5,126,599)		(5,126,599)
Pupil transportation	1,474,159				(1,474,159)		(1,474,159)
Unallocated employee benefits	12,652,245		9,852,754		(2,799,491)		(2,799,491)
Transfer of funds to Charter Schools					-		-
Interest on long-term debt	279,859				(279,859)		(279,859)
Unallocated depreciation and amortization	51,711				(51,711)		(51,711)
Total Governmental Activities	<u>40,642,168</u>	<u>-</u>	<u>11,989,343</u>	<u>-</u>	<u>(28,652,825)</u>	<u>-</u>	<u>(28,652,825)</u>
Business-Type Activities:							
Food service	852,404	140,564	757,138	-	-	45,298	45,298
Total Business-Type Activities	<u>852,404</u>	<u>140,564</u>	<u>757,138</u>	<u>-</u>	<u>-</u>	<u>45,298</u>	<u>45,298</u>
Total Primary Government	<u>\$ 41,494,572</u>	<u>\$ 140,564</u>	<u>\$ 12,746,481</u>	<u>\$ -</u>	<u>(28,652,825)</u>	<u>45,298</u>	<u>(28,607,527)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					22,673,315		22,673,315
Taxes levied for debt service					969,997		969,997
Federal and State aid unrestricted					9,485,016		9,485,016
Investment and Interest earnings - restricted					53,357		53,357
Miscellaneous					444,784	804	445,588
Special Items:							
Contributed Capital						91,318	91,318
Loss on disposal of assets					(162,454)		(162,454)
Total general revenues, special items, extraordinary items and transfers					<u>33,464,015</u>	<u>92,122</u>	<u>33,556,137</u>
Change in Net Position					4,811,190	137,420	4,948,610
Net Position - July 1,					<u>16,130,003</u>	<u>94,828</u>	<u>16,224,831</u>
Net Position - June 30					<u>\$ 20,941,193</u>	<u>\$ 232,248</u>	<u>\$ 21,173,441</u>

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

Fund Financial Statements

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2022

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
Assets:						
Cash and Cash Equivalents	\$ 15,543,981	\$ 251,494	\$ 13,730,923	\$ -	\$ 21,665	\$ 29,548,063
Interfund Accounts Receivable						
General Fund			6,281			6,281
Special Revenue Fund	130,217					130,217
Capital Projects Fund				174,057		174,057
Debt Service Fund	3,169					3,169
Enterprise Fund		5,000				5,000
Intergovernmental Accounts Receivables:						
State	1,189,130					1,189,130
Federal	16,922	584,372				601,294
Other	57,366					57,366
Total Assets	16,940,785	840,866	13,737,204	174,057	21,665	31,714,577
LIABILITIES AND FUND BALANCES						
Liabilities:						
Interfund Accounts Payable						
General Fund		130,217		3,169		133,386
Capital Projects Fund	6,281					6,281
Debt Service Fund			174,057			174,057
Accounts Payable:						
Payroll Deductions and Withholdings Payable	11,082					11,082
Unemployment Claims Payable	45,341					45,341
Scholarships Payable					1,665	1,665
Other		448,979				448,979
Unearned Revenue		5,176				5,176
Total Liabilities	62,704	584,372	174,057	3,169	1,665	825,967
Fund Balances:						
Restricted:						
Capital Reserve	7,635,567					7,635,567
Maintenance Reserve	1,894,946					1,894,946
Excess Surplus	4,040,261					4,040,261
Unemployment Compensation	153,471					153,471
Capital Projects			12,648,859			12,648,859
Debt Service				167,776		167,776
Student Activities		250,295				250,295
Scholarships		6,199			20,000	26,199
Assigned to:						
Other Purposes	1,326,855					1,326,855
Designated for Subsequent Year's Expenditures			914,288	3,112		917,400
Unassigned	1,826,981					1,826,981
Total Fund Balances	16,878,081	256,494	13,563,147	170,888	20,000	30,888,610
Total Liabilities and Fund Balances	\$ 16,940,785	\$ 840,866	\$ 13,737,204	\$ 174,057	\$ 21,665	

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 \$41,374,125 and the accumulated depreciation is \$19,305,942. 22,068,183

Leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$130,233 and the accumulated amortization is \$27,536. 102,697

Accrued interest is not due and payable in the current period and therefore, is not reported as a liability in the funds. (152,786)

Accounts payable related to the April 1, 2023 required PERS contribution that is not to be liquidated with current financial resources. (593,944)

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	\$ 710,435	
Net Pension Liability	(5,514,074)	
Deferred Inflows of resources from Pensions	(4,118,384)	(8,922,023)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Serial bonds payable	(19,267,000)	
Financed purchases payable	(1,601,118)	
Leases payable	(104,920)	
Compensated absences	(1,476,506)	(22,449,544)

Net position of governmental activities \$ 20,941,193

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
for the Fiscal Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
REVENUES:						
Local property tax levy	\$ 22,673,315	\$ -	\$ -	\$ 969,997	\$ -	\$ 23,643,312
Tuition charges	126,354					126,354
Transportation fees	118,544					118,544
Interest Earned on capital reserve funds	51,352					51,352
Other restricted miscellaneous revenue	2,005					2,005
Unrestricted miscellaneous revenue	196,754		3,132			199,886
Federal sources	27,230	1,862,980				1,890,210
State sources	15,750,854	34,240		66,643		15,851,737
Local sources		337,657				337,657
Total revenues	38,946,408	2,234,877	3,132	1,036,640	-	42,221,057
EXPENDITURES:						
Current expense:						
Regular instruction	9,007,502	556,378				9,563,880
Special education instruction	2,018,186	455,367				2,473,553
Other instruction	954,057					954,057
Support services and undistributed costs:						
Tuition	2,130,166					2,130,166
Student & instruction related services	1,952,963	636,115				2,589,078
General administrative services	683,559					683,559
School administrative services	1,008,010					1,008,010
Central services	389,901					389,901
Plant operations and maintenance	3,018,938					3,018,938
Pupil transportation	1,474,159					1,474,159
Unallocated employee benefits	10,683,264	98,288				10,781,552
Transfer to charter schools						-
Capital outlay	3,905,946	495,000	336,853			4,737,799
Debt service:						
Principal				920,000		920,000
Interest and other charges				179,810		179,810
Total expenditures	37,226,651	2,241,148	336,853	1,099,810	-	40,904,462
Excess (deficiency) of revenues over (under) expenditures	1,719,757	(6,271)	(333,721)	(63,170)	-	1,316,595
Other Financing Sources (Uses):						
Transfers in				167,776		167,776
Transfers out			(167,776)			(167,776)
Bond Proceeds			13,900,000			13,900,000
Total other financing sources (uses)	-	-	13,732,224	167,776	-	13,900,000
Net change in fund balance	1,719,757	(6,271)	13,398,503	104,606	-	15,216,595
Fund balances, July 1	15,158,324	262,765	164,644	66,282	20,000	15,672,015
Fund balances, June 30	<u>\$ 16,878,081</u>	<u>\$ 256,494</u>	<u>\$ 13,563,147</u>	<u>\$ 170,888</u>	<u>\$ 20,000</u>	<u>\$ 30,888,610</u>

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
for the Fiscal Year Ended June 30, 2022

Total net change in fund balances - governmental funds (from B-2)		\$ 15,216,595
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in the governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current fiscal year.</p>		
Depreciation expense	\$ (1,034,231)	
Loss on disposal of assets	(162,454)	
Capital outlay	<u>2,049,331</u>	852,646
<p>Capital outlays related to leases 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 amortization expense. This is the amount by which capital outlays exceeded amortization in the current fiscal year.</p>		
Amortization expense	(27,536)	
Fixed Asset Additions	<u>-</u>	(27,536)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.		920,000
The proceeds of a bond issue is an other financing source of revenue in the governmental funds but is not reported in the statement of activities.		(13,900,000)
Repayment of financed purchases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.		195,501
Repayment of leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		25,313
Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.		1,524,062
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a reduction in the reconciliation.		(100,049)
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 (+).		<u>104,658</u>
Change in net position of governmental activities		<u>\$ 4,811,190</u>

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
for the Fiscal Year Ended June 30, 2022

	Business-type Activities Enterprise Funds
	Food Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 41,804
Accounts receivable	41,974
Inventories	35,590
Total current assets	119,368
Noncurrent assets:	
Equipment	233,792
Less accumulated depreciation	(101,632)
Total noncurrent assets	132,160
Total assets	251,528
LIABILITIES	
Current liabilities:	
Due to scholarships	5,000
Compensated absences payable	10,745
Unearned revenue	3,535
Total liabilities	19,280
NET POSITION	
Net investment in capital assets	132,160
Unrestricted	100,088
Total net position	\$ 232,248

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
for the Fiscal Year Ended June 30, 2022

	Business-type Activities Enterprise Funds
	Food Service Fund
Operating revenues:	
Charges for services:	
Daily sales-reimbursable programs	\$ -
Daily sales-non-reimbursable programs	140,564
	140,564
Total operating revenue	140,564
Operating expenses:	
Salaries	325,796
Employee benefits	195,592
Supplies and materials	19,969
Purchased professional benefits	49,426
Depreciation	2,566
Cost of sales - reimbursable programs	214,743
Cost of sales - nonreimbursable programs	43,470
Miscellaneous	842
	852,404
Total operating expenses	852,404
Operating income (loss)	(711,840)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	14,056
Federal sources:	
National school lunch program	525,990
National school breakfast program	124,197
U.S.D.A. commodities	62,745
EM schools	28,908
P-EBT admin cost reimbursement	1,242
Local sources:	
Interest revenue	804
	757,942
Total nonoperating revenues (expenses)	757,942
Net income (loss)	46,102
Other Items:	
Board Contribution of Capital assets	91,318
	137,420
Change in net position	137,420
Total net position - July 1	94,828
Total net position - June 30	\$ 232,248

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
for the Fiscal Year Ended June 30, 2022

	<u>Business-type Activities Enterprise Funds</u>
	<u>Food Service Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 139,898
Payments to employees for services	(510,643)
Payments to suppliers	(284,888)
Net cash used for operating activities	<u>(655,633)</u>
Cash flows from noncapital financing activities:	
State sources	14,365
Federal sources	662,453
Net cash provided by non-capital financing activities	<u>676,818</u>
Cash flows from capital activities:	
Purchases of fixed assets	<u>(7,676)</u>
	<u>(7,676)</u>
Cash flows from investing activities:	
Interest and dividends	<u>804</u>
Net cash provided by investing activities	<u>804</u>
Net increase in cash and cash equivalents	14,313
Balances - July 1	<u>27,491</u>
Balances - June 30	<u>\$ 41,804</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (711,840)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	2,566
Federal commodities	62,745
(Increase) / decrease in inventories	(19,183)
(Increase) / decrease in accounts receivable	(364)
Increase / (decrease) in compensated absences payable	10,745
Increase / (decrease) in unearned revenue	(302)
Total adjustments	<u>56,207</u>
Net cash provided by (used for) operating activities	<u>\$ (655,633)</u>

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

Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity -The Lower Cape May Regional School District (District) is a Type II school district located in Cape May County, New Jersey and covers an area of approximately 34 square miles. As a Type II school district, it functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to provide educational services for all of Lower Cape May Regional's students in grades 7 through 12. The Lower Cape May Regional School District has an approximate enrollment at June 30, 2022 of 1,117 students.

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

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

Basis of Presentation

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

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

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

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds (Continued)

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

The School District’s enterprise funds are:

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

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

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

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

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 total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

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.

Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

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

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

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2022 and 2021 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2022.

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

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

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

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

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

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

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

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

Lease Assets - Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

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

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

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

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

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

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

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

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

Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2022.

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

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

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

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

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

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

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

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Recently Issued Accounting Pronouncements – In 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.

In June 2022 the GASB issued Statement 100, *Accounting Changes and Error Corrections- An Amendment of GASB Statement No. 62* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

In June 2022 the GASB issued Statement 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

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 \$30,183,047 as of June 30, 2022, \$250,000 was insured under FDIC, \$16,373,032 was collateralized under GUDPA.

New Jersey Asset and Rebate Management Fund – In order to maximize liquidity, the District utilizes the New Jersey Asset and Rebate Management Fund (“NJARM”).

The NJARM, which is an investment pool managed by Public Financial Management Company. NJARM allows governments within the state to pool their funds for investment purposes and the Security and Exchange Commission (SEC) does not restrict the pool. Earnings are allocated to all participants based upon shares held in the pool and distributed on the last day of each month. In addition, the fair value of the District’s portion of the pool is the same as the value of its shares. Agencies that participate in the NJARM typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJARM without penalty. At June 30, 2022, the District’s balance was \$13,560,015 with NJARM. The NJARM Joint Account portfolio is rated AAAM by Standard & Poor’s.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

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, 2021 to June 30, 2022 fiscal year is as follows:

Balance – July 1, 2021		\$	7,914,215
Increased by:			
Board resolution	\$	3,000,000	
Unspent appropriations		-	
Interest earned		<u>51,352</u>	<u>3,051,352</u>
			10,965,567
Decreased by:			
Withdrawal			<u>3,330,000</u>
Balance – June 30, 2022		\$	<u>7,635,567</u>

The June 30, 2022 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted capital projects.

4. RECEIVABLES

Receivables at June 30, 2022 consisted of tuition fees charged other governmental units and governmental grants. All receivables are considered collectible in full due to the stable condition of the other governmental units, State programs and the current fiscal year guarantee of federal funds.

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

	General Fund	Special Revenue Fund	Proprietary Funds	Total
State Aid	\$ 1,189,130	\$ -	\$ 708	\$ 1,189,838
Federal Aid	16,922	584,372	40,902	642,196
Other	<u>57,366</u>	<u>-</u>	<u>364</u>	<u>57,730</u>
Total	<u>\$ 1,263,418</u>	<u>\$ 584,372</u>	<u>\$ 41,974</u>	<u>\$ 1,889,764</u>

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2022</u>
<u>Governmental Activities:</u>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 100	\$ -	\$ -	\$ 100
Construction in progress	_____	_____	_____	_____
Total capital assets, not being Depreciated	<u>100</u>	_____	_____	<u>100</u>
<i>Capital Assets, being depreciated:</i>				
Site Improvements	600,000			600,000
Building and Building Improvements	33,493,225			33,493,225
Equipment	5,851,623	2,049,331	620,154	7,280,800
Totals at historical cost	<u>39,944,848</u>	<u>2,049,331</u>	<u>620,154</u>	<u>41,374,025</u>
<i>Less Accumulated Depreciation:</i>				
Site Improvements	(450,000)	(30,000)		(480,000)
Building and Building Improvements	(14,710,641)	(647,763)		(15,358,404)
Equipment	(3,568,770)	(356,468)	(457,700)	(3,467,538)
Totals accumulated depreciation	<u>(18,729,411)</u>	<u>(1,034,231)</u>	<u>(457,700)</u>	<u>(19,305,942)</u>
Total Capital Assets, being depreciated, net	<u>21,215,437</u>	<u>1,015,100</u>	<u>162,454</u>	<u>22,068,083</u>
Governmental Activities Capital Assets, Net	<u>\$ 21,215,537</u>	<u>\$ 1,015,100</u>	<u>\$ 162,454</u>	<u>\$ 22,068,183</u>
	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2022</u>
<u>Business-Type Activities:</u>				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 199,151	\$ 98,994	\$ 64,353	\$ 233,792
Less accumulated depreciation	<u>(163,419)</u>	<u>(2,566)</u>	<u>(64,353)</u>	<u>(101,632)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 35,732</u>	<u>\$ 96,428</u>	<u>\$ _____</u>	<u>\$ 132,160</u>

Depreciation expense in the amount of \$1,034,231 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 723,962
Administration	155,135
Plant Operations and Maintenance	103,423
Unallocated	<u>51,711</u>
Total depreciation expense	<u>\$ 1,034,231</u>

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

6. LEASE ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	(Restated) Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Governmental Activities:				
Lease Assets, being Amortized:				
Machinery and Equipment	\$ 130,233	\$ -	\$ -	\$ 130,233
Total Lease Assets Being Amortized	<u>130,233</u>	<u>-</u>	<u>-</u>	<u>130,233</u>
Governmental Activities Lease Assets	<u>130,233</u>	<u>-</u>	<u>-</u>	<u>130,233</u>
Less Accumulated Amortization for:				
Machinery and Equipment		(27,536)	-	(27,536)
Total Accumulated Amortization	<u>-</u>	<u>(27,536)</u>	<u>-</u>	<u>(27,536)</u>
Governmental Activities Lease Assets, Net	<u>\$ 130,233</u>	<u>\$ (27,536)</u>	<u>\$ -</u>	<u>\$ 102,697</u>

Amortization expense in the amount of \$27,536 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	\$ 23,405
Administration	2,754
Central Services	<u>1,377</u>
	<u>\$ 27,536</u>

7. INVENTORY

Inventory in the Proprietary Funds at June 30, 2022 consisted of the following:

	Food Service
Food	\$ 28,368
Supplies	<u>7,222</u>
	<u>\$ 35,590</u>

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

8. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2022, the following changes occurred in long-term obligations:

<u>Governmental Activities:</u>	<u>Principal Outstanding July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2022</u>	<u>Amounts Due Within One Year</u>
Compensated Absences	\$ 1,581,164	\$	\$ 104,658	\$ 1,476,506	\$ 85,737
Financed Purchases Payable	1,796,619		195,501	1,601,118	174,899
Leases Payable	130,233		25,313	104,920	26,616
General Obligation Bonds	6,287,000	13,900,000	920,000	19,267,000	400,000
Net Pension Liability	<u>7,821,108</u>		<u>2,307,034</u>	<u>5,514,074</u>	<u>-</u>
Total Governmental Activity	<u>\$ 17,616,124</u>	<u>\$ 13,900,000</u>	<u>\$ 3,552,506</u>	<u>\$ 27,963,618</u>	<u>\$ 687,252</u>

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

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

2022 School Bonds dated March 23, 2022, in the amount of \$13,900,000 due in annual installments through March 15, 2042, bearing an interest rate of 3.00%.

