

**SCHOOL DISTRICT
OF**

CAPE MAY CITY

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023**

**Annual Comprehensive
Financial Report**

of the

Cape May City Board of Education

Cape May, New Jersey

For the Fiscal Year Ended June 30, 2023

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

CAPE MAY CITY SCHOOL DISTRICT

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Introductory Section

CAPE MAY CITY BOARD OF EDUCATION



Zachary H. Palombo
Superintendent

John R. Thomas
Business Administrator &
Board Secretary

Board Members

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

December 15, 2023

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

Dear Board Members:

The Annual Comprehensive Financial Report (ACFR) of the Cape May City School District for the fiscal year ended June 30, 2023 is hereby submitted. This ACFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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



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

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visit us on the web: www.cmcboc.org • e-mail: office@cmcboc.org

1. REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to Four Year Old Preschool through Grade 6. These include regular as well as special education for handicapped youngsters. The District completed the 2022-2023 school year with an enrollment of 156.8 students, which is a decrease from the previous year’s enrollment and can be attributed primarily to ebb and flow of the US Coast Guard Base Housing residency. The following details the changes in the student enrollment of the District over the last eleven years.

Average Daily Enrollment		
<u>Fiscal</u> <u>Year</u>	<u>Student</u> <u>Enrollment</u>	<u>Percent</u> <u>Change</u>
2022-23	156.8	-6.72%
2021-22	168.1	11.50%
2020-21	148.8	0.08%
2019-20	147.6	-2.38%
2018-19	151.2	-10.06%
2017-18	168.1	-14.58%
2016-17	196.8	4.63%
2015-16	188.1	7.36%
2014-15	175.2	9.37%
2013-14	160.2	19.91%
2012-13	133.6	-7.16%

2. ECONOMIC CONDITION AND OUTLOOK:

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

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

Approximately three fifths of the school's students are Coast Guard families who are based in Cape May. The number of students fluctuates, dependent on family sizes of Coast Guard active duty members assigned to Cape May on-base housing. A strong educational partnership exists between the Coast Guard, the school and the Housing Authority. We have been notified that the US Coast Guard Training Center Cape May (TRACEN) will be increasing the number of Cape May Training Center activities and personnel in the coming years.

3. MAJOR INITIATIVES:

- **Preschool 3/4:** We participated in the preschool expansion program, adding three (3) year old students. We also added a classroom, made modifications to three (3) total classrooms, added additional staff, and obtained additional curriculum and materials. The three classrooms were retrofitted for preschool. The Seesaw platform continued to be used, facilitating remote learning and parental communication as necessary.
- **K-2 grades:** A new math program was introduced this year, BIG IDEAS MATH. The Seesaw platform was discontinued, and now only a contingency for facilitating remote learning and parental communication if necessary.
- **3-6 grades:** Implement the newly acquired BIG IDEAS MATH, including participation in professional development opportunities. The Google Education platform was expanded to facilitate remote learning as needed.
- A full time Social Emotional Learning (SEL) teacher continued, working directly with students and classes. A School Psychologist continued to be contracted two (2) days a week (shared service), to address student needs.
- Professional development and training for all staff moved continued with virtual providers. To supplement the Google platform, the district obtained subscriptions to Zoom to facilitate real-time student interactions as well as collaborate meetings.
- School technology initiatives included making sure all students had access to a device at home, as well as access to the Internet from home through the purchase of chromebooks and wifi hotspots. Students in grade 6 are permitted to take their device to and from school.
- School facility cleaning and disinfecting protocols continue, following EPA guidelines and approved disinfectants. Individual HEPA filter air scrubbers continue to be deployed to each classroom, with annual filter changes.

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2023.

6. ACCOUNTING SYSTEMS AND REPORTS:

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

7. CASH MANAGEMENT:

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

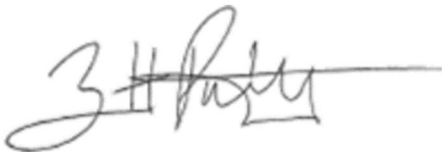
8. RISK MANAGEMENT:

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

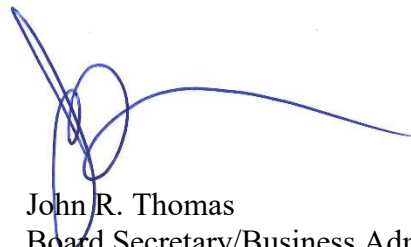
9. OTHER INFORMATION:

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

Respectfully submitted,



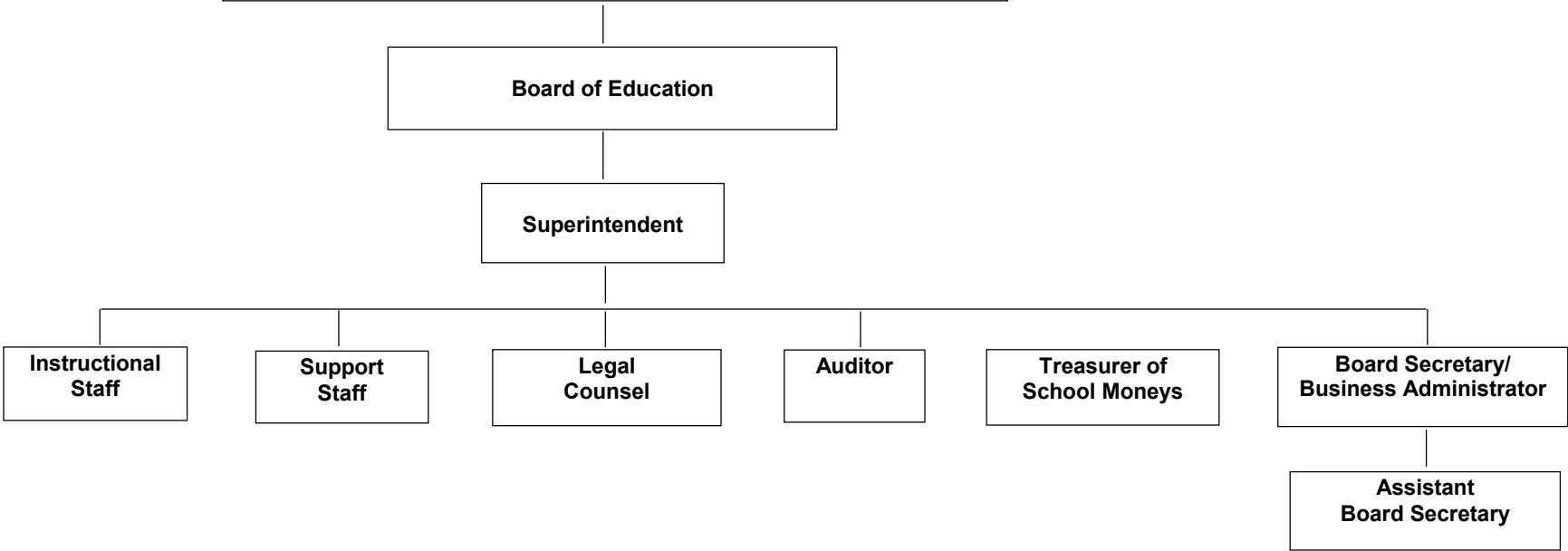
Zachary H. Palombo
Superintendent



John R. Thomas
Board Secretary/Business Administrator

CAPE MAY CITY BOARD OF EDUCATION

Organizational Chart
(Unit Control)



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

**ROSTER OF OFFICIALS
JUNE 30, 2023**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Dawn M. Austin, President	2025
Sharon Lee Kustra, Vice President	2023
Edward Connolly	2025
Shaun Deignan	2024
Anita de Satnick	2025
Mark J. Le Munyon	2024
Joseph McKenna	2024
Larry Reed	2023
Janet VanPelt	2023

Other Officials

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

CAPE MAY CITY BOARD OF EDUCATION
Consultants and Advisors

Architect

Garrison Architects
713 Creek Road
Bellmawr, NJ 08031

Audit Firm

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

Attorneys

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

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

Official Depository

Sturdy Savings Bank
701 Washington Street
Cape May, NJ 08204

Financial Section

INVERSO & STEWART, LLC

Certified Public Accountants

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Marlton, New Jersey 08053
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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
Cape May City 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 Cape May City School District (the "District"), in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2023, 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, 2023, 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.

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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 15, 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
December 15, 2023

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

**Cape May City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

As management of the Board of Education of Cape May City, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2023. 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 \$6,904,612 (*net position*).
- Governmental activities have an unrestricted net position of \$785,411. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this amount.
- The total net position of the School District increased by \$1,782,583, or a 34.80% increase from the prior fiscal year-end balance. The majority of this increase is attributable to the results of operations in the general fund.
- Fund balance of the School District's governmental funds increased by \$1,740,319 resulting in an ending fund balance of \$6,321,528. This increase was largely due to the results of operations in the general fund.
- Business-type activities have an unrestricted balance of \$30,015, which may be used to meet the School District's ongoing obligations of the food service and child care operations.
- The School District's long-term obligations decreased by \$20,407, which is the result of an increase in compensated absences, a reduction in leases payable, and a decrease in net pension liability.

Overview of the Basic Financial Statements

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

District-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

The School District's enterprise funds are considered to be a major fund.

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

Notes to the Basic Financial Statements

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

Other Information

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

District-wide Financial Analysis

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2024. 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 2024.

The assets of the primary government activities exceeded liabilities by \$6,819,660 with a unrestricted balance of \$785,411. The net position of the primary government does not include internal balances.

A net investment of \$1,229,224 in land, improvements, buildings, equipment, and vehicles provides the services to the School District's 157 public school students. A balance of \$4,805,025 has been restricted as follows:

Restricted for Future Capital Projects	\$	965
Restricted for Future Maintenance Projects		251,120
Reserve for Impact Aid		2,806,312
Reserve for Unemployment Compensation		28,438
Reserve for Future Budget Appropriation		<u>1,718,190</u>
Total	\$	<u><u>4,805,025</u></u>

**Comparative Summary of Net Position
As of June 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities		District-Wide	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current assets	\$ 6,498,770	\$ 4,738,160	\$ 86,058	\$ 128,785	\$ 6,584,828	\$ 4,866,945
Capital assets	1,290,223	1,313,366	54,937	55	1,345,160	1,313,421
Total assets	<u>7,788,993</u>	<u>6,051,526</u>	<u>140,995</u>	<u>128,840</u>	<u>7,929,988</u>	<u>6,180,366</u>
Deferred Outflows of Resources	<u>77,244</u>	<u>104,784</u>			<u>77,244</u>	<u>104,784</u>
LIABILITIES						
Current liabilities	214,149	202,653	56,043	35,802	270,192	238,455
Noncurrent liabilities	613,716	634,122			613,716	634,122
Total liabilities	<u>827,865</u>	<u>836,775</u>	<u>56,043</u>	<u>35,802</u>	<u>883,908</u>	<u>872,577</u>
Deferred Inflows of Resources	<u>218,712</u>	<u>290,544</u>			<u>218,712</u>	<u>290,544</u>
Net Position	<u>\$ 6,819,660</u>	<u>\$ 5,028,991</u>	<u>\$ 84,952</u>	<u>\$ 93,038</u>	<u>\$ 6,904,612</u>	<u>\$ 5,122,029</u>
Net Position Consists of:						
Invested in Capital Assets	\$ 1,229,224	\$ 1,234,002	\$ 54,937	\$ 55	\$ 1,284,161	\$ 1,234,057
Restricted Assets	4,805,025	2,755,723			4,805,025	2,755,723
Unrestricted Assets	<u>785,411</u>	<u>1,039,266</u>	<u>30,015</u>	<u>92,983</u>	<u>815,426</u>	<u>1,132,249</u>
Net Position	<u>\$ 6,819,660</u>	<u>\$ 5,028,991</u>	<u>\$ 84,952</u>	<u>\$ 93,038</u>	<u>\$ 6,904,612</u>	<u>\$ 5,122,029</u>

Governmental Activities

Governmental activities increased the net position of the School District by \$1,790,669 during the current fiscal. Key elements of the increase in net position for governmental activities are as follows:

- Result of operations in the Governmental funds was a gain of \$1,764,520.

Business-type Activities

Business-type activities decreased the School District's net position by \$8,086. This was due to the result of operations in the food service fund.

**Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities		District-Wide	
	2023	2022	2023	2022	2023	2022
Revenues:						
Charges for services	\$ 20,653	\$ -	\$ 25,353	\$ 2,988	\$ 46,006	\$ 2,988
Operating grants and contributions	2,458,265	2,333,782	91,631	193,049	2,549,896	2,526,831
Property taxes	1,924,105	1,886,377			1,924,105	1,886,377
State aid	3,355,099	3,192,335			3,355,099	3,192,335
Tuition	-	-			-	-
Other revenues	35,442	81,773	233	8	35,675	81,781
Total Revenues	7,793,564	7,494,267	117,217	196,045	7,910,781	7,690,312
Expenses:						
Governmental Activities:						
Instruction	2,342,900	2,140,382			2,342,900	2,140,382
Tuition	107,041	16,196			107,041	16,196
Related services	619,933	527,371			619,933	527,371
Administrative services	117,548	139,099			117,548	139,099
Central Services	133,644	119,853			133,644	119,853
Operations and Maintenance	431,763	1,054,815			431,763	1,054,815
Transportation	141,663	43,049			141,663	43,049
Employee benefits	2,104,706	2,032,137			2,104,706	2,032,137
Other	3,697	3,111			3,697	3,111
Business-Type Activities:						
Operations			125,303	115,216	125,303	115,216
Total Expenses	6,002,895	6,076,013	125,303	115,216	6,128,198	6,191,229
Increase (Decrease) in Net Position before transfers	1,790,669	1,418,254	(8,086)	80,829	1,782,583	1,499,083
Transfers						
Change in Net Position	1,790,669	1,418,254	(8,086)	80,829	1,782,583	1,499,083
Net Position July 1	5,028,991	3,610,737	93,038	12,209	5,122,029	3,622,946
Net Position June 30	\$ 6,819,660	\$ 5,028,991	\$ 84,952	\$ 93,038	\$ 6,904,612	\$ 5,122,029

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$6,321,528, an increase of \$1,740,319 in comparison with the prior year.

The unreserved fund balance for the School District at the end of the fiscal year includes a combination of unreserved fund balance for the General Fund of \$936,985, and a deficit unreserved fund balance of (\$44,632) for the Special Revenue Fund. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) appropriated as a revenue source in the subsequent year's budget \$519,188, 2) reserved for encumbrances \$104,962 3) reserved for maintenance \$251,120; 4) reserved for capital \$965; 5) reserved for impact aid \$2,806,312; 6) reserved for unemployment compensation \$28,438, 7) reserved for excess surplus \$1,718,190. The general fund is the chief operating fund of the School District.

