

Annual Comprehensive Financial Report

of the

**Cape May County Schools
For Special Services
Board of Education**
(A Component Unit of the County of Cape May)

Cape May County, New Jersey

**For the Fiscal Year Ended June 30, 2023
Prepared by the Finance Department**

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Introductory Section

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Cape May County
SPECIAL SERVICES SCHOOL DISTRICT

4 Moore Road, DN 704, Cape May Court House, NJ 08210 (609) 465-2720 Fax (609) 465-8220

Thomas A. Baruffi, Ed.D.
Interim Assistant Superintendent

Jamie P. Moscony
Superintendent of Schools

Kathleen M. Allen
Business Administrator

Jonathan Price
Related Services Director

Valerie Bowers
OA/CMCHS Director

Honorable President and
Members of the Board of Education
Cape May County Special Services School
Cape May Court House, New Jersey

November 3, 2023

Dear Board Members:

The Annual Comprehensive Financial Report (ACFR) of the Cape May County Special Services School for the fiscal year ended June 30, 2023 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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 basic financial statements, schedules and the Management Discussion and Analysis 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 Single Audit Act of 1984 and the U.S. Office of Management and Budget Uniform Guidance, and the New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The Board of Education of the Cape May County Special Services School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The Cape May County Special Services Board of Education and all its schools constitute the District's reporting entity.

The District provides Preschool Disabled, Behavior Disabilities, Multiple Disabilities, and Autism programs and related services for the low incident and/or moderately and severely disabled youth of Cape May County. Additionally, students are received from many surrounding counties in Southern New Jersey.

2. ECONOMIC CONDITION AND OUTLOOK: The 2022-2023 school year ended with enrollment up over the prior year and up over the number of students budgeted. The original budget was based on 229 students while the average daily enrollment for the year was 244 students. Tuition adjustments for the 2021-2022 school year have been calculated resulting in a net due to the sending districts of approximately \$1,490,000. We continue to closely monitor enrollment in light of the overall decline in year-round population in the County as well as the effects of the "least restrictive environment" mandate. We remain steadfast in our philosophy that we offer the optimum environment for a segment of the disabled youth of our County and surrounding area in a cost-effective manner.

3. MAJOR INITIATIVES: The District finalized installation of energy savings equipment in conjunction with our BPU/Clean Energy Pay for Performance Energy Reduction Plan. We recently completed the measurement period, and are happy to report that we met the benchmarks. This will result in a significant refund back to the District, which can be utilized for additional infrastructure upgrades. The District also finished up the replacement of a student playground, providing a vibrant and appropriate venue for our student population to learn, play and exercise.

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 estimates and judgments by management. The District 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's Management. As part of the District's single audit described earlier, tests are made periodically 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 Board of School Estimate of the County. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance as of June 30, 2023.

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the GASB. The accounting system of the District is organized on the basis of entity-wide governmental and business type activities as well as various governmental, enterprise and fiduciary funds. These funds are explained in the "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 Financial Statements," Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates L.L.C., CPAs, 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 as revised and the related Budget Uniform Guidance and New Jersey OMB Circular Letter 15-08. The auditor's report on the basic 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.

ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Board of Education of the Cape May County Special Services School for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

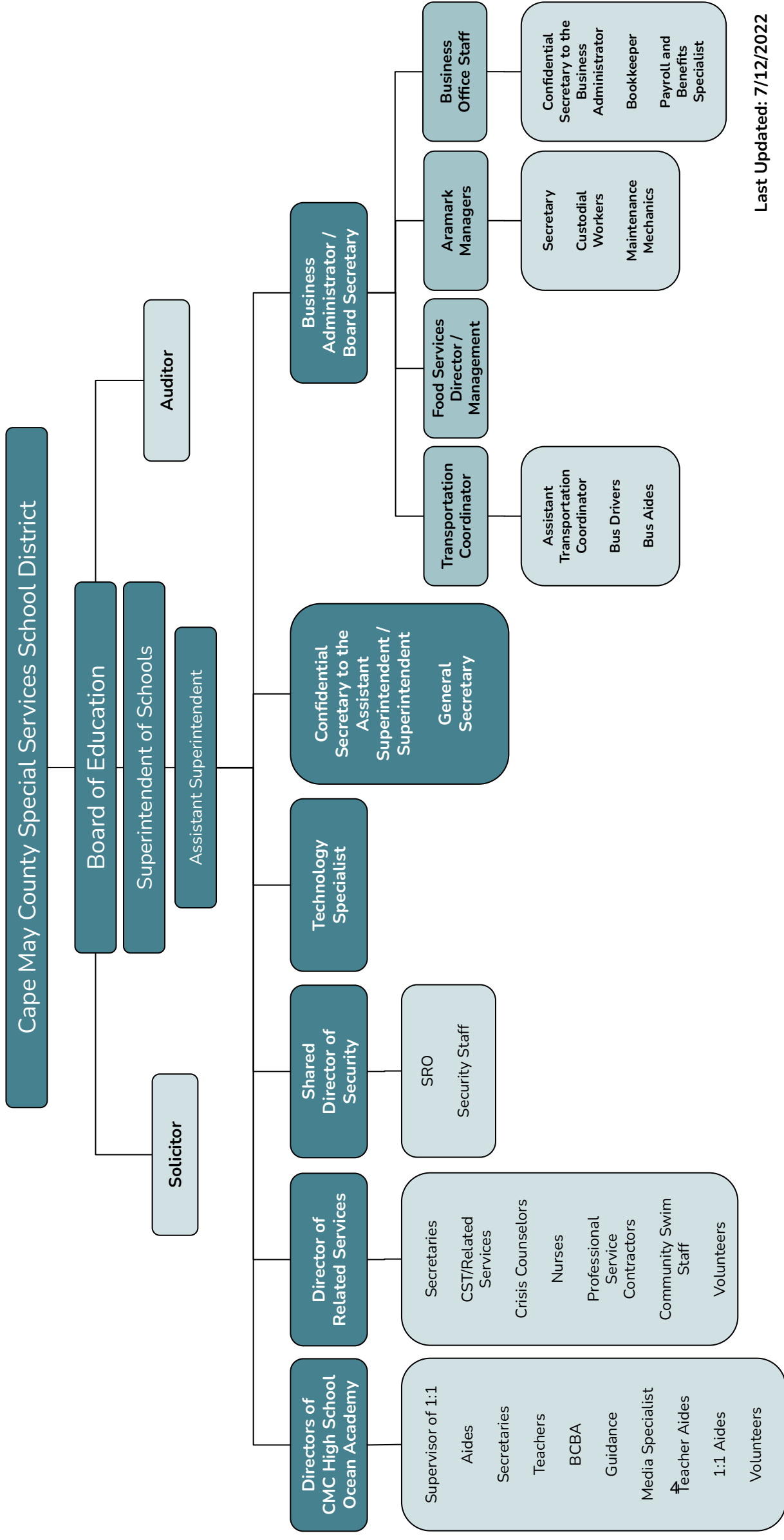
Respectfully submitted,

Kathleen M. Allen

Kathleen M. Allen
School Business Administrator/Board Secretary

Cape May County

SPECIAL SERVICES SCHOOL DISTRICT



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
BOARD OF EDUCATION
(A Component Unit of the County of Cape May)
CAPE MAY COUNTY, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2023**

Members of the Board of Education

Term Expires

| | |
|-----------------------------------|------------------------|
| Alan I. Gould, President | 2024 |
| Christopher Kobik, Vice President | 2025 |
| Casey Halverson | 2025 |
| Kenneth R. Merson | 2024 |
| Lauren Reed | 2025 |
| Nancy Ramundo | 2025 |
| Dr. Judith DeStafano-Anen | Ex-officio – with Vote |

Other Officials

Jamie Moscony, Superintendent
Thomas A. Baruffi, Ed.D., Interim Assistant Superintendent
Kathleen M. Allen, CPA, School Business Administrator/Board Secretary
Amy L. Houck-Elco, Esq., Solicitor

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
BOARD OF EDUCATION
(A Component Unit of the County of Cape May)
CONSULTANTS AND ADVISORS**

Audit Firm

Ford, Scott & Associates, L.L.C.
Certified Public Accountants
1535 Haven Avenue
Ocean City, NJ 08226-0538

Attorney

Amy Houck-Elco, Esquire
1125 Atlantic Avenue
Atlantic City, NJ 8401

Official Depository

Ocean First Bank
225 N. Main Street
Cape May Court House, NJ 08210

Financial Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

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Independent Auditor's Report

Honorable President and
Members of the Board of Education
Cape May County Schools for Special Services
(a component unit of the County of Cape May)
County of Cape May
Cape May Court House, New Jersey

Report on the Audit of Financial Statements

Opinions

We 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 County Schools for Special Services (a component unit of the County of Cape May), in the County of Cape May, New Jersey, as of and for the 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 our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cape May County Schools for Special Services (a component unit of the County of Cape May), as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Cape May County Schools for Special Services (a component unit of the County of Cape May) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 misstatements, 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 Cape May County Schools for

Special Services (a component unit of the County of Cape May)'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

Our 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 our 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 GAAS, *Government Auditing Standards* and audit requirements 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 an 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- exercise professional judgement 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 the 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 entity'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 our judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charge with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control – related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information identified 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. We 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any

assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cape May County Schools for Special Services (a component unit of the County of Cape May)'s basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards 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 the schedule of state financial assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance, and the schedule of state financial assistance as required by NJ OMB 15-08 is 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 Comprehensive Financial Report. The other information comprises of the introductory and statistical sections and have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2023 on our consideration of the Cape May County Schools for Special Services (a component unit of the County of Cape May)'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cape May County Schools for Special Services (a component unit of the County of Cape May)'s internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

November 3, 2023

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REQUIRED SUPPLEMENTARY INFORMATION – PART I

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**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

The discussion and analysis of Cape May County Schools for Special Services' financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- In total, net position increased by \$2,918,895.82, as compared to an increase of \$2,203,539.47 for the 2022 fiscal year. This change is primarily attributed to an overall decrease in expenses, excluding capital outlay, specifically special education instruction and benefits. The net position also reflects GASB 68 regarding pension liabilities.
- General revenues accounted for \$4,355,955.09 in revenue or 17.34% percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$20,757,243.17 or 82.64% percent of total revenues of \$25,118,460.09.
- Total assets of governmental activities increased by \$1,061,871.88 as cash and cash equivalents increased by \$1,212,475.94, and capital assets increased by \$228,823.90 due to the acquisition of new playground equipment, as well as air handlers.
- The School District had \$21,340,593.42 in expenses; \$20,757,243.17 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily the county appropriation) of \$4,135,400.00 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$17,001,371.06 in revenues and other financing sources and \$15,506,975.02 in expenditures and other financing uses. The General Fund's fund balance increased \$1,494,396.04 over 2022. This change was the result of an increase in tuition charges over 2022.

Using this Annual Comprehensive Financial Report (ACFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Cape May County Schools for Special Services as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of the Cape May County Schools for Special Services, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District, as a whole looks at all financial transactions and asks the

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

question, "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities answer this question.

These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change is important because it tells the reader that, for the school district as a whole, the financial position of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the County's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activity** - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service, Shared Services Itinerant, Shared Service Transportation, Community Use and Extended School Year enterprise funds along with several "non-major" enterprise funds are reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transaction. The School District's governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found in this report as shown in the table of contents.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's net assets for 2023 and 2022.

| | 2023 | 2022 |
|------------------------------------|-------------------------|----------------------|
| Assets | | |
| Current and Other Assets | \$ 13,596,482.52 | 12,151,380.56 |
| Capital Assets | 4,692,096.22 | 4,551,238.21 |
| Total Assets | 18,288,578.74 | 16,702,618.77 |
| Deferred Outflows of Resources | 682,432.00 | 716,766.00 |
| Liabilities | | |
| Long-Term Liabilities | 6,438,793.40 | 6,373,433.27 |
| Other Liabilities | 425,237.82 | 1,044,682.05 |
| Total Liabilities | 6,864,031.22 | 7,418,115.32 |
| Deferred Inflows of Resources | 1,810,083.00 | 3,448,883.00 |
| Net Position | | |
| Net Investment in Capital Assets | 4,692,096.22 | 4,551,238.21 |
| Restricted | 3,675,391.80 | 2,373,391.80 |
| Unrestricted | 1,929,408.50 | (372,243.56) |
| Total Net Position | \$ 10,296,896.52 | 6,552,386.45 |

The District's combined net position was \$10,296,896.52 on June 30, 2023. This was an increase of 57.15 percent from the prior year. The increase was caused by a decrease in deferred imflows related to pensions as well as a decrease in accounts payable and unearned revenue. Table 2 shows changes in net position for fiscal year 2023.

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**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

**Table 2
Changes in Net Position**

| | <u>2023</u> | <u>2022</u> |
|---|------------------------|----------------------|
| Revenues | | |
| Program Revenues: | | |
| Charges for Services | \$ 19,512,398.93 | 16,124,671.85 |
| Operating Grants and Contributions | 1,244,844.24 | 3,161,992.45 |
| General Revenues: | | |
| County Appropriation | 4,135,400.00 | 4,135,400.00 |
| Other | 225,816.92 | 225,833.27 |
| Total Revenues | <u>25,118,460.09</u> | <u>23,647,897.57</u> |
| Program Expenses | | |
| Instruction | 5,908,304.12 | 6,624,513.51 |
| Support Services: | | |
| Pupils and Instructional Staff | 2,725,247.82 | 3,097,891.79 |
| General Administration, School Administration, Business Operations and Maintenance of Facilities | 3,686,515.85 | 3,823,595.93 |
| Food Service | 209,612.76 | 204,053.99 |
| Shared Services | 8,125,388.58 | 6,056,750.62 |
| Other Enterprise Funds | 685,524.28 | 684,321.85 |
| Other Sources (Uses) | 33,357.60 | - |
| Total Expenses | <u>21,373,951.01</u> | <u>20,491,127.69</u> |
| Change in Net Position | <u>\$ 3,744,509.08</u> | <u>3,156,769.88</u> |

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**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

Governmental Activities

Charges for services (mostly tuition from sending districts) made up 64.62 percent of revenues for governmental activities for the Cape May County Schools for Special Services for fiscal year 2023 and 54.01 percent of revenues for fiscal 2022. Tuition received from sending districts and nonresident fees increased by \$1,341,134.75, which is a 15.76% increase from the prior year. The District's total revenues were \$15,239,958.63 for the year ended June 30, 2023. The county appropriation accounted for 27.14 percent of revenue.

| | | 2023 | | 2022 | |
|------------------------------------|-----------|----------------------|----------------|----------------------|----------------|
| | | Amount | Percentage | Amount | Percentage |
| County Appropriation | \$ | 4,135,400.00 | 27.14% | 4,135,400.00 | 26.26% |
| Unrestricted Federal Aid | | 149,605.00 | 0.98% | 87,972.34 | 0.56% |
| Charges for Services | | 9,847,983.01 | 64.62% | 8,506,848.26 | 54.01% |
| Operating Grants and Contributions | | 1,036,020.53 | 6.80% | 2,889,171.79 | 18.34% |
| Other | | 70,950.09 | 0.47% | 130,668.63 | 0.83% |
| Totals | \$ | 15,239,958.63 | 100.00% | 15,750,061.02 | 100.00% |

The total cost of all program and services was \$12,320,067.80. Instruction comprises 47.96 percent of District expenses and Related Services another 52.04%.

| | | 2023 | | 2022 | |
|------------------------|-----------|----------------------|----------------|----------------------|----------------|
| | | Amount | Percentage | Amount | Percentage |
| Instruction | \$ | 5,908,304.12 | 47.96% | 6,624,513.51 | 48.90% |
| Undistributed Expenses | | 6,411,763.68 | 52.04% | 6,921,487.72 | 51.10% |
| Capital Outlay | | - | 0.00% | - | 0.00% |
| Totals | \$ | 12,320,067.80 | 100.00% | 13,546,001.23 | 100.00% |

Business-Type Activities

Revenues for the District's business-type activities (food service program, two shared services programs and other enterprise funds) were comprised of charges for the various services and federal and state reimbursements.