Debt Service Requirements

Principal and interest due on bonds outstanding is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 400,000	\$ 518,596	\$ 918,596
2024	1,025,000	554,447	1,579,447
2025	865,000	529,260	1,394,260
2026	880,000	507,310	1,387,310
2027	910,000	482,910	1,392,910
2028-2032	5,020,000	1,986,750	7,006,750
2033-2037	5,517,000	1,183,590	6,700,590
2038-2042	<u>4,650,000</u>	<u>418,500</u>	<u>5,068,500</u>
	<u>\$ 19,267,000</u>	<u>\$ 6,181,363</u>	<u>\$ 25,448,363</u>

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

8. LONG-TERM OBLIGATIONS (Continued)

Financed Purchases Payable

As of June 30, 2022, the District had the following financed purchases:

<u>Purpose</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Value</u>
Energy Program	January 15, 2030	2.33%	\$ 1,601,118
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 174,899	\$ 36,293	\$ 211,192
2024	184,176	32,164	216,340
2025	193,786	27,818	221,604
2026	203,739	23,244	226,983
2027	214,049	18,438	232,487
2028-2030	630,469	24,005	654,474
	\$ 1,601,118	\$ 161,962	\$ 1,763,080

Leases Payable - The School District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On October 1, 2019, the School District entered a 60-month lease as lessee for the use of copiers. As of July 1, 2021, an initial lease liability was recorded in the amount of \$9,242. The School District is required to make monthly payments of \$252. The lease has an interest rate of 4.00%. The value of the right to use asset as of June 30, 2022, was \$6,398 with accumulated amortization of \$2,844.

On August 1, 2021, the School District entered a 60-month lease as lessee for the use of copiers. As of July 1, 2021, an initial lease liability was recorded in the amount of \$116,562. The School District is required to make monthly payments of \$2,140. The lease has an interest rate of 4.00%. The value of the right to use asset as of June 30, 2022, was \$95,192 with accumulated amortization of \$21,370.

On November 1, 2017, the School District entered a 60-month lease as lessee for the use of a postage meter. As of July 1, 2021, an initial lease liability was recorded in the amount of \$4,430. The School District is required to make quarterly payments of \$752. The lease has an interest rate of 3.00%. The value of the right to use asset as of June 30, 2022, was \$1,108 with accumulated amortization of \$3,322.

As of June 30, 2022, the District had leases outstanding as follows:

<u>Purpose</u>	<u>Commencement Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Value</u>
Copiers	October 1, 2019	September 1, 2024	4.00%	\$ 6,524
Copiers	August 1, 2021	July 1, 2026	4.00%	96,897
Postage Meter	November 1, 2017	October 1, 2022	3.00%	1,499
Total				\$ 104,920

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

8. LONG-TERM OBLIGATIONS (Continued)

The future annual lease obligations as of June 30, 2022, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 26,616	\$ 3,590	\$ 30,206
2024	26,140	2,561	28,701
2025	24,897	1,534	26,431
2026	25,127	548	25,674
2027	2,140	-	2,140
Total	<u>\$ 104,920</u>	<u>\$ 8,232</u>	<u>\$ 113,152</u>

9. PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

9. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) (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 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 2022. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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

The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2022 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, 2021, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2022 was \$3,212,070 and was paid by April 1, 2022. School District employee contributions to the pension plan during the fiscal year ended June 30, 2022 were \$893,533.

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, 2022, 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, 2022, the School District recognized pension expense of \$1,239,916 and revenue of \$1,239,916 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.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

9. PENSION PLANS (Continued)

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

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

	<u>06/30/21</u>	<u>06/30/20</u>
Collective deferred outflows of resources	\$ 6,230,825,389	\$ 9,458,881,999
Collective deferred inflows of resources	27,221,092,460	14,424,322,612
Collective net pension liability (Non-Employer – State of New Jersey)	48,165,991,182	65,993,498,688
State's portion of the net pension liability that was associated with the School District	52,694,146	73,731,083
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.1096077760%	.1119702819%

Actuarial assumptions – The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021.

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

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

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

The actuarial assumptions used in the July 1, 2020 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, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

9. PENSION PLANS (Continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 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%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 7.000% as of June 30, 2021. 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 100% 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. Therefore, the long-term expected rate of return on plan investments was applied rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2021, 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 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%) that the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	<u>62,345,977</u>	<u>52,694,146</u>	<u>44,587,215</u>
	<u>\$ 62,345,977</u>	<u>\$ 52,694,146</u>	<u>\$ 44,587,215</u>

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

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th 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, 2021, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2022 was \$545,108 and was paid by April 1, 2022. School District employee contributions to the pension plan during the fiscal year ended June 30, 2022 were \$235,755.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Longterm Disability</u>	<u>Total Liability Paid by District</u>
2022	\$ 66,004	\$ 453,978	\$ 25,126	\$ -	\$ 545,108
2021	59,898	439,407	25,360	5,057	529,722
2020	44,169	408,726	24,404	1,788	479,087

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, 2022, the School District reported a liability of \$5,514,074 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2022, the School District recognized pension expense of (\$978,954). At June 30, 2022, the School District reported a liability of \$5,514,074 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	\$ 86,964	\$ 39,474
Changes of assumptions	28,717	1,963,046
Net Difference between projected and actual earnings on pension plan investments		1,452,552
Changes in proportion	810	663,312
District contributions subsequent to the measurement date	593,944	
Total	\$ 710,435	\$ 4,118,384

\$593,944 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, 2022, the plan measurement date is June 30, 2021) will be recognized as a reduction of the net liability in the year ended June 30, 2022.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

For the year ended:	Net Deferred Outflows (Inflows) of Resources
2023	\$ (1,447,912)
2024	(1,230,236)
2025	(780,079)
2026	(540,375)
2027	(3,291)
Total	\$ (4,001,893)

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, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	
June 30, 2020	5.16	-
June 30, 2021	5.13	5.13
Changes of assumptions		
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
June 30, 2021	5.13	
Differences between projected and actual investment earnings on pension plan investments		
June 30, 2016	-	5.00
June 30, 2017	-	5.00
June 30, 2018	-	5.00
June 30, 2019	-	5.00
June 30, 2020	-	5.00

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Additional Information

Collective balances at June 30, 2021 and 2020 are as follows:

	<u>6/30/2021</u>	<u>6/30/2020</u>
Collective deferred outflows of resources	\$ 818,359,815	\$ 2,590,600,991
Collective deferred inflows of resources	\$ 11,243,411,487	\$ 12,009,239,423
Collective net pension liability	\$ 11,972,782,878	\$ 16,435,616,426
School District's Proportion	.0465460207%	.0479605292%

Actuarial assumptions – The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021.

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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.95%
Risk Mitigation Strategies	3.00%	3.35%
Total	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2021. 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 and nonemployer contributing entity will be made 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 all projected benefit payments to determining the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. The following presents the School District's proportionate share of the net pension liability measured as of June 30, 2021, calculated using the discount rate of 7.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net pension liability	\$ 7,509,051	\$ 5,514,074	\$ 3,821,054

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

Defined Contribution Retirement Program (DCRP)

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

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

9. PENSION PLANS (Continued)

Defined Contribution Retirement Program (DCRP)

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>
2022	\$ 10,758	\$ 10,758
2021	9,279	9,279
2020	8,810	8,810

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan 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. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as “the employers”) for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen’s Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L.1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan 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. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits. 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>

**Lower Cape May Regional School District
Notes to Basic Financial Statements
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10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Contributions

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, 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 Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP).

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.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. The State, as a nonemployer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$60,007,650,970 for this special funding situation.

Plan Membership

As of June 30, 2020, the program membership consisted of the following:

Active Plan Members	213,901
Retirees	<u>150,427</u>
	<u><u>364,328</u></u>

Total Non-Employer OPEB Liability

The State of New Jersey, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB 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. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the NJ State ACFR on the Office of Management and Budget webpage: nj.gov/treasury/omb/fr.shtml.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial assumptions and other imputes - The total OPEB liability in the June 30, 2021 actuarial valuation reported by the State in the State’s most recently issued ACFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation rate	2.50%		
	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	2.75 – 5.65% based on service years	3.00 - 7.00% based on service years	Not Applicable

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2021. 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-2021. 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 Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 “Safety” (PFRS), “General” (PERS), and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 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 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate - The discount rate for June 30, 2021 was 2.16%. 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.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

10. 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:

	<u>Total OPEB Liability</u>
Balance as of June 30, 2019	\$ 92,789,807
Changes for the years'	
Service Cost	3,440,664
Interest	2,116,747
Changes of benefit terms	(86,852)
Differences between expected and actual experience	(15,129,240)
Changes in assumptions	80,503
Gross Benefit Payments	(1,667,404)
Contributions from the Non-employer	N/A
Contributions from the Member	54,115
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	<u>\$ (11,191,467)</u>
Balance at 06/30/2020	<u>\$ 81,598,340</u>

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, 2021, respectively, 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:

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 97,742,002	\$ 81,598,340	\$ 68,886,176

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, 2021 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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 66,054,121	\$ 81,598,340	\$ 102,473,077

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

For the year ended June 30, 2021, the School District recognized \$3,133,793 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, 2021 measurement date.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion	\$ -	\$ (3,707,278)
Differences between expected and actual experience	12,300,587	(24,489,113)
Changes of assumptions	13,842,124	(8,754,742)
Total	\$ 26,142,711	\$ (36,951,133)

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:	
2022	\$ (2,447,020)
2023	(2,447,020)
2024	(2,447,020)
2025	(2,447,020)
2026	(1,739,798)
Thereafter	719,456
Total	\$ (10,808,422)

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.

11. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2022, 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 \$4,457,203, \$1,041,383, and \$740, respectively. In addition, \$860,385 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.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

12. RISK MANAGEMENT

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

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

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021-2022	\$	\$	\$ 2,005	\$	\$ 153,470
2020-2021			3,125		151,465
2019-2020		27,228	3,076	32,424	148,340

13. DEFERRED COMPENSATION

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

14. COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2022, the liability for compensated absences in the governmental fund was \$1,476,506.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

15. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various balance sheets as of June 30, 2022:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 133,386	\$ 6,281
Special Revenue	5,000	130,217
Capital Projects	6,281	174,057
Debt Service	174,057	3,169
Proprietary	-	5,000
	<u> </u>	<u> </u>
	<u>\$ 318,724</u>	<u>\$ 318,724</u>

16. CONTINGENCIES

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

At June 30, 2022, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, deferred revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

17. TAX ABATEMENTS

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

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

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

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

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

17. TAX ABATEMENTS (Continued)

The City of Cape May recognized revenue of \$210,517 from the annual service charge in lieu of payment of taxes in 2021. The assessed value on these tax exemption properties amounted to \$18,044,300 which would have resulted in 2021 taxes billed in full of \$183,691. Of this amount \$11,729 would have been allocated to the district.

The Township of Lower recognized revenue of \$102,898 from the annual service charge in lieu of payment of taxes in 2021. The assessed value on these tax exemption properties amounted to \$12,250,000 which would have resulted in 2021 taxes billed in full of \$230,300. Of this amount \$61,373 would have been allocated to the district.

18. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2022, a deficit of \$7,991,423 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, 2022	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds):	
Fund Balance – Unassigned	\$ 1,826,981
Fund Balance – Assigned	1,326,855
Liabilities:	
Accrued Interest Payable	(152,786)
Net Pension Differences	(9,515,967)
Compensated Absences	<u>(1,476,506)</u>
Unrestricted Net Position (Deficit)	<u>\$ (7,991,423)</u>

19. FUND BALANCES

RESTRICTED

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

General Fund:

Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2022 is \$2,023,763 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$2,016,498 of excess fund balance generated during the 2020-2021 fiscal year has been restricted and designated for utilization in the 2022-2022 budget.

Capital Reserve – As of June 30, 2022, the balance in the capital reserve account is \$7,635,567. Of this amount \$2,875,000 has been appropriated in the 2022-2023 Budget. The remaining amount is restricted for future capital outlay expenditures for capital projects in the School District’s approved Long-Range Facilities Plan.

Maintenance Reserve Account – As of June 30, 2022, the balance in the maintenance reserve account is \$1,894,946. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

19. FUND BALANCES (Continued)

RESTRICTED

Unemployment Compensation Reserve – As of June 30, 2022, the balance in the unemployment compensation reserve is \$153,471. These funds are restricted for the purpose of financing unemployment claims.

Permanent Fund – As of June 30, 2022, the restricted fund balance amount was \$20,000 of which is restricted for future scholarships.

Special Revenue Fund:

Student Activities – As of June 30, 2022, the balance in student activities is \$250,295.

Scholarships – As of June 30, 2022, the balance in scholarships is \$6,199.

Capital Projects Fund – As of June 30, 2022, the fund balance of the capital projects fund was \$12,648,859.

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, 2022 the School District has \$1,326,855 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Capital Projects Fund

Other Purposes – At June 30, 2022 the School District has \$914,288 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Debt Service Fund:

Designated for Subsequent Year's Expenditures – The School District has appropriated \$3,112 and included as an anticipated revenue for the fiscal year ending June 30, 2022.

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, 2022, the fund balance of the general fund was \$1,826,981.

Debt Service Fund – As of June 30, 2022, the fund balance of the debt service fund was \$167,776.