The balance in the unreserved fund balance is limited primarily to the accounting treatment of the June state aid payments and state statutes that prohibit New Jersey school districts from maintaining more than 2% of their adopted budget as unreserved fund balance.

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

General Fund Budgetary Highlights

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

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$1,116,328, while total fund balance (budgetary basis) was \$6,485,704. As a measure of the general fund’s liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$4,413,879. Unassigned fund balance (budgetary basis) represents 25.29% of expenditures while total fund balance (budgetary basis) represents 146.94% of that same amount.

Capital Asset and Debt Administration

The School District’s investment in capital assets for its governmental activities as of June 30, 2023, totaled \$1,345,160 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, and equipment. The total increase in the District’s investment in capital assets for the current fiscal year was \$31,739, which represents a 2.42% increase.

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

- Depreciation expense for the current fiscal year was \$60,111.
- Purchases of equipment for the current fiscal year was \$55,987.

Capital Asset/Leases (net of accumulated depreciation/amortization) June 30, 2023 and 2022

	Governmental Activities		Business-type Activities		District-Wide	
	2023	2022	2023	2022	2023	2022
Land	\$ 540,600	\$ 540,600	\$ -	\$ -	\$ 540,600	\$ 540,600
Building and Building Improvements	485,756	525,969			485,756	525,969
Equipment	204,897	168,808	54,937	55	259,834	168,863
Leases	58,970	77,989			58,970	77,989
Total	\$ 1,290,223	\$ 1,313,366	\$ 54,937	\$ 55	\$ 1,345,160	\$ 1,313,421

Additional information on the School District’s capital assets can be found in the notes to the basic financial statements (Note 6) of this report.

Economic Factors and Next Year’s Budgets and Rates

For the 2023-2024 school year, the School District was able to sustain its budget through the tax levy, federal aid, state aid, and miscellaneous revenue sources. One of the most important factors affecting the School District’s budget is the amount of state aid it will receive in comparison to its enrollment. The 2023-2024 budget was adopted based on increased aid from the State of New Jersey and a 2.0% increase in school property taxes. The School District continues to examine its costs in an effort to prevent additional burden on the taxpayers.

Requests for Information

This financial report is designed to provide a general overview of the School District’s finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Cape May City School District Business Administrator, 921 Lafayette Street, Cape May, New Jersey 08204.

Basic Financial Statements

District-Wide Financial Statements

CAPE MAY CITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents Internal Balances	\$ 2,643,053	\$ 58,488	\$ 2,701,541
Accounts Receivables, net Internal Balances	814,004 (16,535)	4,729 16,535	818,733
Inventory		6,306	6,306
Restricted assets:			
Cash and cash equivalents	3,058,248		3,058,248
Capital assets, net	1,231,253	54,937	1,286,190
Right-to-use lease assets, net	58,970		58,970
Total Assets	7,788,993	140,995	7,929,988
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	77,244	-	77,244
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	7,866,237	140,995	8,007,232
LIABILITIES:			
Accounts payable:			-
Other	112,283	55,167	167,450
Related to pensions	19,254		19,254
Internal Balances			
Unearned revenue	64,959	876	65,835
Noncurrent liabilities:			
Due within one year	17,653		17,653
Due beyond one year	613,716		613,716
Total Liabilities	827,865	56,043	883,908
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources from pensions	218,712	-	218,712
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,046,577	56,043	1,102,620
NET POSITION:			
Net investment in capital assets	1,229,224	54,937	1,284,161
Restricted for:			
Capital projects	965		965
Maintenance	251,120		251,120
Impact	2,806,312		2,806,312
Excess Surplus	1,718,190		1,718,190
Unemployment Compensation	28,438		28,438
Unrestricted (Deficit)	785,411	30,015	815,426
Total Net Position	\$ 6,819,660	\$ 84,952	\$ 6,904,612

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

CAPE MAY CITY SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 1,922,333	\$ 20,653	\$ 628,357	\$ -	\$ (1,273,323)	\$ -	\$ (1,273,323)
Special Education	212,692		55,056		(157,636)		(157,636)
Other instruction	207,875				(207,875)		(207,875)
Support Services:							
Tuition	107,041				(107,041)		(107,041)
Student & instruction related services	619,933		216,000		(403,933)		(403,933)
General administrative services	74,291				(74,291)		(74,291)
School administrative services	43,257				(43,257)		(43,257)
Central administrative services	133,644				(133,644)		(133,644)
Plant operations and maintenance	431,763				(431,763)		(431,763)
Pupil transportation	141,663				(141,663)		(141,663)
Unallocated employee benefits	2,104,706		1,558,852		(545,854)		(545,854)
Unallocated depreciation and amortization	3,697				(3,697)		(3,697)
Total Governmental Activities	<u>6,002,895</u>	<u>20,653</u>	<u>2,458,265</u>	<u>-</u>	<u>(3,523,977)</u>	<u>-</u>	<u>(3,523,977)</u>
Business-Type Activities:							
Food service	<u>125,303</u>	<u>25,353</u>	<u>91,631</u>	<u>-</u>	<u>-</u>	<u>(8,319)</u>	<u>(8,319)</u>
Total Business-Type Activities	<u>125,303</u>	<u>25,353</u>	<u>91,631</u>	<u>-</u>	<u>-</u>	<u>(8,319)</u>	<u>(8,319)</u>
Total Primary Government	<u>\$ 6,128,198</u>	<u>\$ 46,006</u>	<u>\$ 2,549,896</u>	<u>\$ -</u>	<u>(3,523,977)</u>	<u>(8,319)</u>	<u>(3,532,296)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					1,924,105		1,924,105
Federal and State aid unrestricted					3,355,099		3,355,099
Investment and Interest earnings - restricted					2,829		2,829
Miscellaneous					32,613	233	32,846
Special Items:							
Transfers							
Total general revenues, special items, extraordinary items and transfers					<u>5,314,646</u>	<u>233</u>	<u>5,314,879</u>
Change in Net Position					1,790,669	(8,086)	1,782,583
Net Position - July 1,					<u>5,028,991</u>	<u>93,038</u>	<u>5,122,029</u>
Net Position - June 30					<u>\$ 6,819,660</u>	<u>\$ 84,952</u>	<u>\$ 6,904,612</u>

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

Fund Financial Statements

CAPE MAY CITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2023

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 5,690,105	\$ -	\$ 11,196	\$ -	\$ 5,701,301
Interfund Accounts Receivables					
Capital Projects Fund	11,047				11,047
Special Revenue Fund	704,823				704,823
Enterprise Fund					-
Intergovernmental Accounts Receivables					
Federal		745,130			745,130
State	68,873				68,873
Other	1				1
	<u>1</u>				<u>1</u>
Total Assets	<u>\$ 6,474,849</u>	<u>\$ 745,130</u>	<u>\$ 11,196</u>	<u>\$ -</u>	<u>\$ 7,231,175</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Accounts Payable:					
General Fund	\$ -	\$ 704,823	\$ 11,047	\$ -	\$ 715,870
Enterprise Fund	16,535				16,535
Accounts Payable:					
Payroll Deductions and Withholdings Payable	2,584				2,584
Unemployment Compensation Claims Payable	8,351				8,351
Other	81,368	19,980			101,348
Unearned Revenue		64,959			64,959
	<u>108,838</u>	<u>789,762</u>	<u>11,047</u>		<u>909,647</u>
Total liabilities	<u>108,838</u>	<u>789,762</u>	<u>11,047</u>		<u>909,647</u>
 Fund Balances:					
Restricted for:					
Capital Reserve	816				816
Maintenance Reserve	251,120				251,120
Impact Aid Reserve	2,806,312				2,806,312
Excess Surplus	1,718,190				1,718,190
Unemployment Compensation	28,438				28,438
Capital Projects			149		149
Assigned:					
Other	104,962				104,962
Designated for Subsequent Year's Expenditures	519,188				519,188
Unassigned (Deficit)	936,985	(44,632)			892,353
	<u>6,366,011</u>	<u>(44,632)</u>	<u>149</u>		<u>6,321,528</u>
Total Fund Balances	<u>6,366,011</u>	<u>(44,632)</u>	<u>149</u>		<u>6,321,528</u>
Total Liabilities and Fund Balances	<u>\$ 6,474,849</u>	<u>\$ 745,130</u>	<u>\$ 11,196</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$4,002,015 and the accumulated depreciation is \$2,770,762. 1,231,253

Leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$90,287 and the accumulated amortization is \$31,317. 58,970

Accounts payable related to the April 1, 2024 required PERS contribution that is not to be liquidated with current financial resources. (19,254)

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	\$ 77,244	
Net Pension Liability	(335,660)	
Deferred Inflows of resources from Pensions	<u>(218,712)</u>	(477,128)

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

Leases Payable	\$ (60,999)	
Compensated Absences Payable	<u>(234,710)</u>	(295,709)
Net position of governmental activities		<u>\$ 6,819,660</u>

CAPE MAY CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
for the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local property tax levy	\$ 1,924,105	\$ -	\$ -	\$ -	\$ 1,924,105
Tuition	20,653				20,653
Interest earned Maintenance Reserve	145				145
Interest earned Impact Aid Reserve	2,669				2,669
Interest earned Capital Reserve	1				1
Restricted miscellaneous revenues	14				14
Unrestricted miscellaneous revenues	32,613				32,613
Federal sources	1,746,091	505,484			2,251,575
State sources	2,452,108	451,713			2,903,821
Total revenues	6,178,399	957,197			7,135,596
EXPENDITURES:					
Current expense:					
Regular instruction	1,215,860	628,357			1,844,217
Special education instruction	157,636	55,056			212,692
Other instruction	207,875				207,875
Support services and undistributed costs:					
Tuition	107,041				107,041
Student & instruction related services	432,836	187,097			619,933
General administrative services	66,447				66,447
School administrative services	43,257				43,257
Central services	132,728				132,728
Plant operations and maintenance	428,441				428,441
Pupil transportation	141,663				141,663
Unallocated employee benefits	1,464,545	57,781			1,522,326
Capital outlay	15,550	53,107			68,657
Total expenditures	4,413,879	981,398			5,395,277
Excess (deficiency) of revenues over (under) expenditures	1,764,520	(24,201)			1,740,319
Other Financing Sources (Uses):					
Transfers in		26,254			26,254
Transfers out	(26,254)				(26,254)
Total other financing sources (uses)	(26,254)	26,254			
Net change in fund balance	1,738,266	2,053			1,740,319
Fund balances, July 1	4,627,745	(46,685)	149		4,581,209
Fund balances, June 30	\$ 6,366,011	\$ (44,632)	\$ 149	\$ -	\$ 6,321,528

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

CAPE MAY CITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
for the Fiscal Year Ended June 30, 2023

Total net change in fund balances - governmental funds (from B-2)		\$ 1,740,319
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 outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation expense	\$ (60,111)	
Capital outlay	<u>55,987</u>	(4,124)
<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	\$ (18,327)	
Deletions	(692)	
Lease Asset Additions	<u>-</u>	(19,019)
<p>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.</p>		
		18,365
<p>Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.</p>		
		75,588
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		<u>(20,460)</u>
Change in position of governmental activities		<u>\$ 1,790,669</u>

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

CAPE MAY CITY SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-type Activities Enterprise Funds
	Food Service Program
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 58,488
Interfund Receivable	16,535
Accounts Receivable	4,729
Inventories	6,306
Total Current Assets	86,058
Noncurrent Assets:	
Equipment	65,131
Less: Accumulated Depreciation	(10,194)
Total Noncurrent Assets	54,937
Total Assets	140,995
LIABILITIES	
Current Liabilities:	
Unearned Revenue	876
Accounts Payable	55,167
Interfund Payable	-
Total Liabilities	56,043
NET POSITION	
Net Investment in Capital Assets	54,937
Unrestricted	30,015
Total Net Position	\$ 84,952

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

CAPE MAY CITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Position
Proprietary Funds
for the Fiscal Year Ended June 30, 2023

	Business-type Activities Enterprise Funds <hr/> Food Service Program <hr/>
Operating revenues:	
Charges for services:	
Daily sales-reimbursable programs	\$ 22,618
Daily sales-non-reimbursable programs	692
Miscellaneous	2,043
	<hr/>
Total operating revenue	25,353
	<hr/>
Operating expenses:	
Salaries	62,924
Employee benefits	4,814
Supplies and materials	145
Depreciation	285
Other purchased services	11,522
Cost of sales - reimbursable programs	44,366
Cost of sales - nonreimbursable programs	1,247
	<hr/>
Total operating expenses	125,303
	<hr/>
Operating income (loss)	(99,950)
	<hr/>
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	1,853
State school breakfast program	2,394
Federal sources:	
National school lunch program	45,162
National school breakfast program	25,268
U.S.D.A. commodities	16,954
Local sources:	
Interest revenue	233
	<hr/>
Total nonoperating revenues (expenses)	91,864
	<hr/>
Change in net position	(8,086)
	<hr/>
Total net position - July 1, 2022	93,038
	<hr/>
Total net position - June 30, 2023	\$ 84,952
	<hr/> <hr/>

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

CAPE MAY CITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
for the Fiscal Year Ended June 30, 2023

	Business-type Activities Enterprise Funds <u>Food Service Program</u>
Cash flows from operating activities:	
Receipts from customers	\$ 24,246
Payments to employees	(62,924)
Payments to suppliers	(43,282)
Net cash used for operating activities	<u>(81,960)</u>
Cash flows from noncapital financing activities:	
Transfer to other funds	(55,167)
Cash received from state and federal reimbursements	82,469
Net cash provided by non-capital financing activities	<u>27,302</u>
Cash flows from investing activities:	
Interest and dividends	233
Net cash provided by investing activities	<u>233</u>
Net increase in cash and cash equivalents	(54,425)
Balances - July 1, 2022	<u>112,913</u>
Balances - June 30, 2023	<u><u>\$ 58,488</u></u>
Reconciliation of operating loss to net cash provided	
(used) by operating activities:	
Operating income (loss)	\$ (99,950)
Adjustments to reconcile operating income (loss) to net	
cash provided by (used for) operating activities:	
Depreciation	285
Federal commodities	16,954
(Increase) decrease in inventories	(2,955)
Increase/(decrease) in interfund receivable	(16,535)
Increase/(decrease) in interfund payable	(35,802)
Increase/(decrease) in accounts payable	55,167
Increase/(decrease) in unearned revenue	876
Total adjustments	<u>17,990</u>
Net cash provided by (used for) operating activities	<u><u>\$ (81,960)</u></u>

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

Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Cape May City School District (District) is a Type II school district located in Cape May County, New Jersey and covers an area of approximately one square mile. As a Type II school district, it functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the District is to provide educational services for all of Cape May City's students in grades K through 6. Students in grades 7 through 8 attend Richard Teitleman Middle School. Students in grades 9 through 12 attend Lower Cape May Regional High School. The Cape May City School District has an approximate enrollment at June 30, 2023 of 157 students.