- Food service revenue exceeded expenditures, both operating and non-operating by \$14,087.96 prior to an adjustment to the fixed asset balance in the amount of \$32,362.59. These amounts are a decline over the prior year primarily due to the change in meal reimbursements to the National School Lunch program from the higher Seamless Summer Option program.
- Charges for services in the food service fund represent \$9,615.18 of total revenue compared to \$2,197.27 in the prior year. This represents amounts paid by patrons for daily food service and amount received from catering and special functions.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$208,823.71, compared to \$272,820.66 in the prior year. This decrease is due to all eligible meals being reimbursed at the lower National School Lunch program rate during the 2023 fiscal year.
- Shared Services revenues for Itinerant Services exceeded expenditures by \$748,199.06. Shared Services expenses for Transportation Services exceeded revenue by \$5,770.41.
- Charges for services in the Shared Service Fund for Itinerant Services represent \$5,059,358.58 of revenue. This represents amounts paid by users for itinerant services of other local school districts. Charges for services in the Shared Service Fund for Transportation Services represent \$3,328,026.52 of revenue. This represents amounts paid by users for transportation services provided by the district.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the County taxpayers and sending districts by each of these functions.

**Table 3
Costs of Services**

| | Total Cost of Services 2023 | Net Cost/(Profit) of Services 2023 | Total Cost of Services 2022 | Net Cost/(Profit) of Services 2022 |
|--|--------------------------------|---------------------------------------|--------------------------------|---------------------------------------|
| Instruction | \$ 5,908,304.12 | 4,099,374.43 | 6,624,513.51 | 3,006,729.17 |
| Support Services: | | | | |
| Pupils and Instructional Staff | 2,725,247.82 | (2,673,267.55) | 3,097,891.79 | (2,566,141.78) |
| General Administration, School Administration, Business | | | | |
| Operations | 1,369,887.52 | (1,110,368.61) | 1,447,590.71 | (1,000,389.97) |
| Operation and Maintenance of Facilities | 2,316,628.34 | (1,858,395.53) | 2,376,005.23 | (1,590,178.61) |
| Capital Outlay | - | 106,593.00 | - | - |
| Total Expenses | <u>\$ 12,320,067.80</u> | <u>(1,436,064.26)</u> | <u>13,546,001.24</u> | <u>(2,149,981.19)</u> |

The net cost of services in 2023 is comparable to 2022.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and Instructional Staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

The School District's Funds

All governmental funds (i.e., general fund, special revenue and capital projects fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues and other financing sources amounted to \$17,280,745.63 compared to \$15,934,687.02 in 2022. The change is directly related to an increase in tuition charges and non-resident fees. Expenditures and other financing uses were \$15,789,788.44 compared to \$15,173,611.02 in 2022. The increase was due primarily to increases in instruction costs, benefits, and plant operation and maintenance. The net increase in fund balance for the year was directly related to an increase in tuition revenue.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2023, and the amount and percentage of increases and decreases in relation to prior year revenues.

**Table 4
Summary of Revenues – Governmental Funds**

| <u>Revenue</u> | <u>Amount</u> | <u>Percent of Total</u> | <u>Increase (Decrease) from 2022</u> | <u>Percent of Increase (Decrease)</u> |
|-----------------|-------------------------|-----------------------------|--|---|
| Local Sources | \$ 14,159,694.53 | 81.94% | 1,331,600.43 | 10.38% |
| State Sources | 2,797,548.10 | 16.19% | (154,452.48) | -5.23% |
| Federal Sources | <u>323,503.00</u> | <u>1.87%</u> | <u>168,910.66</u> | <u>109.26%</u> |
| Total | <u>\$ 17,280,745.63</u> | <u>100.00%</u> | <u>1,346,058.61</u> | <u>9.41%</u> |

The increase in local revenues of \$1,331,600.43 is due to an increase in tuition revenue.

State aid decreased by \$154,452.48 primarily related to a decrease in on-behalf TPAF pension contributions-GASB 75

Federal aid increased by \$168,910.66 primarily due to an increase in eligible students/services provided through the SEMI program, as well as reimbursements on Federally funded grant programs.

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**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

The following schedule represents a summary of general fund, special revenue fund and capital outlay expenditures for the fiscal year ended June 30, 2023, and the percentage of increases and decreases in relation to prior year amounts.

**Table 5
Summary of Expenditures – Governmental Funds**

| <u>Expenditures</u> | <u>Amount</u> | <u>Percent of Total</u> | <u>Increase (Decrease) from 2022</u> | <u>Percent of Increase (Decrease)</u> |
|-------------------------------|-------------------------|-----------------------------|--|---|
| Current Expense: | | | | |
| Instruction | \$ 4,800,820.20 | 30.40% | 283,109.49 | 6.27% |
| Undistributed Expenditures | 10,642,017.88 | 67.39% | 457,532.60 | 4.49% |
| Capital Outlay | 347,945.37 | 2.20% | (123,989.97) | -26.27% |
| | | | | |
| Total | <u>\$ 15,790,783.45</u> | <u>100.00%</u> | <u>616,652.12</u> | <u>3.99%</u> |

Instruction expense increased specifically in the areas of behavioral and multiple disabilities salaries. Undistributed expenditures increased and were mostly attributable to an increase in health benefits and on-behalf contributions.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- Actual tuition revenue was higher than the budgeted amount by \$581,279.77.
- Salaries for Emotional Regulation Impairment Instruction were decreased by \$64,828.85.
- Other Instructional Salaries for Multiple Disabilities were increased by \$66,653.08.
- Salaries for Autism Teachers and Other Staff were decreased by \$64,704.07.
- Salaries for Other Instructional Programs were decreased by \$123,752.62.

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**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

Capital Assets

At the end of the fiscal year 2023, the School District had \$4,692,094.14 invested in land and building improvements, furniture and equipment, and vehicles. Table 6 shows fiscal year 2023 balances as compared to 2022.

**Table 6
Capital Assets (Net of Depreciation) at June 30**

Governmental Activities:

| | 2023 | 2022 |
|--|-----------------|--------------|
| Capital Assets Being Depreciated: | | |
| Building Improvements | \$ 1,593,115.93 | 1,638,549.97 |
| Infrastructure | 135,922.00 | 138,328.00 |
| Machinery and Equipment | 2,367,090.56 | 2,086,234.66 |
| Licensed Vehicles | 15,584.08 | 19,776.04 |
| Total Capital Assets Being Depreciated at Historical Cost | 4,111,712.57 | 3,882,888.67 |

Business-Type Activities:

| | | |
|-----------------------------------|-----------------|--------------|
| Capital Assets Being Depreciated: | | |
| Equipment | 580,381.57 | 668,349.54 |
| | \$ 4,692,094.14 | 4,551,238.21 |

Overall capital assets increased \$140,855.93 from fiscal year 2022 to fiscal year 2023. For more detailed information, please refer to the Notes to the Basic Financial Statements.

For the Future

The Cape May County Schools for Special Services is in good financial condition presently. The School District is proud of its Board of Chosen Commissioner's support of the school.

In conclusion, the Cape May County Schools for Special Services has committed itself to financial excellence for many years. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Management

This financial report is designed to provide our citizens, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Kathleen M. Allen, Cape May County Schools for Special Services, Business Administrator/Board Secretary at the Board Offices, 4 Moore Road, DN 704, Cape May Court House, NJ 08210.

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BASIC FINANCIAL STATEMENTS

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DISTRICT-WIDE FINANCIAL STATEMENTS

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CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Statement of Net Position
June 30, 2023

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | 5,250,361.95 | 5,139,775.20 | 10,390,137.15 |
| Receivables, Net | 133,949.44 | 1,786,249.58 | 1,920,199.02 |
| Restricted Assets: | | | |
| Capital Reserve Account | 8,023.89 | - | 8,023.89 |
| Inventory | - | 17,119.45 | 17,119.45 |
| Right to Use Asset | 1,261,003.01 | | 1,261,003.01 |
| Capital Assets: | | | |
| Capital Assets Being Depreciated, Net | 4,111,712.57 | 580,383.65 | 4,692,096.22 |
| Total Assets | 10,765,050.86 | 7,523,527.88 | 18,288,578.74 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Outflows Related to Pensions | 682,432.00 | | 682,432.00 |
| Total Deferred Outflows of Resources | 682,432.00 | - | 682,432.00 |
| LIABILITIES | | | |
| Accounts Payable | 283,516.28 | 908.17 | 284,424.45 |
| Accrued Salaries and Benefits | - | | - |
| Payable to Other Governments | 11.00 | - | 11.00 |
| Unearned Revenue | 32,042.51 | | 32,042.51 |
| Payroll deductions and withholdings payable | 36,841.79 | | 36,841.79 |
| Unemployment compensation claims payable | 66,834.89 | | 66,834.89 |
| Advances from Students | - | 711.17 | 711.17 |
| Deposits Payable | - | 4,372.00 | 4,372.00 |
| Noncurrent Liabilities | | | |
| Due within One Year | 422,613.44 | | 422,613.44 |
| Due Beyond One Year | 986,594.84 | 99,572.12 | 1,086,166.96 |
| Net Pension Liability | 4,930,013.00 | | 4,930,013.00 |
| Total Liabilities | 6,758,467.76 | 105,563.46 | 6,864,031.22 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows Related to Pensions | 1,810,083.00 | | 1,810,083.00 |
| NET POSITION | | | |
| Invested in Capital Assets, Net of Related Debt | 4,111,712.57 | 580,383.65 | 4,692,096.22 |
| Restricted for: | | | |
| Capital Projects | 1,679,820.90 | - | 1,679,820.90 |
| Other Purposes | 1,995,570.90 | - | 1,995,570.90 |
| Unrestricted (Deficit) | (4,908,172.27) | 6,837,580.77 | 1,929,408.50 |
| Total Net Position | 2,878,932.10 | 7,417,964.42 | 10,296,896.52 |

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Statement of Activities
For the Fiscal Year Ended June 30, 2023

| Function/Programs | Expenses | Program Revenue | | | | Net (Expense Revenue and Changes in Net Assets) | | |
|--|----------------------|-----------------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-------|
| | | Indirect Expense Allocation | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | | | |
| Instruction: | | | | | | | | |
| Special Education | 3,343,616.52 | 2,126,868.87 | 9,301,880.77 | 159,651.17 | 3,991,046.55 | | 3,991,046.55 | |
| Other Instruction | 433,592.27 | 4,226.46 | 546,102.24 | 44.37 | 108,327.88 | | 108,327.88 | |
| Support Services: | | | | | | | | |
| Student & Instruction Related Services | 1,678,824.51 | 1,046,423.31 | | 51,980.27 | (2,673,267.55) | | (2,673,267.55) | |
| School Administrative Services | 291,407.96 | 210,388.66 | | 94,004.11 | (407,792.52) | | (407,792.52) | |
| Plant Operation and Maintenance | 1,291,066.92 | 1,025,561.42 | | 468,232.81 | (1,858,395.54) | | (1,858,395.54) | |
| General Administrative and Business Services | 497,665.62 | 370,435.27 | | 165,514.80 | (702,576.09) | | (702,576.09) | |
| Unallocated Benefits | 4,783,903.99 | (4,783,903.99) | | | | | | |
| Capital Outlay | | | | 106,593.00 | 106,593.00 | | 106,593.00 | |
| Total Governmental Activities | 12,320,067.80 | - | 9,847,983.01 | 1,036,020.53 | (1,436,064.26) | - | (1,436,064.26) | |
| Business-Type Activities: | | | | | | | | |
| Food Service | 209,612.76 | | 9,615.18 | 208,823.71 | | 8,826.13 | 8,826.13 | |
| Shared Services - Itinerant | 4,311,519.52 | | 5,059,718.58 | | | 748,199.06 | 748,199.06 | |
| Shared Services - Transportation | 3,813,869.06 | | 3,808,098.65 | | | (5,770.41) | (5,770.41) | |
| Community Use | 75,268.50 | | 109,386.00 | | | 34,117.50 | 34,117.50 | |
| Shop Rite | 106,400.77 | | 109,197.51 | | | 2,796.74 | 2,796.74 | |
| Extended School Year | 503,855.01 | | 588,400.00 | | | 64,544.99 | 64,544.99 | |
| Non-major Enterprise Funds | | | | | | | | |
| Total Business-Type Activities | 9,020,525.62 | - | 9,664,415.92 | 208,823.71 | - | 852,714.01 | 852,714.01 | |
| Total Primary Government | 21,340,593.42 | - | 19,512,398.93 | 1,244,844.24 | (1,436,064.26) | 852,714.01 | (583,350.25) | |
| General Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| County Appropriation, Levied for General Purposes, Net | | | | | 4,135,400.00 | | 4,135,400.00 | |
| Federal Aid Not Restricted | | | | | 149,605.00 | | 149,605.00 | |
| Investment Earnings | | | | | 66,044.88 | | 66,044.88 | |
| Miscellaneous Income | | | | | 4,905.21 | 5,261.83 | 4,905.21 | |
| Cancellation or Prior Year Liabilities | | | | | 104.99 | | 104.99 | |
| Cancellation of Prior Year Revenue | | | | | (1,100.00) | | (1,100.00) | |
| Adjustment to Prior Fixed Asset Balance | | | | | | (32,362.59) | (32,362.59) | |
| Transfers | | | | | | | | |
| Total General Revenues, Special Items, Extraordinary Items and Transfers | | | | | 4,354,960.08 | (27,100.76) | 4,327,859.32 | |
| Change in Net Position | | | | | 2,918,895.82 | 825,613.25 | 3,744,509.07 | |
| Net Position (Deficit) - Beginning | | | | | (39,963.72) | 6,592,351.17 | 6,552,387.45 | |
| Net Position (Deficit) - Ending | | | | | 2,878,932.10 | 7,417,964.42 | 10,296,896.52 | |

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

FUND FINANCIAL STATEMENTS

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CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Governmental Funds
Balance Sheet
June 30, 2023

| | General Fund | Special Revenue Fund | Total Governmental Funds |
|---|------------------------|----------------------------|--------------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | 5,067,559.49 | 115,955.96 | 5,183,515.45 |
| Receivables from Other Governments | 112,865.89 | | 112,865.89 |
| Other Accounts Receivable | | 21,083.55 | 21,083.55 |
| Restricted Cash & Cash Equivalents | | 8,023.89 | 8,023.89 |
| Total Assets | 5,180,425.38 | 145,063.40 | 5,325,488.78 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts Payable | 176,923.28 | 106,593.00 | 283,516.28 |
| Payable to Other Governments | 11.00 | | 11.00 |
| Payroll deductions and withholdings payable | 36,841.79 | | 36,841.79 |
| Unemployment compensation claims payable | 66,834.89 | | 66,834.89 |
| Accrued Salaries and Benefits | - | | - |
| Unearned Revenue | 1,596.00 | 30,446.51 | 32,042.51 |
| Total Liabilities | 282,206.96 | 137,039.51 | 419,246.47 |
| Fund Balances: | | | |
| Restricted Fund Balance: | | | |
| Maintenance Reserve | 950,225.00 | | 950,225.00 |
| Capital Reserve | 1,679,820.90 | | 1,679,820.90 |
| Assigned to: | | | |
| Designated by BOE for Subsequent | | | |
| Years Expenditures | 550,000.00 | | 550,000.00 |
| Encumbrances | 16,771.70 | | 16,771.70 |
| Unemployment | 315,750.00 | | 315,750.00 |
| Unassigned | | | |
| General Fund | 1,385,650.82 | | 1,385,650.82 |
| Special Revenue Fund | | 8,023.89 | 8,023.89 |
| Total Fund Balances | 4,898,218.42 | 8,023.89 | 4,906,242.31 |
| Total Liabilities and Fund Balances | \$ 5,180,425.38 | 145,063.40 | |

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

Capital assets used in governmental activities are not resources and therefore are not reported in the funds.

The cost of the assets is \$5,687,256.98 and the accumulated depreciation is \$1,575,544.41.