**Lower Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

20. PRIOR PERIOD ADJUSTMENT

GASB Statement No. 87, *Leases* was implemented during the fiscal year ended June 30, 2022. As a result of this implementation, a right-to-use asset and a lease liability were created. The ending balances as of June 30, 2021, were restated due to this implementation as follows:

	Balance June 30, 2021 as Previously Reported	Retroactive Adjustments	Balance June 30, 2021 as Restated
<u>Statement of Net Position - Governmental Activities:</u>			
Assets:			
Right-to-Use Lease Assets, Net	\$ -	\$ 130,233	\$ 130,233
Total Assets	36,937,146	130,233	37,067,379
Noncurrent Liabilities:			
Due Within One Year		25,313	25,313
Due Beyond One Year	1,271,518	104,920	1,376,438
Total Liabilities	16,214,373	130,233	16,344,606

Required Supplementary Information - Part II

Budgetary Comparison Schedules

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 22,673,315	\$ -	\$ 22,673,315	\$ 22,673,315	\$ -
Tuition from other LEAs	129,384		129,384	126,354	(3,030)
Transportation fees from other LEAs	75,000		75,000	118,544	43,544
Interest earned on Capital Reserve	100		100	51,352	51,252
Interest earned on Maintenance Reserve	100		100		(100)
Other restricted miscellaneous revenue				2,005	2,005
Unrestricted miscellaneous revenue	200,000		200,000	196,754	(3,246)
Total local sources	23,077,899		23,077,899	23,168,324	90,425
State sources:					
School Choice Aid	1,269,027		1,269,027	1,269,027	
Categorical Special Education Aid	862,052		862,052	862,052	
Equalization Aid	95,936		95,936	95,936	
Categorical Security Aid	350,566		350,566	350,566	
Adjustment Aid	2,363,554		2,363,554	2,363,554	
Categorical Transportation Aid	1,178,704		1,178,704	1,178,704	
Stabilization Aid		2,014,568	2,014,568	2,014,568	
Maintenance Equity Aid				914,702	914,702
Securing Our Children's Future Bond Act		73,671	73,671	73,671	
Extraordinary Aid				193,961	193,961
Nonpublic Transportation Aid				13,630	13,630
Homeless Aid				9,235	9,235
On-behalf TPAF Pension (non-budgeted)				4,457,203	4,457,203
On-behalf TPAF Post Retirement Medical contributions (non-budgeted)				1,041,383	1,041,383
On-behalf TPAF Pension LTDI (non-budgeted)				740	740
Reimbursed TPAF social security contributions (non-budgeted)				860,385	860,385
Total state sources	6,119,839	2,088,239	8,208,078	15,699,317	7,491,239
Federal sources:					
Medicaid Assisitance Program	39,740		39,740	27,230	(12,510)
Total federal sources	39,740		39,740	27,230	(12,510)
TOTAL REVENUES	29,237,478	2,088,239	31,325,717	38,894,871	7,569,154
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Grades 6-8	3,089,890		3,089,890	2,621,645	468,245
Grades 9-12	5,373,182	284,568	5,657,750	5,277,211	380,539
Total Instruction	8,463,072	284,568	8,747,640	7,898,856	848,784
Regular Programs - Home Instruction:					
Salaries of teachers	75,000		75,000	51,148	23,852
Total Home Instruction	75,000		75,000	51,148	23,852

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

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LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2022

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	\$ 715,264	\$ -	\$ 715,264	\$ 682,131	\$ 33,133
Purchased professional - educ services	5,000		5,000	375	4,625
Purchased technical services	20,000		20,000	14,349	5,651
Other purchased services	40,000		40,000	7,060	32,940
General supplies	377,036		377,036	263,656	113,380
Textbooks	50,000	280,000	330,000	89,927	240,073
Total Undistributed Instruction	<u>1,207,300</u>	<u>280,000</u>	<u>1,487,300</u>	<u>1,057,498</u>	<u>429,802</u>
Total - Regular Programs - Instruction	<u>9,745,372</u>	<u>564,568</u>	<u>10,309,940</u>	<u>9,007,502</u>	<u>1,302,438</u>
Special Educ Instruction: Res. Room/Res. Center					
Salaries of teachers	2,026,089		2,026,089	1,986,389	39,700
Other salaries for instruction	63,398	(134)	63,264		63,264
Purchased professional - educ services	20,000		20,000	14,061	5,939
General supplies	27,014		27,014	17,736	9,278
Textbooks	2,000		2,000		2,000
Total Resource Room/Resource Center	<u>2,138,501</u>	<u>(134)</u>	<u>2,138,367</u>	<u>2,018,186</u>	<u>120,181</u>
Total Special Education - Instruction	<u>2,138,501</u>	<u>(134)</u>	<u>2,138,367</u>	<u>2,018,186</u>	<u>120,181</u>
Bilingual Education - Instruction					
Salaries of teachers	33,487	135	33,622	33,622	
Total Bilingual Education - Instruction	<u>33,487</u>	<u>135</u>	<u>33,622</u>	<u>33,622</u>	
Vocational Programs - Local - Instruction					
Salaries of teachers	20,000		20,000		20,000
Total Vocational Programs - Local - Instruction	<u>20,000</u>		<u>20,000</u>		<u>20,000</u>
School-Sponsored Cocurricular Act - Inst.					
Salaries	168,847	(1,200)	167,647	150,715	16,932
Supplies and materials	12,000	1,200	13,200	12,471	729
Total School-Sponsored Cocurr. Act. - Inst	<u>180,847</u>		<u>180,847</u>	<u>163,186</u>	<u>17,661</u>
School-Sponsored Athletics - Inst.					
Salaries	495,091	(5,000)	490,091	476,719	13,372
Purchased services	5,000		5,000		5,000
Supplies and materials	146,005		146,005	134,659	11,346
Other objects	90,000	5,000	95,000	90,871	4,129
Transfers to cover deficit (custodial funds)	50,000	5,000	55,000	55,000	
Total School-Sponsored Athletics - Inst	<u>786,096</u>	<u>5,000</u>	<u>791,096</u>	<u>757,249</u>	<u>33,847</u>

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

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LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2022

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Instructional Programs - Instruction					
Salaries	\$ 2,500	\$ (2,500)	\$ -	\$ -	\$ -
Supplies and materials	2,500	(2,500)			
Total Other Instructional Programs - Inst.	5,000	(5,000)			
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - regular		25,000	25,000	24,785	215
Tuition county voc. school dist. - regular	858,888		858,888	858,888	
Tuition county voc. school dist. - special	161,008		161,008	161,008	
Tuition to CSSD & reg. day schools	1,173,596		1,173,596	742,279	431,317
Tuition to priv. sch. for the disabled w/i state	416,687	(25,000)	391,687	121,440	270,247
Tuition - state facilities	221,432		221,432	221,432	
Tuition - other	21,000		21,000	334	20,666
Total Undistributed Expenditures - Instruction	2,852,611		2,852,611	2,130,166	722,445
Undistributed Expenditures - Attendance & Social Work					
Salaries	21,386	(8,000)	13,386		13,386
Other purchased services (400-500)	100		100		100
Supplies and materials	500		500		500
Total Undistributed Expenditures - Attendance & Soc.	21,986	(8,000)	13,986		13,986
Undistributed Expenditures - Health Services					
Salaries	185,221		185,221	150,209	35,012
Purchased Professional Technical Services	30,000	8,000	38,000	37,977	23
Other purchased services	500		500		500
Supplies and materials	10,000		10,000	7,803	2,197
Total Undistributed Expenditures - Health Svcs.	225,721	8,000	233,721	195,989	37,732
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	92,258		92,258	82,582	9,676
Supplies and materials	100		100		100
Total Undst. Expend. - Speech, OT, PT & Related Services	92,358		92,358	82,582	9,776
Undist. Expend. - Guidance					
Salaries of other professional staff	541,110		541,110	460,085	81,025
Salaries of secretarial and clerical assistants	123,962		123,962	118,462	5,500
Other purchased prof. and tech. services	2,000		2,000		2,000
Supplies and materials	15,106	(1)	15,105	10,567	4,538
Total Undst. Expend. - Guidance	682,178	(1)	682,177	589,114	93,063
Undist. Expend. - Child Study Team					
Salaries of other professional staff	504,316	(7,000)	497,316	426,339	70,977
Salaries of secretarial and clerical assistants	86,946	(5,000)	81,946	81,946	
Purchased professional - educ services	80,000	5,000	85,000	85,000	
Supplies and materials	10,388	7,000	17,388	17,166	222
Other objects					
Total Undst. Expend. - Child Study Team	681,650		681,650	610,451	71,199

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

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LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2022

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Improvement of Instr. Services					
Salaries of supervisor of instruction	\$ 244,175	\$ 2	\$ 244,177	\$ 244,176	\$ 1
Salaries of secretarial and clerical assistants	76,831	2,498	79,329	78,309	1,020
Total Undst. Expend. - Improvement of Instr. Services	<u>321,006</u>	<u>2,500</u>	<u>323,506</u>	<u>322,485</u>	<u>1,021</u>
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	149,421		149,421	111,181	38,240
Purchased professional and technical services	1,000		1,000		1,000
Supplies and materials	45,000		45,000	41,161	3,839
Total Undst. Expend. - Educ. Media Serv./Sch. Library	<u>195,421</u>	<u></u>	<u>195,421</u>	<u>152,342</u>	<u>43,079</u>
Undist. Expend. - Instructional Staff Training Services					
Salaries of supervisor of instruction	5,000	(5,000)			
Purchased professional - educ services	2,500	2,500	5,000		5,000
Total Undst. Expend. - Instructional Staff Training Svcs.	<u>7,500</u>	<u>(2,500)</u>	<u>5,000</u>	<u></u>	<u>5,000</u>
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	240,895	(7,050)	233,845	233,049	796
Legal services	50,000	57,500	107,500	107,427	73
Audit Fee	30,000		30,000	28,500	1,500
Architectural/Engineering Fees	30,000	(30,000)			
Other Purchase Prof Svc.					
Purchased technical services	35,000	(2,000)	33,000	14,639	18,361
Communications / telephone	91,000	(8,700)	82,300	81,559	741
Misc. Purchased Services	160,000	(24,312)	135,688	135,688	
General Supplies	15,690	6,402	22,092	22,088	4
BOE In-House Training/Meeting Supplies	500	(500)			
Miscellaneous expenditures	20,000	11,600	31,600	31,550	50
BOE Membership Dues and Fees	32,000	(2,940)	29,060	29,059	1
Total Undst. Expend. - Supp. Serv. General Admin.	<u>705,085</u>	<u></u>	<u>705,085</u>	<u>683,559</u>	<u>21,526</u>
Undist. Expend. - Supp. Serv. School Admin.					
Salaries of principals/assist. principals	716,526		716,526	696,950	19,576
Salaries of secretarial and clerical assistants	288,016		288,016	273,210	14,806
Purchased professional and technical services	35,000		35,000	2,500	32,500
Supplies and materials	40,036		40,036	22,870	17,166
Other objects	40,000		40,000	12,480	27,520
Total Undst. Expend. - Supp. Serv. School Admin.	<u>1,119,578</u>	<u></u>	<u>1,119,578</u>	<u>1,008,010</u>	<u>111,568</u>
Undist. Expend. - Central Services					
Salaries	300,461		300,461	251,555	48,906
Supplies and materials	1,500		1,500	59	1,441
Total Undst. Expend. - Central Services	<u>301,961</u>	<u></u>	<u>301,961</u>	<u>251,614</u>	<u>50,347</u>
Undist. Expend. - Admin. Info. Tech.					
Purchased technical services	210,000		210,000	137,545	72,455
Supplies and materials	15,000		15,000	742	14,258
Total Undst. Expend. - Admin. Info. Tech.	<u>225,000</u>	<u></u>	<u>225,000</u>	<u>138,287</u>	<u>86,713</u>

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

(CONTINUED TO NEXT PAGE)

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2022

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maint. Sch. Facilities					
Salaries	\$ 242,681	\$ (19,950)	\$ 222,731	\$ 221,872	\$ 859
General supplies	653,359	(49,145)	604,214	558,518	45,696
Other objects		87,395	87,395		87,395
Total Undst. Expend. - Required Maint. Sch. Facilities	896,040	18,300	914,340	780,390	133,950
Undist. Expend. - Custodial Services					
Salaries	871,297	81,200	952,497	952,449	48
Purchased professional & tech. services	20,000	26,000	46,000	27,200	18,800
Lease purchase pymts-energy savings impr prog	206,158		206,158	206,158	
Other purchased property services	545,000	54,500	599,500	593,316	6,184
Insurance	125,000	(13,000)	112,000	111,459	541
General supplies	125,000	(108,500)	16,500	16,214	286
Other objects	5,000	(4,000)	1,000	775	225
Total Undst. Expend. - Custodial Services	1,897,455	36,200	1,933,655	1,907,571	26,084
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	157,206	(50,000)	107,206	103,494	3,712
General supplies	5,000	(4,500)	500		500
Total Undst. Expend. - Care and Upkeep of Grounds	162,206	(54,500)	107,706	103,494	4,212
Undist. Expend. - Security					
Salaries	50,000		50,000	13,304	36,696
Purchased professional & tech. services	250,000		250,000	214,179	35,821
Total Undst. Expend. - Security	300,000		300,000	227,483	72,517
Total Undst. Expend. - Oper. & Maint. of Plant Services	3,255,701		3,255,701	3,018,938	236,763
Undist. Expend. - Student Transportation Services					
Salaries of Non-Instructional Aides	424,148		424,148	298,654	125,494
Salaries for pupil trans. (bet home & sch) - regular	427,350		427,350	424,644	2,706
Salaries for pupil trans. (bet home & sch) - spec ed.	151,888		151,888	147,154	4,734
Salaries for pupil trans. (other than bet home & sch)	75,000	(7,000)	68,000	43,676	24,324
Other purchased professional and technical services	1,000		1,000		1,000
Cleaning, repair, and maintenance services	132,845	7,000	139,845	138,146	1,699
Aide in Lieu - NonPublic Students	3,000		3,000		3,000
Aide in Lieu - Charter Schools	4,000		4,000		4,000
Contr. serv. (bet. home & sch.) - vendors	55,000		55,000	46,461	8,539
Contr. serv. (sp ed stds) - vendors	125,000		125,000	89,097	35,903
Miscellaneous purchased services - transportation	45,000		45,000	38,730	6,270
Supplies and materials	250,843		250,843	247,597	3,246
Other objects	1,000		1,000		1,000
Total Undst. Expend. - Student Transportation Services	1,696,074		1,696,074	1,474,159	221,915

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

(CONTINUED TO NEXT PAGE)

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2022

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated Benefits - Employee Benefits					
Social security contributions	\$ 450,000	\$ -	\$ 450,000	\$ 403,019	\$ 46,981
Other retirement contributions - PERS	567,000		567,000	555,931	11,069
Unemployment compensation	5,000		5,000		5,000
Health benefits	3,681,033		3,681,033	2,911,881	769,152
Tuition reimbursement	30,000		30,000	16,822	13,178
Other employee benefits	265,000		265,000	245,660	19,340
Unused sick payments to terminated/retired staff	261,375		261,375	190,240	71,135
Total Unallocated Benefits - Employee Benefits	5,259,408		5,259,408	4,323,553	935,855
On-behalf TPAF NCGI pension contributions (non-budgeted)				4,457,203	(4,457,203)
On-behalf TPAF Post Retirement Medical contributions (non-budgeted)				1,041,383	(1,041,383)
On-behalf TPAF Pension LTDI (non-budgeted)				740	(740)
Reimbursed TPAF social security contributions (non-bud.)				860,385	(860,385)
Total Undistributed Expenditures - TPAF				6,359,711	(6,359,711)
Total Undistributed Expenditures	17,643,238	(1)	17,643,237	21,340,960	(3,697,723)
Total General Current Expense	30,552,541	564,568	31,117,109	33,320,705	(2,203,596)
EXPENDITURES:					
CAPITAL OUTLAY:					
Equipment:					
Undist. expenditures - instruction	141,690	150,000	291,690	243,298	48,392
Undist. expenditures - school admin					
Undist. expenditures - admin info tech	50,000		50,000	3,862	46,138
Undist. expenditures - required maint for school fac	317,856		317,856	92,683	225,173
Undist. expenditures - care and upkeep of grounds					
Undist. expenditures - security					
School buses - regular	350,000		350,000	334,764	15,236
Total equipment	859,546	150,000	1,009,546	674,607	334,939
Facilities acquisition and construction services:					
Architectural and engineering services	615,000	50,000	665,000	288,909	376,091
Construction services	2,715,000	1,250,000	3,965,000	2,883,582	1,081,418
Other objects		73,671	73,671		73,671
SDA assessment	58,848		58,848	58,848	
Total Facilities acquisition and construction services	3,388,848	1,373,671	4,762,519	3,231,339	1,531,180
Assets acquired under leases (non-budgeted):					
Instructional equipment					
Total facilities acquisition and construction services					
Total Capital Outlay	4,248,394	1,523,671	5,772,065	3,905,946	1,866,119
Transfer of funds to Charter Schools	64,651		64,651		64,651
Total Expenditures	\$ 34,865,586	\$ 2,088,239	\$ 36,953,825	\$ 37,226,651	\$ (272,826)

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

(CONTINUED TO NEXT PAGE)

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2022

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>\$ (5,628,108)</u>	<u>\$ -</u>	<u>\$ (5,628,108)</u>	<u>\$ 1,668,220</u>	<u>\$ 7,296,328</u>
Other Financing Sources (Uses):					
Proceeds of Leases					
Operating transfer out - Enterprise Fund	<u>(150,000)</u>		<u>(150,000)</u>		<u>150,000</u>
Total Other Financing Sources (Uses):	<u>(150,000)</u>		<u>(150,000)</u>		<u>150,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(5,778,108)		(5,778,108)	1,668,220	7,446,328
Fund Balance, July 1	15,739,851		15,739,851	15,739,851	
Prior Period Adjustment					
Fund Balance, July 1, Restated	<u>15,739,851</u>		<u>15,739,851</u>	<u>15,739,851</u>	
Fund Balance, June 30	<u>\$ 9,961,743</u>	<u>\$ -</u>	<u>\$ 9,961,743</u>	<u>\$ 17,408,071</u>	<u>\$ 7,446,328</u>
Recapitulation:					
Restricted:					
Capital Reserve:					
Designated for Subsequent Year's Expenditures				\$ 2,875,000	
Capital Reserve				4,760,567	
Maintenance Reserve				1,894,946	
Excess Surplus:					
Designated for Subsequent Year's Expenditures				2,016,498	
Current Year				2,023,763	
Unemployment Compensation				153,471	
Assigned:					
Year-end encumbrances				1,326,855	
Designated for Subsequent Year's Expenditures					
Unassigned				<u>2,356,971</u>	
				17,408,071	
Reconciliation on Governmental Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				<u>(529,990)</u>	
Fund Balance per Government Fund (GAAP)				<u>\$ 16,878,081</u>	