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

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

Basis of Presentation

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

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

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

Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Statements (Continued) - Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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

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

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

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

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

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

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

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

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

Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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.

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Basis of Accounting

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

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

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

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

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

Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2023 and 2022 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

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

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

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

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

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

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

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

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

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

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued) - Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and the proprietary fund statement of net position.

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

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

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

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.

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

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

Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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, 2023.

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.

Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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. The District did not have any subscription-based information technology arrangements that required disclosure.

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 \$5,803,258 as of June 30, 2023, \$250,000 was insured under FDIC and the remaining balance of \$5,553,258 was collateralized under GUDPA.

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

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, 2022 to June 30, 2023 fiscal year is as follows:

Balances, June 30, 2022	\$	815
Increased by:		
Interest earned		1
		1
Balances, June 30, 2023	\$	816

The June 30, 2023 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

4. FEDERAL IMPACT AID RESERVE

As permitted by P.L. 2015, c.46 which amended N.J.S.A. 18A:7F-41 a federal impact reserve was established by the Board of Education of the Cape May City School District by transfer of \$400,000 on June 15, 2017. Additionally, by board resolution on June 14, 2018, June 20, 2019, June 18, 2020, June 17, 2021, and June 15, 2023, \$300,00, \$400,000, \$600,000, \$800,000, and \$900,000 were approved increases for the amount of federal impact aid funds – general fund – received during the current fiscal year for use as general fund expenditures in subsequent years. The activity of the Impact Aid Reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Balances, June 30, 2022	\$	1,903,643
Increased by:		
Interest earned		2,669
Transfer by Resolution		900,000
		2,806,312
Decreased by:		
Budget Appropriation		-
		-
Balances, June 30, 2023	\$	2,806,312

5. ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2023 consisted of accounts (fees) and intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

5. ACCOUNTS RECEIVABLES (Continued)

Accounts receivable at June 30, 2023 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Fund	Total
Intergovernmental					
State	\$ 68,873	\$ -	\$ -	\$ 260	\$ 69,133
Federal	-	745,130	-	4,469	749,599
Other	1	-	-	-	1
Total	\$ 68,874	\$ 745,130	\$ -	\$ 4,729	\$ 818,733

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities:				
Land	\$ 540,600	\$ -	\$ -	\$ 540,600
Total Capital Assets not being Depreciation	540,600		-	540,600
Building and Improvements	3,038,717			3,038,717
Equipment	366,710	55,987		422,697
Total Historical Cost	3,946,027	55,987	-	4,002,014
Less Accumulated Depreciation:				
Building and Improvements	(2,512,748)	(40,213)		(2,552,961)
Equipment	(197,902)	(19,898)		(217,800)
Total Accumulated Depreciation	(2,710,650)	(60,111)	-	(2,770,761)
Governmental Activities Capital Assets, Net	\$ 1,235,377	\$ (4,124)	\$ -	\$ 1,231,253
Business-Type Activities:				
Equipment	\$ 9,964	\$ 55,167	\$ -	\$ 65,131
Less - Accumulated Depreciation	(9,909)	(285)		(10,194)
Business-Type Activities Capital Assets, Net	\$ 55	\$ 54,882	\$ -	\$ 54,937

Depreciation expense in the amount of \$60,111 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	\$ 42,078
General Administration	6,011
Plant Operation and Maintenance	9,017
Unallocated	3,005
Total depreciation expense	\$ 60,111

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

7. LEASE ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Governmental Activities:				
Lease Assets, being Amortized:				
Machinery and Equipment	\$ 90,978	\$ -	\$ 692	\$ 90,286
Total Lease Assets Being Amortized	<u>90,978</u>	<u>-</u>	<u>692</u>	<u>90,286</u>
Governmental Activities Lease Assets	<u>90,978</u>	<u>-</u>	<u>692</u>	<u>90,286</u>
Less Accumulated Amortization for:				
Machinery and Equipment	(12,989)	(18,327)	-	(31,316)
Total Accumulated Amortization	<u>(12,989)</u>	<u>(18,327)</u>	<u>-</u>	<u>(31,316)</u>
Governmental Activities Lease Assets, Net	<u>\$ 77,989</u>	<u>\$ (18,327)</u>	<u>\$ 692</u>	<u>\$ 58,970</u>

Amortization expense in the amount of \$18,327 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 15,578
Administration	1,833
Central Services	<u>916</u>
	<u>\$ 18,327</u>

8. INVENTORY

Inventory in the food service fund at June 30, 2023 consisted of the following:

Food	\$ 5,551
Supplies	<u>755</u>
	<u>\$ 6,306</u>

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

9. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2023, the following changes occurred in long-term obligations:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Compensated Absences	\$ 214,250	\$ 20,460	\$ -	\$ 234,710	\$ -
Leases Payable	79,364		18,365	60,999	17,653
Net Pension Liability	358,162		22,502	335,660	
	<u>\$ 651,776</u>	<u>\$ 20,460</u>	<u>\$ 40,867</u>	<u>\$ 631,369</u>	<u>\$ 17,653</u>

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

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 July 1, 2018, the School District entered a 63-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 \$2,761. The lease liability was \$237 as of June 30, 2023. The School District is required to make annual payments of \$948. The lease has an interest rate of 3.00%. The value of the right to use asset as of June 30, 2023, was \$2,069 with accumulated amortization of \$1,911.

On November 1, 2021, the School District entered a 60-month lease as lessee for the use of copiers. An initial lease liability was recorded in the amount of \$88,218. The lease liability was \$60,762 as of June 30, 2023. The School District was required to make an initial payment of \$12,800 at lease commencement. Annual payments of \$19,177 are due thereafter. The lease has an interest rate of 4.00%. The value of the right to use asset as of June 30, 2023, was \$58,970 with accumulated amortization of \$29,406.

As of June 30, 2023, the District had leases outstanding as follows:

<u>Purpose</u>	<u>Commencement</u> <u>Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Value</u>
Postage Meter	July 1, 2018	September 1, 2023	3.00%	\$ 237
Copiers	November 1, 2021	October 1, 2026	4.00%	60,762
Total				<u>\$ 60,999</u>

The future annual lease obligations as of June 30, 2023, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 17,653	\$ 1,761	\$ 19,414
2025	18,126	1,051	19,177
2026	18,864	313	19,177
2027	6,356	21	6,377
Total	<u>\$ 60,999</u>	<u>\$ 3,146</u>	<u>\$ 64,145</u>

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

10. PENSION PLANS

Description of Plans – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). In addition, several School District employees participate in the Defined Contribution Retirement Program (DCRP), which is a defined contribution pension plan. This plan is administered by Empower (formerly 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 the following website: <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

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

Contributions - The contribution requirements of plan members are determined by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the member contribution rate was 7.50% in State fiscal year 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.

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

10. PENSION PLANS (Continued)

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

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

The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2023 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, 2022, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2023 was \$602,608 and was paid by April 1, 2023. School District employee contributions to the pension plan during the fiscal year ended June 30, 2023 were \$161,543.

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, 2023, 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, 2023, the School District recognized pension expense of \$199,929 and revenue of \$199,929 for support provided by the State. Although the School District does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the School District.

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

	<u>06/30/22</u>	<u>06/30/21</u>
Collective deferred outflows of resources	\$ 4,885,289,911	\$ 6,230,825,389
Collective deferred inflows of resources	19,563,805,393	27,221,092,460
Collective net pension liability (Non-Employer – State of New Jersey)	51,676,587,303	48,165,991,182
State's portion of the net pension liability that was associated with the School District	7,428,760	7,255,415
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.0143983796%	.0150918068%

Actuarial assumptions – The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022.

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

10. PENSION PLANS (Continued)

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

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
	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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	100.00%	

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

10. PENSION PLANS (Continued)

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

Discount rate. The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2022. 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, 2022, the pension plan's 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	8,710,379	7,428,760	6,349,157
	\$ 8,710,379	\$ 7,428,760	\$ 6,349,157

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

Public Employees' Retirement System (PERS)

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

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

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

10. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th 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, 2022, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2023, was \$28,048 and was paid by April 1, 2023. School District employee contributions to the pension plan during the fiscal year ended June 30, 2023, were \$11,501.

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:

Fiscal Year	Normal Contributions	Accrued Liability	Non Contributory Life	Long-Term Disability	Total Liability Paid by District
2023	\$ 4,272	\$ 22,562	\$ 1,214	-	\$ 28,048
2022	4,287	29,488	1,632	-	35,407
2021	3,634	26,662	1,539	-	31,835

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.

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

10. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

At June 30, 2023, the School District reported a liability of \$335,660 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2023, the School District recognized pension expense of (\$47,540). At June 30, 2023, the School District reported a liability of \$335,660 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	\$ 2,423	\$ 2,136
Changes of assumptions	1,040	50,262
Net Difference between projected and actual earnings on pension plan investments	13,893	-
Changes in proportion	40,634	166,314
District contributions subsequent to the measurement date	19,254	
Total	\$ 77,244	\$ 218,712

\$19,254 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ended June 30, 2024.

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
2024	\$ (61,387)
2025	(54,926)
2026	(30,837)
2027	(13,866)
2028	294
Total	\$ (160,722)

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

10. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-

Additional Information

Collective balances at June 30, 2022 and 2021 are as follows:

	<u>6/30/2022</u>	<u>6/30/2021</u>
Collective deferred outflows of resources	\$ 1,715,543,211	\$ 818,359,815
Collective deferred inflows of resources	\$ 4,112,583,758	\$ 11,243,411,487
Collective net pension liability	\$ 15,219,184,920	\$ 11,972,782,878
School District's Proportion	.0022241818%	.0030233549%

Actuarial assumptions - The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022.

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

10. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75 – 6.55%
	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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 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%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
Total	100.00%	

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

10. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Discount rate. The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2022. 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 100% 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, 2022, calculated using the discount rate of 7.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$ 431,225	\$ 335,660	\$ 254,331

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 Empower (formerly Prudential Financial). The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Empower 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 School District</u>
2023	\$ 9,324	\$ 9,324
2022	7,364	7,364
2021	7,410	7,410

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

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

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

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

Contributions

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey (the “State”) in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32F, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the 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.

Plan Membership

As of June 30, 2022, the program membership consisted of the following:

Active Plan Members	213,148
Retirees	151,669
	364,817

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. The State, as a nonemployer contributing entity, reported a Fiscal Year 2022 total OPEB liability of \$50,646,462,966 for this special funding situation.

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial assumptions and other imputes - The total OPEB liability in the June 30, 2022 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.

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

Inflation rate	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases	2.75 – 4.25%	2.75 – 6.55%	3.25 – 16.25%
	based on service years	based on service years	based on service years

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, 2022 valuation were based on the results of the TPAF, PERS, and PFRS actuarial experience studies prepared for July 1, 2018 to June 30, 2021.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.54%. 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.

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

11. 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, 2021	\$ 10,772,138
Changes for the Year	
Service Cost	398,480
Interest	250,083
Changes of benefit terms	-
Differences between expected and actual experience	787,242
Changes in assumptions	(2,531,479)
Gross Benefit Payments	(247,714)
Contributions from the Non-employer	N/A
Contributions from the Member	7,947
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	<u>\$ (1,335,441)</u>
Balance at 06/30/2022	<u>\$ 9,436,697</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, 2022, 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 (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 11,091,845	\$ 9,436,697	\$ 8,110,179

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, 2022 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	\$ 7,800,007	\$ 9,436,697	\$ 11,586,589

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

11. 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, 2023, the School District recognized \$222,451 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, 2022, 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	\$ 495,168	\$ (106,441)
Differences between expected and actual experience	1,684,825	(2,881,133)
Changes of assumptions	1,633,253	(3,211,736)
Total	\$ 3,813,246	\$ (6,199,310)

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:	
2024	\$ (403,304)
2025	(403,304)
2026	(403,304)
2027	(348,555)
2028	(199,309)
Thereafter	(628,288)
Total	\$ (2,386,064)

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

12. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2023, the School District has recognized as revenues and expenditures on-behalf payments made by the state for normal retirement costs, post-retirement medical costs and long-term disability insurance related to TPAF, in the fund statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal retirement costs, post-retirement medical costs and long-term disability insurance were \$543,100, \$142,671, and \$224, respectively. In addition, \$157,105 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.

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

13. RISK MANAGEMENT

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

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

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

The Fund publishes its own financial report which can be obtained at: www.njsbaig.com.

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

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

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Board Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$ 5,291	\$ -	\$ 14	\$ 10,561	\$ 36,789
2021-2022	5,081		2	177	42,045
2020-2021	3,996		5	3,898	37,139

14. DEFERRED COMPENSATION

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

15. COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2023, the liability for compensated absences in the governmental activities fund type was \$234,710.

**Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023**

16. INTERFUND BALANCES AND TRANSFERS

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2024. The following interfund balances were recorded on the various balance sheets as of June 30, 2023:

Fund	Interfunds Receivable	Interfunds Payable
General	\$ 715,870	\$ 16,535
Special Revenue	-	704,823
Capital Projects	-	11,047
Proprietary	16,535	
Total	\$ 732,405	\$ 732,405

17. CONTINGENCIES

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

At June 30, 2023, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District.

18. TAX ABATEMENTS

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

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

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

The municipality recognized revenue of \$215,133 from the annual service charge in lieu of payment of taxes in 2022. The assessed value on these tax exemption properties amounted to \$18,044,300 which would have resulted in 2022 taxes billed in full of \$186,217. Of this amount \$11,909 would have been allocated to the district.

Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

19. DEFICIT UNASSIGNED FUND BALANCE

The School District has a deficit unassigned fund balance of \$44,632 in the Special Revenue Fund as of June 30, 2023 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenues, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable.

Due to the timing difference of recording the June state aid payments, the special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2, any negative unassigned special revenue fund balance that is reported as a direct result of a delay in the June payments of state aid until the following fiscal year is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$44,632 in the Special Revenue Fund is equal to or less than the June state aid payments.

20. FUND BALANCES

RESTRICTED

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

General Fund:

Capital Reserve – As of June 30, 2023, the balance in the capital reserve account is \$816. This amount is restricted for future capital outlay expenditures for capital projects in the School District's approved Long-Range Facilities Plan.

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, 2023 is \$1,146,472. Additionally, \$571,718 of excess fund balance generated during the 2021-2022 fiscal year has been restricted and designated for utilization in the 2023-2024 budget.

Maintenance Reserve Account – As of June 30, 2023, the balance in the maintenance reserve account is \$251,120. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Impact Aid Reserve – As of June 30, 2023, the balance in the impact aid reserve is \$2,806,312.

Unemployment Compensation – As of June 30, 2023, the balance in unemployment compensation is \$28,438. These funds are restricted for the purpose of financing unemployment claims.

Capital Projects Fund:

Capital Projects – As of June 30, 2023, the balance in capital projects is \$149.