4,111,712.57

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

(148,205.28)

Pension Liabilities Net of Deferred Outflows & Inflows

(6,057,664.00)

Internal service funds are used by management to charge costs of certain activities, such as extra services, to individual funds or other governmental entities. The net revenue (expense) of internal service funds is reported with governmental activities. (See B-5)

66,846.50

Net position of governmental activities

2,878,932.10

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2023

| | General Fund | Special Revenue Fund | Total Governmental Funds |
|--|------------------------|----------------------------|--------------------------------|
| REVENUES | | | |
| Local Sources: | | | |
| County Line Item Appropriation | \$ 4,135,400.00 | - | 4,135,400.00 |
| Tuition Charges | 9,301,880.77 | | 9,301,880.77 |
| Non-Resident Fees | 546,102.24 | | 546,102.24 |
| Miscellaneous | 76,378.96 | 99,932.56 | 176,311.52 |
| Total Local Sources | 14,059,761.97 | 99,932.56 | 14,159,694.53 |
| State Sources | 2,791,899.10 | 5,649.00 | 2,797,548.10 |
| Federal Sources | 149,605.00 | 173,898.00 | 323,503.00 |
| Total Revenues | <u>17,001,266.07</u> | <u>279,479.56</u> | <u>17,280,745.63</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Special Education Instruction | 4,228,124.16 | 137,321.43 | 4,365,445.59 |
| Other Instruction | 435,374.61 | | 435,374.61 |
| Support Services: | | | |
| Student & Instruction Related Serv. | 2,079,117.05 | 40,994.00 | 2,120,111.05 |
| School Administrative Services | 422,833.62 | | 422,833.62 |
| Other Administrative Services | 729,059.25 | | 729,059.25 |
| Plant Operation and Maintenance | 1,931,714.97 | | 1,931,714.97 |
| Employee Benefits | 5,438,298.99 | | 5,438,298.99 |
| Capital Outlay | 241,352.37 | 106,593.00 | 347,945.37 |
| Total Expenditures | <u>15,505,875.02</u> | <u>284,908.43</u> | <u>15,790,783.45</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>1,495,391.05</u> | <u>(5,428.87)</u> | <u>1,489,962.18</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | | - |
| Cancellation of Prior Year Liabilities | 104.99 | | 104.99 |
| Transfers out | - | | - |
| Cancellation of Prior Year Revenue | (1,100.00) | | (1,100.00) |
| Total Other Financing Sources and Uses | <u>(995.01)</u> | <u>-</u> | <u>(995.01)</u> |
| Net Changes in Fund Balance | 1,494,396.04 | (5,428.87) | 1,488,967.17 |
| Fund Balance - July 1 | \$3,403,822.38 | 13,452.76 | 3,417,275.14 |
| Fund Balance - June 30 | <u>\$ 4,898,218.42</u> | <u>8,023.89</u> | <u>4,906,242.31</u> |

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Total Net Change in Fund Balance - Governmental Funds (from B-2) \$ 1,488,967.17

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount depreciation exceeded capital outlays for the period.

| | | | |
|--|--|-------------------|------------|
| | Depreciation expense | (244,029.95) | |
| | Refund to Capital Outlay - BPU Pay for Performance | 85,599.88 | |
| | Fixed assets charged to expense line items (Special Revenue) | 39,308.60 | |
| | Capital Outlays | <u>347,945.37</u> | |
| | | | 228,823.90 |

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of of employee contributions is reported as pension expense.

| | | | |
|---|-------------------|--|--------------|
| District pension contributions - PERS | 411,956.00 | | |
| Cost of benefits earned net of employee contributions | <u>614,980.00</u> | | 1,026,936.00 |

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 (+).

174,168.75

Change in Net Position of Governmental Activities \$ 2,918,895.82

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Proprietary Funds
Statement of Net Position
June 30, 2023

| | Business Type Activities - Enterprise Funds | | | | | | | Governmental Activities Internal Service Fund |
|---|---|-----------------------|--------------------------------------|---------------|-------------------------|--------------------|----------------------|--|
| | Food Service | Itinerant Services | Shared Services Transportation | Community Use | Extended School Year | Back Porch Café | Business Services | |
| ASSETS | | | | | | | | |
| Current Assets: | | | | | | | | |
| Cash and Cash Equivalents | \$ 39,191.65 | 2,905,884.71 | 149,745.89 | 680,705.28 | 1,344,888.72 | 9,353.37 | 10,005.58 | 5,139,775.20 |
| Intergovernmental Accts Receivable | 8,706.48 | | | | | | | 8,706.48 |
| Accounts Receivable | 14,469.45 | 968,036.93 | 809,506.17 | | | 2,650.00 | | 1,777,543.10 |
| Inventory | 62,367.58 | 3,873,921.64 | 959,252.06 | 680,705.28 | 1,344,888.72 | 12,003.37 | 10,005.58 | 17,119.45 |
| Total Current Assets | | | | | | | | 6,943,144.23 |
| Noncurrent Assets: | | | | | | | | |
| Furniture, Machinery & Equipment | 169,120.73 | 187,050.50 | 361,434.60 | 39,994.50 | 183,062.00 | 2,546.00 | | 943,208.33 |
| Less Accumulated Depreciation | (145,540.13) | (12,884.65) | (171,476.95) | (18,802.69) | (12,585.49) | (1,534.77) | | (362,824.68) |
| Total Noncurrent Assets | 23,580.60 | 174,165.85 | 189,957.65 | 21,191.81 | 170,476.51 | 1,011.23 | | 580,383.65 |
| Total Assets | 85,948.18 | 4,048,087.49 | 1,149,209.71 | 701,897.09 | 1,515,365.23 | 13,014.60 | 10,005.58 | 7,523,527.88 |
| LIABILITIES | | | | | | | | |
| Current Liabilities: | | | | | | | | |
| Accounts Payable | | | | | | 908.17 | | 908.17 |
| Intergovernmental Accounts Payable: | | | | | | | | |
| State | | | | | | | | |
| Interfunds Payable | | | | | | | | |
| Unearned Revenue | 711.17 | | | | | | | |
| Deposits Payable | | | | 4,372.00 | | | | 711.17 |
| Total Current Liabilities | 711.17 | | | 4,372.00 | | 908.17 | | 4,372.00 |
| Noncurrent Liabilities: | | | | | | | | |
| Compensated Absences | | 53,190.16 | 46,381.96 | | | | | 99,572.12 |
| Total Noncurrent Liabilities | | 53,190.16 | 46,381.96 | | | | | 99,572.12 |
| NET POSITION | | | | | | | | |
| Invested in Capital Assets Net of Related Debt | 23,580.60 | 174,165.85 | 189,957.65 | 21,191.81 | 170,476.51 | 1,011.23 | | 580,383.65 |
| Unrestricted | 61,656.41 | 3,820,731.48 | 912,870.10 | 676,333.28 | 1,344,888.72 | 11,095.20 | 10,005.58 | 6,837,580.77 |
| Total Net Position | \$ 85,237.01 | 3,994,897.33 | 1,102,827.75 | 697,525.09 | 1,515,365.23 | 12,106.43 | 10,005.58 | 7,417,964.42 |

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2023

| | Business-Type Activities - Enterprise Fund | | | | | | Governmental Activities Internal Service | |
|---|--|--------------------|--------------------------------|---------------|----------------------|-----------------|--|-------------------|
| | Food Service | Itinerant Services | Shared Services Transportation | Community Use | Extended School Year | Back Porch Café | | Business Services |
| Operating Revenue: | | | | | | | | |
| Charges for Service: | | | | | | | | |
| Daily Sales - Non-reimbursable Programs | 2,062.35 | | | | | | | 2,062.35 |
| Daily Sales - Reimbursable Programs | 7,220.46 | 360.00 | 480,072.13 | | | 109,197.51 | | 7,220.46 |
| Special Functions and Other Revenue | 332.37 | 5,059,358.58 | | | | | | 5,059,358.58 |
| Itinerant and Professional Services | | | | | | | | |
| Transportation Fees from Other LEA's Within the State | | | 3,328,026.52 | | | | | 3,328,026.52 |
| Day Care Facility Rental | | | | 58,644.00 | | | | 58,644.00 |
| Pool/Gym Use and Community Swim | | | | 50,742.00 | | | | 50,742.00 |
| Tuition and Fees | | | | | 568,400.00 | | | 568,400.00 |
| Total Operating Revenue | 9,615.18 | 5,059,718.58 | 3,808,098.65 | 109,386.00 | 568,400.00 | 109,197.51 | | 9,664,415.92 |
| Operating Expenses: | | | | | | | | |
| Cost of Sales - reimbursable programs | 86,914.38 | | | | | | | 86,914.38 |
| Cost of Sales - non-reimbursable programs | 829.68 | | | | | 106,231.04 | | 107,060.72 |
| Salaries | 91,330.63 | 2,963,117.87 | 241,874.55 | 53,495.76 | 430,931.88 | | | 3,780,750.69 |
| Employee Benefits | | 580,127.60 | 78,469.55 | 16,451.12 | 41,056.42 | | | 716,104.69 |
| Transportation - Contracted Services | | | 3,382,091.96 | | | | | 3,382,091.96 |
| Other Purchased Professional Services | 2,150.00 | 729,853.55 | 2,853.00 | 1,857.53 | 9,260.22 | | | 745,974.30 |
| Other Purchased Services | 12,207.20 | 16,057.78 | 1,800.00 | | | | | 30,064.98 |
| Cleaning, Repair and Maintenance Services | 5,793.00 | | 12,880.26 | | | | | 18,673.26 |
| Utilities and Gasoline | | | 12,267.04 | | | | | 12,267.04 |
| Insurance | | | 7,669.41 | | | | | 7,669.41 |
| General Supplies | 8,870.94 | 12,910.44 | 29,169.69 | | 13,453.37 | | | 64,404.44 |
| Other | | | 315.00 | | | | | 315.00 |
| Depreciation | 1,516.93 | 9,452.28 | 44,478.60 | 3,464.09 | 9,153.12 | 169.73 | | 68,234.75 |
| Total Operating Expenses | 209,612.76 | 4,311,519.52 | 3,813,869.06 | 75,268.50 | 503,855.01 | 106,400.77 | | 9,020,525.62 |
| Operating Income (Loss) | (199,997.58) | 748,199.06 | (5,770.41) | 34,117.50 | 64,544.99 | 2,796.74 | | 643,890.30 |
| Nonoperating Revenues (Expenses): | | | | | | | | |
| State Sources: | | | | | | | | |
| State School Lunch Program | 3,239.47 | | | | | | | 3,239.47 |
| State Breakfast Program | 4,090.20 | | | | | | | 4,090.20 |
| Federal Sources: | | | | | | | | |
| National School Lunch Program | 91,716.67 | | | | | | | 91,716.67 |
| School Breakfast Program | 56,229.90 | | | | | | | 56,229.90 |
| Performance Based | 2,055.44 | | | | | | | 2,055.44 |
| Supply Chain Assistance | 25,371.05 | | | | | | | 25,371.05 |
| P-EBT Administrative Costs | 653.00 | | | | | | | 653.00 |
| Food Distribution Program | 25,467.98 | | | | | 76.90 | | 25,467.98 |
| Interest and Investment Income | 424.62 | | | 4,760.31 | | | | 5,261.83 |
| Total Nonoperating Revenues (Expenses) | 209,248.33 | - | - | 4,760.31 | - | 76.90 | | 214,085.54 |

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2023

| | Business-Type Activities - Enterprise Fund | | | | | | | Governmental Activities |
|--|---|-----------------------|--------------------------------------|---------------|-------------------------|--------------------|----------------------|----------------------------|
| | Food Service | Itinerant Services | Shared Services Transportation | Community Use | Extended School Year | Back Porch Café | Business Services | Internal Service |
| Income (loss) before Contributions & Transfers | 9,250.75 | 748,199.06 | (5,770.41) | 38,877.81 | 64,544.99 | 2,873.64 | - | - |
| Adjustment to Prior Year Fixed Asset Balance | - | | (32,362.59) | | | | | - |
| Transfers In (Out) | | | | | | | | |
| Changes in Net Position | 9,250.75 | 748,199.06 | (38,133.00) | 38,877.81 | 64,544.99 | 2,873.64 | - | - |
| Total Net Position - Beginning | 75,986.26 | 3,246,698.27 | 1,140,960.75 | 658,647.28 | 1,450,820.24 | 9,232.79 | 10,005.58 | 66,846.50 |
| Total Net Position - Ending | 85,237.01 | 3,994,897.33 | 1,102,827.75 | 697,525.09 | 1,515,365.23 | 12,106.43 | 10,005.58 | 66,846.50 |
| | | | | | | | 857,975.84 | |
| | | | | | | | (32,362.59) | |
| | | | | | | | 825,613.25 | |
| | | | | | | | 6,592,351.17 | |
| | | | | | | | 7,417,964.42 | |

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Proprietary Funds
Comparative Statement of Cash Flows
For the Year Ended June 30, 2023

| | Business-Type Activities - Enterprise Fund | | | | | | | | | | Governmental Activities Internal Service Fund | |
|--|--|--------------------|--------------------------------|---------------|----------------------|-----------------|-------------------|----------------|--|--|---|--|
| | Food Service | Itinerant Services | Shared Services Transportation | Community Use | Extended School Year | Back Porch Café | Business Services | Total 2023 | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | | | | | |
| Receipts from Customers | \$ 8,055.38 | 5,070,102.33 | 3,407,961.19 | 109,386.00 | 571,300.00 | 109,607.51 | - | 9,276,412.41 | | | - | |
| Payments to Employees | (91,330.63) | (2,930,107.65) | (206,341.54) | (53,495.76) | (430,931.88) | - | - | (3,712,207.46) | | | | |
| Payments for Employee Benefits | - | (580,127.60) | (78,469.55) | (16,451.12) | (41,056.42) | - | - | (716,104.69) | | | | |
| Payments for Supplies and Services | (116,286.48) | (941,883.77) | (3,451,175.57) | (1,857.53) | (22,713.59) | (107,136.42) | - | (4,641,053.36) | | | | |
| Net Cash Provided by (Used for) Operating Activities | (199,561.73) | 617,983.31 | (328,025.47) | 37,581.59 | 76,598.11 | 2,471.09 | - | 207,046.90 | | | - | |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | | | | | | |
| State Sources | 7,159.57 | | | | | | | 7,159.57 | | | | |
| Federal Sources | 183,503.81 | | | | | | | 183,503.81 | | | | |
| Operating Subsidies and Transfers to Other Funds | 25,467.98 | | | | | | | 25,467.98 | | | | |
| Net Cash Provided by (Used for) Noncapital Financing Activities | 216,131.36 | - | - | - | - | - | - | 216,131.36 | | | - | |
| CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | | | | | | |
| Purchase of Capital Assets | (8,642.95) | (3,988.50) | - | - | (183,062.00) | - | - | (195,693.45) | | | | |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | (8,642.95) | (3,988.50) | - | - | (183,062.00) | - | - | (195,693.45) | | | - | |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | | | | | | | | | |
| Interest and Dividends | 424.62 | | | 4,760.31 | | 76.90 | | 5,261.83 | | | | |
| Net Cash Provided by (Used for) Investing Activities | 424.62 | - | - | 4,760.31 | - | 76.90 | - | 5,261.83 | | | - | |
| Net Increase (Decrease) in Cash and Cash Equivalents | 8,351.30 | 613,994.81 | (328,025.47) | 42,341.90 | (106,463.89) | 2,547.99 | - | 232,746.64 | | | - | |
| Balance - Beginning of Year | 30,840.35 | 2,291,889.90 | 477,771.36 | 638,363.38 | 1,451,352.61 | 6,805.38 | - | 4,907,028.56 | | | 66,846.50 | |
| Balance - End of Year | \$ 39,191.65 | 2,905,884.71 | 149,745.89 | 680,705.28 | 1,344,888.72 | 9,353.37 | - | 5,139,775.20 | | | 66,846.50 | |

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
 (A Component Unit of the County of Cape May)
 Proprietary Funds
 Comparative Statement of Cash Flows
 For the Year Ended June 30, 2023

| | Business-Type Activities - Enterprise Fund | | | | | | | Governmental Activities Internal Service Fund |
|-----------------|---|-----------------------|--------------------------------------|---------------|-------------------------|--------------------|----------------------|--|
| | Food Service | Itinerant Services | Shared Services Transportation | Community Use | Extended School Year | Back Porch Café | Business Services | |
| \$ (199,997.58) | 748,199.06 | (5,770.41) | 34,117.50 | 64,544.99 | 2,796.74 | - | 643,890.30 | - |
| 1,516.93 | 9,452.28 | 44,478.60 | 3,464.09 | 9,153.12 | 169.73 | | 68,234.75 | |
| - | 10,383.75 | (400,137.46) | - | 2,900.00 | 410.00 | | (386,443.71) | - |
| 478.72 | (183,062.00) | (2,129.21) | - | - | (650.00) | | (171.28) | |
| (1,559.80) | | | - | - | (255.38) | | (185,446.59) | |
| | 33,010.22 | 35,533.01 | | | - | | - | |
| 435.85 | (130,215.75) | (322,255.06) | 3,464.09 | 12,053.12 | (325.65) | | 68,543.23 | |
| \$ (199,561.73) | 617,983.31 | (328,025.47) | 37,581.59 | 76,598.11 | 2,471.09 | - | 207,046.90 | - |

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:
 Operating Income (Loss)
 Adjustments to Reconcile Operating (Loss) to
 Net Cash Provided by (Used for) Operating
 Activities
 Depreciation and Net Amortization
 (Increase) Decrease in Accounts Receivable
 Increase (Decrease) in Inventories
 Increase (Decrease) in Accounts Payable
 Increase (Decrease) in Deferred Revenue
 Increase (Decrease) in Interfunds Payable
 Increase (Decrease) in Accrued Salaries
 Total Adjustments
 Net Cash Provided by (Used for) Operating
 Activities

NOTES TO THE FINANCIAL STATEMENTS

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CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of appointed officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of Cape May County Schools for Special Services (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 Board's accounting policies are described below.