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual
REVENUES:					
State sources	\$ -	\$ 34,240	\$ 34,240	\$ 34,240	\$ -
Federal sources	1,627,167	3,527,977	5,155,144	1,862,980	3,292,164
Local sources		4,937	4,937	337,657	(332,720)
Total revenues	<u>1,627,167</u>	<u>3,567,154</u>	<u>5,194,321</u>	<u>2,234,877</u>	<u>2,959,444</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	284,620	(63,382)	221,238	212,294	8,944
Purchased professional - tech. services		9,306	9,306	9,306	
Other purchased services					
Tuition		617,742	617,742	617,742	
General supplies	94,270	119,547	213,817	171,680	42,137
Other Objects		2,723	2,723	723	2,000
Total instruction	<u>378,890</u>	<u>685,936</u>	<u>1,064,826</u>	<u>1,011,745</u>	<u>53,081</u>
Support services:					
Other salaries	141,196	500,323	641,519	159,268	482,251
Personal services - employee benefits	40,915	328,416	369,331	98,288	271,043
Professional and technical services		69,679	69,679	26,630	43,049
Other purchased services	4,500	2,620	7,120	6,000	1,120
Supplies and materials	13,122	180,180	193,302	102,057	91,245
Other objects					
Student activities/athletics				342,160	(342,160)
Scholarships awarded					
Total support services	<u>199,733</u>	<u>1,081,218</u>	<u>1,280,951</u>	<u>734,403</u>	<u>546,548</u>
Facilities acquisition and construction services:					
Building	1,048,544	1,800,000	2,848,544	495,000	2,353,544
Non-Instructional equipment					
Total facilities acq. and const. services	<u>1,048,544</u>	<u>1,800,000</u>	<u>2,848,544</u>	<u>495,000</u>	<u>2,353,544</u>
Total expenditures	<u>1,627,167</u>	<u>3,567,154</u>	<u>5,194,321</u>	<u>2,241,148</u>	<u>2,953,173</u>
Total outflows	<u>1,627,167</u>	<u>3,567,154</u>	<u>5,194,321</u>	<u>2,241,148</u>	<u>2,953,173</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,271)</u>	<u>6,271</u>
Fund Balance, July 1				<u>262,765</u>	
Fund Balance, June 30				<u>\$ 256,494</u>	
Recapitulation:					
Restricted:					
Scholarships				6,199	
Student Activities				<u>250,295</u>	
Total Fund Balance				<u>\$ 256,494</u>	

**Lower Cape May Regional School District
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2022**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 38,894,871	\$ 2,234,877
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	581,527	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(529,990)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 38,946,408</u>	<u>\$ 2,234,877</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 37,226,651	\$ 2,241,148
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 37,226,651</u>	<u>\$ 2,241,148</u>

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

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

	June 30, 2022	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)	0.0465460207%	0.0479605292%	0.0490690174%	0.0509456880%	0.0521983537%	0.0521558363%	0.0515344434%	0.0509829395%	0.0540262820%
District's proportionate share of the net pension liability (asset)	\$ 5,514,074	\$ 7,821,108	\$ 8,841,493	\$ 10,030,852	\$ 12,150,942	\$ 15,447,063	\$ 11,568,450	\$ 9,545,401	\$ 10,325,496
District's covered-employee payroll	3,117,842	3,421,367	3,472,867	3,451,162	3,495,477	3,508,347	3,044,487	3,510,447	3,503,440
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	176.86%	228.60%	254.59%	290.65%	347.62%	440.29%	379.98%	271.91%	294.72%
Plan fiduciary net position as a percentage of the total pension liability	51.51%	42.90%	42.04%	40.45%	36.78%	31.20%	38.21%	42.74%	40.71%

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

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

	June 30, 2022	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	\$ 593,944	\$ 545,108	\$ 524,665	\$ 479,087	\$ 508,855	\$ 488,996	\$ 463,345	\$ 443,058	\$ 420,296
Contributions in relation to the contractually required contributions	<u>(593,944)</u>	<u>(545,108)</u>	<u>(524,665)</u>	<u>(479,087)</u>	<u>(508,855)</u>	<u>(488,996)</u>	<u>(463,345)</u>	<u>(443,058)</u>	<u>(420,296)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	3,117,842	3,421,367	3,472,867	3,451,162	3,495,477	3,508,347	3,044,487	3,510,447	3,503,440
Contributions as a percentage of covered-employee payroll	19.05%	15.93%	15.11%	13.88%	14.56%	13.94%	15.22%	12.62%	12.00%

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

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

	June 30, 2022	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)	0.1096077760%	0.1119702819%	0.1147785714%	0.1148710601%	0.1159116181%	0.1161126960%	0.1140028253%	0.1182919999%	0.1192847401%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 52,694,146</u>	<u>\$ 73,731,083</u>	<u>\$ 70,440,693</u>	<u>\$ 73,078,501</u>	<u>\$ 78,151,793</u>	<u>\$ 91,341,640</u>	<u>\$ 72,054,654</u>	<u>\$ 63,223,224</u>	<u>\$ 60,285,569</u>
Total	<u>\$ 52,694,146</u>	<u>\$ 73,731,083</u>	<u>\$ 70,440,693</u>	<u>\$ 73,078,501</u>	<u>\$ 78,151,793</u>	<u>\$ 91,341,640</u>	<u>\$ 72,054,654</u>	<u>\$ 63,223,224</u>	<u>\$ 60,285,569</u>
District's covered-employee payroll	11,894,121	11,883,729	11,972,316	12,033,255	12,109,799	12,165,694	11,902,621	11,300,558	11,278,002
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
State's proportion of the net OPEB liability (asset) associated with the District	0.14%	0.14%	0.14%	0.14%	0.14%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	92,789,807	92,789,807	57,833,265	64,791,077	77,683,368
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 92,789,807</u>	<u>\$ 92,789,807</u>	<u>\$ 57,833,265</u>	<u>\$ 64,791,077</u>	<u>\$ 77,683,368</u>
Plan fiduciary net position as a percentage of the total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability					
Service Cost	\$ 3,440,664	\$ 1,950,814	\$ 2,009,465	\$ 2,338,255	\$ 2,812,991
Interest	2,116,747	2,065,266	2,552,163	2,835,098	2,449,434
Changes in benefit terms	(86,852)				
Differences between expected and actual experiences	(15,129,240)	15,557,384	(10,659,055)	(8,957,932)	-
Changes of assumptions and other inputs	80,503	16,949,509	862,299	(7,435,100)	(9,838,497)
Member Contributions	54,115	48,963	52,625	59,878	66,255
Benefit payments	(1,667,404)	(1,615,394)	(1,775,309)	(1,732,490)	(1,799,312)
Net Change in total OPEB Liability	(11,191,467)	34,956,542	(6,957,812)	(12,892,291)	(6,309,129)
Total OPEB Liability - beginning	<u>92,789,807</u>	<u>57,833,265</u>	<u>64,791,077</u>	<u>77,683,368</u>	<u>83,992,497</u>
Total OPEB Liability - ending	<u>\$ 81,598,340</u>	<u>\$ 92,789,807</u>	<u>\$ 57,833,265</u>	<u>\$ 64,791,077</u>	<u>\$ 77,683,368</u>
ict's covered-employee payroll	15,011,963	15,305,096	15,445,183	15,484,417	15,605,276
OPEB Liability as a percentage of covered-employee payroll	543.56%	606.27%	374.44%	418.43%	497.80%

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

Lower Cape May Regional School District
Notes to Required Supplementary Information – Part III
For the Fiscal Year Ended June 30, 2022

Teacher’s Pension and Annuity Fund (TPAF)

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed from 5.40% as of June 30, 2020, to 7.00% as of June 30, 2021.

Public Employees’ Retirement System (PERS)

Changes of benefit term: There were none.

Changes of assumptions: The discount rate remained at 7.00% as of June 30, 2020, and June 30, 2021.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.

Other Supplementary Information

Special Revenue Fund

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2022

	Brought Forward (Exh. E-1B)	Brought Forward (Exh. E-1C)	Totals
REVENUES:			
State sources	\$ -	\$ 34,240	\$ 34,240
Federal sources	998,505	864,475	1,862,980
Local sources		337,657	337,657
Total Revenues	998,505	1,236,372	2,234,877
EXPENDITURES:			
Instruction:			
Salaries of teachers	211,694	600	212,294
Purchase professional and technical services	4,306	5,000	9,306
Other purchased services			-
General supplies	92,102	79,578	171,680
Tuition	455,367	162,375	617,742
Other objects	723		723
Total instruction	764,192	247,553	1,011,745
Support services:			
Other salaries	98,561	60,706	159,267
Personal services-employee benefits	93,760	4,528	98,288
Other purchased professional and technical serv.	15,618	-	15,618
Purchased professional and technical serv.	21,903		21,903
Supplies and materials	4,471	92,696	97,167
Other objects	-	-	-
Student Activities/Athletics	-	342,160	342,160
Scholarships awarded	-	-	-
Total support services	234,313	500,090	734,403
Facilities acquisition and const. serv.:			
Buildings	-	495,000	495,000
Total facilities acquisition and const. serv.:	-	495,000	495,000
Total Expenditures	998,505	1,242,643	2,241,148
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	(6,271)	(6,271)
Fund Balance, July 1		262,765	262,765
Fund Balance, June 30	86 \$ -	\$ 256,494	\$ 256,494

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
 Special Revenue Fund
 Combining Statement of Revenues and Expenditures
 Budgetary Basis
 for the Fiscal Year Ended June 30, 2022

	No Child Left Behind (N.C.L.B.)										
	Title I Current Yr.	Title I Prior Yr.	Title I-SIA Current Yr.	Title II - Part A Current Yr.	Title IV Current Yr.	IDEA Basic Current Yr.	ARP IDEA Basic Current Yr.	ARP Beyond the School Day	ARP Accelerated Learning	Middle Grades Career Awareness	Totals
REVENUES:											
Federal sources	\$ 225,957	\$ 84,873	\$ 21,994	\$ 48,539	\$ 34,089	\$ 393,059	\$ 62,308	\$ 21,110	\$ 52,481	\$ 54,095	\$ 998,505
Total Revenues	225,957	84,873	21,994	48,539	34,089	393,059	62,308	21,110	52,481	54,095	998,505
EXPENDITURES:											
Instruction:											
Salaries of teachers	193,694									18,000	211,694
Purchase professional and technical services										4,306	4,306
Other purchased services											
General supplies			12,085		2,717				52,231	25,069	92,102
Tuition						393,059	62,308				455,367
Other Objects			723								723
Total instruction	193,694		12,808		2,717	393,059	62,308		52,231	47,375	764,192
Support services:											
Other salaries	29,842		8,533	34,860	13,500			6,706		5,120	98,561
Personal services-employee benefits	2,421	84,873	653	2,667	1,033			513		1,600	93,760
Purchased professional and technical serv.					6,368			9,000	250		15,618
Other purchased serv.				11,012	6,000			4,891			21,903
Supplies and materials					4,471						4,471
Other objects											
Student Activities/Athletics											
Scholarships awarded											
Total support services	32,263	84,873	9,186	48,539	31,372			21,110	250	6,720	234,313
Facilities acquisition and const. serv.:											
Instructional equipment											
Total facilities acquisition and const. serv.:											
Total Expenditures	225,957	84,873	21,994	48,539	34,089	393,059	62,308	21,110	52,481	54,095	998,505
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)											
Fund Balance, July 1											
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2022

	ACSERS	ARP ESSER III	CRRSA Mental Health	RWJ Grant	Carl Perkins	ESSER I CARES ACT	CRRSA Learning Acceleration	Emergent & Capital Needs	Student Act/Ath	Scholarships	Totals
REVENUES:											
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,240	\$ -	-	\$ 34,240
Federal sources	162,375	508,787	2,306	-	80,142	57,296	53,569	-	-	-	864,475
Local sources				1,768					335,876	13	337,657
Total Revenues	162,375	508,787	2,306	1,768	80,142	57,296	53,569	34,240	335,876	13	1,236,372
EXPENDITURES:											
Instruction:											
Salaries of teachers				600							600
General supplies		2,950			68,113	8,515					79,578
Tuition	162,375										162,375
Purchase professional educational services						5,000					5,000
Purchase professional and technical services											5,000
Travel											
Total instruction	162,375	2,950		600	68,113	13,515					247,553
Support services:											
Other salaries			1,440		10,800		48,466				60,706
Personal services-employee benefits			110		828		3,590				4,528
Other purchased professional and technical serv.											
Supplies and materials		10,837	756	1,168	401	43,781	1,513	34,240			92,696
Other objects											
Student Activities/Athletics									342,160		342,160
Scholarships awarded											
Total support services		10,837	2,306	1,168	12,029	43,781	53,569	34,240	342,160		500,090
Facilities and acquisition											
Building		495,000									495,000
Total facilities and acquisition		495,000									495,000
Facilities acquisition and const. serv.:											
Instructional Equipment											
Non-instructional equipment											
Total facilities acquisition and const. serv.:											
Total Expenditures	162,375	508,787	2,306	1,768	80,142	57,296	53,569	34,240	342,160		1,242,643
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)									(6,284)	13	(6,271)
Fund Balance, July 1									256,579	6,186	262,765
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,295	\$ 6,199	\$ 256,494

Capital Projects Fund
Detail Statements

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year ended June 30, 2022

Revenues and Other Financing Sources:

Proceeds of serial bonds	\$ 13,900,000
Interest earned on investments	<u>3,132</u>
Total revenues and other financing sources	<u>13,903,132</u>

Expenditures and Other Financing (Uses):

Purchased professional services	
Construction services	336,853
Equipment	
Other objects	
Transfer to Debt Service Fund	<u>167,776</u>
Total expenditures and other financing (uses)	<u>504,629</u>

Excess (deficiency) or revenues over (under) expenditures	13,398,503
Fund Balance - July 1, 2021	<u>164,644</u>
Fund Balance - June 30, 2022	<u><u>\$ 13,563,147</u></u>

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Construction and Various Improvements to the District's Facilities
From Inception and for the Fiscal Year ended June 30, 2022

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

Additional project information:

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Construction and Various Improvements to the District's Facilities
From Inception and for the Fiscal Year ended June 30, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
Bond proceeds	\$ -	\$ 13,900,000	\$ 13,900,000	\$ 13,900,000
Total revenues	<u>-</u>	<u>13,900,000</u>	<u>13,900,000</u>	<u>13,900,000</u>
Expenditures and Other Financing Uses:				
Purchased professional services		336,853	336,853	336,853
Construction services			-	-
Equipment			-	-
Other Objects				
Transfer to Debt Service Fund			-	-
Total expenditures	<u>-</u>	<u>336,853</u>	<u>336,853</u>	<u>336,853</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 13,563,147</u>	<u>\$ 13,563,147</u>	<u>\$ 13,563,147</u>

Additional project information:

Bond Authorization Date	01/25/22
Bonds Authorized	\$ 13,900,000
Bonds Issued	\$ 13,900,000
Original Authorized Cost	\$ 13,900,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 13,900,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	0.00%
Original target completion date	06/01/24
Revised target completion date	N/A

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Capital Projects Fund
 Summary Statement of Project Expenditures
 Year Ended June 30, 2022

<u>Issue/Project Title</u>	<u>Date Authorized</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Transfer to Debt Service Fund</u>	<u>Unexpended Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>		
Various Improvements to School Facilities	1/26/2016	\$ 6,367,000	\$ 6,202,356	\$ -	\$ 164,644	\$ -
Various Improvements to School Facilities	1/25/2022	<u>13,900,000</u>	<u> </u>	<u>336,853</u>	<u> </u>	<u>13,563,147</u>
		<u>\$ 20,267,000</u>	<u>\$ 6,202,356</u>	<u>\$ 336,853</u>	<u>\$ 164,644</u>	<u>\$ 13,563,147</u>

Proprietary Funds

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Enterprise Funds
Statement of Net Position
as of June 30, 2022

	Total
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 41,804
Accounts receivable:	
State	708
Federal	40,902
Other	364
Inventories	35,590
Total current assets	119,368
Fixed assets:	
Equipment	233,792
Less Accumulated depreciation	(101,632)
Total fixed assets	132,160
Total assets	251,528
LIABILITIES:	
Current liabilities:	
Due to scholarships	5,000
Compensated absences payable	10,745
Unearned revenue	3,535
Total current liabilities	19,280
NET POSITION:	
Net investment in capital assets	132,160
Unrestricted	100,088
Total net position	\$ 232,248

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Enterprise Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
for the Fiscal Year ended June 30, 2022