Cape May City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

20. FUND BALANCES (Continued)

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:

Year-end Encumbrances – At June 30, 2023, a total of \$104,962 in the General Fund is committed to meet contractual obligations. The School District has purchase orders outstanding with vendors in this amount and expects the vendors to deliver the goods and services in the upcoming year.

Designated for Subsequent Year's Expenditures – The School District has appropriated \$519,188 as an anticipated revenue for the fiscal year ending June 30, 2024.

UNASSIGNED

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

General Fund – As of June 30, 2023, the unassigned fund balance of the general fund was \$936,985.

Special Revenue Fund – As of June 30, 2023, the unassigned fund balance of the special revenue fund was a deficit of \$44,632. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 19).

Required Supplementary Information - Part II

Budgetary Comparison Schedules

CAPE MAY CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 1,924,105	\$ -	\$ 1,924,105	\$ 1,924,105	\$ -
Tuition - Individuals				20,653	20,653
Maintenance reserve - interest	20		20	145	125
Capital reserve - interest	5		5	1	(4)
Impact aid reserve - interest				2,669	2,669
Other restricted miscellaneous revenues				14	14
Unrestricted miscellaneous revenues	1,000		1,000	32,613	31,613
Total local sources	1,925,130		1,925,130	1,980,200	55,070
State sources:					
School choice aid	168,576		168,576	168,576	
Transportation aid	5,993		5,993	5,993	
Special education aid	78,905		78,905	78,905	
Security aid	40,306		40,306	40,306	
Adjustment aid	72,583		72,583	72,583	
Military impact aid	1,115,164		1,115,164	1,115,164	
Supplemental Stabilization aid				3,874	3,874
Maintenance of Equity aid				54,528	54,528
Nonpublic Transportation Aid				1,248	1,248
Lead Testing Aid				920	920
On-behalf TPAF pension contributions (non-budgeted)				543,100	543,100
On-behalf TPAF post retirement medical (non-budgeted)				142,671	142,671
On-behalf TPAF - LTDI (non-budgeted)				224	224
Reimbursed TPAF social security contributions (non-budgeted)				157,105	157,105
Total state sources	1,481,527		1,481,527	2,385,197	903,670
Federal sources:					
P.L. 103-382 Impact Aid - General	700,000		700,000	1,706,678	1,006,678
P.L. 103-382 Impact Aid - Capital					
Department of Defense				39,413	39,413
Total federal sources	700,000		700,000	1,746,091	1,046,091
TOTAL REVENUES	4,106,657		4,106,657	6,111,488	2,004,831
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Kindergarten	185,652	447	186,099	186,099	
Grades 1-5	631,059	(23)	631,036	603,752	27,284
Grades 6-8	113,341	23	113,364	113,364	
Total Instruction	930,052	447	930,499	903,215	27,284
Regular Programs - Home Instruction:					
Salaries of Teachers					
	5,200	(447)	4,753	612	4,141
Total Home Instruction	5,200	(447)	4,753	612	4,141

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

CAPE MAY CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	\$ 66,000	\$ 34,770	\$ 100,770	\$ 100,770	\$ -
Purchased technical services	75,445	(7,566)	67,879	62,067	5,812
Other purchased services	4,301	(1,445)	2,856	2,856	
General supplies	185,056	(25,196)	159,860	86,144	73,716
Textbooks	85,000		85,000	51,165	33,835
Other objects	18,500	(563)	17,937	9,031	8,906
Total Undistributed Instruction	<u>434,302</u>		<u>434,302</u>	<u>312,033</u>	<u>122,269</u>
Total - Regular Programs - Instruction	<u>1,369,554</u>		<u>1,369,554</u>	<u>1,215,860</u>	<u>153,694</u>
Special Educ Instruction: Resource Room					
Salaries of teachers	195,606	(37,918)	157,688	156,926	762
General supplies	2,000		2,000	710	1,290
Total Resource Room	<u>197,606</u>	<u>(37,918)</u>	<u>159,688</u>	<u>157,636</u>	<u>2,052</u>
Total Special Education - Instruction	<u>197,606</u>	<u>(37,918)</u>	<u>159,688</u>	<u>157,636</u>	<u>2,052</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	97,230	63,296	160,526	160,526	
General supplies	2,000	(437)	1,563	652	911
Total Basic Skills/Remedial - Instruction	<u>99,230</u>	<u>62,859</u>	<u>162,089</u>	<u>161,178</u>	<u>911</u>
Bilingual Education - Instruction					
Salaries of teachers	61,412	(35,234)	26,178	26,178	
Purchased Technical Services	3,500		3,500	488	3,012
Textbooks	5,000		5,000	77	4,923
General supplies					
Total Bilingual Education - Instruction	<u>69,912</u>	<u>(35,234)</u>	<u>34,678</u>	<u>26,743</u>	<u>7,935</u>
Summer School - Instruction					
Salaries of teachers					
Other salaries for instruction					
General supplies		104	104	104	
Total Summer School - Instruction		<u>104</u>	<u>104</u>	<u>104</u>	
School-Sponsored Cocurricular Act - Inst.					
Salaries	20,000		20,000	19,850	150
Total School-Sponsored Cocurr. Act. - Inst	<u>20,000</u>		<u>20,000</u>	<u>19,850</u>	<u>150</u>
Undistributed Expenditures - Instruction					
Tuition to CSSD & Reg. Day Schools	116,968	(2,263)	114,705	104,778	9,927
Tuition to Private School for the Disabled O/S		2,263	2,263	2,263	
Total Undistributed Expenditures - Instruction	<u>116,968</u>		<u>116,968</u>	<u>107,041</u>	<u>9,927</u>

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

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CAPE MAY CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Attend. and Social Work					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased professional and technical services		-			-
Total Undistributed Expenditures - Attendance					
Undistributed Expenditures - Health Services					
Salaries	68,692	3,350	72,042	72,042	
Purchased prof. and technical services	3,500	(1,000)	2,500	2,500	
Supplies and materials	5,000	(2,350)	2,650	2,190	460
Total Undistributed Expenditures - Health Svcs.	77,192		77,192	76,732	460
Undist. Expend. - Speech, OT, PT & Rel. Serv.					
Salaries	63,331		63,331	55,374	7,957
Purchased prof. and educational services	60,000	16,385	76,385	76,385	
Supplies and materials	5,000	(2,163)	2,837	966	1,871
Total Undst. Expend. - Speech, OT, PT & Rel. Serv.	128,331	14,222	142,553	132,725	9,828
Undist. Expend. - Supp Serv STD- Extra Serv					
Salaries	62,700	(11,141)	51,559	32,300	19,259
Purchased prof. and educational services	83,899	(3,081)	80,818	22,048	58,770
Total Undst. Expend. - Supp Serv STD - Extra Serv	146,599	(14,222)	132,377	54,348	78,029
Undist. Expend. - Guidance					
Salaries of other professional staff	49,322		49,322	40,622	8,700
Supplies and materials	3,000		3,000	912	2,088
Total Undst. Expend. - Guidance	52,322		52,322	41,534	10,788
Undist. Expend. - Child Study Teams					
Salaries of other professional staff					
Salaries of secretarial and clerical assistants	9,600	(950)	8,650	5,133	3,517
Purchased professional and educational services	75,000	950	75,950	25,900	50,050
Supplies and materials	5,000		5,000	4,262	738
Total Undst. Expend. - Child Study Teams	89,600		89,600	35,295	54,305
Undist. Expend. - Improvement of Inst. Services					
Salaries of other supervisor of instruction	66,898		66,898	66,898	
Salaries of secretarial and clerical assistants	14,865	(3,241)	11,624	2,266	9,358
Supplies and Materials	10,000	4,086	14,086	14,086	
Total Undst. Expend. - Improvement of Inst. Services	91,763	845	92,608	83,250	9,358
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	18,700	10,000	28,700	4,159	24,541
Salaries of technology coordinators	10,000	(10,000)			
Purchased prof/technical services	4,500	(845)	3,655	2,632	1,023
Supplies and materials	12,500		12,500	2,161	10,339
Total Undst. Expend. - Educ. Media Serv./Sch. Library	45,700	(845)	44,855	8,952	35,903

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

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CAPE MAY CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	\$ 47,695	\$ -	\$ 47,695	\$ 29,891	\$ 17,804
Legal services	12,000		12,000	9,478	2,522
Audit Fees	15,000	(733)	14,267	14,000	267
Expenditure and internal control audit fees	4,000		4,000		4,000
Architectural/Engineering services	17,500		17,500		17,500
Other Purchased Professional Services	8,000		8,000	2,740	5,260
Communications / telephone	8,000	9,000	17,000	4,558	12,442
BOE Other Purchased Services	5,000		5,000		5,000
General supplies	5,000		5,000	446	4,554
BOE in-house training/meeting supplies	1,000		1,000	29	971
Miscellaneous expenditures	5,000	733	5,733	1,041	4,692
BOE membership dues and fees	6,500		6,500	4,264	2,236
Total Undst. Expend. - Supp. Serv. General Admin.	134,695	9,000	143,695	66,447	77,248
Undist. Expend. - Supp. Serv. School Admin.					
Salaries of principals/assist. principals	47,696	(14,864)	32,832	32,832	
Salaries of other professional staff		14,864	14,864	4,270	10,594
Other purchased services	3,500		3,500	343	3,157
Supplies and materials	7,500		7,500	1,087	6,413
Other objects	2,000	3,894	5,894	4,725	1,169
Total Undst. Expend. - Supp. Serv. School Admin.	60,696	3,894	64,590	43,257	21,333
Undist. Expend. - Central Services					
Salaries	105,973	1,134	107,107	106,654	453
Purchased Professional Services	12,300		12,300	5,159	7,141
Other Purchaed Services		275	275	275	
Supplies and materials	10,000	(275)	9,725	4,893	4,832
Miscellaneous expenditures	2,500	1,189	3,689	3,689	(0)
Total Undst. Expend. - Central Services	130,773	2,323	133,096	120,670	12,426
Undist. Expend. - Admin. Info. Technology					
Salaries					
Purchased technical services	15,000		15,000	12,058	2,942
Total Undst. Expend. - Admin. Info. Technology	15,000		15,000	12,058	2,942
Undist. Expend. - Required Maint. Sch. Facilities					
Salaries	41,579	6,624	48,203	48,203	
Cleaning, repair, and required maintenance services	130,000	(5,028)	124,972	28,671	96,301
Lead Testing of Drinking Water					
Supplies and materials	7,500		7,500	732	6,768
Total Undst. Expend. - Required Maint. Sch. Facilities	179,079	1,596	180,675	77,606	103,069
Undist. Expend. - Custodial Services					
Salaries	123,600	3,000	126,600	97,253	29,347
Purchased professional & tech. services	20,000	(5,916)	14,084	6,965	7,119
Insurance	38,622	(2,287)	36,335	36,335	
Misc. purchased services					
General supplies	32,000	758	32,758	32,532	226
Energy (natural gas)	75,000		75,000	53,065	21,935
Energy (electricity)	65,000		65,000	55,438	9,562
Energy (gasoline)	500		500		500
Other objects	14,000		14,000	12,585	1,415
Total Undst. Expend. - Custodial Services	368,722	(4,445)	364,277	294,173	70,104

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

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CAPE MAY CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Security					
Salaries	\$ 56,100	\$ (6,624)	\$ 49,476	\$ 49,078	\$ 398
Purchased professional & tech. services	7,500	1	7,501	2,002	5,499
General Supplies	10,000	(1)	9,999	5,582	4,417
Total Security	<u>73,600</u>	<u>(6,624)</u>	<u>66,976</u>	<u>56,662</u>	<u>10,314</u>
Total Undst. Expend. - Oper. & Maint. of Plant Services	<u>621,401</u>	<u>(9,473)</u>	<u>611,928</u>	<u>428,441</u>	<u>183,487</u>
Undist. Expend. - Student Trans. Services					
Sal. of non-Instructional Aides	6,579		6,579	6,579	
Contr. serv. - Aid in Lieu -nonpublic	7,000	(3,000)	4,000	4,000	
Contr. serv. - Aid in Lieu - choice school	7,000	(3,934)	3,066	2,765	301
Contr. serv. (other than bet. home & sch.) - vendors	3,500		3,500	700	2,800
Contr. serv. (sp ed stds) - vendors	14,000	44,564	58,564	49,571	8,993
Contr. serv. (sp ed stds) - joint agreements	22,500	57,374	79,874	78,048	1,826
Total Undst. Expend. - Student Trans. Services	<u>60,579</u>	<u>95,004</u>	<u>155,583</u>	<u>141,663</u>	<u>13,920</u>
Unallocated Benefits - Employee Benefits					
Social security contributions	50,000	(868)	49,132	49,132	
Other retirement contributions - PERS	37,500	(5,371)	32,129	30,113	2,016
Other retirement contributions - reg.		9,690	9,690	9,690	
Unemployment compensation					
Workmen's compensation	50,000	994	50,994	50,994	
Health benefits	502,650	(9,941)	492,709	402,515	90,194
Tuition reimbursement	18,500		18,500	16,076	2,424
Other employee benefits	52,984	9,941	62,925	62,925	
Total Unallocated Benefits - Employee Benefits	<u>711,634</u>	<u>4,445</u>	<u>716,079</u>	<u>621,445</u>	<u>94,634</u>
On-behalf TPAF pension contributions (non-budgeted)				543,100	(543,100)
On-behalf TPAF post retirement medical (non-budgeted)				142,671	(142,671)
On-behalf TPAF - LTDI (non-budgeted)				224	(224)
Reimbursed TPAF social security contributions (non-budgeted)				157,105	(157,105)
Total Undistributed Expenditures - TPAF				<u>843,100</u>	<u>(843,100)</u>
Total Undistributed Expenditures	<u>2,483,253</u>	<u>105,193</u>	<u>2,588,446</u>	<u>2,816,958</u>	<u>(228,512)</u>
Total General Current Expense	<u>4,239,555</u>	<u>95,004</u>	<u>4,334,559</u>	<u>4,398,329</u>	<u>(63,770)</u>
EXPENDITURES:					
CAPITAL OUTLAY:					
Equipment:					
Undistributed Expenditures:					
Security	20,000		20,000		20,000
Non-instructional services	50,000	21,389	71,389	12,389	59,000
Total Equipment	<u>70,000</u>	<u>21,389</u>	<u>91,389</u>	<u>12,389</u>	<u>79,000</u>

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

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CAPE MAY CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023