A. Reporting Entity

The Cape May County Schools for Special Services is a Type I District located in the County of Cape May, State of New Jersey. As a Type I District, the School District functions independently through a Board of Education. The Board is comprised of six members appointed to three-year terms, and the County Superintendent of Schools and the County Mental Health Chairperson as ex-officio members. The operations of the District include early intervention (birth-3), pre-school handicapped (ages 3-5), Ocean Academy Elementary School (ages 5-10), individuals eligible for day training (ages 4-21), George E. Bailey Middle School (ages 11-14), the Alternative High School (ages 14-21), the Woodbine Developmental Center, the Alternative Education Program and the Department of Human Services Program.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

The following organizations are considered component units; however, the School District has determined that they are not significant and, therefore, have not been included in the basic financial statements;

Cape May County Special Services Education Foundation
148 Crest Haven Road
Cape May Court House, N.J. 08210

Requests for information should be addressed to the organization listed above.

B. Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's proprietary funds are classified as business-type activities.

In the governmental-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts-invested in capital assets, net

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)

of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (food service). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, interest income, etc.).

- a. The District does allocate indirect costs such as depreciation expense, compensated absences, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

The following fund types are used by the District:

Governmental Funds

The District reports the following governmental funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

General Fund - The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The District's Unemployment Compensation Trust Fund, Payroll Agency, and Net Payroll accounts are also accounted for in the General Fund.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue fund is specifically used to account for federal and state grant monies that have

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)

been allocated to the District. The District's Student Activities Fund is also accounted for in the Special Revenue Fund.

Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs.

Internal Service Fund is treated as governmental fund for the entity-wide financial reporting. This fund is used to account for extra services provided that are over the contractual amounts.

The District reports the following proprietary fund:

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business operations – where the intent of the District is

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)

that the costs of providing goods or services be financed or recovered primarily through user charges.

The District's Enterprise Fund is comprised of the following;

A Food Service Fund, which accounts for all revenues and expenses pertaining to the District's cafeteria operations.

An Itinerant Shared Services Fund, which accounts for all revenues and expenses pertaining to the itinerant services provided to other districts in the state.

A Transportation Shared Services Fund, which accounts for all revenues and expenses pertaining to the transportation services provided to other districts in the state.

A Day Care/Community Use of Facilities Fund, which accounts for all revenues and expenses pertaining to the day care operations in the district provided to families in the community and which accounts for all revenues and expenses pertaining to Community Pool operations.

A Shop Rite Fund, which accounts for all revenue and expenses pertaining to the sale of goods from a Shop Rite store maintained in the school.

An Extended School Year Fund, which accounts for all revenues and expenses pertaining to the extended school year program operated over the summer months.

A Business Office Services Fund, which accounts for all revenues and expenses pertaining to the outsourcing of business office functions to other local education associations.

Internal Service Fund - Internal Service funds are used to charge costs for certain activities to individual funds or other governmental entities. The District's internal service fund is comprised of charges for additional related services over contractual amounts.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position, and is reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.), and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

All fund internal activity is eliminated when carried to the Government-wide statements.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
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1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Financial Statement Amounts

1. Cash and Cash Equivalents:

Cash and cash equivalents 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. 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. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, 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.

NJSA 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 Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks 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.

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized as a reserve to pay future debt service or transferred to the general fund.

3. Inventories:

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first-out method. As of June 30, 2023, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

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| | | |
|----------|----|-----------|
| Food | \$ | 13,218.47 |
| Supplies | | 1,250.98 |
| | \$ | 14,469.45 |

The value of Federal donated commodities is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements. The value of commodities included in the food inventory on June 30, 2023 is \$11,489.58.

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|-------------------------|-------------|
| Buildings | 20-50 years |
| Machinery and equipment | 5-10 years |
| Improvements | 10-20 years |
| Infrastructure Assets | 50-65 years |

Infrastructure assets include roads, parking lots, underground pipe, etc. The District includes all infrastructure assets as depreciable assets in the financial statements.

5. Revenues:

Substantially all governmental fund revenues are accrued. The Districts primary source of revenue is a line item appropriation in the annual County of Cape May budget. The District records the entire approved appropriation as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues, including tuition revenue are reported as reductions to expenses in the statement of activities.

6. Expenditures:

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

7. 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 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 District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as both an expenditure and a fund liability in the

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fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

8. Interfund Activity:

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

9. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval and then to the Board of School Estimates for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools.

Significant transfers approved by the Board of Education during the fiscal year were as follows:

| | |
|--|-----------------|
| Other Instructional Programs - Instruction | |
| Salaries of Teachers | \$ (123,752.62) |
| Purchased Services | 76,841.13 |

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payments for budgetary purposes only and the special revenue fund as noted below. 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 grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting 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.

10. Tuition Receivable:

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. The final cost is based on a determination by the State of New Jersey Department of Education pursuant to the provisions of NJAC 6A:23-17.1.

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11. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

12. Allocation of Costs:

In the government-wide statement of activities, the District has allocated unallocated benefits to various programs based on the budgetary expenditures by program.

13. 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 Public Employee Retirement System (PERS) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the TPAF and 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.

F. Recent Accounting Pronouncements Not Yet Effective

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 99, "Omnibus 2022". This statement, which is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter, may have an effect on the District's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections (an amendment of GASB Statement No. 62)". This statement, which is effective for fiscal years beginning after June 15, 2023, may have an effect on the District's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement, which is effective for fiscal years beginning after December 15, 2023, may have an effect on the District's financial reporting.

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

As of June 30, 2023, the District had no investments.

Interest Rate Risk – the District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk – New Jersey Statutes 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the District or the local units in which the District is located, obligations of Federal agencies not exceeding 397 days, government money market mutual funds, the State of New Jersey Cash Management Plan, local government investment pools, or repurchase of fully collateralized securities.

Concentration of Credit Risk – the District places no limit on the amount the District may invest in any one issuer.

Custodial Credit Risk Related to Deposits - Custodial credit risk is 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

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Governmental Unit Deposit Protection Act. Of the School District's bank balance of \$11,602,747.82 of June 30, 2023, \$151,639.71 was uninsured and uncollateralized.

NOTE 3 – CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board of Education by the inclusion of \$1.00 on October 17, 2000 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.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the Board of School Estimates has been obtained. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its LRFP.

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

| | |
|---------------------------------|-----------------|
| Beginning balance, July 1, 2022 | \$ 1,028,820.90 |
| Increased by: | |
| Interest earned | 1,000.00 |
| Transfer by Board Resolution | 650,000.00 |
| Decreased by: | |
| Board approved Withdrawal | - |
| Ending balance, June 30, 2023 | \$ 1,679,820.90 |

The June 30, 2023 LRFP balance of local support costs of uncompleted capital projects at June 30, 2023 is greater than \$1,679,820.90.

NOTE 4 – MAINTENANCE RESERVE

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

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The activity of the maintenance reserve for the fiscal year is as follows:

| | | |
|---------------------------------|--|---------------|
| Beginning balance, July 1, 2022 | | \$ 949,225.00 |
| Increased by: | | |
| Interest earned | | 1,000.00 |
| Transfer by Board Resolution | | - |
| Decreased by: | | |
| Budgeted Withdrawal | | - |
| Ending balance, June 30, 2023 | | \$ 950,225.00 |

NOTE 5 – RECEIVABLES

Receivables at June 30, 2023, consisted of accounts (tuition and miscellaneous), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full. A summary of the principal items of accounts receivable follows:

| | | Governmental Fund Financial Statements | Government-wide Financial Statements |
|-------------|----|--|--|
| State Aid | \$ | 40,731.15 | 40,731.15 |
| Federal Aid | | | |
| Interfunds | | | |
| Other | | 93,218.29 | 93,218.29 |
| Total | \$ | 133,949.44 | 133,949.44 |

NOTE 6 – CAPITAL ASSETS

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

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FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions/ Adjustments</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|-----------------------------------|-----------------------|
| Governmental activities: | | | | |
| Capital assets being depreciated: | | | | |
| Land Improvements | \$ 98,274.18 | | | 98,274.18 |
| Building Improvements | 1,977,442.00 | | | 1,977,442.00 |
| Infrastructure | 156,390.00 | | | 156,390.00 |
| Machinery and Equipment | 2,948,760.95 | 472,853.85 | | 3,421,614.80 |
| Licensed Vehicles | 33,536.00 | | | 33,536.00 |
| Total capital assets being depreciated at historical cost | <u>5,214,403.13</u> | <u>472,853.85</u> | <u>-</u> | <u>5,687,256.98</u> |
| Less accumulated depreciation for: | | | | |
| Land Improvements | (16,321.08) | (4,913.76) | | (21,234.84) |
| Building Improvements | (420,845.13) | (40,520.28) | | (461,365.41) |
| Infrastructure | (18,062.00) | (2,406.00) | | (20,468.00) |
| Machinery and Equipment | (862,526.29) | (191,997.95) | | (1,054,524.24) |
| Licensed Vehicles | (13,759.96) | (4,191.96) | | (17,951.92) |
| Total accumulated depreciation | <u>(1,331,514.46)</u> | <u>(244,029.95)</u> | <u>-</u> | <u>(1,575,544.41)</u> |
| Governmental activity capital assets, net | <u>\$ 3,882,888.67</u> | <u>228,823.90</u> | | <u>4,111,712.57</u> |
| Business-type activities: | | | | |
| Capital assets being depreciated: | | | | |
| Equipment | \$ 1,023,252.39 | 12,631.45 | 92,676.00 | 943,207.84 |
| Less accumulated depreciation | (354,902.85) | (68,234.89) | (60,311.47) | (362,826.27) |
| Enterprise Fund capital assets, net | <u>\$ 668,349.54</u> | <u>(55,603.44)</u> | <u>32,364.53</u> | <u>580,381.57</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|----------------------------------|----------------------|
| Instruction: | |
| Special Education Instruction | \$ 108,492.92 |
| Other Instruction | 215.59 |
| Support Services: | |
| Student and Instruction Related | 53,378.71 |
| School Administrative Services | 10,732.06 |
| Other Administrative Services | 18,896.14 |
| Plant Operations and Maintenance | <u>52,314.53</u> |
| | <u>\$ 244,029.95</u> |

No interest on debt was capitalized during the year.

NOTE 7 – GENERAL LONG-TERM DEBT

Changes in long-term obligations for the year ended June 30, 2023 are as follows:

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| | Balance July 1, 2022 | Issues or Additions | Payments or Expenditures | Balance June 30, 2023 | Amounts Due Within One Year |
|---------------------------------|-------------------------|------------------------|-----------------------------|--------------------------|-----------------------------------|
| Governmental Activities: | | | | | |
| Compensated Absences | \$ 322,374.03 | | 174,168.76 | 148,205.27 | - |
| Lease Liability | 1,667,546.35 | | 411,737.36 | 1,255,808.99 | 419,392.36 |
| | <u>1,989,920.38</u> | <u>-</u> | <u>585,906.12</u> | <u>1,404,014.26</u> | <u>419,392.36</u> |
| Business Type Funds | | | | | |
| Compensated Absences | 31,028.89 | 71,613.94 | 3,070.71 | 99,572.12 | - |
| | <u>\$ 2,020,949.27</u> | <u>71,613.94</u> | <u>588,976.83</u> | <u>1,503,586.38</u> | <u>419,392.36</u> |

Compensated absences have been liquidated in the General Fund and the Enterprise Funds.

Lease Payable

The District has commitments to lease the school building annually for \$400,000 and certain office equipment under operating leases that expire in fiscal year 2026. The District entered into a new office equipment lease during the school year. Total operating lease payments made during the year ended June 30, 2023 were \$411,737.36, which was for rent paid to the County of Cape May for use of the school building, and payments made on the office equipment. Future minimum lease payments are as follows:

| Year Ending June 30, | Principal |
|-------------------------------------|------------------------|
| 2024 | 419,392.36 |
| 2025 | \$ 419,392.36 |
| 2026 | 415,009.27 |
| 2027 | 1,860.00 |
| 2028 | 155.00 |
| Total future minimum lease payments | <u>\$ 1,255,808.99</u> |

NOTE 8 – PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System, the Teachers' Pension and Annuity Fund or the Defined Contribution Retirement Program which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at:

<http://www.state.nj.us/treasury/omb/publications/21fr/NJFRFY2021Complete.pdf>

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Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost sharing multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost sharing, multiple employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost sharing multiple employer defined contribution pension fund. 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.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 7.5% and the PERS rate is 7.5% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2023, 2022 and 2021 were \$1,893,618.00, \$2,069,517, and \$1,469,415, respectively, and paid by the State of New Jersey on behalf of the Board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2023, 2022 and 2021 were \$411,956.00, \$417,367.72, and \$423,678, respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2023, 2022 and 2021, the State of New Jersey contributed \$497,449.00, \$483,523, and \$460,492, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. During the fiscal years ended June 30, 2022, the State of New Jersey contributed \$1,283 to the TPAF for long-term disability insurance. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$399,549.10, \$392,483.58, and \$369,651, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB standards.

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For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. There were no employees enrolled in the DCRP for the year ended June 30, 2023.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. 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.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Teacher's Pension and Annuity Fund (TPAF) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS and TPAF hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the systems is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. For fiscal year 2013, the member contribution rates increased in October 2012. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement systems.

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Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS and TPAF from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS and TPAF to 1/60th from 1/55th, and it provided that new members of PERS and TPAF have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS and TPAF will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS and TPAF with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 9 - PENSION LIABILITIES – PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the District's pension liabilities. The following information describes the District's proportionate share of the statewide pension system's liabilities and expenses.

The following represents the District's pension liabilities as June 30, 2022:

Public Employees' Retirement System

The District has a liability of \$4,930,013 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 that was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion is 0.03266774880%, which is a decrease of 11.09% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the District recognized negative pension expense of \$614,980. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected & actual experience | \$ 35,583 | \$ (31,379) |
| Changes of assumptions | 15,275 | (738,218) |
| Net difference between projected and actual earnings on pension plan investments | 204,049 | - |
| Changes in proportion | 427,525 | (1,040,486) |
| Total | \$ 682,432 | \$ (1,810,083) |

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Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

| Year ended June 30, | | |
|------------------------|----|--------------------|
| 2024 | \$ | (1,030,734) |
| 2025 | | (379,614) |
| 2026 | | (26,673) |
| 2027 | | 311,794 |
| 2028 | | (2,424) |
| Total | \$ | <u>(1,127,651)</u> |

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. This actuarial valuation used the following 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 disable 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 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.