	Total
OPERATING REVENUES:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	\$ -
Total-daily sales-reimbursable programs	-
Daily sales non-reimbursable programs:	
Adult and AlaCarte meals	127,629
Special events and miscellaneous	12,935
Total operating revenue	140,564
OPERATING EXPENSES:	
Salaries	325,796
Employee benefits	195,592
Supplies and materials	19,969
Purchased professional services	49,426
Depreciation	2,566
Cost of sales - reimbursable programs	214,743
Cost of sales - nonreimbursable programs	43,470
Miscellaneous	842
Total operating expenses	852,404
Operating income (loss)	(711,840)
Non-operating revenues:	
State sources:	
State school lunch program	14,056
Federal sources:	
National school lunch program	525,990
National school breakfast program	124,197
U.S.D.A. commodities	62,745
EM Schools	28,908
P-EBT admin cost reimbursement	1,242
Interest revenue	804
Total non-operating revenues	757,942
Net income (loss)	46,102
Other Items:	
Board contribution of capital assets	91,318
Change in net position	137,420
Total net position - July 1	94,828
Total net position - June 30	\$ 232,248

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
for the Fiscal Year ended June 30, 2022

	Total
Cash flows from operating activities:	
Cash receipts from customers	\$ 139,898
Cash payments to employees for services	(510,643)
Cash payments to suppliers for goods and services	(284,888)
Net cash used by operating activities	(655,633)
Cash flows from noncapital financing activities:	
Cash received from state and federal reimbursements	676,818
Net cash provided by noncapital financing activities	676,818
Cash flows from capital financing activities:	
Purchases of fixed assets	(7,676)
Net cash used by capital financing activities	(7,676)
Cash flows from investing activities:	
Interest on investments	804
Net cash provided by investing activities	804
Net increase (decrease) in cash and cash equivalents	14,313
Cash and cash equivalents, July 1	27,491
Cash and cash equivalents, June 30	\$ 41,804
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (711,840)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	2,566
Federal commodities	62,745
Change in assets and liabilities:	
(Increase) / decrease in inventory	(19,183)
(Increase) / decrease in accounts receivable	(364)
Increase / (decrease) in compensated absences payable	10,745
Increase / (decrease) in unearned revenue	(302)
Net cash used by operating activities	\$ (655,633)

Long-Term Debt Schedules

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
General Long-Term Debt Account Group
Schedule of Serial Bonds
June 30, 2022

Issue	Date of Issue	Amount of Issue	Annual Maturities		Rate of Interest	Balance July 1, 2021	Issued	Retired	Balance June 30, 2022
			Date	Amount					
Refunding Bonds	10/15/2009	\$ 7,215,000				\$ 720,000	\$ -	\$ 720,000	\$ -
School Bonds	3/15/2016	6,367,000	03/01/2023	\$ 400,000	2.00%	5,567,000		200,000	5,367,000
			03/01/2024	400,000	2.00%				
			03/01/2025	400,000	2.00%				
			03/01/2026	400,000	2.50%				
			03/01/2027	400,000	3.00%				
			03/01/2028	400,000	3.00%				
			03/01/2029	400,000	3.00%				
			03/01/2030	400,000	3.00%				
			03/01/2031	400,000	3.00%				
			03/01/2032	400,000	3.00%				
			03/01/2033	400,000	3.00%				
			03/01/2034	400,000	3.00%				
			03/01/2035	350,000	3.00%				
			03/01/2036	217,000	3.00%				
School Bonds	3/23/2022	13,900,000	2/15/2024	625,000	3.00%		13,900,000		13,900,000
			2/15/2025	465,000	3.00%				
			2/15/2026	480,000	3.00%				
			2/15/2027	510,000	3.00%				
			2/15/2028	540,000	3.00%				
			2/15/2029	570,000	3.00%				
			2/15/2030	600,000	3.00%				
			2/15/2031	640,000	3.00%				
			2/15/2032	670,000	3.00%				
			2/15/2033	705,000	3.00%				
			2/15/2034	745,000	3.00%				
			2/15/2035	840,000	3.00%				
			2/15/2036	930,000	3.00%				
			2/15/2037	930,000	3.00%				
			2/15/2038	930,000	3.00%				
			2/15/2039	930,000	3.00%				
			2/15/2040	930,000	3.00%				
			2/15/2041	930,000	3.00%				
			2/15/2042	930,000	3.00%				
Total						\$ 6,287,000	\$ 13,900,000	\$ 920,000	\$ 19,267,000

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
General Long-Term Debt Account Group
 Schedule of Obligations Under Financed Purchases
 June 30, 2022

Purpose	Interest Rate Payable	Amount of Original Issue	Balance June 30, 2021	Issued	Retired	Balance June 30, 2022
Energy Savings Improvement Program	2.33%	\$ 2,931,725	\$ 1,767,064	\$ -	\$ 165,946	\$ 1,601,118
Chromebooks	5.38%	88,745	<u>29,555</u>	<u> </u>	<u>29,555</u>	<u> </u>
			<u>\$ 1,796,619</u>	<u>\$ -</u>	<u>\$ 195,501</u>	<u>\$ 1,601,118</u>

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
General Long-Term Debt Account Group
 Schedule of Obligations Under Leases
 June 30, 2022

Purpose	Interest Rate Payable	Original Issue	(Restated) Balance June 30, 2021	Issued	Retired	Balance June 30, 2022
Copiers	4.00%	\$ 130,304	\$ 125,803	\$ -	\$ 22,382	\$ 103,421
Postage Meter	3.00%	14,024	4,430		2,931	1,499
			<u>\$ 130,233</u>	<u>\$ -</u>	<u>\$ 25,313</u>	<u>\$ 104,920</u>

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 969,997	\$ -	\$ 969,997	\$ 969,997	\$ -
Miscellaneous					-
Total revenues - local sources	<u>969,997</u>	<u>-</u>	<u>969,997</u>	<u>969,997</u>	<u>-</u>
State sources:					
Debt service aid type II	<u>66,643</u>		<u>66,643</u>	<u>66,643</u>	
Total revenues - state sources	<u>66,643</u>	<u>-</u>	<u>66,643</u>	<u>66,643</u>	<u>-</u>
Total Revenues	<u>1,036,640</u>		<u>1,036,640</u>	<u>1,036,640</u>	<u>-</u>
EXPENDITURES:					
Regular debt service:					
Interest	179,810		179,810	179,810	-
Redemption of principal	<u>920,000</u>		<u>920,000</u>	<u>920,000</u>	
Total Expenditures	<u>1,099,810</u>		<u>1,099,810</u>	<u>1,099,810</u>	<u>-</u>
Excess (Deficiency) of revenues over (under) expenditures	(63,170)		(63,170)	(63,170)	-
Other Financing Sources (Uses):					
Operating transfer in				167,776	167,776
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,776</u>	<u>167,776</u>
Excess (Deficiency) of revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(63,170)		(63,170)	104,606	167,776
Fund Balances, July 1	<u>66,282</u>		<u>66,282</u>	<u>66,282</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 3,112</u>	<u>\$ -</u>	<u>\$ 3,112</u>	<u>\$ 170,888</u>	<u>\$ 167,776</u>
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	<u>\$ (63,170)</u>	<u>\$ -</u>	<u>\$ (63,170)</u>	<u>\$ 104,606</u>	<u>\$ 167,776</u>

Statistical Section

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

EXHIBIT J-1

	Fiscal Year Ending June 30,									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Governmental activities:										
Net investment in capital assets	\$ 12,766,618	\$ 12,131,485	\$ 9,628,492	\$ 3,689,154	\$ 4,285,902	\$ 11,333,298	\$ 11,739,758	\$ 12,232,679	\$ 13,131,918	\$ 1,197,842
Restricted for:										
Capital projects	11,979	112,039	612,345	7,702,751	5,040,940	4,964,177	4,395,136	6,271,982	8,078,859	21,198,714
Special revenue	-	-	-	-	-	-	-	-	282,765	256,494
Debt service	267,367	-	6,752	7,729	4,838	4,401	2,647	65,277	66,282	170,888
Other purposes	2,038,004	2,306,454	3,332,159	4,854,574	5,905,708	5,875,371	6,040,091	6,778,794	6,233,194	6,108,678
Unrestricted	<u>(1,795,299)</u>	<u>(1,716,489)</u>	<u>(11,833,999)</u>	<u>(12,154,051)</u>	<u>(13,561,376)</u>	<u>(13,880,364)</u>	<u>(13,550,438)</u>	<u>(13,516,311)</u>	<u>(11,663,015)</u>	<u>(7,991,423)</u>
Total governmental activities net position	<u>\$ 13,288,669</u>	<u>\$ 12,833,489</u>	<u>\$ 1,745,749</u>	<u>\$ 4,100,157</u>	<u>\$ 1,676,012</u>	<u>\$ 8,296,883</u>	<u>\$ 8,627,194</u>	<u>\$ 11,832,421</u>	<u>\$ 16,130,003</u>	<u>\$ 20,941,193</u>
Business-type activities:										
Net investment in capital assets	\$ 27,583	\$ 27,559	\$ 24,195	\$ 23,029	\$ 19,214	\$ 17,840	\$ 52,200	\$ 29,744	\$ 35,732	\$ 132,160
Unrestricted	50,154	36,459	24,470	50,576	55,605	56,760	69,515	73,866	59,096	100,088
Total business-type activities net position	<u>\$ 77,737</u>	<u>\$ 64,018</u>	<u>\$ 48,665</u>	<u>\$ 73,605</u>	<u>\$ 74,819</u>	<u>\$ 74,600</u>	<u>\$ 121,715</u>	<u>\$ 103,610</u>	<u>\$ 94,828</u>	<u>\$ 232,248</u>
District-wide:										
Net investment in capital assets	\$ 12,794,201	\$ 12,159,044	\$ 9,652,687	\$ 3,712,183	\$ 4,305,116	\$ 11,351,138	\$ 11,791,958	\$ 12,262,423	\$ 13,167,650	\$ 1,330,002
Restricted:										
Capital projects	11,979	112,039	612,345	7,702,751	5,040,940	4,964,177	4,395,136	6,271,982	8,078,859	21,198,714
Special revenue	-	-	-	-	-	-	-	-	282,765	256,494
Debt service	267,367	-	6,752	7,729	4,838	4,401	2,647	65,277	66,282	170,888
Other purposes	2,038,004	2,306,454	3,332,159	4,854,574	5,905,708	5,875,371	6,040,091	6,778,794	6,233,194	6,108,678
Unrestricted	<u>(1,745,145)</u>	<u>(1,680,030)</u>	<u>(11,809,529)</u>	<u>(12,103,475)</u>	<u>(13,505,771)</u>	<u>(13,823,604)</u>	<u>(13,480,923)</u>	<u>(13,442,445)</u>	<u>(11,603,919)</u>	<u>(7,891,335)</u>
Total district net position	<u>\$ 13,366,406</u>	<u>\$ 12,897,507</u>	<u>\$ 1,794,414</u>	<u>\$ 4,173,762</u>	<u>\$ 1,750,831</u>	<u>\$ 8,371,483</u>	<u>\$ 8,748,909</u>	<u>\$ 11,936,031</u>	<u>\$ 16,224,831</u>	<u>\$ 21,173,441</u>

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

EXHIBIT J-2

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 9,840,839	\$ 10,549,770	\$ 10,012,727	\$ 10,096,876	\$ 9,936,892	\$ 10,482,239	\$ 10,294,527	\$ 10,074,641	\$ 9,720,465	\$ 10,181,276
Special education	2,174,703	2,573,801	2,578,098	2,552,234	2,496,784	2,385,277	2,417,440	2,477,619	2,412,594	2,473,553
Other instruction	807,053	805,687	812,076	816,489	872,375	925,136	930,884	786,995	778,312	954,057
Support Services:										
Tuition	2,903,704	2,708,703	3,038,667	2,370,107	2,475,403	2,259,197	2,493,725	1,883,961	2,289,989	2,130,166
Student & instruction related services	2,139,842	2,094,724	2,101,476	2,045,574	2,098,765	2,070,005	2,105,990	2,115,399	2,545,118	2,589,078
School administrative services	1,000,202	1,277,459	966,060	1,125,975	1,039,111	1,024,419	957,221	964,004	996,546	1,008,010
General and business administrative services	888,459	880,749	968,094	861,056	1,036,641	1,200,649	1,312,336	1,190,161	1,165,195	1,232,726
Plant operations and maintenance	3,073,300	3,229,918	5,795,676	3,023,197	6,796,009	(512,570)	5,557,719	4,370,945	4,390,663	5,615,328
Pupil transportation	1,490,083	1,503,109	1,376,761	1,339,556	1,358,762	1,471,180	1,510,251	1,397,976	1,247,593	1,474,159
Unallocated employee benefits	6,948,499	6,549,029	6,768,916	7,480,247	9,146,323	18,437,912	15,709,586	13,661,372	16,996,561	12,652,245
Special schools	60,441	41,664	32,644	23,644	-	-	-	-	-	-
Charter schools	-	-	-	-	62,856	28,141	52,895	42,831	27,497	-
Interest on long-term debt	282,100	232,748	209,409	232,501	324,326	303,327	273,460	242,626	209,244	279,859
Unallocated depreciation	29,763	88,007	31,733	34,053	33,089	46,938	66,593	47,788	42,964	51,711
Total governmental activities expenses	<u>31,638,988</u>	<u>32,535,368</u>	<u>34,692,337</u>	<u>32,001,509</u>	<u>37,677,336</u>	<u>40,121,850</u>	<u>43,682,627</u>	<u>39,256,318</u>	<u>42,822,741</u>	<u>40,642,168</u>
Business-type activities:										
Food service	971,152	966,178	964,123	953,238	928,012	941,884	917,900	834,846	625,570	852,404
Total business-type activities expense	<u>971,152</u>	<u>966,178</u>	<u>964,123</u>	<u>953,238</u>	<u>928,012</u>	<u>941,884</u>	<u>917,900</u>	<u>834,846</u>	<u>625,570</u>	<u>852,404</u>
Total district expenses	<u>\$ 32,610,140</u>	<u>\$ 33,501,546</u>	<u>\$ 35,656,460</u>	<u>\$ 32,954,747</u>	<u>\$ 38,605,348</u>	<u>\$ 41,063,734</u>	<u>\$ 44,600,527</u>	<u>\$ 40,091,164</u>	<u>\$ 43,448,311</u>	<u>\$ 41,494,572</u>
Program Revenues:										
Governmental activities:										
Operating grants and contributions	\$ 3,568,375	\$ 3,224,843	\$ 3,366,499	\$ 3,795,741	\$ 4,141,326	\$ 15,155,551	\$ 12,162,677	\$ 10,139,718	\$ 14,717,617	\$ 11,989,343
Tuition	-	-	-	-	-	-	-	-	129,215	-
Transportation fees	-	-	-	-	-	-	-	-	79,297	-
Total governmental activities program revenues	<u>3,568,375</u>	<u>3,224,843</u>	<u>3,366,499</u>	<u>3,795,741</u>	<u>4,141,326</u>	<u>15,155,551</u>	<u>12,162,677</u>	<u>10,139,718</u>	<u>14,926,129</u>	<u>11,989,343</u>

(Continued)