(Continued from prior page)	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Facilities Acquisition and Construction Services					
Construction services	\$ 433,749	\$ (21,389)	\$ 412,360	\$ -	\$ 412,360
Infrastructure	618,500	(95,004)	523,496		523,496
Assessment for Debt Service on SDA Funding	<u>3,161</u>	<u>-</u>	<u>3,161</u>	<u>3,161</u>	<u>-</u>
Total Facilities Acquisition and Construction Services	<u>1,055,410</u>	<u>(116,393)</u>	<u>939,017</u>	<u>3,161</u>	<u>935,856</u>
Total Capital Outlay	<u>1,125,410</u>	<u>(95,004)</u>	<u>1,030,406</u>	<u>15,550</u>	
Total Expenditures	<u>5,364,965</u>		<u>5,364,965</u>	<u>4,413,879</u>	<u>951,086</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(1,258,308)</u>		<u>(1,258,308)</u>	<u>1,697,609</u>	<u>2,955,917</u>
Other Financing Sources:					
Operating Transfer Out - Special Revenue Fund	(26,254)		(26,254)	(26,254)	
Operating Transfer Out - Food Service Fund	<u>(5,000)</u>		<u>(5,000)</u>		<u>(5,000)</u>
Total Other Financing Sources	<u>(31,254)</u>		<u>(31,254)</u>	<u>(26,254)</u>	<u>(5,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(1,289,562)</u>		<u>(1,289,562)</u>	<u>1,671,355</u>	<u>2,960,917</u>
Fund Balance, July 1	<u>4,814,349</u>		<u>4,814,349</u>	<u>4,814,349</u>	
Fund Balance, June 30	<u>\$ 3,524,787</u>	<u>\$ -</u>	<u>\$ 3,524,787</u>	<u>\$ 6,485,704</u>	<u>\$ 2,960,917</u>
Recapitulation:					
Restricted:					
Capital Reserve:					
Designated for Subsequent Year's Expenditures				\$ -	
Capital Reserve				816	
Maintenance Reserve				251,120	
Impact Aid Reserve					
Designated for Subsequent Year's Expenditures				-	
Impact Aid Reserve				2,806,312	
Unemployment Compensation				28,438	
Excess Surplus:					
Designated for Subsequent Year's Expenditures				571,718	
Current Year				1,086,822	
Assigned:					
Year-end encumbrances				104,962	
Designated for Subsequent Year's Expenditures				519,188	
Unassigned				<u>1,116,328</u>	
				<u>6,485,704</u>	
Reconciliation on Governmental Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				<u>(119,693)</u>	
Fund Balance per Government Fund (GAAP)				<u>\$ 6,366,011</u>	

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

CAPE MAY CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$ 472,572	\$ 6,660	\$ 479,232	\$ 449,660	\$ (29,572)
Federal sources	112,924	891,934	1,004,858	505,484	(499,374)
Total revenues	<u>585,496</u>	<u>898,594</u>	<u>1,484,090</u>	<u>955,144</u>	<u>(528,946)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	327,194	149,442	476,636	435,731	40,905
Other Salaries for Instruction	76,400		76,400	76,400	
Purchase Prof Tech		13,472	13,472	13,472	
Other Purchased Service	14,117		14,117	11,199	2,918
Tuition	41,090	20,591	61,681	52,789	8,892
General supplies	27,166	179,986	207,152	93,822	113,330
Total instruction	<u>485,967</u>	<u>363,491</u>	<u>849,458</u>	<u>683,413</u>	<u>166,045</u>
Support services:					
Salaries of Supervisors of Instruction	16,725		16,725	16,725	
Other Salaries		31,034	31,034	30,813	221
Personal services - employee benefits	79,414	95,771	175,185	137,195	37,990
Purchase Prof Tech					
Purchase Property Service	3,390	(2,601)	789	788	1
Other purchased services		58,962	58,962	58,962	
Prof. Development/Travel					
Supplies and Materials		45,736	45,736	395	45,341
Total support services	<u>99,529</u>	<u>228,902</u>	<u>328,431</u>	<u>244,878</u>	<u>83,553</u>
Facilities acquisition and const. serv.:					
Building		306,201	306,201	53,107	253,094
Total facilities acquisition and const. serv.:		<u>306,201</u>	<u>306,201</u>	<u>53,107</u>	<u>253,094</u>
Total expenditures	<u>585,496</u>	<u>898,594</u>	<u>1,484,090</u>	<u>981,398</u>	<u>502,692</u>
Other financing sources (uses):					
Transfer from General Fund				26,254	26,254
Total other financing sources (uses)				<u>26,254</u>	<u>26,254</u>
Total outflows	<u>585,496</u>	<u>898,594</u>	<u>1,484,090</u>	<u>955,144</u>	<u>528,946</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CAPE MAY CITY SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison
Fiscal Year Ended June 30, 2023

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 6,111,488	\$ 955,144
Difference - budget to GAAP:		
The last State aid payment for the prior year is recognized as revenue for GAAP purposes and differs from budgetary basis which recognized this revenue in the prior year.	186,604	46,685
The last State aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognizes this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	(119,693)	(44,632)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 6,178,399	\$ 957,197
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 4,413,879	\$ 955,144
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.		
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		26,254
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 4,413,879	\$ 981,398

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

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

	June 30, 2023	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)	0.0022241818%	0.0030233549%	0.0029100976%	0.0033819077%	0.0029620673%	0.0028242867%	0.0028805056%	0.0027185222%	0.0018551999%	0.0039536573%
District's proportionate share of the net pension liability (asset)	\$ 335,660	\$ 358,162	\$ 474,561	\$ 609,368	\$ 583,216	\$ 657,449	\$ 853,123	\$ 610,254	\$ 347,344	\$ 755,622
District's covered-employee payroll	147,851	155,019	161,413	219,167	191,765	237,191	207,887	196,958	183,842	189,026
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	227.03%	231.04%	294.00%	278.04%	304.13%	277.18%	410.38%	309.84%	188.94%	399.75%
Plan fiduciary net position as a percentage of the total pension liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

	June 30, 2023	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	\$ 19,254	\$ 28,048	\$ 35,407	\$ 31,835	\$ 33,194	\$ 29,463	\$ 26,164	\$ 25,590	\$ 23,372	\$ 15,294
Contributions in relation to the contractually required contributions	<u>(19,254)</u>	<u>(28,048)</u>	<u>(35,407)</u>	<u>(31,835)</u>	<u>(33,194)</u>	<u>(29,463)</u>	<u>(26,164)</u>	<u>(25,590)</u>	<u>(23,372)</u>	<u>(15,294)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	147,851	155,019	161,413	219,167	191,765	237,191	207,887	196,958	183,842	189,026
Contributions as a percentage of covered-employee payroll	13.02%	18.09%	21.94%	14.53%	17.31%	12.42%	12.59%	12.99%	12.71%	8.09%

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

	June 30, 2023	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)	0.0143983796%	0.0150918068%	0.0155432978%	0.0148717178%	0.0144954202%	0.0141587944%	0.0144438971%	0.0152416614%	0.0152518196%	0.0154010277%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 7,428,760</u>	<u>\$ 7,255,415</u>	<u>\$ 10,235,075</u>	<u>\$ 9,126,914</u>	<u>\$ 9,221,675</u>	<u>\$ 9,546,370</u>	<u>\$ 11,362,489</u>	<u>\$ 9,633,381</u>	<u>\$ 8,151,601</u>	<u>\$ 7,783,558</u>
Total	<u><u>\$ 7,428,760</u></u>	<u><u>\$ 7,255,415</u></u>	<u><u>\$ 10,235,075</u></u>	<u><u>\$ 9,126,914</u></u>	<u><u>\$ 9,221,675</u></u>	<u><u>\$ 9,546,370</u></u>	<u><u>\$ 11,362,489</u></u>	<u><u>\$ 9,633,381</u></u>	<u><u>\$ 8,151,601</u></u>	<u><u>\$ 7,783,558</u></u>
District's covered-employee payroll	2,116,696	1,878,164	1,515,422	1,617,636	1,715,479	1,600,701	1,511,342	1,409,569	1,458,772	1,499,909
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

	June 30, 2023	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	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 9,436,697	\$ 10,772,138	\$ 12,140,525	\$ 7,397,526	\$ 8,298,594	\$ 9,646,738
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 9,436,697</u>	<u>\$ 10,772,138</u>	<u>\$ 12,140,525</u>	<u>\$ 7,397,526</u>	<u>\$ 8,298,594</u>	<u>\$ 9,646,738</u>
Plan fiduciary net position as a percentage of the total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability						
Service Cost	\$ 398,480	\$ 474,388	\$ 265,610	\$ 254,563	\$ 272,213	\$ 326,151
Interest	250,083	279,441	264,654	326,784	351,297	303,793
Changes in benefit terms		(11,466)				
Difference between expected and actual experiences	787,242	(1,908,401)	2,200,029	(1,372,362)	(805,117)	
Changes of assumptions	(2,531,479)	10,628	2,217,657	110,298	(952,305)	(1,208,100)
Member Contributions	7,947	7,144	6,406	6,731	7,669	8,228
Benefit payments	(247,714)	(220,121)	(211,357)	(227,082)	(221,901)	(223,439)
Net Change in total OPEB Liability	\$ (1,335,441)	\$ (1,368,387)	\$ 4,742,999	\$ (901,068)	\$ (1,348,144)	\$ (793,367)
Total OPEB Liability - beginning	\$ 10,772,138	\$ 12,140,525	\$ 7,397,526	\$ 8,298,594	\$ 9,646,738	\$ 10,440,105
Total OPEB Liability - ending	<u>\$ 9,436,697</u>	<u>\$ 10,772,138</u>	<u>\$ 12,140,525</u>	<u>\$ 7,397,526</u>	<u>\$ 8,298,594</u>	<u>\$ 9,646,738</u>
District's covered-employee payroll	2,264,547	2,033,183	1,676,835	1,836,803	1,907,244	1,837,892
Total OPEB Liability as a percentage of covered-employee payroll	416.71%	529.82%	724.01%	402.74%	435.11%	524.88%

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

Cape May City School District
Notes to Required Supplementary Information – Part III
For the Fiscal Year Ended June 30, 2023

Teacher's Pension and Annuity Fund (TPAF)

Changes of benefit term: There were none.

Changes of assumptions: There were none.

Public Employees' Retirement System (PERS)

Changes of benefit term: There were none.

Changes of assumptions: There were none.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

Other Supplementary Information

Special Revenue Fund

CAPE MAY CITY SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2023

	CRRSA ESSER II	CRRSA Learning Acceleration	CRRSA Mental Health	ARP ESSER III	Preschool Education Aid	NJ Climate Awareness Grant	Exhibit E-1 Totals	Total
REVENUES:								
State sources	\$ -	\$ -	\$ -	\$ -	\$ 443,001	\$ 6,659	\$ -	\$ 449,660
Federal sources	88,832		3,730	264,571	-	-	148,351	505,484
Total Revenues	88,832		3,730	264,571	443,001	6,659	148,351	955,144
EXPENDITURES:								
Instruction:								
Salaries of Teachers				124,019	266,750		44,962	435,731
Other Salaries for Instruction					76,400			76,400
Purchase Prof Tech			3,730			850	8,892	13,472
Other Purchased Service					10,800		399	11,199
Tuition							52,789	52,789
General Supplies	27,965			29,062	19,166	5,414	12,215	93,822
Total instruction	27,965		3,730	153,081	373,116	6,264	119,257	683,413
Support services:								
Salaries of Supervisor of Instruction					16,725			16,725
Other Salaries				30,813				30,813
Personal Services - Employee Benefits	34,850				79,414		22,931	137,195
Purchase Prof. Service								
Purchase Property Service	788							788
Other Purchased Services	17,606			35,193			6,163	58,962
Prof. Devel./Travel								
Supplies and Materials						395		395
Total support services	53,244			66,006	96,139	395	29,094	244,878
Facilities acquisition and const. serv.:								
Buildings	7,623			45,484				53,107
Total facilities acquisition and const. serv.:	7,623			45,484				53,107
Total Expenditures	88,832		3,730	264,571	469,255	6,659	148,351	981,398
Other financing sources (uses)								
Transfer from General Fund					26,254			26,254
Total other financing sources (uses)					26,254			26,254
Total outflows					443,001			955,144
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CAPE MAY CITY SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2023

	No Child Left Behind (N.C.L.B.)			I.D.E.A.		CARES Act	Coronavirus Relief Fund	Total
	Title I Current Year	Title II - Part A Current Year	Title IV - Part A Current Year	Part B - Basic Current Year	Part B - Preschool Current Year			
REVENUES:								
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	67,893	6,163	9,948	52,789	2,267	8,892	399	148,351
Total Revenues	67,893	6,163	9,948	52,789	2,267	8,892	399	148,351
EXPENDITURES:								
Instruction:								
Salaries of Teachers	44,962							44,962
Salaries of Aides								
Purchase Prof Tech						8,892		8,892
Other Purchased Service							399	399
Tuition				52,789				52,789
General Supplies			9,948		2,267			12,215
Total instruction	44,962		9,948	52,789	2,267	8,892	399	119,257
Support services:								
Personal Services - Employee Benefits	22,931							22,931
Purchase Prof. Service								
Purchase Property Service								
Other Purchased Services		6,163						6,163
Prof. Devel./Travel								
Supplies and Materials								
Total support services	22,931	6,163						29,094
Facilities acquisition and const. serv.:								
Buildings								
Total facilities acquisition and const. serv.:								
Total Expenditures	67,893	6,163	9,948	52,789	2,267	8,892	399	148,351
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CAPE MAY CITY SCHOOL DISTRICT
Special Revenue Fund
 Statement of Preschool Education Aid
 Budgetary Basis
 for the Fiscal Year Ended June 30, 2023

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 266,750	\$ 266,750	\$ -
Other salaries for instruction	76,400	76,400	-
Other Purchased Services	14,117	10,800	3,317
General Supplies	<u>19,166</u>	<u>19,166</u>	<u>-</u>
Total Instruction	<u>376,433</u>	<u>373,116</u>	<u>3,317</u>
Support Services:			
Salaries of supervisor of instruction	16,725	16,725	
Personal Services - Employee Benefits	<u>79,414</u>	<u>79,414</u>	
Total support services	<u>96,139</u>	<u>96,139</u>	
Total expenditures	<u>\$ 472,572</u>	<u>\$ 469,255</u>	<u>\$ 3,317</u>

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2022-2023 Preschool Education Allocation	\$ 446,318
Add: Actual PreK/ECPA Aid Carryover June 30, 2022	61,642
Add: Budgeted Transfer From General Fund	<u>26,254</u>
Total Preschool Education Aid Funds Available for 2022-2023	534,214
Less: 2021-2022 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(472,572)</u>
Available & Unbudgeted Preschool Education Funds as of June 30, 2023	61,642
Add: June 30, 2023 Unexpended Preschool Education Aid	<u>3,317</u>
2022-2023 Preschool Education Aid Carryover	<u>\$ 64,959</u>
2022-2023 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2023-24	<u>\$ 61,642</u>

Capital Projects Fund
Detail Statements

**CAPE MAY CITY SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year ended June 30, 2023**

Revenues and Other Financing Sources:

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

Expenditures and Other Financing (Uses):