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 weighing 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

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major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------------|-------------------|--|
| 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% |

Discount Rate

The discount rate used to measure the 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 will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the District's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the 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 or 1-percentage point higher than the current rate:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---------------------------|-------------------------------------|---------------------------|
| Municipality's proportionate share of the net pension liability | \$ 5,912,097 | \$ 4,930,013 | \$ 4,095,149 |

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

NOTE 10 – PENSION LIABILITIES - TEACHERS' PENSION AND ANNUITY FUND (TPAF)

At June 30, 2022, the District liability for its proportionate share of the net pension liability which is considered a Special Funding Situation with the State of New Jersey is reported below.

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The employer contributions for local participating employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 18:66-33. Therefore, local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan, there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

| | |
|--|-------------------------|
| District's proportionate share of the net pension liability | \$ - |
| State's proportionate share of the net position liability associated with the District | <u>25,576,588.00</u> |
| Total | <u>\$ 25,576,588.00</u> |

The net pension liability was measured as of June 30, 2022 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2022, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized pension expense of \$688,337 and revenue of \$688,337 for support provided by the State.

Actuarial assumptions. The total pension liability in the June 30, 2022 actuarial valuation was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all period included 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 table 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-Medan 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,

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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 weighing 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:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return. |
|-----------------------------------|-------------------|---|
| 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 | 2.00% | 4.95% |
| Private Credit | 8.00% | 8.10% |
| Investment Grade Credit | 8.00% | 3.38% |
| Cash Equivalents | 4.00% | 1.75% |
| U.S. Treasuries | 5.00% | 1.75% |
| Risk Mitigation Strategies | 3.00% | 4.91% |

Discount rate.

The discount rate used to measure the 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 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% as well as what the 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 (6.0%) or 1-percentage point higher (8.0%) than the current rate:

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| | 1% Decrease (6.0%) | Current Discount Rate (7.0%) | 1% Increase (8.0%) |
|--|--------------------------|------------------------------------|--------------------------|
| District's proportionate share of the net pension liability | \$ - | \$ - | \$ - |
| State's proportionate share of the net position liability associated with the District | \$ 29,989,092.94 | \$ 25,576,588.00 | \$ 21,859,607.03 |

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

Additional Information

Collective balances of the local group at June 30, 2022 are as follows:

| | | |
|--------------------------------|----|----------------|
| Deferred outflows of resources | \$ | 5,004,259,312 |
| Deferred inflows of resources | | 19,682,774,794 |
| Net pension liability | | 51,676,587,303 |

Collective pension expense for the plan for the measurement period ended June 30, 2022 is \$1,390,761,344.

NOTE 11 – OTHER POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan:

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be reported on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contributions. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The

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State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASBE Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent, from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Total OPEB Liability

The State, a non-employer 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 LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA 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 June 30, 2023 III-3.8 the NJ State ACFR on the Office of Management and Budget's Financial Publications webpage: [NJ OMB - Financial Publications](#)

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 by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases

| TPAF/ABP | PERS | PFRS |
|--|--|---|
| 2.75% to 4.25% based on service years | 2.75% to 6.55% based on service years | 3.25% to 16.25% based on service years |

Mortality Rates

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 Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2020 "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, 2021 valuation were based on the results of the TPAF, PERS, and PFRS experience studies for the period July 1, 2018 to June 30, 2021.

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Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.5% 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 4.5% 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 4.5% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate 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.

Changes in the Total OPEB Liability reported by the State of New Jersey

| | |
|--|-----------------------------|
| Balance at 6/30/22 (Based on 6/30/2021 measurement date) | \$ 60,007,650,970.00 |
| Changes for the year: | |
| Service cost | 2,770,618,025.00 |
| Interest | 1,342,187,139.00 |
| Changes in Benefit Terms | - |
| Differences between Expected & Actual Experiences | 1,399,200,736.00 |
| Changes in assumptions or other inputs | (13,586,368,097.00) |
| Contributions: Member | 42,650,252.00 |
| Benefit payments | <u>(1,329,476,059.00)</u> |
| Net changes | <u>(9,361,188,004.00)</u> |
| Balance at 6/30/23 (Based on 6/30/2022 measurement date) | <u>\$ 50,646,462,966.00</u> |

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability as of June 20, 2022, respectively, calculated using a discount rate as disclosed above as well as what the total nonemployer OPEB would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

| | 1% Decrease (2.54%) | Discount Rate (3.54%) | 1% Increase (4.54%) |
|----------------------|------------------------|--------------------------|------------------------|
| Total OPEB Liability | \$ 59,529,589,697.00 | \$ 50,646,462,966.00 | \$ 43,527,080,995.00 |

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

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| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|---|----------------------|--------------------------------|----------------------|
| Total OPEB Liability (School Retirees) | \$ 41,862,397,291.00 | \$ 50,646,462,966.00 | \$ 62,184,866,635.00 |

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

For the year ended June 30, 2022, the board of education recognized OPEB expense of (\$654,395.00) determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the board of education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 9,042,402,619.00 | \$ (15,462,950,679.00) |
| Changes in assumptions | 8,765,620,577.00 | (17,237,289,230.00) |
| | \$ 17,808,023,196.00 | \$ (32,700,239,909.00) |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30, | |
|------------------------|------------------------|
| 2023 | \$ (2,517,151,602.00) |
| 2024 | (2,517,151,602.00) |
| 2025 | (2,517,151,602.00) |
| 2026 | (2,175,449,761.00) |
| 2027 | (1,243,951,140.00) |
| Thereafter | (3,921,361,006.00) |
| | \$ (14,892,216,713.00) |

(Contributions made after June 30 are reported as deferred outflow of resources but are not amortized in the expense.)

Detailed information about the plan's fiduciary net position is available in the separately issued OPEB financial report.

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NOTE 12 – COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation, sick leave) as required by GASB standards. 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.

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

In the District-Wide Statement of Net Assets, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

NOTE 13 – DEFERRED COMPENSATION

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

TPAF Tax Shelters
MetLife
Thomas Seely Agency, Inc.
Lincoln Tax Shelters
Travelers Tax Shelters
Syracusa Tax Shelters
Safeco Tax Shelters

NOTE 14 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds.

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

The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior year:

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)

| Fiscal Year | District Contributions | Employee Contributions | Amount Reimbursed | Ending Balance |
|----------------|---------------------------|---------------------------|----------------------|-------------------|
| 2022-2023 | \$ - | 27,251.62 | 27,251.62 | 315,750.00 |
| 2021-2022 | 35,000.00 | 21,271.85 | 21,271.85 | 315,750.00 |
| 2020-2021 | 37,174.00 | 22,550.00 | 43,894.00 | 280,750.00 |

NOTE 15 – CONTINGENT LIABILITIES

Federal and State Grants

The District participates in a number of federal and state grant programs. The grant programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance would result in the disallowance of program expenditures.

NOTE 16 – ECONOMIC DEPENDENCY

The District receives support from federal government and from the state governments through local school districts. A significant reduction in the level of support, if this were to occur, would have an effect on the District's programs and activities.

NOTE 17 – FUND BALANCE APPROPRIATED

General Fund – Of the \$4,898,218.42 General Fund fund balance, at June 30, 2023, \$16,771.70 is reserved for encumbrances; \$950,225.00 is reserved as Maintenance Reserve 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), \$1,679,820.90 has been reserved in the Capital Reserve Account; \$315,750.00 is reserved for Unemployment Compensation; on June 22, 2023, the Board approved to have \$550,000.00 of fund balance to be designated for Subsequent Years Expenditures. \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2024; and \$1,385,650.82 is classified and Unassigned.

NOTE 18 – CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:46-31, an undesignated fund balance of 10 percent of the general fund budget may be maintained. The New Jersey Department of Education calculates the District's excess surplus using audited information and subsequently adjusts tuition rates and the cost per pupil for these calculations.

NOTE 19 – RIGHT TO USE ASSETS

The school district has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability, plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The district has determined the other charges and amortization to be immaterial to the government-wide financial statements and has elected to record the Right to Use Assets at their remaining liability payments.

The district has recorded two right to use leased assets. The assets are right to use assets for leased copiers and the building. The related leases are discussed in Note 7.

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--------------------------|----------------------|-----------|------------|-------------------|
| Copiers | \$ 67,546.35 | | 11,737.36 | 55,808.99 |
| Building | 1,600,000.00 | | 400,000.00 | 1,200,000.00 |
| Right to use assets, net | \$ 1,667,546.35 | - | 411,737.36 | 1,255,808.99 |

NOTE 20 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District has entered into Subscription-Based Information Technology Arrangements (SBITAs) involving:

- Education Software
- Various desktop and server software subscriptions

The total of the District's subscription assets are recorded at a cost of \$6,533.50, less accumulated amortization of \$1,339.48.

The future subscription payments under SBITA agreements are as follows:

| | | Subscriptions | | |
|------|----|----------------------|-----------------|-----------------|
| | | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2024 | \$ | 3,221.08 | | 3,221.08 |
| 2025 | | 1,972.93 | | 1,972.93 |
| 2026 | | - | | - |
| 2027 | | - | | - |
| 2028 | | - | | - |
| | \$ | <u>5,194.01</u> | <u>-</u> | <u>5,194.01</u> |

NOTE 21 – SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2023, through November 3, 2023, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

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BUDGETARY COMPARISON SCHEDULES

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CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)

General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance with Under/(Over) Final Budget to Actual |
|--|----------------------|------------------|----------------------|----------------------|---|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| County Line Item Appropriation | \$ 4,135,400.00 | - | 4,135,400.00 | 4,135,400.00 | - |
| Tuition from LEAs | 8,720,601.00 | | 8,720,601.00 | 9,301,880.77 | 581,279.77 |
| Non-Resident Fees | 275,000.00 | | 275,000.00 | 546,102.24 | 271,102.24 |
| Interest Earned on Capital Reserve | 1,000.00 | | 1,000.00 | | (1,000.00) |
| Interest Earned on Maintenance Reserve | 1,000.00 | | 1,000.00 | | (1,000.00) |
| Interest Earned on Deposits | 19,024.00 | | 19,024.00 | 66,044.88 | 47,020.88 |
| Other Miscellaneous | 14,999.76 | | 14,999.76 | 10,334.08 | (4,665.68) |
| Total Local Sources | 13,167,024.76 | - | 13,167,024.76 | 14,059,761.97 | 892,737.21 |
| State Sources: | | | | | |
| On-behalf TPAF - Pension Contributions (non-budgeted) | | | - | 1,893,618.00 | 1,893,618.00 |
| On-behalf TPAF Postretirement Contributions (non-budgeted) | | | - | 497,449.00 | 497,449.00 |
| On-behalf TPAF Non-Contributory Insurance (non-budgeted) | | | - | 1,283.00 | 1,283.00 |
| Reimbursed TPAF Social Security Contributions (non-budgeted) | | | - | 399,549.10 | 399,549.10 |
| Total State Sources | - | - | - | 2,791,899.10 | 2,791,899.10 |
| Federal Sources: | | | | | |
| Medical Assistance Program | | | - | 142,074.54 | 142,074.54 |
| FFCRA/SEMI | | | - | 7,530.46 | 7,530.46 |
| Total Federal Sources | - | - | - | 149,605.00 | 149,605.00 |
| Total Revenues | 13,167,024.76 | - | 13,167,024.76 | 17,001,266.07 | 3,834,241.31 |

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)

General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance with Under/(Over) Final Budget to Actual |
|---|---------------------|---------------------|---------------------|---------------------|--|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE | | | | | |
| SPECIAL EDUCATION - INSTRUCTION | | | | | |
| Emotional Regulation Impairment | | | | | |
| Salaries of Teachers | 547,070.00 | (64,828.85) | 482,241.15 | 476,152.86 | 6,088.29 |
| Other Salaries for Instruction | 278,247.50 | (369.93) | 277,877.57 | 275,840.45 | 2,037.12 |
| Other Purchased Services (400-500 series) | 25,575.00 | 17.29 | 25,592.29 | 24,607.29 | 985.00 |
| General Supplies | 14,950.00 | 2,860.00 | 17,810.00 | 17,552.06 | 257.94 |
| Textbooks | 3,000.00 | (2,677.29) | 322.71 | - | 322.71 |
| Other Objects | 1,500.00 | 2,000.00 | 3,500.00 | 3,187.90 | 312.10 |
| Total Behavioral Disabilities | <u>870,342.50</u> | <u>(62,998.78)</u> | <u>807,343.72</u> | <u>797,340.56</u> | <u>10,003.16</u> |
| Multiple Disabilities | | | | | |
| Salaries of Teachers | 1,227,020.00 | (16,365.83) | 1,210,654.17 | 1,210,654.17 | - |
| Other Salaries for Instruction | 431,840.00 | 66,653.08 | 498,493.08 | 498,493.08 | - |
| Purchased Professional - Educational Services | - | - | - | - | - |
| Other Purchased Services (400-500 series) | 3,500.00 | (3,500.00) | - | - | - |
| General Supplies | 33,550.00 | 5,100.00 | 38,650.00 | 38,589.56 | 60.44 |
| Textbooks | 3,000.00 | (3,000.00) | - | - | - |
| Other Objects | 29,000.00 | 16,521.26 | 45,521.26 | 45,521.26 | - |
| Total Multiple Disabilities | <u>1,727,910.00</u> | <u>65,408.51</u> | <u>1,793,318.51</u> | <u>1,793,258.07</u> | <u>60.44</u> |

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)

General Fund

Budgetary Comparison Schedule
Year Ended June 30, 2023

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance with Under/(Over) Final Budget to Actual |
|---|---------------------|--------------------|---------------------|---------------------|---|
| Autism | | | | | |
| Salaries of Teachers | 913,270.00 | 19,804.80 | 933,074.80 | 923,201.60 | 9,873.20 |
| Other Salaries for Instruction | 525,549.50 | (64,704.07) | 460,845.43 | 431,570.98 | 29,274.45 |
| Other Purchased Services (400-500 series) | - | - | - | - | - |
| General Supplies | 29,000.00 | (2,801.82) | 26,198.18 | 26,119.09 | 79.09 |
| Other Objects | 15,500.00 | (4,145.66) | 11,354.34 | 11,339.03 | 15.31 |
| Total Autism | 1,483,319.50 | (51,846.75) | 1,431,472.75 | 1,392,230.70 | 39,242.05 |
| Preschool Disabilities - Full-Time | | | | | |
| Salaries of Teachers | 179,930.00 | 250.00 | 180,180.00 | 180,180.00 | - |
| Other Salaries for Instruction | 57,556.00 | 753.92 | 58,309.92 | 58,309.92 | - |
| General Supplies | 4,750.00 | 204.91 | 4,954.91 | 4,954.91 | - |
| Other Objects | 2,500.00 | (650.00) | 1,850.00 | 1,850.00 | - |
| Total Preschool Disabilities - Full-Time | 244,736.00 | 558.83 | 245,294.83 | 245,294.83 | - |
| TOTAL SPECIAL EDUCATION - INSTRUCTION | 4,326,308.00 | (48,878.19) | 4,277,429.81 | 4,228,124.16 | 49,305.65 |
| Other Instructional Programs - Instruction | | | | | |
| Salaries | 455,195.00 | (123,752.62) | 331,442.38 | 330,502.29 | 940.09 |
| Purchased Services (300-500 series) | 1,400.00 | 76,841.13 | 78,241.13 | 67,004.29 | 11,236.84 |
| Supplies & Materials | 12,500.00 | 14,415.48 | 26,915.48 | 26,366.08 | 549.40 |
| Other Objects | 13,800.00 | (9,500.00) | 4,300.00 | 3,701.95 | 598.05 |
| Total Other Instructional Programs - Instruction | 482,895.00 | (41,996.01) | 440,898.99 | 427,574.61 | 13,324.38 |
| Community Service Programs - Instruction | | | | | |
| Salaries | 8,500.00 | - | 8,500.00 | 7,800.00 | 700.00 |
| Total Community Service Programs - Instruction | 8,500.00 | - | 8,500.00 | 7,800.00 | 700.00 |
| TOTAL INSTRUCTION | 4,817,703.00 | (90,874.20) | 4,726,828.80 | 4,663,498.77 | 63,330.03 |