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

EXHIBIT J-2

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type activities:										
Charges for services:										
Food service	\$ 408,018	\$ 385,247	\$ 366,411	\$ 344,221	\$ 352,828	\$ 327,743	\$ 312,369	\$ 218,188	\$ 33,727	\$ 140,564
Operating grants and contributions	361,430	401,359	398,183	429,320	442,666	466,056	494,855	391,514	514,800	757,138
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>769,448</u>	<u>786,606</u>	<u>764,594</u>	<u>773,541</u>	<u>795,494</u>	<u>793,799</u>	<u>807,224</u>	<u>609,702</u>	<u>548,527</u>	<u>897,702</u>
Total district program revenues	<u>\$ 4,337,823</u>	<u>\$ 4,011,449</u>	<u>\$ 4,131,093</u>	<u>\$ 4,569,282</u>	<u>\$ 4,936,820</u>	<u>\$ 15,949,350</u>	<u>\$ 12,969,901</u>	<u>\$ 10,749,420</u>	<u>\$ 15,474,656</u>	<u>\$ 12,887,045</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (28,070,613)	\$ (29,310,525)	\$ (31,325,838)	\$ (28,205,768)	\$ (33,536,010)	\$ (24,966,299)	\$ (31,519,950)	\$ (29,116,600)	\$ (27,896,612)	\$ (28,652,825)
Business-type activities	(201,704)	(179,572)	(199,529)	(179,697)	(132,518)	(148,085)	(110,676)	(225,144)	(77,043)	45,298
Total district-wide net expense	<u>\$ (28,272,317)</u>	<u>\$ (29,490,097)</u>	<u>\$ (31,525,367)</u>	<u>\$ (28,385,465)</u>	<u>\$ (33,668,528)</u>	<u>\$ (25,114,384)</u>	<u>\$ (31,630,626)</u>	<u>\$ (29,341,744)</u>	<u>\$ (27,973,655)</u>	<u>\$ (28,607,527)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 18,136,355	\$ 18,499,082	\$ 19,167,844	\$ 19,551,199	\$ 19,942,222	\$ 20,341,066	\$ 20,747,887	\$ 21,792,882	\$ 22,228,740	\$ 22,673,315
Taxes levied for debt service	1,256,338	961,534	1,088,238	787,800	910,605	1,051,998	1,069,227	1,172,708	1,073,500	969,997
Unrestricted grants and contributions	9,135,635	9,415,816	9,758,588	9,833,476	10,032,655	9,922,931	9,681,620	8,859,228	8,114,479	9,538,373
Miscellaneous income	179,700	144,723	325,987	592,313	360,068	419,000	508,557	722,009	413,406	444,784
Transfers	(188,000)	(165,810)	(184,140)	(204,612)	(133,685)	(147,825)	(157,030)	(225,000)	(54,000)	-
Disposal of fixed assets	-	-	-	-	-	-	-	-	-	(162,454)
Total governmental activities	<u>28,520,028</u>	<u>28,855,345</u>	<u>30,156,517</u>	<u>30,560,176</u>	<u>31,111,865</u>	<u>31,587,170</u>	<u>31,850,261</u>	<u>32,321,827</u>	<u>31,776,125</u>	<u>33,464,015</u>
Business-type activities:										
Investment earnings	42	43	36	25	47	41	761	1,140	1,605	804
Disposal of fixed assets	-	-	-	-	-	-	-	(19,101)	-	-
Contributed capital	-	-	-	-	-	-	-	-	12,656	91,318
Transfers	188,000	165,810	184,140	204,612	133,685	147,825	157,030	225,000	54,000	-
Total business-type activities	<u>188,042</u>	<u>165,853</u>	<u>184,176</u>	<u>204,637</u>	<u>133,732</u>	<u>147,866</u>	<u>157,791</u>	<u>207,039</u>	<u>68,261</u>	<u>92,122</u>
Total district-wide	<u>\$ 28,708,070</u>	<u>\$ 29,021,198</u>	<u>\$ 30,340,693</u>	<u>\$ 30,764,813</u>	<u>\$ 31,245,597</u>	<u>\$ 31,735,036</u>	<u>\$ 32,008,052</u>	<u>\$ 32,528,866</u>	<u>\$ 31,844,386</u>	<u>\$ 33,556,137</u>
Change in Net Position:										
Governmental activities	\$ 449,415	\$ (455,180)	\$ (1,169,321)	\$ 2,354,408	\$ (2,424,145)	\$ 6,620,871	\$ 330,311	\$ 3,205,227	\$ 3,879,513	\$ 4,811,190
Business-type activities	(13,662)	(13,719)	(15,353)	24,940	1,214	(219)	47,115	(18,105)	(8,782)	137,420
Total district-wide	<u>\$ 435,753</u>	<u>\$ (468,899)</u>	<u>\$ (1,184,674)</u>	<u>\$ 2,379,348</u>	<u>\$ (2,422,931)</u>	<u>\$ 6,620,652</u>	<u>\$ 377,426</u>	<u>\$ 3,187,122</u>	<u>\$ 3,870,731</u>	<u>\$ 4,948,610</u>

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

EXHIBIT J-3

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Reserved for:										
Encumbrances	\$ 266,056	\$ 169,085	\$ 170,466	\$ 104,232	\$ 245,034	\$ 220,593	\$ 268,800	\$ 668,294	\$ 278,022	\$ 1,326,855
Capital reserve	11,979	112,039	612,345	1,616,020	3,016,989	4,796,480	4,227,439	6,107,338	7,914,215	7,635,567
Maintenance reserve	50,000	150,000	650,000	1,650,000	1,800,000	1,887,565	1,894,946	1,894,946	1,894,946	1,894,946
Unemployment compensation	-	-	-	-	-	-	-	-	151,465	153,471
Excess surplus	706,423	1,215,680	1,105,535	1,924,537	1,916,137	1,831,076	2,025,269	2,170,285	2,016,498	2,023,763
Designated for Subsequent Years Expd.	995,525	751,689	1,386,158	1,155,805	1,924,537	1,916,137	1,831,076	2,025,269	2,170,285	2,016,498
Unreserved	(139,121)	(86,782)	(189,066)	(250,391)	(293,715)	(255,852)	(119,025)	(193,409)	732,893	1,826,981
Total general fund	<u>\$ 1,890,862</u>	<u>\$ 2,311,711</u>	<u>\$ 3,735,438</u>	<u>\$ 6,200,203</u>	<u>\$ 8,608,982</u>	<u>\$ 10,395,999</u>	<u>\$ 10,128,505</u>	<u>\$ 12,672,723</u>	<u>\$ 15,158,324</u>	<u>\$ 16,878,081</u>
All Other Governmental Funds										
Reserved:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ 1,859,307	\$ 3,053	\$ 3,053	\$ -	\$ -	\$ -
Debt service reserve	267,367	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	262,765	256,494
Capital projects fund	-	-	-	6,086,731	164,644	164,644	164,644	164,644	164,644	13,563,147
Permanent fund	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Debt service fund	-	-	6,752	7,729	4,838	4,401	2,647	65,277	66,282	170,888
Total all other governmental funds	<u>\$ 287,367</u>	<u>\$ 20,000</u>	<u>\$ 26,752</u>	<u>\$ 6,114,460</u>	<u>\$ 2,048,789</u>	<u>\$ 192,098</u>	<u>\$ 190,344</u>	<u>\$ 249,921</u>	<u>\$ 513,691</u>	<u>\$ 14,010,529</u>

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

EXHIBIT J-4

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Tax levy	\$ 19,392,693	\$ 19,460,616	\$ 20,256,082	\$ 20,338,999	\$ 20,852,827	\$ 21,393,064	\$ 21,817,114	\$ 22,965,590	\$ 23,302,240	\$ 23,643,312
Tuition charges	19,690	2,543	128,816	239,397	129,265	131,629	152,996	159,544	129,215	126,354
Transportation fees	50,721	82,463	75,219	93,678	104,755	110,700	150,751	125,802	79,297	118,544
Interest earnings	60	60	306	4,652	4,062	4,636	70,840	79,899	83,211	51,352
Miscellaneous	109,729	59,657	121,646	254,586	121,986	172,035	139,001	361,543	330,195	201,891
Local sources	-	-	-	-	-	-	-	-	198,416	337,657
State sources	11,735,906	11,700,390	12,223,126	12,701,205	13,267,135	13,713,429	13,943,759	13,140,673	13,204,240	15,851,737
Federal sources	967,604	940,269	901,961	928,012	906,846	940,944	927,651	875,052	1,307,437	1,890,210
Total revenue	32,276,403	32,245,998	33,707,156	34,560,529	35,386,876	36,466,437	37,202,112	37,708,103	38,634,251	42,221,057
Expenditures										
Instruction										
Regular Instruction	9,221,158	9,337,997	9,432,757	9,620,128	9,541,811	9,540,476	9,503,008	9,263,265	9,243,736	9,563,880
Special education instruction	2,174,703	2,573,801	2,578,098	2,552,234	2,496,784	2,385,277	2,417,440	2,477,619	2,412,594	2,473,553
Other special instruction	807,053	805,687	812,076	816,489	872,375	925,136	930,884	786,995	778,312	954,057
Support Services:										
Tuition	2,903,704	2,708,703	3,038,667	2,370,107	2,475,403	2,259,197	2,493,725	1,883,961	2,289,989	2,130,166
Student & instruction related services	2,139,842	2,094,724	2,101,476	2,045,574	2,098,765	2,070,005	2,105,990	2,115,399	2,545,118	2,589,078
School administrative services	1,000,202	880,749	966,060	1,023,815	1,039,111	1,024,419	957,221	964,004	996,546	1,008,010
General and business admin. services	828,933	1,013,439	872,897	861,056	937,375	1,059,834	1,112,557	1,046,797	1,036,306	1,073,460
Plant operations and maintenance	2,728,755	2,622,496	2,560,888	2,704,963	2,736,722	2,969,141	3,051,827	3,027,479	2,927,510	3,018,938
Pupil transportation	1,490,083	1,503,109	1,376,761	1,339,556	1,358,762	1,471,180	1,510,251	1,397,976	1,247,593	1,474,159
Other support services	6,948,499	6,549,029	6,802,209	7,266,221	7,721,130	8,358,764	8,790,496	8,930,002	9,395,010	10,781,552
Charter Schools	60,441	41,664	32,644	23,644	62,856	28,141	52,895	42,831	27,497	-
Capital outlay	304,964	418,595	3,504,705	855,856	4,837,151	3,248,132	3,319,772	1,850,315	2,205,728	4,737,799
Debt service:										
Principal	1,130,000	1,125,000	930,000	600,000	600,000	845,000	865,000	935,000	930,000	920,000
Interest and other charges	288,295	251,713	215,024	187,800	317,357	306,810	277,010	246,410	213,010	179,810
Total expenditures	32,026,632	31,926,706	35,224,262	32,267,443	37,095,602	36,491,512	37,388,076	34,968,053	36,248,949	40,904,462
Excess (Deficiency) of revenues over (under) expenditures	249,771	319,292	(1,517,106)	2,293,086	(1,708,726)	(25,075)	(185,964)	2,740,050	2,385,302	1,316,595
Other Financing sources (uses)										
Proceeds from borrowing	-	-	3,131,725	96,999	185,519	103,226	73,746	88,745	-	-
Proceeds from Serial Bonds	-	-	-	6,367,000	-	-	-	-	-	13,900,000
Transfers in	10,000	-	-	977	3,861	540	2,107	3,169	3,112	167,776
Transfers out	(198,000)	(165,810)	(184,140)	(205,589)	(137,546)	(148,365)	(159,137)	(228,169)	(57,112)	(167,776)
Total other financing sources (uses)	(188,000)	(165,810)	2,947,585	6,259,387	51,834	(44,599)	(83,284)	(136,255)	(54,000)	13,900,000
Net change in fund balances	\$ 61,771	\$ 153,482	\$ 1,430,479	\$ 8,552,473	\$ (1,656,892)	\$ (69,674)	\$ (269,248)	\$ 2,603,795	\$ 2,331,302	\$ 15,216,595
Debt service as a percentage of noncapital expenditures	4.47%	4.37%	3.61%	2.51%	2.84%	3.46%	3.35%	3.57%	3.36%	3.04%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

EXHIBIT J-5

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Insurance</u> <u>Refunds</u>	<u>Transportaion</u>	<u>Other</u> <u>Refunds</u>	<u>Use of</u> <u>Facilities</u>	<u>Sale of</u> <u>Assets</u>	<u>Energy</u> <u>Reimbursements</u>	<u>Miscellaneous</u>	<u>Total</u>
2013	\$ 1,943	\$ 16,690	\$ 13,226	\$ 50,721	\$ 56,675	\$ 21,696	\$ 10,046	\$ -	\$ 5,703	\$ 176,700
2014	2,258	2,543	33,323	82,463	-	17,923	1,300	-	4,913	144,723
2015	2,681	128,816	13,597	75,219	66,540	17,510	8,966	-	12,352	325,681
2016	3,675	239,397	3,889	93,678	32,331	30,390	12,428	170,658	4,890	591,336
2017	4,062	129,265	1,000	104,755	54,133	45,264	12,393	1,250	4,085	356,207
2018	7,186	131,629	1,000	110,700	59,285	63,552	8,288	26,003	10,817	418,460
2019	110,224	152,996	-	150,751	6,643	47,195	5,815	23,715	9,111	506,450
2020	247,955	159,544	-	125,802	97,862	41,628	12,077	22,833	11,138	718,839
2021	293,321	129,215	-	79,297	40,996	57,585	14,267	-	4,125	618,806
2022	189,208	126,354	-	118,544	713	33,375	3,893	-	22,922	495,009
	<u>\$ 862,513</u>	<u>\$ 1,216,449</u>	<u>\$ 66,035</u>	<u>\$ 991,930</u>	<u>\$ 415,178</u>	<u>\$ 376,118</u>	<u>\$ 89,473</u>	<u>\$ 244,459</u>	<u>\$ 90,056</u>	<u>\$ 4,352,211</u>

Source: District records

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

Borough of West Cape May

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2013	\$ 19,596,100	\$ 391,522,000	\$ 3,301,300	\$ 210,200	\$ 35,430,600	\$ 1,066,100	\$ 451,126,300	\$ 226,124	\$ 451,352,424	\$ 9,445,000	\$ 0.194	\$ 455,908,033
2014	18,272,800	394,148,500	3,301,300	210,200	35,647,800	1,066,100	452,646,700	153,222	452,799,922	9,662,400	0.197	439,431,249
2015	18,717,700	397,040,600	3,301,300	210,200	35,427,900	1,066,100	455,763,800	150,096	455,913,896	10,094,500	0.220	429,146,511
2016	18,128,200	399,794,400	3,301,300	210,200	35,069,100	1,066,100	457,569,300	146,736	457,716,036	10,094,500	0.229	439,244,856
2017	19,378,700	409,260,600	3,301,300	210,200	35,234,100	1,066,100	468,451,000	142,823	468,593,823	10,454,600	0.229	483,309,561
2018	15,962,500	424,392,600	3,301,300	220,500	35,969,500	1,066,100	480,912,500	150,824	481,063,324	10,454,600	0.247	499,169,212
2019	16,152,100	433,582,500	3,301,300	220,500	36,753,700	1,066,100	491,076,200		491,076,200	10,829,500	0.242	536,795,884
2020	14,884,100	447,337,200	3,301,300	220,500	36,967,500	1,066,100	503,776,700		503,776,700	10,848,900	0.241	581,676,862
2021	14,222,700	457,848,600	3,301,300	190,500	36,314,200	1,066,100	512,943,400		512,943,400	10,848,900	0.245	623,832,196
2022	13,715,400	468,865,300	3,301,300	190,500	35,969,900	1,066,100	523,108,500		523,108,500	10,900,700		719,209,185

Source: Municipal Tax Assessor

Note:

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

Continued

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

Fiscal Year Ended June 30,	City of Cape May							Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Apartment	Total Assessed Value					
2013	\$ 53,163,900	\$ 2,168,319,400	\$ -	\$ -	\$ 435,863,300	\$ 139,510,400	\$ 2,796,857,000	\$ 815,630	\$ 2,797,672,630	\$ 429,768,200	\$ 0.054	\$ 2,812,671,567
2014	53,288,200	2,173,873,900	-	-	431,761,000	135,723,600	2,794,646,700	589,060	2,795,235,760	431,981,900	0.057	2,738,737,239
2015	64,370,700	2,177,186,500	-	-	430,297,700	133,612,100	2,805,467,000	612,231	2,806,079,231	433,484,900	0.065	2,742,474,025
2016	62,194,300	2,187,231,000	-	-	429,579,600	133,420,700	2,812,425,600	625,355	2,813,050,955	433,758,300	0.066	2,711,154,162
2017	61,236,100	2,193,506,400	-	-	427,044,200	131,838,600	2,813,625,300	612,446	2,814,237,746	433,571,800	0.066	2,814,237,746
2018	66,574,600	2,214,046,300	-	-	431,678,400	130,479,000	2,842,778,300	62,831	2,842,841,131	432,997,700	0.066	2,871,036,576
2019	69,618,400	2,230,627,200	-	-	432,392,700	127,325,200	2,859,963,500		2,859,963,500	431,388,400	0.066	2,964,429,051
2020	66,588,800	2,253,648,100	-	-	441,592,700	125,058,100	2,886,887,700		2,886,887,700	431,388,400	0.066	2,886,887,700
2021	57,306,100	2,290,501,500	-	-	441,823,000	123,147,200	2,912,777,800		2,912,777,800	427,666,100	0.065	3,284,890,675
2022	63,825,900	2,321,983,200			439,622,300	123,147,200	2,948,578,600		2,948,578,600	430,051,900	0.257	3,667,123,166

Source: Municipal Tax Assessor

Note:

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

Continued

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

Fiscal Year Ended June 30,	Township of Lower							Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Apartment	Total Assessed Value					
2013	\$ 86,948,300	\$ 3,684,519,500	\$ 5,236,800	\$ 953,300	\$ 275,766,100	\$ 13,161,400	\$ 4,066,585,400	\$ 5,339,934	\$ 4,071,925,334	\$ 270,144,600	\$ 0.371	\$ 3,773,894,430
2014	70,784,000	3,247,623,400	4,914,400	953,300	258,806,900	11,332,200	3,594,414,200	4,337,206	3,598,751,406	232,262,300	0.432	3,725,002,834
2015	70,254,400	3,254,393,300	4,914,400	927,600	259,130,000	11,432,200	3,601,051,900	4,347,721	3,605,399,621	234,835,200	0.458	3,719,358,459
2016	68,016,300	3,261,711,400	5,052,600	577,600	263,588,800	11,432,200	3,610,378,900	4,212,178	3,614,591,078	232,698,600	0.466	3,781,566,024
2017	64,279,700	3,274,539,000	5,413,000	595,500	264,828,800	11,432,200	3,621,088,200	4,172,271	3,625,260,471	233,773,100	0.466	3,802,011,213
2018	64,779,300	3,283,120,000	6,360,900	567,200	264,001,400	11,432,200	3,630,261,000	4,178,452	3,634,439,452	237,688,000	0.472	3,908,079,119
2019	63,692,900	3,290,370,000	6,554,900	602,400	264,731,700	11,432,200	3,637,384,100	4,107,346	3,641,491,446	240,525,100	0.483	4,056,420,781
2020	65,057,300	3,304,009,400	6,600,500	586,300	263,951,400	11,432,200	3,651,637,100	4,075,029	3,655,712,129	241,944,200	0.483	4,212,338,290
2021	61,620,600	3,327,438,300	6,600,500	586,300	262,396,200	11,432,200	3,670,074,100	4,234,601	3,674,308,701	246,048,000	0.501	4,350,457,177
2022	63,196,600	3,351,246,100	6,600,500	585,400	263,578,800	11,432,200	3,696,639,600	3,959,309	3,700,598,909	247,832,300	0.513	4,794,640,027

Source: Municipal Tax Assessor

Note:

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

EXHIBIT J-7

Borough of West Cape May

Fiscal Year Ended June 30,	West Cape May School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of West Cape May	Regional School	Cape May County	
2013	\$ 0.184	\$ 0.010	\$ 0.194	\$ 0.331	\$ 0.294	\$ 0.248	\$ 1.067
2014	0.107	0.010	0.117	0.330	0.378	0.244	1.069
2015	0.215	0.010	0.225	0.331	0.353	0.240	1.149
2016	0.210	0.010	0.220	0.350	0.397	0.247	1.214
2017	0.220	0.009	0.229	0.356	0.365	0.272	1.222
2018	0.239	0.008	0.247	0.357	0.382	0.279	1.265
2019	0.242	-	0.242	0.359	0.356	0.297	1.254
2020	0.241	-	0.241	0.372	0.390	0.316	1.319
2021	0.245	-	0.245	0.390	0.304	0.341	1.280
2022	0.257	-	0.257	0.408	0.307	0.383	1.355

City of Cape May

Fiscal Year Ended June 30,	Cape May City School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	City of Cape May	Regional School	Cape May County	
2013	\$ 0.054	\$ -	\$ 0.054	\$ 0.310	\$ 0.226	\$ 0.248	\$ 0.838
2014	0.057	-	0.057	0.329	0.234	0.245	0.865
2015	0.062	-	0.062	0.339	0.215	0.249	0.865
2016	0.065	-	0.065	0.340	0.178	0.249	0.832
2017	0.066	-	0.066	0.210	0.340	0.268	0.884
2018	0.066	-	0.066	0.243	0.350	0.272	0.931
2019	0.066	-	0.066	0.363	0.275	0.283	0.987
2020	0.066	-	0.066	0.246	0.363	0.295	0.970
2021	0.065	-	0.065	0.274	0.363	0.316	1.018
2022	0.066	-	0.066	0.361	0.257	0.348	1.032

Township of Lower

Fiscal Year Ended June 30,	Lower Township School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Township of Lower	Regional School	Cape May County	
2013	\$ 0.371	\$ -	\$ 0.371	\$ 0.473	\$ 0.291	\$ 0.227	\$ 1.362
2014	0.432	-	0.432	0.536	0.335	0.260	1.563
2015	0.446	-	0.446	0.556	0.353	0.263	1.618
2016	0.456	0.002	0.458	0.556	0.389	0.270	1.673
2017	0.462	0.004	0.466	0.574	0.381	0.276	1.697
2018	0.468	0.004	0.472	0.575	0.360	0.289	1.696
2019	0.478	0.005	0.483	0.584	0.368	0.303	1.738
2020	0.489	0.005	0.494	0.584	0.390	0.315	1.783
2021	0.495	0.006	0.501	0.595	0.385	0.331	1.812
2022	0.507	0.006	0.513	0.596	0.400	0.362	1.871

Source: Municipal Tax Collector

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

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

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

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

EXHIBIT J-8

Borough of West Cape May

<u>Taxpayer</u>	2022	
	Taxable Assessed Value	% of Total District Net Assessed Value
Wilbraham Mansion, LLC	\$ 3,242,100	0.62%
The Depot Travel Park, Inc.	2,729,900	0.52%
CVS	2,300,000	0.44%
Cape May Lumber Company	2,138,900	0.41%
Westwood Mobile Estates, Inc.	2,058,200	0.39%
Cape West Assoc. Inc.	1,862,800	0.36%
Rayson Property Management Individual #1	1,750,000	0.33%
Individual #1	1,594,300	0.30%
EZFS Sunset LLC	1,217,500	0.23%
Individual #2	1,179,500	0.23%
Total	\$ 20,073,200	3.84%

City of Cape May

<u>Taxpayer</u>	2022	
	Taxable Assessed Value	% of Total District Net Assessed Value
Congress Hall, LLC	\$ 27,401,066	0.93%
ADIS Inc.	25,967,442	0.88%
Oceanfront Properties, LLC	25,310,174	0.86%
Ocean Club Hotel CM, LLC	13,000,000	0.44%
Cape Coachman Realty, LLC	11,989,535	0.41%
Pella, LLC	11,777,422	0.40%
Kejzman Hospitality, LLC	11,473,062	0.39%
Madison Cape May Re LLC	10,089,729	0.34%
Individual #1	8,812,597	0.30%
Palavest, LLC	8,292,830	0.28%
Total	\$ 154,113,857	5.49%

Township of Lower

<u>Taxpayer</u>	2022	
	Taxable Assessed Value	% of Total District Net Assessed Value
Sun Lake Laurie RV, Inc.	\$ 21,506,800	0.58%
Achristavest Pier 6600, LLC	14,330,200	0.39%
Harbortown Resort Marina, Inc	13,054,700	0.35%
Jenlo Corp. & Harlo Inc	11,700,000	0.32%
Shaw Limited Partnership	10,101,400	0.27%
Bayshore Mall, LLC	9,744,700	0.26%
Beachcomber Campground, Inc	6,749,100	0.18%
Cold Spring Fish & Supply Co	6,302,900	0.17%
Cape Island Associates	6,000,000	0.16%
FC-GEN Real Estate, LLC	6,000,000	0.16%
Total	\$101,283,000	2.76%

Borough of West Cape May

<u>Taxpayer</u>	2013	
	Taxable Assessed Value	% of Total District Net Assessed Value
Rayson Property Management	\$ 3,382,200	0.75%
Wilbraham Mansion, LLC	2,854,600	0.63%
The Depot Travel Park, Inc.	2,729,900	0.60%
CVS. Inc.	2,479,000	0.55%
Cape May Lumber Company	2,138,900	0.47%
Individual #1	2,058,200	0.46%
Cape West Associates, Inc.	1,862,800	0.41%
Individual #2	1,594,300	0.35%
SPE Labrusciano, LLC	1,114,800	0.25%
Individual #3	1,018,500	0.23%
Total	\$ 21,233,200	4.70%

City of Cape May

<u>Taxpayer</u>	2013	
	Taxable Assessed Value	% of Total District Net Assessed Value
Congress Hall LLC	\$ 28,418,200	1.02%
Oceanfront Properties LLC	25,310,200	0.90%
ADIS Inc.	21,787,600	0.78%
Ocean Club Hotel CM, LLC	13,000,000	0.46%
Osprey Landing Development Co. LLC	12,476,300	0.45%
Cape Coachman Realty, LLC	11,989,500	0.43%
Kejzman Hospitality, LLC	11,473,100	0.41%
Montreal Inn	10,089,700	0.36%
Individual #1	8,812,600	0.32%
Cape Jetty, LLC	8,074,700	0.29%
Total	\$151,431,900	5.42%

Township of Lower

<u>Taxpayer</u>	2013	
	Taxable Assessed Value	% of Total District Net Assessed Value
Jenlo Corp. & Harlo Inc.	\$ 10,408,800	0.26%
Achristavest Pier 6600, LLC	9,350,000	0.23%
Bayshore Mall 1A, LLC	8,795,000	0.22%
Lake Laurie RV Resort, LLC	7,133,800	0.18%
Seashore Campsites Inc.	6,500,000	0.16%
Channels Apartments	6,242,600	0.15%
Victoria Health Corp.	6,203,800	0.15%
Beachcomber Campground Inc.	5,932,800	0.15%
North Cape Convalescent Center	5,890,000	0.14%
McKee Marinas, LLC	5,714,000	0.14%
Total	\$72,170,800	1.78%

Source: Municipal Tax Assessors

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

EXHIBIT J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 19,392,693	\$ 19,397,693	100.03%	
2014	19,460,616	19,460,616	100.00%	
2015	20,256,082	20,256,082	100.00%	
2016	20,338,999	20,338,999	100.00%	
2017	20,852,827	20,852,827	100.00%	
2018	21,393,064	21,393,064	100.00%	
2019	21,817,114	21,817,114	100.00%	
2020	22,965,590	22,965,590	100.00%	
2021	23,302,240	23,302,240	100.00%	
2022	23,643,312	23,643,312	100.00%	

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

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

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

EXHIBIT J-10

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income (a)			Per Capita (b)		
	General Obligation Bonds	Certificates of Participation	Financed Purchases/Leases		Borough of West Cape May	City of Cape May	Township of Lower	Borough of West Cape May	City of Cape May	Township of Lower
2013	\$ 6,500,000	\$ 250,000	\$ -	\$ 6,750,000	13.76%	3.90%	0.59%	\$ 6,703	\$ 1,902	\$ 302
2014	5,625,000	-	-	5,625,000	11.04%	3.13%	0.50%	5,614	1,593	254
2015	4,695,000	-	2,931,725	7,626,725	14.43%	4.11%	0.65%	7,634	2,173	346
2016	10,462,000	-	2,827,608	13,289,608	24.22%	6.95%	1.11%	13,263	3,807	608
2017	9,862,000	-	2,627,685	12,489,685	21.62%	6.25%	1.00%	12,428	3,591	576
2018	9,017,000	-	2,401,307	11,418,307	18.90%	5.50%	0.88%	11,384	3,312	531
2019	8,152,000	-	2,217,359	10,369,359	16.37%	4.79%	0.75%	10,349	3,030	477
2020	7,217,000	-	2,006,533	9,223,533	13.72%	3.99%	0.64%	9,307	2,710	435
2021	6,287,000	-	1,796,619	8,083,619	(c)	(c)	(c)	8,124	2,852	366
2022	19,267,000	-	1,601,118	20,868,118	(c)	(c)	(c)	(c)	(c)	(c)

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

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

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

EXHIBIT J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property(a)			Per Capita(b)		
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Borough of West Cape May	City of Cape May	Township of Lower	Borough of West Cape May	City of Cape May	Township of Lower
2013	\$ 6,500,000	\$ -	\$ 6,500,000	1.44%	0.23%	0.16%	\$ 6,455	\$ 1,832	278
2014	5,625,000		5,625,000	1.24%	0.20%	0.16%	5,614	1,593	254
2015	4,695,000		4,695,000	1.03%	0.17%	0.13%	4,700	1,338	213
2016	10,462,000		10,462,000	2.29%	0.37%	0.29%	10,441	2,997	478
2017	9,862,000		9,862,000	2.10%	0.35%	0.27%	9,813	2,836	455
2018	9,017,000		9,017,000	1.87%	0.32%	0.25%	8,990	2,615	420
2019	8,152,000		8,152,000	1.66%	0.29%	0.22%	8,136	2,382	375
2020	7,217,000		7,217,000	1.43%	0.25%	0.20%	7,283	2,120	34
2021	6,287,000		6,287,000	1.23%	0.22%	0.17%	6,319	2,218	285
2022	19,267,000		19,267,000	3.68%	0.65%	0.52%	(c)	(c)	(c)

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

- (a) See Exhibit J-6 for property tax data.
- (b) Population data can be found in Exhibit J-14.
- (c) Not available.

**Lower Cape May Regional School District
Ratios of Overlapping Governmental Activities Debt
As of December 31, 2021**

EXHIBIT J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of West Cape May	\$ 4,031,296	100.000%	\$ 4,031,296
Township of Lower	28,422,504	100.000%	28,422,504
City of Cape May	32,405,975	100.000%	32,405,975
Cape May County General Obligation Debt	305,544,409	14.348%	<u>43,839,512</u>
Subtotal, overlapping debt			104,667,991
Lower Cape May Regional School District Direct Debt			<u>6,287,000</u>
Total direct and overlapping debt			<u><u>\$ 110,954,991</u></u>

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

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

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

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

EXHIBIT J-13

Legal Debt Margin Calculation for Fiscal Year 2022

	Equalized valuation basis	
	2019	7,835,128,577
	2020	8,170,791,022
	2021	9,062,122,425
	[A]	<u>\$ 25,068,042,024</u>
Average equalized valuation of taxable property	[A/3]	\$ 8,356,014,008
Debt limit (3.5% of average equalized valuation)	[B]	292,460,490 ^a
Net bonded school debt	[C]	19,267,000
Legal debt margin	[B-C]	<u>\$ 273,193,490</u>

	Fiscal Year									
	2013	2014	2015	2015	2017	2018	2019	2020	2021	2022
Debt limit	\$ 256,217,733	\$ 248,337,483	\$ 241,983,147	\$ 241,983,147	\$ 243,022,210	\$ 247,177,017	\$ 254,275,903	\$ 262,844,325	\$ 274,179,775	\$ 292,460,490
Total net debt applicable to limit	6,500,000	5,625,000	4,695,000	4,695,000	9,862,000	9,017,000	8,152,000	7,217,000	6,287,000	19,267,000
Legal debt margin	<u>\$ 249,717,733</u>	<u>\$ 242,712,483</u>	<u>\$ 237,288,147</u>	<u>\$ 237,288,147</u>	<u>\$ 233,160,210</u>	<u>\$ 238,160,017</u>	<u>\$ 246,123,903</u>	<u>\$ 255,627,325</u>	<u>\$ 267,892,775</u>	<u>\$ 273,193,490</u>
Total net debt applicable to the limit as a percentage of debt limit	2.54%	2.27%	1.94%	1.94%	4.06%	3.65%	3.21%	2.75%	2.29%	6.59%

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

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

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

EXHIBIT J-14

<u>Year</u>	<u>Population^a</u>	<u>Personal Income (thousands of dollars)^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
<u>Borough of West Cape May</u>				
2013	1,007	\$ 49,065,068	\$ 48,724	18.8%
2014	1,002	50,942,682	50,841	10.4%
2015	999	52,848,099	52,901	9.9%
2016	1,002	54,881,544	54,772	9.2%
2017	1,005	57,764,385	57,477	7.9%
2018	1,003	60,426,738	60,246	7.2%
2019	1,002	63,329,406	63,203	6.4%
2020	991	67,225,476	67,836	12.7%
2021	995	e	e	7.4%
2022	e	e	e	e
<u>City of Cape May</u>				
2013	3,548	\$ 172,872,752	\$ 48,724	14.6%
2014	3,530	179,468,730	50,841	12.9%
2015	3,510	185,682,510	52,901	12.5%
2016	3,491	191,209,052	54,772	11.2%
2017	3,478	199,905,006	57,477	10.3%
2018	3,448	207,728,208	60,246	9.6%
2019	3,422	216,280,666	63,203	8.5%
2020	3,404	230,913,744	67,836	10.0%
2021	2,834	e	e	e
2022	e	e	e	e
<u>Township of Lower</u>				
2013	23,354	\$ 1,137,900,296	\$ 48,724	11.90%
2014	22,173	1,127,297,493	50,841	12.60%
2015	22,016	1,164,668,416	52,901	11.10%
2016	21,854	1,196,987,288	54,772	10.10%
2017	21,698	1,247,135,946	57,477	9.80%
2018	21,485	1,294,385,310	60,246	8.90%
2019	21,732	1,373,527,596	63,203	7.70%
2020	21,202	1,438,258,872	67,836	14.60%
2021	22,094	e	e	9.20%
2022	e	e	e	e

Source:

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

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

EXHIBIT J-16

Function/Program	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction										
Regular	136	135	132	130	126	122	117	114	112	111
Special education	34	34	31	31	30	29	28	25	25	25
Other special education	6	6	7	7	7	7	7	7	7	7
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	32	32	28	28	27	27	27	26	25	25
School administrative services	12	12	12	12	12	11	11	11	11	10
General and business administrative services	6	6	6	6	6	6	6	6	6	6
Plant operations and maintenance	23	23	22	22	24	24	24	24	24	24
Pupil transportation	22	22	21	21	21	21	21	21	21	21
Special Schools					17	17	17	17	16	16
Food Service	19	18	17	17						
Total	<u>290</u>	<u>288</u>	<u>276</u>	<u>274</u>	<u>270</u>	<u>264</u>	<u>258</u>	<u>251</u>	<u>247</u>	<u>245</u>