Purchased professional services	
Construction services	
Total expenditures and other financing (uses)	-

Excess (deficiency) or revenues over (under) expenditures	-
---	---

Fund Balance - July 1, 2022	149
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Fund Balance - June 30, 2023	\$ 149
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CAPE MAY CITY SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Elementary School - Security Upgrade
From Inception and for the Fiscal Year ended June 30, 2023

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

Proprietary Funds

CAPE MAY CITY SCHOOL DISTRICT
Enterprise Funds
Statement of Net Position
as of June 30, 2023

	Food Service Fund
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 58,488
Accounts Receivable:	
State	260
Federal	4,469
Other	-
Interfund	16,535
Inventories	6,306
Total Current Assets	86,058
Fixed Assets:	
Equipment	65,131
Less: Accumulated Depreciation	(10,194)
Total Fixed Assets	54,937
Total Assets	140,995
LIABILITIES:	
Current liabilities:	
Unearned Revenue	876
Accounts Payable	55,167
Total Current Liabilities	56,043
NET POSITION:	
Net Investment in Capital Assets	54,937
Unreserved Retained Earnings	30,015
Total Net Position	\$ 84,952

CAPE MAY CITY SCHOOL DISTRICT
Enterprise Funds

Combined Statement of Revenues, Expenses and Changes in Net Position
for the Fiscal Year ended June 30, 2023

	Food Service Fund
OPERATING REVENUES:	
Local sources:	
Daily sales-reimbursable programs	\$ 22,618
Total-daily sales-reimbursable programs	22,618
Daily sales non-reimbursable programs	692
Miscellaneous	2,043
Total operating revenue	25,353
OPERATING EXPENSES:	
Salaries	62,924
Employee benefits	4,814
Supplies and materials	145
Depreciation	285
Other purchased services	11,522
Cost of Sales - reimbursable programs	44,366
Cost of Sales - nonreimbursable programs	1,247
Total operating expenses	125,303
Operating income (loss)	(99,950)
Non-operating revenues:	
State sources:	
State school lunch program	1,853
State school breakfast program	2,394
Federal sources:	
National school lunch program	45,162
National school breakfast program	25,268
U.S.D.A. commodities	16,954
Interest revenue	233
Total non-operating revenues	91,864
Change in Net Position	(8,086)
Net Position - July 1	93,038
Net Position - June 30	\$ 84,952

CAPE MAY CITY SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
for the Fiscal Year ended June 30, 2023

	Food Service Fund
Cash flows from operating activities:	
Cash receipts from customers	\$ 24,246
Cash payments to employees for services	(62,924)
Cash payments to suppliers for goods and services	(43,282)
	(81,960)
Net cash used by operating activities	(81,960)
Cash flows from noncapital financing activities:	
Transfers from / (to) other funds	(55,167)
Cash received from state and federal reimbursements	82,469
	27,302
Net cash provided by noncapital financing activities	27,302
Cash flows from investing activities:	
Interest on investments	233
	233
Net cash provided by investing activities	233
Net increase (decrease) in cash and cash equivalents	(54,425)
Cash and cash equivalents, July 1	112,913
Cash and cash equivalents, June 30	\$ 58,488
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (99,950)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	285
Federal commodities	16,954
Change in assets and liabilities:	
(Increase)/decrease in inventory	(2,955)
(Increase)/decrease in interfund receivable	(16,535)
Increase/(decrease) in interfund payable	(35,802)
Increase/(decrease) in accounts payable	55,167
Increase/(decrease) in unearned revenue	876
	876
Net cash used by operating activities	\$ (81,960)

Long-Term Debt Schedules

CAPE MAY CITY SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Leases
June 30, 2023

Purpose	Original Issue	Interest Rate	Balance June 30, 2022	Issued	Retired	Balance June 30, 2023
Copiers	\$ 88,218	4.00%	\$ 77,496	\$ -	\$ 16,734	\$ 60,762
Postage Meter	4,762	3.00%	1,868		1,631	237
			-			
			<u>\$ 79,364</u>	<u>\$ -</u>	<u>\$ 18,365</u>	<u>\$ 60,999</u>

Statistical Section

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

EXHIBIT J-1

	Fiscal Year Ending June 30,										
	2014	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:											
Net Investment in Capital Assets	\$ 1,572,948	\$ 1,572,948	\$ 1,494,960	\$ 1,433,367	\$ 1,381,120	\$ 1,350,142	\$ 1,309,084	\$ 1,252,487	\$ 1,191,742	\$ 1,234,002	\$ 1,229,224
Restricted for:											
Special Revenue	(4,319)	(4,319)	(6,622)	(10,077)	(6,622)	(9,501)	(9,058)	(6,817)	(5,727)	-	-
Capital Projects	75,753	75,753	75,784	814	814	963	963	964	964	964	965
Other Purposes	606,192	606,192	445,963	550,455	1,092,618	1,848,490	1,901,419	2,095,138	1,682,928	2,754,759	4,804,060
Unrestricted	(130,992)	(130,992)	(473,567)	(111,385)	(276,327)	(525,826)	(203,616)	(208,256)	740,830	1,039,266	785,411
Total Governmental Activities Net Position	\$ 2,119,582	\$ 2,119,582	\$ 1,536,518	\$ 1,863,174	\$ 2,191,603	\$ 2,664,268	\$ 2,998,792	\$ 3,133,516	\$ 3,610,737	\$ 5,028,991	\$ 6,819,660
Business-Type Activities:											
Net Investment in Capital Assets	\$ 3,784	\$ 3,784	\$ 3,231	\$ 2,678	\$ 2,125	\$ 1,572	\$ 1,055	\$ 722	\$ 389	\$ 55	\$ 54,937
Unrestricted	3,252	3,252	9,772	29,331	58,912	38,989	23,145	1,988	11,820	92,983	30,015
Total Business-Type Activities Net Position	\$ 7,036	\$ 7,036	\$ 13,003	\$ 32,009	\$ 61,037	\$ 40,561	\$ 24,200	\$ 2,710	\$ 12,209	\$ 93,038	\$ 84,952
District-Wide:											
Net Investment in Capital Assets	\$ 1,576,732	\$ 1,576,732	\$ 1,498,191	\$ 1,436,045	\$ 1,383,245	\$ 1,351,714	\$ 1,310,139	\$ 1,253,209	\$ 1,192,131	\$ 1,234,057	\$ 1,284,161
Restricted:											
Special Revenue	(4,319)	(4,319)	(6,622)	(10,077)	(6,622)	(9,501)	(9,058)	(6,817)	(5,727)	-	-
Capital Projects	75,753	75,753	75,784	814	814	963	963	964	964	964	965
Other Purposes	606,192	606,192	445,963	550,455	1,092,618	1,848,490	1,901,419	2,095,138	1,682,928	2,754,759	4,804,060
Unrestricted	(127,740)	(127,740)	(463,795)	(82,054)	(217,415)	(486,837)	(180,471)	(206,268)	752,650	1,132,249	815,426
Total District Net Position	\$ 2,126,618	\$ 2,126,618	\$ 1,549,521	\$ 1,895,183	\$ 2,252,640	\$ 2,704,829	\$ 3,022,992	\$ 3,136,226	\$ 3,622,946	\$ 5,122,029	\$ 6,904,612

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

EXHIBIT J-2

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 1,253,104	\$ 1,312,897	\$ 1,270,164	\$ 1,438,810	\$ 1,462,681	\$ 1,479,658	\$ 1,527,725	\$ 1,356,799	\$ 1,735,348	\$ 1,922,333
Special education	186,529	171,441	203,176	168,574	117,852	120,214	172,023	126,514	247,267	212,692
Other instruction	187,810	157,194	197,190	78,871	155,457	163,986	93,048	100,585	157,767	207,875
Support Services:										
Tuition	170,479	89,986	88,431	122,621	112,400	102,844	126,550	14,984	16,196	107,041
Student & instruction related services	417,051	416,911	452,330	470,087	462,510	543,508	442,260	524,092	527,371	619,933
School administrative services	61,758	60,446	61,667	58,878	77,198	75,312	72,318	84,443	31,910	43,257
General and business administrative services	187,707	186,199	186,721	205,117	232,055	240,671	232,662	220,646	227,042	207,935
Plant operations and maintenance	361,714	338,590	396,742	388,374	396,402	606,522	588,017	539,653	1,054,815	431,763
Pupil transportation	71,543	55,063	53,207	70,351	52,533	76,766	51,708	19,906	43,049	141,663
Unallocated employee benefits	883,052	866,717	908,577	1,123,291	2,383,378	2,199,234	2,072,230	2,635,107	2,032,137	2,104,706
Unallocated depreciation	7,690	3,899	3,080	2,910	3,039	3,074	3,047	3,037	3,111	3,697
Total governmental activities expenses	<u>3,788,437</u>	<u>3,659,343</u>	<u>3,821,285</u>	<u>4,127,884</u>	<u>5,455,505</u>	<u>5,611,789</u>	<u>5,381,588</u>	<u>5,625,766</u>	<u>6,076,013</u>	<u>6,002,895</u>
Business-type activities:										
Food service	98,066	112,031	105,936	110,228	120,167	103,858	95,280	84,126	115,216	125,303
Child care program	20,806	14,504	18,852	14,831	15,328	13,420	10,468	-	-	-
Total business-type activities expense	<u>118,872</u>	<u>126,535</u>	<u>124,788</u>	<u>125,059</u>	<u>135,495</u>	<u>117,278</u>	<u>105,748</u>	<u>84,126</u>	<u>115,216</u>	<u>125,303</u>
Total district expenses	<u>\$ 3,907,309</u>	<u>\$ 3,785,878</u>	<u>\$ 3,946,073</u>	<u>\$ 4,252,943</u>	<u>\$ 5,591,000</u>	<u>\$ 5,729,067</u>	<u>\$ 5,487,336</u>	<u>\$ 5,709,892</u>	<u>\$ 6,191,229</u>	<u>\$ 6,128,198</u>
Program Revenues:										
Governmental activities:										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,299	\$ 5,030	\$ -	\$ 20,653
Operating grants and contributions	137,419	470,970	563,360	660,564	1,933,738	1,654,438	1,489,368	2,169,752	2,333,782	2,458,265
Total governmental activities program revenues	<u>137,419</u>	<u>470,970</u>	<u>563,360</u>	<u>660,564</u>	<u>1,933,738</u>	<u>1,654,438</u>	<u>1,495,667</u>	<u>2,174,782</u>	<u>2,333,782</u>	<u>2,478,918</u>
Business-type activities:										
Charges for services:										
Food service	17,981	17,897	19,733	25,988	25,686	19,517	16,927	3,982	2,988	25,353
Child care program	12,835	20,663	13,483	13,224	14,774	6,565	8,959	-	-	-
Operating grants and contributions	63,850	73,932	93,046	96,329	74,514	74,786	50,046	89,631	193,049	91,631
Total business type activities program revenues	<u>94,666</u>	<u>112,492</u>	<u>126,262</u>	<u>135,541</u>	<u>114,974</u>	<u>100,868</u>	<u>75,932</u>	<u>93,613</u>	<u>196,037</u>	<u>116,984</u>
Total district program revenues	<u>\$ 232,085</u>	<u>\$ 583,462</u>	<u>\$ 689,622</u>	<u>\$ 796,105</u>	<u>\$ 2,048,712</u>	<u>\$ 1,755,306</u>	<u>\$ 1,571,599</u>	<u>\$ 2,268,395</u>	<u>\$ 2,529,819</u>	<u>\$ 2,595,902</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (3,651,018)	\$ (3,188,373)	\$ (3,257,925)	\$ (3,467,320)	\$ (3,521,767)	\$ (3,957,351)	\$ (3,885,921)	\$ (3,450,984)	\$ (3,742,231)	\$ (3,523,977)
Business-type activities	(24,206)	(14,043)	1,474	10,482	(20,521)	(16,410)	(29,816)	9,487	80,821	(8,319)
Total district-wide net expense	<u>\$ (3,675,224)</u>	<u>\$ (3,202,416)</u>	<u>\$ (3,256,451)</u>	<u>\$ (3,456,838)</u>	<u>\$ (3,542,288)</u>	<u>\$ (3,973,761)</u>	<u>\$ (3,915,737)</u>	<u>\$ (3,441,497)</u>	<u>\$ (3,661,410)</u>	<u>\$ (3,532,296)</u>

(Continued)

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

EXHIBIT J-2

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 1,513,599	\$ 1,574,143	\$ 1,731,557	\$ 1,804,282	\$ 1,849,389	\$ 1,849,389	\$ 1,886,377	\$ 1,886,377	\$ 1,886,377	\$ 1,924,105
Unrestricted grants and contributions	1,418,777	1,708,647	1,822,464	1,987,533	2,100,528	2,422,780	2,050,454	2,001,380	3,192,335	3,355,099
Investment earnings	1,767	63	30	23	21	-	-	5	113	2,829
Miscellaneous income	41,262	68,288	48,030	22,411	44,494	19,706	83,814	12,027	81,660	32,613
Transfers	(16,000)	(20,000)	(17,500)	(18,500)	-	-	-	-	-	-
Total governmental activities	<u>2,959,405</u>	<u>3,331,141</u>	<u>3,584,581</u>	<u>3,795,749</u>	<u>3,994,432</u>	<u>4,291,875</u>	<u>4,020,645</u>	<u>3,899,789</u>	<u>5,160,485</u>	<u>5,314,646</u>
Business-type activities:										
Investment earnings	17	10	32	46	45	49	8,326	12	8	233
Transfers	16,000	20,000	17,500	18,500	-	-	-	-	-	-
Total business-type activities	<u>16,017</u>	<u>20,010</u>	<u>17,532</u>	<u>18,546</u>	<u>45</u>	<u>49</u>	<u>8,326</u>	<u>12</u>	<u>8</u>	<u>233</u>
Total district-wide	<u>\$ 2,975,422</u>	<u>\$ 3,351,151</u>	<u>\$ 3,602,113</u>	<u>\$ 3,814,295</u>	<u>\$ 3,994,477</u>	<u>\$ 4,291,924</u>	<u>\$ 4,028,971</u>	<u>\$ 3,899,801</u>	<u>\$ 5,160,493</u>	<u>\$ 5,314,879</u>
Change in Net Position:										
Governmental activities	\$ (691,613)	\$ 142,768	\$ 326,656	\$ 328,429	\$ 472,665	\$ 334,524	\$ 134,724	\$ 448,805	\$ 1,418,254	\$ 1,790,669
Business-type activities	(8,189)	5,967	19,006	29,028	(20,476)	(16,361)	(21,490)	9,499	80,829	(8,086)
Total district-wide	<u>\$ (699,802)</u>	<u>\$ 148,735</u>	<u>\$ 345,662</u>	<u>\$ 357,457</u>	<u>\$ 452,189</u>	<u>\$ 318,163</u>	<u>\$ 113,234</u>	<u>\$ 458,304</u>	<u>\$ 1,499,083</u>	<u>\$ 1,782,583</u>