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
General Fund

Budgetary Comparison Schedule
Year Ended June 30, 2023

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance with Under/(Over) Final Budget to Actual |
|--|---------------------|--------------------|---------------------|---------------------|---|
| UNDISTRIBUTED EXPENDITURES | | | | | |
| Undistributed Expenditures - Health Services | | | | | |
| Salaries | 200,701.00 | 5,888.56 | 206,589.56 | 206,589.52 | 0.04 |
| Purchased Professional and Technical Services | 70,000.00 | (39,203.96) | 30,796.04 | 28,782.64 | 2,013.40 |
| Purchased Services (400-500 series) | 500.00 | - | 500.00 | - | 500.00 |
| Supplies & Materials | 17,000.00 | (3,000.00) | 14,000.00 | 10,737.12 | 3,262.88 |
| Other Objects | 500.00 | - | 500.00 | - | 500.00 |
| Total Undistributed Expenditures - Health Services | <u>288,701.00</u> | <u>(36,315.40)</u> | <u>252,385.60</u> | <u>246,109.28</u> | <u>6,276.32</u> |
| Undistributed Expenditures - Speech, OT, PT and Related Services | | | | | |
| Salaries of Other Professional Staff | 1,123,513.00 | 61,425.15 | 1,184,938.15 | 1,184,938.05 | 0.10 |
| Purchased Professional - Education Services | 21,000.00 | (1,060.00) | 19,940.00 | 19,933.75 | 6.25 |
| Supplies & Materials | 18,350.00 | (979.50) | 17,370.50 | 17,348.46 | 22.04 |
| Other Objects | 500.00 | 1,860.00 | 2,360.00 | 2,360.00 | - |
| Total Undistributed Expenditures - Speech, OT, PT and Related Services | <u>1,163,363.00</u> | <u>61,245.65</u> | <u>1,224,608.65</u> | <u>1,224,580.26</u> | <u>28.39</u> |
| Undistributed Expenditures - Child Study Teams | | | | | |
| Salaries of Other Professional Staff | 405,735.00 | 3,446.48 | 409,181.48 | 409,181.48 | - |
| Salaries of Secretarial and Clerical Assistants | 38,035.00 | 1,000.04 | 39,035.04 | 39,035.04 | - |
| Other Salaries | - | - | - | - | - |
| Purchased Professional and Technical Services | 21,520.00 | 22,215.40 | 43,735.40 | 43,735.40 | - |
| Other Purchased Services (400-500 series) | 1,800.00 | 500.00 | 2,300.00 | 2,131.02 | 168.98 |
| Supplies & Materials | 9,500.00 | 5,000.00 | 14,500.00 | 14,197.42 | 302.58 |
| Other Objects | 2,000.00 | - | 2,000.00 | 2,000.00 | - |
| Total Undistributed Expenditures-Child Study Teams | <u>478,590.00</u> | <u>32,161.92</u> | <u>510,751.92</u> | <u>510,280.36</u> | <u>471.56</u> |

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)

General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance with Under/(Over) Final Budget to Actual |
|---|--------------------|---------------------|--------------|------------|--|
| Undist. Expend. - Edu. Media Serv./Sch. Library | | | | | |
| Salaries | 34,453.00 | - | 34,453.00 | 33,953.00 | 500.00 |
| Purchased Professional and Technical Services | | 19,000.80 | 19,000.80 | 19,000.80 | - |
| Supplies & Materials | 8,200.00 | (552.80) | 7,647.20 | 5,717.66 | 1,929.54 |
| Total Undistributed Expenditures - Educational | | | | | |
| Media Services - School Library | 42,653.00 | 18,448.00 | 61,101.00 | 58,671.46 | 2,429.54 |
| Undist. Expend. - Instructional Staff Training Serv. | | | | | |
| Purchased Professional - Education Services | 3,800.00 | (1,944.00) | 1,856.00 | 200.00 | 1,656.00 |
| Other Purchased Professional and Tech. Services | 50,300.00 | | 50,300.00 | 38,557.69 | 11,742.31 |
| Supplies & Materials | 3,500.00 | | 3,500.00 | 718.00 | 2,782.00 |
| Total Undistributed Expenditures - Instructional | | | | | |
| Staff Training Services | 57,600.00 | (1,944.00) | 55,656.00 | 39,475.69 | 16,180.31 |
| Undist. Expend. - Supp. Serv. - General Admin. | | | | | |
| Salaries | 201,037.00 | 5,380.95 | 206,417.95 | 206,417.23 | 0.72 |
| Legal Services | 22,000.00 | | 22,000.00 | 15,972.50 | 6,027.50 |
| Audit Fees | 18,000.00 | | 18,000.00 | 17,500.00 | 500.00 |
| Architectural/Engineering Services | 5,000.00 | (5,000.00) | - | - | - |
| Other Purchased Professional Services | 21,500.00 | (4,942.23) | 16,557.77 | 15,668.40 | 889.37 |
| Communications/Telephone | 51,480.00 | (4,600.00) | 46,880.00 | 44,925.29 | 1,954.71 |
| Misc. Purch Serv (400-500 series) | 40,600.00 | (1,758.80) | 38,841.20 | 36,291.02 | 2,550.18 |
| General Supplies | 5,000.00 | (750.00) | 4,250.00 | 3,410.97 | 839.03 |
| BOE In-House Training/Meeting Supplies | 2,000.00 | 1,258.80 | 3,258.80 | 3,258.80 | - |
| Miscellaneous Expenditures | 6,100.00 | 2,250.00 | 8,350.00 | 7,520.85 | 829.15 |
| BOE Membership Dues and Fees | 8,847.00 | | 8,847.00 | 8,310.87 | 536.13 |
| Total Undistributed Expenditures - Support | | | | | |
| Services - General Administration | 381,564.00 | (8,161.28) | 373,402.72 | 359,275.93 | 14,126.79 |

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)

General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance with Under/(Over) Final Budget to Actual |
|--|--------------------|---------------------|-------------------|-------------------|--|
| Undist. Expend. - Supp. Serv. - School Admin. | | | | | |
| Salaries of Principals/Assistant Principals | 205,435.00 | 8,509.98 | 213,944.98 | 213,944.98 | - |
| Salaries of Other Professional Staff | 54,478.00 | 689.44 | 55,167.44 | 55,167.44 | - |
| Salaries of Secretarial and Clerical Assistants | 132,195.50 | 4,813.00 | 137,008.50 | 137,007.45 | 1.05 |
| Other Purchased Services (400-500 series) | - | | - | - | - |
| Supplies & Materials | 8,000.00 | (916.44) | 7,083.56 | 7,068.75 | 14.81 |
| Other Objects | 10,000.00 | (83.56) | 9,916.44 | 9,645.00 | 271.44 |
| Total Undistributed Expenditures - Support Services - School Administration | 410,108.50 | 13,012.42 | 423,120.92 | 422,833.62 | 287.30 |
| Undistributed Expenditures - Central Services | | | | | |
| Salaries | 208,100.26 | | 208,100.26 | 208,067.00 | 33.26 |
| Purchased Technical Services | 23,300.00 | (195.75) | 23,104.25 | 22,821.00 | 283.25 |
| Miscellaneous Purchased Services (400-500 series) | 5,000.00 | 511.68 | 5,511.68 | 5,380.44 | 131.24 |
| Supplies & Materials | 4,500.00 | (315.93) | 4,184.07 | 4,184.07 | - |
| Miscellaneous Expenditures | 1,650.00 | | 1,650.00 | 1,590.00 | 60.00 |
| Total Undistributed Expenditures - Central Services | 242,550.26 | - | 242,550.26 | 242,042.51 | 507.75 |
| Undistributed Expenditures - Information Technology | | | | | |
| Salaries | 90,035.00 | 747.00 | 90,782.00 | 90,782.00 | - |
| Purchased Professional and Technical Services | 11,700.00 | 2,062.00 | 13,762.00 | 13,762.00 | - |
| Supplies & Materials | 17,500.00 | 7,000.00 | 24,500.00 | 23,196.81 | 1,303.19 |
| Total Undistributed Expenditures - Info Technology | 119,235.00 | 9,809.00 | 129,044.00 | 127,740.81 | 1,303.19 |

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)

General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance with Under/(Over) Final Budget to Actual |
|---|-----------------|------------------|--------------|--------------|---|
| Undist. Expend. - Required Maint. School Fac. Salaries | 204,424.00 | (29,000.00) | 175,424.00 | 153,403.85 | 22,020.15 |
| Cleaning, Repair and Maintenance Service General Supplies | 75,000.00 | 34,775.00 | 109,775.00 | 80,948.41 | 28,826.59 |
| Total Undistributed Expenditures - Required Maintenance for School Facilities | 378,924.00 | (32,225.00) | 346,699.00 | 286,676.32 | 60,022.68 |
| Undistributed. Expenditures. - Custodial Services | | | | | |
| Salaries | 385,279.00 | | 385,279.00 | 364,172.82 | 21,106.18 |
| Purchased Professional and Technical Services | 270,600.00 | (5,746.00) | 264,854.00 | 254,013.28 | 10,840.72 |
| Cleaning, Repair and Maintenance Service | 13,500.00 | 750.00 | 14,250.00 | 13,988.85 | 261.15 |
| Rental of Land and Buildings | 400,000.00 | | 400,000.00 | 400,000.00 | - |
| Other Purchased Property Services | 43,500.00 | 2,460.00 | 45,960.00 | 45,957.96 | 2.04 |
| Insurance | 25,000.00 | (750.00) | 24,250.00 | 19,721.34 | 4,528.66 |
| General Supplies | 45,000.00 | 5,300.00 | 50,300.00 | 50,248.82 | 51.18 |
| Natural Gas | 137,000.00 | 27,304.00 | 164,304.00 | 135,498.65 | 28,805.35 |
| Electricity | 266,000.00 | (29,764.00) | 236,236.00 | 236,235.39 | 0.61 |
| Other Objects | 1,000.00 | 446.00 | 1,446.00 | 1,346.00 | 100.00 |
| Total Undistributed Expenditures - Other Custodial Services | 1,586,879.00 | - | 1,586,879.00 | 1,521,183.11 | 65,695.89 |

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance with Under/(Over) Final Budget to Actual |
|--|---|---------------------------------------|---|---|--|
| Undistributed. Expenditures. - Care and Upkeep of Grounds Cleaning, Repair and Maintenance Services General Supplies | 22,000.00 4,000.00 | 2,225.00 | 24,225.00 4,000.00 | 23,066.14 2,593.25 | 1,158.86 1,406.75 |
| Total Undistributed Expenditures - Care and Upkeep of Grounds | <u>26,000.00</u> | <u>2,225.00</u> | <u>28,225.00</u> | <u>25,659.39</u> | <u>2,565.61</u> |
| Undistributed. Expenditures. - Security Purchased Professional and Technical Services | 84,000.00 | 16,744.00 | 100,744.00 | 98,196.15 | 2,547.85 |
| Total Undistributed Expenditures - Security | <u>84,000.00</u> | <u>16,744.00</u> | <u>100,744.00</u> | <u>98,196.15</u> | <u>2,547.85</u> |
| Total Undistributed Expenditures Operations and Maintenance of Plant | <u>2,075,803.00</u> | <u>(13,256.00)</u> | <u>2,062,547.00</u> | <u>1,931,714.97</u> | <u>130,832.03</u> |
| Unallocated Benefits Social Security Contribution Other Retirement Contributions - PERS Other Retirement Contributions - DCRP Unemployment Compensation Workmen's Compensation Health Benefits Tuition Reimbursement Other Employee Benefits | 200,000.00 275,000.00 5,000.00 - 183,000.00 2,134,500.00 25,000.00 67,654.00 | (3,265.83) (29,439.78) | 196,734.17 275,000.00 5,000.00 - 153,560.22 2,134,500.00 25,000.00 67,654.00 | 194,916.93 258,948.38 435.16 - 103,667.22 2,038,616.65 10,967.65 38,847.90 | 1,817.24 16,051.62 4,564.84 - 49,893.00 95,883.35 14,032.35 28,806.10 |
| Total Unallocated Benefits | <u>2,890,154.00</u> | <u>(32,705.61)</u> | <u>2,857,448.39</u> | <u>2,646,399.89</u> | <u>211,048.50</u> |

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)

General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance with Under/(Over) Final Budget to Actual |
|--|-----------------|------------------|---------------|---------------|---|
| On-Behalf Contributions | | | | | |
| On-behalf TPAF - Pension Contributions (non-budgeted) | - | - | - | 1,893,618.00 | (1,893,618.00) |
| On-behalf TPAF Postretirement Contributions (non-budgeted) | - | - | - | 497,449.00 | (497,449.00) |
| On-behalf TPAF Non-Contributory Insurance (non-budgeted) | - | - | - | 1,283.00 | (1,283.00) |
| Reimbursed TPAF Social Security Contributions (non-budgeted) | - | - | - | 399,549.10 | (399,549.10) |
| Total On-Behalf Contributions | - | - | - | 2,791,899.10 | (2,791,899.10) |
| Total Personal Services - Employee Benefits | 2,890,154.00 | (32,705.61) | 2,857,448.39 | 5,438,298.99 | (2,580,850.60) |
| TOTAL UNDISTRIBUTED EXPENDITURES | 8,150,321.76 | 42,294.70 | 8,192,616.46 | 10,601,023.88 | (2,408,407.42) |
| TOTAL GENERAL CURRENT EXPENSE | 12,968,024.76 | (48,579.50) | 12,919,445.26 | 15,264,522.65 | (2,345,077.39) |
| CAPITAL OUTLAY | | | | | |
| Equipment | | | | | |
| Undistributed Expense-Support Services | | 52,974.50 | 52,974.50 | 52,883.61 | 90.89 |
| Support Services-Students-Regular Care and Upkeep of Grounds | 197,000.00 | (4,395.00) | 192,605.00 | 188,468.76 | 4,136.24 |
| Total Equipment | 197,000.00 | 48,579.50 | 245,579.50 | 241,352.37 | 4,227.13 |
| Interest Deposit to Capital Reserve | 1,000.00 | | 1,000.00 | - | 1,000.00 |
| TOTAL CAPITAL OUTLAY | 198,000.00 | 48,579.50 | 246,579.50 | 241,352.37 | 5,227.13 |
| TOTAL EXPENDITURES | 13,166,024.76 | - | 13,166,024.76 | 15,505,875.02 | (2,339,850.26) |

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)

General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance with Under/(Over) Final Budget to Actual |
|--|---------------------|---------------------|---------------------|---------------------|--|
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 1,000.00 | - | 1,000.00 | 1,495,391.05 | 1,494,391.05 |
| Other Financing Sources/(Uses): | | | | | |
| Operating Transfers In: | | | | | |
| Transfer from Enterprise Fund | | | - | - | - |
| Cancellation of Prior Year Liabilities | | | - | 104.99 | (104.99) |
| Operating Transfers Out: | | | | | |
| Interest Earned on Maintenance Reserve | (1,000.00) | | (1,000.00) | - | 1,000.00 |
| Cancellation of Prior Year Revenue | | | | (1,100.00) | (1,100.00) |
| Transfer to Food Service Fund-Board Contrib. | | | | - | - |
| Total Other Financing Sources: | <u>(1,000.00)</u> | <u>-</u> | <u>(1,000.00)</u> | <u>(995.01)</u> | <u>(204.99)</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses) | - | - | 0.00 | 1,494,396.04 | 1,494,186.06 |
| Fund Balance July 1 | 3,403,822.38 | - | 3,403,822.38 | 3,403,822.38 | - |
| Fund Balance June 30 | <u>3,403,822.38</u> | <u>-</u> | <u>3,403,822.38</u> | <u>4,898,218.42</u> | <u>1,494,186.06</u> |
| Recapitulation: | | | | | |
| Restricted Fund Balance: | | | | | |
| Capital Reserve | | | | 1,679,820.90 | |
| Maintenance Reserve | | | | 950,225.00 | |
| Unemployment Reserve | | | | 315,750.00 | |
| Assigned Fund Balance: | | | | | |
| Designated by BOE for Subsequent Years Expenditures | | | | 550,000.00 | |
| Year-end Encumbrances | | | | 16,771.70 | |
| Unassigned Fund Balance | | | | 1,385,650.82 | |
| Fund Balance per Governmental Funds (GAAP) | | | | <u>4,898,218.42</u> | |