Source: District Personnel Records

Lower Cape May Regional 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
2013	1,480	\$ 30,303,373	\$ 20,475	9.20%	176	10.8	1,462	1,366	-4.61%	93.43%
2014	1,395	30,131,398	21,600	5.40%	175	10.8	1,396	1,307	-4.51%	93.61%
2015	1,429	30,574,533	21,396	0.94%	170	10.8	1,406	1,318	0.72%	93.79%
2016	1,354	30,623,787	22,617	5.71%	168	10.8	1,354	1,276	-3.70%	94.23%
2017	1,357	31,341,094	23,096	2.12%	163	10.8	1,325	1,248	-2.14%	94.19%
2018	1,411	32,091,570	22,744	-1.52%	158	11.6	1,318	1,241	-0.53%	94.16%
2019	1,296	32,926,294	25,406	11.70%	152	11.6	1,277	1,202	-3.11%	94.13%
2020	1,298	31,936,328	24,604	-2.88%	146	11.6	1,270	1,218	-0.55%	95.91%
2021	1,227	32,900,211	26,814	8.89%	144	11.6	1,209	1,131	-4.80%	93.55%
2022	1,199	35,066,853	29,247	9.07%	143	11.6	1,172	1,080	-3.06%	92.15%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
District Building										
Tietleman School (1973)										
Square Feet	99,638	99,638	99,638	99,638	99,638	99,638	99,638	99,638	99,638	99,638
Capacity (students)	796	796	796	796	796	796	796	796	796	796
Enrollment	517	500	520	480	467	458	471	480	475	433
High School (1960)										
Square Feet	231,944	231,944	231,944	231,944	231,944	231,944	231,944	231,944	231,944	231,944
Capacity (students)	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016
Enrollment	963	897	886	874	858	860	806	790	734	739
Other										
Central Administration (1989)										
Square Feet	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Number of Schools at June 30, 2022										
Middle School = 1										
Senior High School = 1										

Source: District Facilities Office

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

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

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

	Fiscal Year Ending June 30,										Total	
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
* School Facilities												
High School	\$ 503,049	\$ 531,230	\$ 497,830	\$ 418,474	\$ 447,054	\$ 695,064	\$ 725,988	\$ 592,305	\$ 587,207	\$ 536,986	\$ 5,535,187	
Tietleman School	216,104	228,211	213,862	179,771	192,049	298,591	311,876	254,447	252,257	230,684	2,377,852	
Other facilities	11,917	12,584	11,793	9,913	10,590	16,464	17,197	14,031	13,910	12,720	131,119	
Total School Facilities	<u>\$ 731,070</u>	<u>\$ 772,025</u>	<u>\$ 723,485</u>	<u>\$ 608,158</u>	<u>\$ 649,693</u>	<u>\$ 1,010,119</u>	<u>\$ 1,055,061</u>	<u>\$ 860,783</u>	<u>\$ 853,374</u>	<u>\$ 780,390</u>	<u>\$ 8,044,158</u>	

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

Source: District records

**Lower Cape May Regional School District
Insurance Schedule
June 30, 2022**

EXHIBIT J-20

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

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

Source: District records

Single Audit Section

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

INDEPENDENT AUDITOR'S REPORT

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lower Cape May Regional School District (the "District"), in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated January 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the 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 District's internal control. Accordingly, I do not express an opinion on the effectiveness of the 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 are 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 entity'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 entity'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 30, 2023

INVERSO & STEWART, LLC

Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

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

I have audited Lower Cape May Regional School District's (the "District"), in the County of Cape, State of New Jersey, compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and the New Jersey State Grant Compliance Supplement that could have a direct and material effect on the District's major federal and state programs for the year ended June 30, 2022. The District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned costs.

In my opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. My responsibilities under those standards and the Circular 15-08-OMB are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the District and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal and state program. My audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, and the N.J. Circular 15-08-OMB will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, and N.J. Circular 15-08-OMB, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

Report on Internal Control over Compliance

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

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

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

INVERSO & STEWART, LLC
Certified Public Accountants



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

Marlton, New Jersey
January 30, 2023

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period	June 30, 2021			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	June 30, 2022		
						Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
U.S. Department of Health & Human Services															
Passed-through State Department of Education:															
<u>General Fund:</u>															
Medical Assistance Program - SEMI	93.778	2205NJ5MAP	N/A	\$ 27,230	7/1/21 - 6/30/22	\$ -	\$ -	\$ -	\$ -	\$ 27,230	\$ (27,230)	\$ -	\$ -	\$ -	\$ -
Total General Fund						-	-	-	-	27,230	(27,230)	-	-	-	-
U.S. Department of Education															
Passed-through State Department of Education:															
<u>Special Revenue Fund:</u>															
<u>Every Student Succeeds Act (ESSA)</u>															
Title I - Current Year	84.010	S010A210030	ESSA-2820-22	345,902	7/1/21 - 9/30/22					219,401	(225,957)		(6,556)		
Title I - Prior Year	84.010	S010A200030	ESSA-2820-21	330,269	7/1/20 - 9/30/21	(16,421)				101,294	(84,873)		-		
Title I-SIA - Current Year	84.010	S010A210030	ESSA-2820-22	46,370	7/1/21 - 9/30/22					20,279	(21,994)		(1,715)		
Title I-SIA - Prior Year	84.010	S010A200030	ESSA-2820-21	49,224	7/1/20 - 9/30/21	(1,205)				1,205			-		
Title II - Part A - Current Year	84.367A	S367A210029	ESSA-2820-22	61,922	7/1/21 - 9/30/22					41,322	(48,539)		(7,217)		
Title II - Part A - Prior Year	84.367A	S367A200029	ESSA-2820-21	52,281	7/1/20 - 9/30/21	(1,954)				1,954			-		
Title IV - Part A - Current Year	84.424	S424A210031	ESSA-2820-22	42,213	7/1/21 - 9/30/22					12,897	(34,089)		(21,192)		
Title IV - Part A - Current Year	84.424	S424A200031	ESSA-2820-21	32,900	7/1/20 - 9/30/21	(170)				170			-		
<u>Individuals With Disabilities Act (I.D.E.A.)</u>															
Part B - Basic - Current Year	84.027A	H027A210100	IDEA-2820-22	393,059	7/1/21 - 9/30/22					393,059	(393,059)		-		
Part B - ARP Basic - Current Year	84.027X	H027X210100	IDEA-2820-22	62,308	7/1/21 - 9/30/22					62,308	(62,308)		-		
Carl D. Perkins	84.048	V048A210030	PERK-2820-22	80,279	7/1/21 - 6/30/22					80,142	(80,142)		-		
Carl D. Perkins - Prior Year	84.048	V048A200030	PERK-2820-21	57,102	7/1/20 - 6/30/21	(6,561)				7,796				1,235	
CARES Act - ESSER	84.425D	S425D200027	N/A	256,020	3/13/20 - 9/30/23	(8,691)				65,987	(57,296)		-		
Coronavirus Response and Relief Supplemental Act:															
CRRSA - Learning Acceleration	84.425D	S425D200027	N/A	67,290	3/13/20 - 9/30/23	(10,216)				60,028	(53,569)		(3,757)		
CRRSA - Mental Health	84.425D	S425D200027	N/A	45,000	3/13/20 - 9/30/23					2,006	(2,306)		(300)		
American Rescue Plan:															
ARP - ESSER III	84.425U	S425U210027	N/A	2,356,534	3/13/20 - 9/30/24					74,536	(508,787)		(434,251)		
ARP - Accelerated Learning	84.425U	S425U210027	N/A	113,902	3/13/20 - 9/30/24					52,357	(52,481)		(124)		
ARP - Beyond the School Day	84.425U	S425U210027	N/A	88,501	3/13/20 - 9/30/24					13,097	(21,110)		(8,013)		
Middle Grades Career Awareness	84.048	V048A210030	N/A	68,992	9/1/21 - 6/30/22					34,035	(54,095)		(20,060)		
U.S. Department of Treasury															
Passed-through State Department of Education:															
Additional or Compensatory Special Education and Related Services (ACSERS)	21.027	SLFRFDOE1SES	N/A	162,375	7/1/21 - 6/30/22					81,188	(162,375)		(81,187)		
Total Special Revenue Fund						(45,218)	-	-	-	1,325,061	(1,862,980)	-	(584,372)	1,235	-
U.S. Department of Agriculture															
Passed-through State Department of Education:															
<u>Enterprise Fund:</u>															
Food Distribution Program	10.555	221NJ304N1099	N/A	62,745	7/1/21 - 6/30/22					62,745	(62,745)				
National School Lunch Program	10.555	221NJ304N1099	N/A	525,990	7/1/21 - 6/30/22					495,216	(525,990)		(30,774)		
National School Lunch Program	10.555	211NJ304N1099	N/A	293,980	7/1/20 - 6/30/21	(14,360)				14,360			-		
School Breakfast Program	10.553	221NJ304N1099	N/A	124,197	7/1/21 - 6/30/22					114,069	(124,197)		(10,128)		
School Breakfast Program	10.553	211NJ304N1099	N/A	174,165	7/1/20 - 6/30/21	(8,658)				8,658			-		
Emergency Operational Cost Program	10.555	202121H170341	N/A	28,908	7/1/21 - 6/30/22					28,908	(28,908)		-		
PEBT 21	10.649	2022225900941	N/A	614	7/1/21 - 6/30/22					614	(614)		-		
PEBT 22	10.649	2022225900941	N/A	628	7/1/21 - 6/30/22					628	(628)		-		
Total Enterprise Fund						(23,018)	-	-	-	725,198	(743,082)	-	(40,902)	-	-
Total Federal Awards						\$ (68,236)	\$ -	\$ -	\$ -	\$ 2,077,489	\$ (2,633,292)	\$ -	\$ (625,274)	\$ 1,235	\$ -

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2022

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2021			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2022		
				Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
State Department of Education													
<u>General Fund:</u>													
Equalization Aid	21-495-034-5120-078	\$ 95,936	7/1/21 - 6/30/22	\$ -	\$ -	\$ -	\$ -	\$ 87,628	\$ (95,936)	\$ -	\$ (8,308)	\$ -	\$ -
Equalization Aid	21-495-034-5120-078	95,936	7/1/20 - 6/30/21	(7,348)				7,348					
Transportation Aid	22-495-034-5120-014	1,178,704	7/1/21 - 6/30/22					1,076,626	(1,178,704)		(102,078)		
Transportation Aid	21-495-034-5120-014	1,178,704	7/1/20 - 6/30/21	(90,281)				90,281					
Special Education Aid	22-495-034-5120-089	862,052	7/1/21 - 6/30/22					787,396	(862,052)		(74,656)		
Special Education Aid	21-495-034-5120-089	862,052	7/1/20 - 6/30/21	(66,028)				66,028					
Security Aid	22-495-034-5120-084	350,566	7/1/21 - 6/30/22					320,206	(350,566)		(30,360)		
Security Aid	21-495-034-5120-084	350,566	7/1/20 - 6/30/21	(26,851)				26,851					
Adjustment Aid	22-495-034-5120-085	2,363,554	7/1/21 - 6/30/22					2,158,866	(2,363,554)		(204,688)		
Adjustment Aid	21-495-034-5120-085	3,854,141	7/1/20 - 6/30/21	(295,203)				295,203					
Extraordinary Aid	22-495-034-5120-044	193,961	7/1/21 - 6/30/22						(193,961)		(193,961)		
Extraordinary Aid	21-495-034-5120-044	159,496	7/1/20 - 6/30/21	(159,496)				159,496					
School Choice Aid	22-495-034-5120-068	1,269,027	7/1/21 - 6/30/22					1,159,127	(1,269,027)		(109,900)		
School Choice Aid	21-495-034-5120-068	1,250,964	7/1/20 - 6/30/21	(95,816)				95,816					
Additional Transportation Aid	22-495-034-5120-014	13,630	7/1/21 - 6/30/22						(13,630)		(13,630)		
Additional Transportation Aid	21-495-034-5120-014	14,790	7/1/20 - 6/30/21	(14,790)				14,790					
Homeless Tuition Aid	22-495-034-5120-005	9,235	7/1/21 - 6/30/22						(9,235)		(9,235)		
Homeless Tuition Aid	21-495-034-5120-005	6,736	7/1/20 - 6/30/21	(6,736)				6,736					
Stabilization Aid	22-100-034-5120-494	2,014,568	7/1/21 - 6/30/22					2,014,568	(2,014,568)				
School Security Grant - Alyssa's Law	22E00113	73,671	9/1/21 - 8/31/22					58,372	(73,671)		(15,299)		
Maintenance of Equity Aid	22-495-034-5120-128	914,702	7/1/21 - 6/30/22						(914,702)		(914,702)		
On Behalf TPAF Pension Contributions	22-495-034-5094-002	4,457,203	7/1/21 - 6/30/22					4,457,203	(4,457,203)				
On Behalf TPAF Post Retirement Medical	22-495-034-5094-001	1,041,383	7/1/21 - 6/30/22					1,041,383	(1,041,383)				
On Behalf TPAF Pension LTDI Contributions	22-495-034-5094-004	740	7/1/21 - 6/30/22					740	(740)				
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	860,385	7/1/21 - 6/30/22					818,082	(860,385)		(42,303)		
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	860,031	7/1/20 - 6/30/21	(42,486)				42,486					
Total General Fund				(805,035)	-	-	-	14,785,232	(15,699,317)	-	(1,719,120)	-	-
<u>Special Revenue Service Fund</u>													
Emergent & Capital Needs	EG-0182-DO2	34,240	7/1/21 - 6/30/22					34,240	(34,240)				
Total Special Revenue Fund				-	-	-	-	34,240	(34,240)	-	-	-	-
<u>Debt Service Fund</u>													
Debt Service Aid Type II	22-100-034-5120-017	66,643	7/1/21 - 6/30/22	-	-	-	-	22,142	(66,643)	-	(44,501)	-	-
Total Debt Service				-	-	-	-	22,142	(66,643)	-	(44,501)	-	-
State Department of Agriculture													
<u>Enterprise Fund:</u>													
State School Lunch Program	22-100-010-3350-023	14,056	7/1/21 - 6/30/22					13,348	(14,056)		(708)		
State School Lunch Program	21-100-010-3350-023	13,468	7/1/20 - 6/30/21	(1,017)				1,017					
Total Enterprise Fund				(1,017)	-	-	-	14,365	(14,056)	-	(708)	-	-
Total State Financial Assistance				\$ (806,052)	\$ -	\$ -	\$ -	\$ 14,855,979	\$ (15,814,256)	\$ -	\$ (1,764,329)	\$ -	\$ -
Less: State Financial Assistance Not Subject to Major Program Determination:													
On-Behalf TPAF Contribution - Pension (Non-Budgeted)									4,457,203				
On-Behalf TPAF Contribution - Post Retirement Medical (Non-Budgeted)									1,041,383				
On-Behalf TPAF Contribution - Pension LTDI (Non-Budgeted)									740				
Total State Financial Assistance Subject to Major Program Determination									\$ (10,314,930)				

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

**Lower Cape May Regional School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2022**

I. GENERAL

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

2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

**Lower Cape May Regional School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2022
(Continued)**

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$51,537 in the general fund and \$-0- in the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

	Federal	State	Total
General Fund	\$ 27,230	\$ 15,750,854	\$ 15,778,084
Special Revenue Fund	1,862,980	34,240	1,897,220
Debt Service Fund		66,643	66,643
Food Service Fund	743,082	14,056	757,138
Total Awards & Financial Assistance	\$ 2,633,292	\$ 15,865,793	\$ 18,499,085

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, 2022. TPAF Social Security Contributions represents the amount reimbursed by the State for the School District's share of social security contributions for TPAF members for the year ended June 30, 2022.

6. MAJOR PROGRAMS

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

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Section I --Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weaknesses identified? yes X no

2) Significant deficiencies identified? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal Control over major programs:

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

2) Significant deficiencies identified? yes X none reported

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

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

Identification of major programs:

<u>AL Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.555</u>	<u>221NJ304N1099</u>	<u>Child Nutrition Cluster: Food Distribution Program</u>
<u>10.553</u>	<u>221NJ304N1099</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>221NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.555</u>	<u>202121H170341</u>	<u>Emergency Operational Cost Program</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? X yes no

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Section 2 -- Schedule of Financial Statement Findings

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

No findings and/or questioned costs identified.

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

FEDERAL AWARDS:

No findings and/or questioned costs identified.

STATE AWARDS:

No findings and/or questioned costs identified.

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

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

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings.

FEDERAL AWARDS

There were no prior year audit findings.

STATE AWARDS

There were no prior year audit findings.