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

EXHIBIT J-3

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Reserved for:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,962
Capital reserve	75,753	75,784	814	814	814	814	815	815	815	816
Maintenance reserve	50,028	48	68	88	100,098	200,151	250,991	250,952	250,975	251,120
Emergency reserve	50,000	50,000	13,049	13,931	-	-	-	-	-	-
Impact Aid reserve	-	-	-	400,003	700,013	1,100,364	1,103,306	1,403,554	1,903,643	2,806,312
Excess surplus	-	-	-	-	-	-	-	-	571,718	1,718,190
Unemployment Compensation	-	-	-	-	-	-	-	28,422	28,423	28,438
Unreserved - designated for subsequent year's expenditures	506,164	395,915	537,338	678,596	930,967	600,904	740,841	1,066,761	1,289,587	519,188
Unreserved	(28,768)	346,922	699,046	585,976	341,141	653,075	631,384	514,064	582,584	936,985
Total general fund	<u>\$ 653,177</u>	<u>\$ 868,669</u>	<u>\$ 1,250,315</u>	<u>\$ 1,679,408</u>	<u>\$ 2,073,033</u>	<u>\$ 2,555,308</u>	<u>\$ 2,727,337</u>	<u>\$ 3,264,568</u>	<u>\$ 4,627,745</u>	<u>\$ 6,366,011</u>
All Other Governmental Funds										
Reserved:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ 117,412	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	(4,319)	(6,622)	(10,077)	(6,622)	(9,501)	(9,058)	(6,817)	(5,727)	(46,685)	(44,632)
Capital projects fund	-	-	-	-	149	149	149	149	149	149
Debt service fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ (4,319)</u>	<u>\$ (6,622)</u>	<u>\$ (10,077)</u>	<u>\$ (6,622)</u>	<u>\$ 108,060</u>	<u>\$ (8,909)</u>	<u>\$ (6,668)</u>	<u>\$ (5,578)</u>	<u>\$ (46,536)</u>	<u>\$ (44,483)</u>

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

EXHIBIT J-4

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	\$ 1,513,599	\$ 1,574,143	\$ 1,731,557	\$ 1,804,282	\$ 1,849,389	\$ 1,849,389	\$ 1,886,377	\$ 1,886,377	\$ 1,886,377	\$ 1,924,105
Tuition charges	38,136	68,063	41,996	21,911	15,611	16,979	6,299	5,030	-	20,653
Interest earnings	1,767	63	50	23	21	404	4,783	323	111	2,829
Miscellaneous	3,126	225	6,014	500	28,734	2,323	79,031	11,709	81,662	32,613
State sources	790,233	846,276	1,005,437	1,034,524	1,127,695	1,238,267	1,205,161	1,227,785	3,032,955	2,903,821
Federal sources	765,963	1,333,341	1,380,387	1,613,573	1,732,683	1,997,727	1,667,365	1,761,771	1,856,710	2,251,575
Total revenue	3,112,824	3,822,111	4,165,441	4,474,813	4,754,133	5,105,089	4,849,016	4,892,995	6,857,815	7,135,596
Expenditures										
Instruction										
Regular Instruction	1,231,623	1,220,649	1,253,365	1,400,210	1,407,061	1,425,601	1,491,558	1,293,669	1,670,885	1,844,217
Special education instruction	186,529	171,441	203,176	168,574	117,852	120,214	172,023	126,514	247,267	212,692
Other instruction	187,810	157,194	154,075	78,871	155,457	163,986	93,048	100,585	157,767	207,875
Support Services:										
Tuition	170,479	89,986	88,431	122,621	112,400	102,844	126,550	14,984	16,196	107,041
Student & instruction related services	417,051	416,911	452,330	470,087	462,510	543,508	442,260	524,092	527,371	619,933
General admin. services	103,930	100,239	100,218	111,109	135,972	131,626	117,941	83,923	99,668	66,447
School administrative services	61,758	60,446	61,667	58,878	77,198	75,312	72,318	84,443	31,910	43,257
Central Services	74,719	78,161	80,344	88,190	90,008	102,897	108,626	130,649	119,204	132,728
Plant operations and maintenance	348,127	323,731	284,342	326,226	337,913	468,000	436,558	383,276	475,070	428,441
Pupil transportation	71,543	55,063	53,207	70,351	52,533	76,766	51,708	19,906	43,049	141,663
Unallocated employee benefits	883,052	911,940	935,434	1,069,288	1,217,766	1,379,305	1,415,489	1,473,784	1,470,942	1,522,326
Capital outlay	3,161	3,161	103,161	59,360	79,156	149,724	146,667	147,265	676,267	68,657
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	3,739,782	3,588,922	3,769,750	4,023,765	4,245,826	4,739,783	4,674,746	4,383,090	5,535,596	5,395,277
Excess (Deficiency) of revenues over (under) expenditures	(626,958)	233,189	395,691	451,048	508,307	365,306	174,270	509,905	1,322,219	1,740,319
Other Financing Sources (Uses):										
Transfers in	-	-	-	-	-	-	-	-	-	26,254
Transfers out	(16,000)	(20,000)	(17,500)	(18,500)	-	-	-	-	-	(26,254)
Total other financing sources (uses)	(16,000)	(20,000)	(17,500)	(18,500)	-	-	-	-	-	-
Net change in fund balances	\$ (642,958)	\$ 213,189	\$ 378,191	\$ 432,548	\$ 508,307	\$ 365,306	\$ 174,270	\$ 509,905	\$ 1,322,219	\$ 1,740,319
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

EXHIBIT J-5

<u>Fiscal Year Ending June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Building Use</u>	<u>Refund of Prior Year Expenditures</u>	<u>Miscellaneous</u>	<u>Total</u>
2014	\$ 1,767	\$ 38,136	\$ 225	\$ 2,901		\$ 43,029
2015	63	68,063	225			68,351
2016	411	41,996	3,725		1,928	48,060
2017	523	21,911	-			22,434
2018	773	15,611	225	19,000	8,757	44,366
2019	978	16,979	662	1,032	55	19,706
2020	1,109	6,299	-	70,661	7,261	85,330
2021	764	5,030	-	6,788	4,480	17,062
2022	387	-	-	22,122	59,264	81,773
2023	7,139	20,653	-	21,839	3,635	53,266
	<u>\$ 13,914</u>	<u>\$ 234,678</u>	<u>\$ 5,062</u>	<u>\$ 144,343</u>	<u>\$ 85,380</u>	<u>\$ 483,377</u>

Source: District records

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

EXHIBIT J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	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
2014	\$ 53,288,200	\$ 2,173,873,900	\$ 431,761,000	\$ 135,723,600	\$ 2,794,646,700	\$ 589,060	\$ 2,795,235,760	\$ 431,981,900	\$ 0.057	\$ 2,738,737,239
2015	64,370,700	2,177,186,500	430,297,700	133,612,100	2,805,467,000	621,231	2,806,088,231	433,484,900	0.062	2,742,474,025
2016	62,194,300	2,187,231,000	429,579,600	133,420,700	2,812,425,600	625,355	2,813,050,955	433,758,300	0.065	2,711,154,162
2017	61,236,100	2,193,506,400	427,044,200	131,838,600	2,813,625,300	612,446	2,814,237,746	433,571,800	0.066	2,814,237,746
2018	66,574,600	2,214,046,300	431,678,400	130,479,000	2,842,778,300	628,331	2,843,406,631	432,997,700	0.066	2,871,036,576
2019	69,618,400	2,230,627,200	432,392,700	127,325,200	2,859,963,500		2,859,963,500	431,388,400	0.066	2,964,429,051
2020	66,588,800	2,253,648,100	441,592,700	125,058,100	2,886,887,700		2,886,887,700	431,388,400	0.066	2,886,887,700
2021	57,306,100	2,290,501,500	441,823,000	123,147,200	2,912,777,800		2,912,777,800	427,666,100	0.065	3,284,890,675
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	0.066	3,667,123,166
2023	57,872,800	2,356,032,600	434,609,400	123,499,300	2,972,014,100		2,972,014,100	429,950,000	0.067	4,426,517,364

Source: Municipal Tax Assessor

Note:

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

c Information not available.

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

EXHIBIT J-7

Fiscal Year Ended June 30,	Cape May City School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Regional School District	City of Cape May	Cape May County	
2014	\$ 0.057	\$ -	\$ 0.057	\$ 0.234	\$ 0.329	\$ 0.245	\$ 0.865
2015	0.062		0.062	0.215	0.339	0.249	0.865
2016	0.065		0.065	0.178	0.340	0.249	0.832
2017	0.066		0.066	0.210	0.340	0.268	0.884
2018	0.066		0.066	0.243	0.350	0.272	0.931
2019	0.066		0.066	0.275	0.363	0.283	0.987
2020	0.066		0.066	0.246	0.363	0.295	0.970
2021	0.065		0.065	0.274	0.363	0.316	1.018
2022	0.066		0.066	0.257	0.361	0.348	1.032
2023	0.067		0.067	0.269	0.361	0.377	1.074

Source: Municipal Tax Collector

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

- a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.
- b Rates for debt service are based on each year's requirements.

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

EXHIBIT J-8

Taxpayer	2023		Taxpayer	2014	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Congress Hall, LLC	\$ 27,401,100	0.92%	Congress Hall LLC	\$ 28,418,000	1.02%
ADIS Inc.	25,967,400	0.87%	Oceanfront Properties LLC	25,310,200	0.91%
Oceanfront Properties, LLC	25,310,200	0.85%	ADIS Inc.	21,787,600	0.78%
Ocean Club Hotel CM, LLC	13,000,000	0.44%	Ocean Club Hotel CM, LLC	13,000,000	0.47%
Cape Coachman Realty, LLC	11,989,500	0.40%	Cape Coachman Realty, LLC	11,989,500	0.43%
Kejzman Hospitality, LLC	10,400,000	0.35%	Kejzman Hospitality, LLC	11,473,100	0.41%
Madison Cape May Re LLC	10,089,700	0.34%	Osprey Landing Development Co. LLC	11,471,800	0.41%
Pella, LLC	8,884,800	0.30%	Montreal Inn	10,089,700	0.36%
Individual #1	8,812,600	0.30%	Individual #1	8,812,600	0.32%
Palavest, LLC	8,292,800	0.28%	Cape Jetty, LLC	8,074,700	0.29%
	<u>\$ 150,148,100</u>	<u>5.35%</u>	Total	<u>\$ 150,427,200</u>	<u>5.38%</u>

Source: Municipal Tax Assessor

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

EXHIBIT J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 1,513,599	\$ 1,513,599	100.00%	-
2015	1,574,143	1,574,143	100.00%	-
2016	1,731,557	1,731,557	100.00%	-
2017	1,804,282	1,804,282	100.00%	-
2018	1,849,389	1,849,389	100.00%	-
2019	1,849,389	1,849,389	100.00%	-
2020	1,886,377	1,886,377	100.00%	-
2021	1,886,377	1,886,377	100.00%	-
2022	1,886,377	1,886,377	100.00%	-
2023	1,924,105	1,924,105	100.00%	-

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

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

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

EXHIBIT J-10

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			Percentage of Personal Income ^a	Per Capita ^b
	General Obligation Bonds	Financed Purchases/ Leases	Total District		
2014	\$ -	\$ -	\$ -	0.00%	\$ -
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2019	-	-	-	0.00%	-
2020	-	-	-	0.00%	-
2021	-	90,978	90,978	0.00%	32
2022	-	79,364	79,364	0.00%	29
2023	-	60,732	60,732	0.00%	c

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

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

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

EXHIBIT J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	None	None	None	0.00%	-
2015	None	None	None	0.00%	-
2016	None	None	None	0.00%	-
2017	None	None	None	0.00%	-
2018	None	None	None	0.00%	-
2019	None	None	None	0.00%	-
2020	None	None	None	0.00%	-
2021	None	None	None	0.00%	-
2022	None	None	None	0.00%	-
2023	None	None	None	0.00%	-

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

a See Exhibit J-6 for property tax data.

b Population data can be found in Exhibit J-14.

**Cape May City School District
Ratios of Overlapping Governmental Activities Debt
As of December 31, 2022**

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:			
City of Cape May	\$ 37,219,613	100.000%	\$ 37,219,613
Lower Cape May Regional School Debt	19,267,000	39.845%	7,676,902
County of Cape May - City's Share	337,931,851	5.751%	<u>19,433,109</u>
Subtotal, overlapping debt			64,329,624
Cape May City School District Direct Debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 64,329,624</u></u>

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2023

	Equalized valuation basis	
	2020	\$ 3,243,694,045
	2021	3,610,732,366
	2022	4,378,643,600
	[A]	<u>\$ 11,233,070,011</u>
Average equalized valuation of taxable property	[A/3]	\$ 3,744,356,670
Debt limit (2.5% of average equalized valuation)	[B]	93,608,917
Net bonded school debt	[C]	-
Legal debt margin	[B-C]	<u>\$ 93,608,917</u>

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 70,080,555	\$ 68,701,450	\$ 67,816,494	\$ 68,853,741	\$ 69,766,741	\$ 71,794,437	\$ 73,747,773	\$ 77,206,749	\$ 82,838,391	\$ 93,608,917
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 70,080,555</u>	<u>\$ 68,701,450</u>	<u>\$ 67,816,494</u>	<u>\$ 68,853,741</u>	<u>\$ 69,766,741</u>	<u>\$ 71,794,437</u>	<u>\$ 73,747,773</u>	<u>\$ 77,206,749</u>	<u>\$ 82,838,391</u>	<u>\$ 93,608,917</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

EXHIBIT J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
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	8.5%
2021	2,834	204,076,340	72,010	10.0%
2022	2,778	e	e	7.7%
2023	e	e	e	e

Source:

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

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

EXHIBIT J-16

Function/Program	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction										
Regular	15.6	15.6	16.6	17.6	18.2	18.2	18.2	16.6	19.6	22.0
Special education	3.5	3.5	3.5	3.5	3.5	3.5	3.5	2.5	3.0	4.0
Other special education	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.0	2.0	2.0
Other instruction	2.4	2.4	2.4	2.4	2.4	2.4	2.4	4.8	4.8	4.8
Support Services:										
Student & instruction related services	2.0	2.0	2.0	2.0	2.5	2.5	3.0	2.0	2.0	2.0
School administrative services	0.5	0.5	0.5	0.5	0.5	0.5	1.5	2.0	2.5	2.5
General and business administrative services	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.0	3.0	3.0
Plant operations and maintenance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.5		
Pupil transportation										
Business and other support services										
Special Schools										
Food Service	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.7	1.7
Total	<u>33.6</u>	<u>33.6</u>	<u>34.6</u>	<u>35.6</u>	<u>36.7</u>	<u>36.7</u>	<u>38.2</u>	<u>36.0</u>	<u>38.6</u>	<u>42.0</u>

Source: District Personnel Records

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

EXHIBIT J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2014	160	\$ 3,736,621	\$ 23,354	-10.69%	19.1	8.4	160.2	151.5	26.60%	94.57%	
2015	175	3,585,761	20,490	-12.26%	19.1	9.2	175.2	165.2	9.36%	94.29%	
2016	188	3,666,589	19,503	-4.82%	20.1	9.4	188.1	178.4	7.36%	94.82%	
2017	197	3,964,405	20,124	3.18%	21.1	9.3	196.8	187.4	4.63%	95.22%	
2018	176	4,166,670	23,674	17.64%	21.7	8.1	168.1	158.6	-14.57%	94.31%	
2019	153	4,590,059	30,000	26.72%	21.7	7.1	151.2	142.1	-10.05%	93.94%	
2020	149	4,528,079	30,390	1.30%	21.7	6.9	147.6	137.4	-2.38%	93.14%	
2021	149	4,235,825	28,428	-6.45%	19.1	7.8	148.7	142.3	0.75%	95.65%	
2022	168	4,859,329	28,925	1.75%	22.6	7.4	168.1	158.2	13.34%	94.12%	
2023	157	5,326,620	33,928	17.30%	22.6	6.9	156.8	146.8	-6.72%	93.64%	

Sources: District records

Note: Enrollment based on average daily enrollment.