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| REVENUES: | | | | | |
| Local Sources | \$ 100,334.56 | - | 100,334.56 | 99,932.56 | (402.00) |
| Federal Sources | 173,898.00 | - | 173,898.00 | 173,898.00 | - |
| State Sources | 5,649.00 | - | 5,649.00 | 5,649.00 | - |
| Total Revenues | <u>279,881.56</u> | <u>-</u> | <u>279,881.56</u> | <u>279,479.56</u> | <u>(402.00)</u> |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Other Salaries for Instruction | 3,500.00 | - | 3,500.00 | 3,480.00 | 20.00 |
| Purchased Professional and Technical Services | 15,835.00 | - | 15,835.00 | 13,454.96 | 2,380.04 |
| General Supplies | 110,991.56 | - | 110,991.56 | 101,767.96 | 9,223.60 |
| Other Objects | | - | | - | - |
| Total Instruction | <u>130,326.56</u> | <u>-</u> | <u>130,326.56</u> | <u>118,702.92</u> | <u>11,623.64</u> |
| Support Services: | | | | | |
| Salaries of Other Professional Staff | | - | | - | - |
| Other Salaries | 37,313.00 | - | 37,313.00 | 35,345.00 | 1,968.00 |
| Supplies & Materials | 5,649.00 | - | 5,649.00 | 5,649.00 | - |
| Total Support Services | <u>42,962.00</u> | <u>-</u> | <u>42,962.00</u> | <u>40,994.00</u> | <u>1,968.00</u> |
| Capital Outlay | | | | | |
| Non-Instructional Equipment | 106,593.00 | - | 106,593.00 | 106,593.00 | - |
| Total Capital Outlay | <u>106,593.00</u> | <u>-</u> | <u>106,593.00</u> | <u>106,593.00</u> | <u>-</u> |
| Student Activity | | | | 18,618.51 | (18,618.51) |
| Total Student Activity | <u>-</u> | <u>-</u> | <u>-</u> | <u>18,618.51</u> | <u>(18,618.51)</u> |
| Total Outflows | <u>279,881.56</u> | <u>-</u> | <u>279,881.56</u> | <u>284,908.43</u> | <u>(5,026.87)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>(5,428.87)</u> | <u>(5,428.87)</u> |
| Fund Balance, July 1 | | | | <u>13,452.76</u> | |
| Fund Balance, June 30 | | | | <u>8,023.89</u> | |
| Recapitulation: | | | | | |
| Restricted: | | | | | |
| Student Activities | | | | 8,023.89 | |
| Total Fund Balance | | | | <u>8,023.89</u> | |

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NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Required Supplementary Information
Budget to GAAP Reconciliation
Note to RSI
For the Year Ended June 30, 2023

Note A - Explanation of Differences Between Budgetary Inflows and Outflows GAAP Revenue and Expenditures

| | | General Fund | | Special Revenue Fund |
|---|-------|------------------|-------|----------------------------|
| Sources/inflows of resources | | | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | [C-1] | \$ 17,001,266.07 | [C-2] | 279,479.56 |
| Difference - budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized None | | | | |
| Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds | [B-2] | 17,001,266.07 | [B-2] | 279,479.56 |
| Uses/outflows of resources | | | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | [C-1] | 15,505,875.02 | [C-2] | 284,908.43 |
| Difference - budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. None | | | | |
| | [B-2] | \$ 15,505,875.02 | [B-2] | 284,908.43 |

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REQUIRED SUPPLEMENTARY INFORMATION – PART III

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CAPE MAY COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employee Retirement System
Last Ten Fiscal Years

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| District's proportion of the net pension liability (asset) | 0.0326677488% | 0.0367406745% | 0.0341928797% | 0.0341928797% | 0.0351992686% | 0.0392381982% | 0.0398698441% | 0.0411751663% | 0.0443221000% | 0.0437771654% |
| District's proportionate of the net pension liability (asset) | \$ 4,930,013.00 | 4,352,484.00 | 6,315,721.00 | 6,161,038.00 | 6,930,561.00 | 9,134,025.00 | 11,808,304.00 | 9,243,000.00 | 8,298,309.00 | 8,386,686.00 |
| District's covered payroll | \$ 2,707,368.00 | 2,505,395.00 | 2,411,736.00 | 2,515,184.00 | 2,406,947.00 | 2,524,601.00 | 2,633,466.00 | 2,711,933.00 | 2,832,299.00 | 3,047,499.00 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 182.10% | 173.72% | 261.87% | 244.95% | 287.94% | 361.80% | 448.39% | 340.83% | 292.99% | 274.54% |
| 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% |

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period.

CAPE MAY COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Schedule of District Contributions
Public Employee Retirement System
Last Ten Fiscal Years

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 411,956.00 | 417,367.72 | 423,678.00 | 332,596.00 | 350,119.00 | 363,500.00 | 354,198.00 | 353,996.00 | 365,385.00 | 329,852.00 |
| Contributions in relation to the contractually required contribution | \$ 411,956.00 | 417,367.72 | 423,678.00 | 332,596.00 | 350,119.00 | 363,500.00 | 354,198.00 | 353,996.00 | 365,385.00 | 329,852.00 |
| Contribution deficiency (excess) | \$ - | - | - | - | - | - | - | - | - | - |
| District's covered-employee payroll | \$ 2,707,388.00 | 2,505,395.00 | 2,411,736.00 | 2,515,184.00 | 2,406,947.00 | 2,524,601.00 | 2,633,466.00 | 2,711,933.00 | 2,832,299.00 | 3,047,499.00 |
| Contributions as a percentage of covered-employee payroll | 15.22% | 16.66% | 17.57% | 13.22% | 14.55% | 14.40% | 13.45% | 13.05% | 12.90% | 10.82% |

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period.

CAPE MAY COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Ten Fiscal Years

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| District's proportion of the net pension liability (asset) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| District's proportionate of the net pension liability (asset) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's proportionate share of the net pension liability (asset) associated with the District | \$ 25,576,588.00 | \$ 23,848,067.00 | \$ 32,034,792.00 | \$ 31,080,354.00 | \$ 32,941,245.00 | \$ 37,426,427.00 | \$ 37,838,160.00 | \$ 32,756,275.00 | \$ 31,350,599.00 | \$ 31,642,150.00 |
| Total | \$ 25,576,588.00 | \$ 23,848,067.00 | \$ 32,034,792.00 | \$ 31,080,354.00 | \$ 32,941,245.00 | \$ 46,612,126.00 | \$ 37,838,160.00 | \$ 32,756,275.00 | \$ 31,350,599.00 | \$ 31,350,599.00 |
| District's covered payroll | \$ 5,445,725.00 | \$ 5,273,610.00 | \$ 5,320,869.00 | \$ 5,153,612.00 | \$ 5,029,062.00 | \$ 5,311,548.00 | \$ 5,454,324.00 | \$ 5,642,686.00 | \$ 5,814,330.00 | \$ 5,807,877.00 |
| 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% | 26.48% | 25.41% | 22.33% | 28.71% | 33.64% | 33.64% |

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period.

CAPE MAY COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability
Public Employee Retirement System and Teachers' Pension and Annuity Fund
Last Seven Fiscal Years

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|-------------------------|-----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|
| District's proportion of the net OPEB liability (asset) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| District's proportionate of the net OPEB liability (asset) | \$ - | - | - | - | - | - | - |
| State's proportionate share of the net OPEB liability (asset) associated with the District | <u>\$ 40,561,982.00</u> | <u>47,974,075.00</u> | <u>55,625,779.00</u> | <u>35,870,095.00</u> | <u>42,216,380.00</u> | <u>51,473,810.00</u> | <u>55,715,567.00</u> |
| Total | <u>\$ 40,561,982.00</u> | <u>47,974,075.00</u> | <u>55,625,779.00</u> | <u>35,870,095.00</u> | <u>42,216,380.00</u> | <u>51,473,810.00</u> | <u>55,715,567.00</u> |
| District's covered payroll | \$ 8,153,093.00 | 7,779,005.00 | 7,732,605.00 | 7,668,796.00 | 7,436,009.00 | 7,836,149.00 | 8,087,790.00 |
| District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| State's proportionate share of OPEB associated with the District: | | | | | | | |
| Service Cost | 1,837,642.00 | 2,089,620.00 | 1,063,410.00 | 1,131,805.00 | 1,390,583.00 | 1,668,921 | |
| Interest Cost | 1,074,937.00 | 1,244,498.00 | 1,276,381.00 | 1,657,096.00 | 1,873,209.00 | 1,619,209 | |
| Change in Benefit Terms | - | (51,063.00) | - | - | - | - | |
| Differences between Expected & Actual | 1,587,043.00 | (10,033,589.00) | 8,194,022.00 | (8,601,546.00) | (6,586,846.00) | - | |
| Changes in Assumptopns | (10,881,116.00) | 47,330.00 | 10,160,918.00 | 534,826.00 | (4,844,540.00) | (6,381,545) | |
| Member Contributions | 34,158.00 | 31,816.00 | 29,352.00 | 32,639.00 | 39,015.00 | 43,901 | |
| Benefit Payments | (1,064,757.00) | (980,316.00) | (968,399.00) | (1,101,105.00) | (1,128,851.00) | (1,192,243) | |
| Change in Total Opeb Liability | <u>(7,412,093.00)</u> | <u>(7,651,704.00)</u> | <u>19,755,684.00</u> | <u>(6,346,285.00)</u> | <u>(9,257,430.00)</u> | <u>(4,241,757)</u> | |
| State's proportionate share of the net OPEB liability (asset) associated with the District - | | | | | | | |
| Beginning Balance | <u>47,974,075</u> | <u>55,625,779</u> | <u>35,870,095</u> | <u>42,216,380</u> | <u>51,473,810</u> | <u>55,715,567</u> | |
| Ending Balance | <u>\$ 40,561,982</u> | <u>47,974,075</u> | <u>55,625,779</u> | <u>35,870,095</u> | <u>42,216,380</u> | <u>51,473,810</u> | |
| State's proportionate share of the net OPEB liability associated with the District - as a percentage of its covered-employee payroll | 497.50% | 616.71% | 719.37% | 467.74% | 567.73% | 656.88% | |

Source: GASB 75 report on State of New Jersey State Health Benefits Program; District records

Note: This schedule is required by GASB 75 to be show information for a 10 year period.
However, information is only currently available for seven years.
Additional years will be presented as they become available.

OTHER SUPPLEMENTARY INFORMATION

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**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2023

| | Positive Behavior | Atlantcare | Unified Sports | LEEP | Education Foundation | Coffee Connection | Get Fit After School | Monichetti/Horticulture |
|--|-------------------|-----------------|-----------------|------------------|----------------------|-------------------|----------------------|-------------------------|
| REVENUES: | | | | | | | | |
| Local Sources | \$ 1,398.98 | 7,699.69 | 4,840.05 | 17,944.99 | 38,699.61 | 3,000.00 | 2,000.00 | 2,500.00 |
| Federal Sources | | | | | | | | |
| State Sources | | | | | | | | |
| Total Revenues | <u>1,398.98</u> | <u>7,699.69</u> | <u>4,840.05</u> | <u>17,944.99</u> | <u>38,699.61</u> | <u>3,000.00</u> | <u>2,000.00</u> | <u>2,500.00</u> |
| EXPENDITURES: | | | | | | | | |
| Instruction: | | | | | | | | |
| Salaries of Teachers | | 1,980.00 | 1,500.00 | | | | | |
| Other Salaries for Instruction | | | | 5,954.96 | 5,000.00 | | | 2,500.00 |
| Purchased Professional and Technical Services | 1,398.98 | 5,719.69 | 3,340.05 | 3,293.03 | 33,699.61 | 3,000.00 | 2,000.00 | |
| General Supplies | | | | | | | | |
| Other Objects | | | | | | | | |
| Total Instruction | <u>1,398.98</u> | <u>7,699.69</u> | <u>4,840.05</u> | <u>9,247.99</u> | <u>38,699.61</u> | <u>3,000.00</u> | <u>2,000.00</u> | <u>2,500.00</u> |
| Support Services: | | | | | | | | |
| Salaries of Other Professional Staff | | | | 8,697.00 | | | | |
| Other Salaries | | | | | | | | |
| Personal Services - Employee Benefits | | | | | | | | |
| Purchased Professional Services | | | | | | | | |
| Contr. Serv. - Transportation | | | | | | | | |
| Other Purchased Services | | | | | | | | |
| Supplies & Materials | | | | | | | | |
| Other Objects | | | | | | | | |
| Total Support Services | | | | <u>8,697.00</u> | | | | |
| Capital Outlay | | | | | | | | |
| Non-Instructional Equipment | | | | | | | | |
| Total Capital Outlay | | | | | | | | |
| Student Activities | | | | | | | | |
| Total Student Activities | | | | | | | | |
| Total Outflows | <u>1,398.98</u> | <u>7,699.69</u> | <u>4,840.05</u> | <u>17,944.99</u> | <u>38,699.61</u> | <u>3,000.00</u> | <u>2,000.00</u> | <u>2,500.00</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | - | - | - | - | - | - | - | - |
| Fund Balance, July 1 | - | - | - | - | - | - | - | - |
| Fund Balance, June 30 | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2023

| | Small Rural Schools | NJSIG Safety Grant | SDA Emergent Needs | ARP/ ESSER III | Student Activities | Totals 2023 |
|--|---------------------|--------------------|--------------------|-------------------|--------------------|-------------------|
| REVENUES: | | | | | | |
| Local Sources | 40,657.00 | 8,659.60 | | 133,241.00 | 13,189.64 | 99,932.56 |
| Federal Sources | | | 5,649.00 | | | 173,898.00 |
| State Sources | | | | | | 5,649.00 |
| Total Revenues | 40,657.00 | 8,659.60 | 5,649.00 | 133,241.00 | 13,189.64 | 279,479.56 |
| EXPENDITURES: | | | | | | |
| Instruction: | | | | | | |
| Salaries of Teachers | | | | | | - |
| Other Salaries for Instruction | | | | | | 3,480.00 |
| Purchased Professional and Technical Services | | | | | | 13,454.96 |
| General Supplies | 40,657.00 | 8,659.60 | | | | 101,767.96 |
| Other Objects | | | | | | - |
| Total Instruction | 40,657.00 | 8,659.60 | - | - | - | 118,702.92 |
| Support Services: | | | | | | |
| Salaries of Other Professional Staff | | | | | | - |
| Other Salaries | | | | 26,648.00 | | 35,345.00 |
| Personal Services - Employee Benefits | | | | | | - |
| Purchased Professional Services | | | | | | - |
| Contr. Serv. - Transportation | | | | | | - |
| Other Purchased Services | | | | | | - |
| Supplies & Materials | | | 5,649.00 | | | 5,649.00 |
| Other Objects | | | | | | - |
| Total Support Services | - | - | 5,649.00 | 26,648.00 | - | 40,994.00 |
| Capital Outlay | | | | | | |
| Non-Instructional Equipment | | | | | | 106,593.00 |
| Total Capital Outlay | - | - | - | 106,593.00 | - | 106,593.00 |
| Student Activities | | | | | | |
| Total Student Activities | - | - | - | - | 18,618.51 | 18,618.51 |
| Total Outflows | 40,657.00 | 8,659.60 | 5,649.00 | 133,241.00 | 18,618.51 | 284,908.43 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | - | - | - | - | (5,428.87) | (5,428.87) |
| Fund Balance, July 1 | | | | | 13,452.76 | 13,452.76 |
| Fund Balance, June 30 | | | | | 8,023.89 | 8,023.89 |