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

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

EXHIBIT J-18

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Building</u>										
<u>Elementary</u>										
Cape May City Elementary (1967)										
Square Feet	32,412	32,412	32,412	32,412	32,412	32,412	32,412	32,412	32,412	32,412
Capacity (students)	275	275	275	275	275	275	275	275	275	275
Enrollment	160	175	188	197	168	151	148	149	168	157

Number of Schools at June 30, 2023
Elementary = 1

Source: District Facilities Office

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

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

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

	Fiscal Year Ending June 30,										Total
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
* School Facilities											
Cape May City Elementary	\$ 135,364	\$ 132,526	\$ 104,586	\$ 127,018	\$ 115,883	\$ 137,296	\$ 122,875	\$ 111,766	\$ 120,240	\$ 77,606	\$ 1,185,160
Project # (s)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total School Facilities	<u>\$ 135,364</u>	<u>\$ 132,526</u>	<u>\$ 104,586</u>	<u>\$ 127,018</u>	<u>\$ 115,883</u>	<u>\$ 137,296</u>	<u>\$ 122,875</u>	<u>\$ 111,766</u>	<u>\$ 120,240</u>	<u>\$ 77,606</u>	<u>\$ 1,185,160</u>

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

Source: District records

**Cape May City School District
Insurance Schedule
June 30, 2023**

EXHIBIT J-20

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

Source: District records

Single Audit Section

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

INDEPENDENT AUDITOR'S REPORT

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cape May City School District (the "District"), in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated December 15, 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 is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
December 15, 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
 Cape May City 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 Cape May City School District's (the "District"), in the County of Cape May, 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, 2023. 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, 2023.

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
December 15, 2023

CAPE MAY CITY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2023

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, 2022			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	June 30, 2023										
						Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at								
U.S. Department of Education																							
Direct Federal Award:																							
<u>General Fund:</u>																							
Impact Aid - 7003(b)	84.041	S041B233047	N/A - Direct	\$ 1,695,899	Various	\$ -	\$ -	\$ -	\$ -	\$ 1,695,899	\$ (1,695,899)	\$ -	\$ -	\$ -	\$ -								
Impact Aid - 7003(d)	84.041	S041B233047	N/A - Direct	10,779	Various					10,779	(10,779)												
U.S. Department of Defense																							
Direct Federal Award:																							
Department of Defense Impact Aid	12.558	N/A	N/A - Direct	39,413	08/01/22-09/30/23					39,413	(39,413)												
Total General Fund						-	-	-	-	1,746,091	(1,746,091)	-	-	-	-								
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	84.010	S010A220030	ESSA-0710-23	67,943	07/01/22-09/30/23						(67,893)		(67,893)										
Title I	84.010	S010A210030	ESSA-0710-22	75,555	07/01/21-09/30/22	(75,555)				75,555			-										
Title IIA	84.367A	S367A220029	ESSA-0710-23	6,163	07/01/22-09/30/23						(6,163)		(6,163)										
Title IIA	84.367A	S367A210029	ESSA-0710-22	4,237	07/01/21-09/30/22	(4,237)				4,237			-										
Title IV	84.424	S424A220031	ESSA-0710-23	10,000	07/01/22-09/30/23						(9,948)		(9,948)										
Title IV	84.424	S424A210031	ESSA-0710-22	10,000	07/01/21-09/30/22	(10,000)				10,000			-										
<u>Individuals With Disabilities Act (I.D.E.A.)</u>																							
Part B - Basic	84.027A	H027A220100	IDEA-0710-23	52,789	07/01/22-09/30/23						(52,789)		(52,789)										
Part B - Basic	84.027A	H027A210100	IDEA-0710-22	49,382	07/01/21-09/30/22	(49,382)				49,382			-										
Part B - Preschool	84.173A	H173A220114	IDEA-0710-23	2,267	07/01/22-09/30/23						(2,267)		(2,267)										
Part B - Preschool	84.173A	H173A210114	IDEA-0710-22	2,058	07/01/21-09/30/22	(2,041)				2,041			-										
ARP Part B - Basic	84.027X	H027X210100	IDEA-0710-22	7,419	07/01/21-09/30/22	(7,419)				7,419			-										
ARP Part B - Preschool	84.173X	H173X210114	IDEA-0710-22	631	07/01/21-09/30/22	(631)				631			-										
CARES Act - ESSER	84.425D	S425D200027	N/A	75,131	03/30/20-09/30/22		7,084			1,808	(8,892)		-										
Coronavirus Response and Relief Supplemental Act:																							
CRRSA - ESSER II	84.425D	S425D210027	N/A	292,021	03/13/20-9/30/23	(136,777)					(88,832)		(225,609)										
CRRSA - Learning Acceleration	84.425D	S425D210027	N/A	25,000	03/13/20-9/30/23	(213)							(213)										
CRRSA - Mental Health	84.425D	S425D210027	N/A	45,000	03/13/20-9/30/23	(38,659)					(3,730)		(42,389)										
American Rescue Plan:																							
ARP ESSER III	84.425U	S425U210027	N/A	836,298	03/13/20-9/30/24	(73,288)					(264,571)		(337,859)										
U.S. Department of Treasury																							
Passed-through State Department of Education:																							
Coronavirus Relief Fund	21.019	C8220C0ID19	N/A	9,419	03/13/20-9/30/23		399				(399)		-										
Total Special Revenue Fund						(398,202)	7,483	-	-	151,073	(505,484)	-	(745,130)	-									
U.S. Department of Agriculture																							
Passed-through State Department of Agriculture:																							
<u>Enterprise Fund:</u>																							
Food Distribution Program	10.555	231NJ304N1199	N/A	16,954	07/01/22-06/30/23					16,954	(16,954)												
School Breakfast Program	10.553	231NJ304N1199	N/A	25,268	10/01/22-09/30/23					23,814	(25,268)		(1,454)										
School Breakfast Program	10.553	221NJ304N1099	N/A	56,621	10/01/21-09/30/22	(3,965)				3,965			-										
National School Lunch Program	10.555	231NJ304N1199	N/A	45,162	10/01/22-09/30/23					42,144	(45,162)		(3,018)										
National School Lunch Program	10.555	221NJ304N1099	N/A	46,303	10/01/21-09/30/22	(8,363)				8,363			-										
Total Enterprise Fund						(12,328)	-	-	-	95,240	(87,384)	-	(4,472)	-									
Total Federal Awards						\$ (410,530)	\$ 7,483	\$ -	\$ -	\$ 1,992,404	\$ (2,338,959)	\$ -	\$ (749,602)	\$ -									

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

CAPE MAY CITY SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2023

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Local Share	Grant Period	June 30, 2022				Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Paid to Grantor	Adjustments	June 30, 2023		
					Accounts Receivable	Deferred Revenue	Due to Grantor at	Due to Grantor at						(Accounts Receivable)	Deferred Revenue	Due to Grantor at
State Department of Education																
General Fund:																
Reimbursement of Nonpublic Transportation Aid	23-495-034-5120-014	\$ 1,248	\$ -	07/1/22 - 06/30/23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,248)	\$ -	\$ -	\$ (1,248)	\$ -	\$ -	
Reimbursement of Nonpublic Transportation Aid	22-495-034-5120-014	1,450		07/1/21 - 06/30/22	(1,450)	-	-	-	1,450	(1,248)	-	-	-	-		
Transportation Aid	23-495-034-5120-014	5,993		07/1/22 - 06/30/23					5,509	(5,993)			(484)			
Transportation Aid	22-495-034-5120-014	5,993		07/1/21 - 06/30/22	(574)				574							
Special Education Categorical Aid	23-495-034-5120-089	78,905		07/1/22 - 06/30/23					72,530	(78,905)			(6,375)			
Special Education Categorical Aid	22-495-034-5120-089	78,905		07/1/21 - 06/30/22	(7,552)				7,552							
Security Aid	23-495-034-5120-084	40,306		07/1/22 - 06/30/23					37,050	(40,306)			(3,256)			
Security Aid	22-495-034-5120-084	40,306		07/1/21 - 06/30/22	(3,858)				3,858							
Adjustment Aid	23-495-034-5120-085	72,583		07/1/22 - 06/30/23					66,719	(72,583)			(5,864)			
Adjustment Aid	22-495-034-5120-085	115,235		07/1/21 - 06/30/22	(11,028)				11,028							
School Choice Aid	23-495-034-5120-068	168,576		07/1/22 - 06/30/23					154,957	(168,576)			(13,619)			
School Choice Aid	22-495-034-5120-068	169,764		07/1/21 - 06/30/22	(16,248)				16,248							
State Military Impact Aid	23-495-034-5120-114	1,115,164		07/1/22 - 06/30/23					1,025,069	(1,115,164)			(90,095)			
State Military Impact Aid	22-495-034-5120-114	1,539,532		07/1/21 - 06/30/22	(147,344)				147,344				-			
Maintenance of Equity Aid	23-495-034-5120-128	54,528		07/1/22 - 06/30/23						(54,528)			(54,528)			
Supplemental Stabilization Aid	23-100-034-5120-494	3,874		07/1/22 - 06/30/23					3,874	(3,874)						
Lead Testing Aid	23-495-034-5120-104	920		07/1/22 - 06/30/23					920	(920)						
School Security Grant - Alyssa's Law	20EO395	20,000		4/1/21 - 3/31/23	(20,000)				20,000				-			
On Behalf TPAF - Pension Contributions	23-495-034-5094-002	543,100		07/1/22 - 06/30/23					543,100	(543,100)						
On Behalf TPAF Post Retirement	23-495-034-5094-001	142,671		07/1/22 - 06/30/23					142,671	(142,671)						
On Behalf - LTDI	23-495-034-5094-004	224		07/1/22 - 06/30/23					224	(224)						
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	157,105		07/1/22 - 06/30/23					144,008	(157,105)			(13,097)			
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	141,895		07/1/21 - 06/30/22	(12,549)				12,549				-			
Total General Fund					(220,603)	-	-	-	2,417,234	(2,385,197)	-	-	(188,566)	-		
Special Revenue Fund																
Preschool Education Aid - Current Year	23-495-034-5120-086	446,318	26,254	07/1/22 - 06/30/23					427,940	(469,255)			(44,632)	3,317		
Preschool Education Aid - Current Year	22-495-034-5120-086	376,033		07/1/21 - 06/30/22	(41,781)	61,642			41,781				-	61,642		
Preschool Education Aid - Current Year	22-495-034-5120-086	49,040		07/1/21 - 06/30/22	(4,904)				4,904							
Climate Awareness Grant	23-WBO1-GO2	6,660		4/1/23 - 6/30/23					6,659	(6,659)						
Total Special Revenue Fund					(46,685)	61,642	-	-	481,284	(475,914)	-	-	(44,632)	64,959		
State Department of Agriculture																
Enterprise Fund:																
State Breakfast Program	23-100-010-3350-023	2,394		07/1/22 - 06/30/23					2,256	(2,394)			(138)			
State School Lunch Program	23-100-010-3350-023	1,853		07/1/22 - 06/30/23					1,732	(1,853)			(121)			
State School Lunch Program	22-100-010-3350-023	2,619		07/1/21 - 06/30/22	(192)				192							
Total Enterprise Fund					(192)	-	-	-	4,180	(4,247)	-	-	(259)	-		
Total State Financial Assistance					\$ (267,480)	\$ 61,642	\$ -	\$ -	\$ -	\$ 2,902,698	(2,865,358)	\$ -	\$ -	\$ (233,457)	\$ 64,959	
Less: State Financial Assistance Not Subject to Major Program Determination																
On-Behalf (Non-Budgeted):																
TPAF Contribution - Pension	23-495-034-5094-002	543,100		07/1/22 - 06/30/23						543,100						
TPAF Contribution - Post-Retirement Medical	23-495-034-5094-001	142,671		07/1/22 - 06/30/23						142,671						
TPAF Contribution - LTDI	23-495-034-5094-004	224		07/1/22 - 06/30/23						224						
Total State Financial Assistance Subject to Major Program Determination										\$ (2,179,363)						

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

**Cape May City School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2023**

I. GENERAL

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

2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$66,911 in the general fund and (\$24,201) in the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 1,746,091	\$ 2,452,108	\$ 4,198,199
Special Revenue Fund	505,484	451,713	957,197
Food Service Fund	<u>87,384</u>	<u>4,247</u>	<u>91,631</u>
Total Awards & Financial Assistance	<u>\$ 2,338,959</u>	<u>\$ 2,908,068</u>	<u>\$ 5,247,027</u>

Cape May City School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2023
(Continued)

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2023. 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, 2023.

6. MAJOR PROGRAMS

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

**CAPE MAY CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section I --Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weaknesses identified? yes X no

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

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal Control over major programs:

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

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? X yes no

**CAPE MAY CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section 2 -- Schedule of Financial Statement Findings

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

No findings and/or questioned costs identified.

**CAPE MAY CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

FEDERAL AWARDS:

No findings and/or questioned costs identified.

STATE AWARDS:

No findings and/or questioned costs identified.

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

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

FINANCIAL STATEMENT FINDINGS

Finding #2022-001

Condition:

The TPAF/FICA reimbursement to the State of New Jersey was not made within the 90 day liquidation period.

Current Status:

This condition has been corrected.

Finding 2022-002:

Condition:

The Food Service Fund's Net Cash Resources exceeded its three month average expenditures.

Current Status:

This condition has been corrected.

FEDERAL AWARDS

There were no prior year audit findings.

STATE AWARDS

There were no prior year audit findings.