**LONG-TERM DEBT
DETAIL STATEMENTS**

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CAPE MAY6 COUNTY SCHOOLS FOR SPECIAL SERVICES
 (A Component Unit of the County of Cape May)
Schedule of Obligations Under Subscription-Based Information Technology Arrangements
As of June 30, 2023

| Description | Amount of Original Issue | Balance June 30, 2022 | Issued Current Year | Retired Current Year | Balance June 30, 2023 |
|--|--------------------------------|--------------------------|---------------------------|----------------------------|--------------------------|
| Lexia Core5 Reading Student Subscription Renewal | \$ 821.98 3,618.02 | - - | 821.98 3,618.02 | 213.11 603.00 | 608.87 3,015.02 |
| Security - Student Safety Software | 2,093.50 | | 2,093.50 | 523.38 | 1,570.13 |
| | \$ | - | <u>6,533.50</u> | <u>1,339.48</u> | <u>5,194.02</u> |

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Statistical Section

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CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year Ending June 30, | | | | | | | | | |
|---|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | 1,564,573.00 | 1,573,287.00 | 1,556,851.00 | 1,699,725.00 | 1,784,689.00 | 1,923,312.00 | 2,192,230.00 | 3,630,398.43 | 3,882,888.67 | 4,111,712.57 |
| Restricted | 292,301.00 | 540,801.00 | 741,526.00 | 942,251.00 | 1,142,976.00 | 1,344,251.00 | 1,745,526.00 | 1,606,796.00 | 2,373,391.80 | 3,675,391.80 |
| Unrestricted | (7,385,317.00) | (7,249,756.00) | (8,020,552.00) | (8,408,475.00) | (8,545,698.00) | (7,682,293.00) | (7,163,805.00) | (7,480,698.66) | (6,296,245.19) | (4,908,172.27) |
| Total governmental activities net position | (5,528,443.00) | (5,135,668.00) | (5,722,175.00) | (5,766,495.00) | (5,618,033.00) | (4,414,730.00) | (3,226,049.00) | (2,243,504.23) | (39,964.72) | 2,878,932.10 |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | 190,704.00 | 161,042.00 | 131,705.00 | 114,151.00 | 128,984.00 | 138,664.00 | 116,640.00 | 301,203.00 | 668,349.54 | 580,383.65 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted | 2,949,378.00 | 3,346,413.00 | 3,740,879.48 | 4,053,555.00 | 4,488,303.00 | 5,028,977.00 | 5,481,601.00 | 5,337,918.00 | 5,924,001.63 | 6,837,580.77 |
| Total business-type activities net position | 3,140,082.00 | 3,507,455.00 | 3,872,584.48 | 4,167,706.00 | 4,617,287.00 | 5,167,641.00 | 5,598,241.00 | 5,639,121.00 | 6,592,351.17 | 7,417,964.42 |
| District-wide | | | | | | | | | | |
| Invested in capital assets, net of related debt | 1,755,277.00 | 1,734,329.00 | 1,688,556.00 | 1,813,876.00 | 1,913,673.00 | 2,061,976.00 | 2,308,870.00 | 3,931,601.43 | 4,551,238.21 | 4,692,096.22 |
| Restricted | 292,301.00 | 540,801.00 | 741,526.00 | 942,251.00 | 1,142,976.00 | 1,344,251.00 | 1,745,526.00 | 1,606,796.00 | 2,373,391.80 | 3,675,391.80 |
| Unrestricted | (4,435,939.00) | (3,903,343.00) | (4,279,672.52) | (4,354,920.00) | (4,057,395.00) | (2,653,316.00) | (1,682,204.00) | (2,142,780.66) | (372,243.56) | 1,929,408.50 |
| Total district net position | (2,388,361.00) | (1,628,213.00) | (1,849,590.52) | (1,598,793.00) | (1,000,746.00) | 752,911.00 | 2,372,192.00 | 3,395,616.77 | 6,552,386.45 | 10,296,896.52 |

Source: ACFR Schedule A-1

Note: Previous years have been recaptioned to conform to current terminology

* Net Position was restated as of June 30, 2014 as required for implementation GASB 68

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year Ending June 30, | | | | | | | | | |
|--|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Special education | 5,278,160.00 | 6,211,214.00 | 6,610,871.00 | 6,846,249.00 | 6,997,530.00 | 6,681,594.00 | 6,293,327.00 | 6,579,321.58 | 6,155,569.45 | 5,470,485.39 |
| Other instruction | 1,317,978.00 | 1,511,810.00 | 1,590,163.00 | 1,583,179.00 | 1,561,721.00 | 1,334,883.00 | 1,149,282.00 | 854,171.99 | 468,944.06 | 437,818.73 |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 2,355,022.00 | 2,760,628.00 | 2,880,544.00 | 3,485,266.00 | 3,865,647.00 | 3,223,424.00 | 2,943,457.00 | 3,407,610.82 | 3,097,891.79 | 2,725,247.82 |
| General administrative/Business services | 1,313,273.00 | 815,752.00 | 912,760.00 | 1,051,248.00 | 1,238,020.00 | 1,031,405.00 | 916,817.00 | 1,945,368.94 | 914,782.79 | 868,090.89 |
| School administrative services | 392,383.00 | 518,805.00 | 607,351.00 | 629,339.00 | 674,253.00 | 569,937.00 | 532,275.00 | 622,227.50 | 532,807.92 | 501,798.62 |
| Plant operations and maintenance | 2,060,727.00 | 2,473,295.00 | 2,909,478.00 | 3,079,753.00 | 3,188,181.00 | 2,723,187.00 | 2,469,622.00 | 2,037,723.29 | 2,376,005.22 | 2,316,628.34 |
| Unallocated depreciation | - | - | - | - | - | - | - | - | - | - |
| Total governmental activities expenses | 12,717,543.00 | 14,291,504.00 | 15,511,167.00 | 16,675,034.00 | 17,525,354.00 | 15,564,430.00 | 14,304,780.00 | 15,446,424.12 | 13,546,001.24 | 12,320,067.80 |
| Business-type activities: | | | | | | | | | | |
| Food service | 254,399.00 | 263,867.00 | 251,997.00 | 201,272.00 | 190,467.00 | 193,848.00 | 146,494.00 | 162,004.00 | 204,053.99 | 209,612.76 |
| Linerant services | 2,262,064.00 | 2,211,815.00 | 2,339,395.00 | 2,353,174.00 | 2,444,523.00 | 2,847,425.00 | 2,997,188.00 | 2,956,082.00 | 3,229,534.17 | 4,311,519.52 |
| Transportation services | 1,773,602.00 | 2,080,443.00 | 2,257,419.00 | 2,106,895.00 | 2,326,836.00 | 2,606,493.00 | 2,364,487.00 | 1,888,262.00 | 2,827,216.45 | 3,813,868.06 |
| Other | 1,389,085.00 | 1,325,392.00 | 1,122,694.52 | 1,201,408.00 | 501,968.00 | 520,857.00 | 595,780.00 | 382,020.00 | 684,321.86 | 685,524.28 |
| Total business-type activities expenses | 5,679,150.00 | 5,881,517.00 | 5,971,465.52 | 5,862,749.00 | 5,463,794.00 | 6,168,623.00 | 6,103,949.00 | 5,388,368.00 | 6,945,126.48 | 9,020,525.62 |
| Total district expenses | 18,396,693.00 | 20,173,021.00 | 21,482,632.52 | 22,537,783.00 | 22,989,148.00 | 21,733,063.00 | 20,408,729.00 | 20,834,792.12 | 20,491,127.72 | 21,340,593.42 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Operating grants and contributions | 1,292,949.00 | 2,775,356.00 | 3,557,006.00 | 4,694,469.00 | 5,765,823.00 | 3,772,458.00 | 2,196,466.00 | 4,190,648.00 | 2,889,171.79 | 1,036,020.53 |
| Charges for services: | 7,241,604.00 | 7,646,504.00 | 7,239,859.00 | 7,868,593.00 | 7,721,006.00 | 8,748,290.00 | 8,947,975.00 | 7,610,032.47 | 8,506,848.26 | 9,847,983.01 |
| Total governmental activities program revenues | 8,534,553.00 | 10,421,860.00 | 10,796,865.00 | 12,563,062.00 | 13,486,829.00 | 12,520,748.00 | 11,144,441.00 | 11,800,680.47 | 11,396,020.05 | 10,884,003.54 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Food service | 66,852.00 | 63,267.00 | 67,746.00 | 69,194.00 | 62,108.00 | 36,213.00 | 24,090.00 | 13,624.00 | 2,197.27 | 9,615.18 |
| Shared services | | | | | | | | | | |
| Linerant services | 2,503,716.00 | 2,455,281.00 | 2,517,999.00 | 2,587,437.00 | 2,706,852.00 | 3,180,927.00 | 3,360,669.00 | 2,865,712.00 | 3,970,286.55 | 5,059,718.58 |
| Transportation services | 1,809,337.00 | 2,143,587.00 | 2,302,896.00 | 2,224,829.00 | 2,394,994.00 | 2,706,512.00 | 2,363,408.00 | 1,958,970.00 | 2,955,689.40 | 3,808,098.65 |
| Other | 1,407,949.00 | 1,336,929.00 | 1,253,190.00 | 1,082,993.00 | 624,983.00 | 652,593.00 | 643,887.00 | 446,757.00 | 689,680.37 | 786,983.51 |
| Operating grants and contributions | 324,401.00 | 183,469.00 | 110,011.00 | 119,950.00 | 112,482.00 | 124,465.00 | 111,857.00 | 146,063.00 | 272,820.66 | 208,823.71 |
| Capital grants and contributions | | | | | | | | | | |
| Total business-type activities program revenue | 6,112,255.00 | 6,182,533.00 | 6,251,842.00 | 6,083,803.00 | 5,901,419.00 | 6,700,710.00 | 6,503,911.00 | 5,431,126.00 | 7,850,644.25 | 9,873,239.63 |
| Total district program revenue | 14,646,808.00 | 16,604,393.00 | 17,048,707.00 | 18,646,865.00 | 19,388,248.00 | 19,221,458.00 | 17,648,352.00 | 17,231,806.47 | 19,286,664.30 | 20,757,243.17 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | (4,182,990.00) | (3,869,644.00) | (4,714,302.00) | (4,111,972.00) | (4,038,525.00) | (3,043,682.00) | (3,160,339.00) | (3,645,743.65) | (2,149,981.19) | (1,436,064.26) |
| Business-type activities | 433,105.00 | 301,016.00 | 280,376.48 | 221,054.00 | 437,625.00 | 532,087.00 | 399,962.00 | 42,714.01 | 945,517.78 | 852,714.01 |
| Total district-wide net expense | (3,749,885.00) | (3,568,628.00) | (4,433,925.52) | (3,890,918.00) | (3,600,900.00) | (2,511,595.00) | (2,760,377.00) | (3,602,985.65) | (1,204,463.42) | (583,350.25) |

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)

Changes in Net Position,
 Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year Ending June 30, | | | | | | | | | |
|---|-----------------------------|--------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| General Revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| County appropriation | 3,974,832.00 | 3,974,832.00 | 3,974,832.00 | 3,974,832.00 | 4,054,328.00 | - | 4,135,400.00 | 4,135,400.00 | 4,135,400.00 | 4,135,400.00 |
| Unrestricted grants and contributions | - | 323,018.00 | 208,632.00 | 114,520.00 | 94,887.00 | - | 92,568.00 | 103,139.92 | 87,972.34 | 149,605.00 |
| Investment earnings | 7,369.00 | 8,099.00 | 11,565.00 | 22,794.00 | 24,214.00 | - | 1,275.00 | 6,500.00 | 16,603.54 | 66,044.88 |
| Miscellaneous income | 73,642.00 | 22,827.00 | 17,519.00 | 29,570.00 | 25,518.00 | - | 150,213.00 | 103,386.50 | 114,065.09 | 4,905.21 |
| Capital contributions (Uses) | - | - | - | - | - | - | - | - | - | - |
| Transfers | (69,531.00) | (66,357.00) | (84,753.00) | (74,068.00) | (11,956.00) | - | (30,435.00) | (10,172.00) | (520.31) | - |
| Gain/(Loss) on Disposal of Capital Assets | - | - | - | - | - | - | - | - | - | - |
| Total governmental activities | 3,986,312.00 | 4,262,419.00 | 4,127,795.00 | 4,067,648.00 | 4,186,991.00 | - | 4,349,021.00 | 4,338,254.42 | 4,353,520.66 | 4,355,955.09 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | - | - | - | - | - | - | 203.00 | 4,545.00 | 1,414.61 | 5,261.83 |
| Transfers | 69,531.00 | 66,357.00 | 84,753.00 | 74,068.00 | 11,956.00 | - | 30,435.00 | 10,172.00 | 6,298.00 | - |
| Cancellation or Prior Year Liabilities | - | - | - | - | - | - | - | - | - | 104.99 |
| Cancellation of Prior Year Revenue | - | - | - | - | - | - | - | - | - | (1,100.00) |
| Adjustment to Prior Fixed Asset Balance | - | - | - | - | - | - | - | - | - | (32,362.59) |
| Gain/(Loss) on Disposal of Capital Assets | - | - | - | - | - | - | (32,362.59) | - | - | - |
| Total business-type activities | 69,531.00 | 66,357.00 | 84,753.00 | 74,068.00 | 11,956.00 | - | (32,362.59) | 14,717.00 | 7,712.61 | (28,095.77) |
| Total district-wide | 4,055,843.00 | 4,328,776.00 | 4,212,548.00 | 4,141,716.00 | 4,198,947.00 | - | 4,316,658.41 | 4,352,971.42 | 4,361,233.27 | 4,327,859.32 |
| Changes in Net Assets | (196,678.00) | 392,775.00 | (586,507.00) | (44,324.00) | 148,466.00 | (3,043,682.00) | 1,188,682.00 | 692,510.77 | 2,203,539.47 | 2,919,890.83 |
| Governmental activities | 502,636.00 | 367,373.00 | 365,129.48 | 295,122.00 | 449,581.00 | 532,087.00 | 398,237.41 | 57,475.00 | 953,230.39 | 824,616.24 |
| Business-type activities | 305,958.00 | 760,148.00 | (221,377.52) | 250,798.00 | 598,047.00 | (2,511,595.00) | 1,586,919.41 | 749,985.77 | 3,156,769.86 | 3,744,509.07 |

Source: ACFR Schedule A-2

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Fund Balances, Governmental Funds,
Last Ten Fiscal Years

(modified accrual basis of accounting)

| | Fiscal Year Ending June 30, | | | | | | | | | |
|------------------------------------|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| General Fund | | | | | | | | | | |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Committed | 292,301.00 | 541,047.00 | 743,814.00 | 942,251.00 | 1,142,976.00 | 1,345,129.00 | 1,745,526.00 | 1,326,046.00 | 1,978,045.90 | 2,630,045.90 |
| Assigned | - | - | - | - | - | - | - | 681,325.00 | 315,750.00 | 332,521.70 |
| Unassigned | 1,362,846.00 | 1,206,783.00 | 930,209.00 | 1,136,342.00 | 1,148,237.00 | 1,648,100.00 | 1,773,568.00 | 628,500.76 | 1,110,026.48 | 1,385,650.82 |
| Reserved | - | - | - | - | - | - | - | - | - | - |
| Unreserved | - | - | - | - | - | - | - | - | - | - |
| Total general fund | <u>1,655,147.00</u> | <u>1,747,830.00</u> | <u>1,674,023.00</u> | <u>2,078,593.00</u> | <u>2,291,213.00</u> | <u>2,993,229.00</u> | <u>3,519,094.00</u> | <u>2,635,871.76</u> | <u>3,403,822.38</u> | <u>4,348,218.42</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Assigned to | - | - | - | - | - | - | - | - | - | - |
| Capital projects fund | - | - | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - | 21,368.00 | 13,452.76 | 8,023.89 |
| Reserved | - | - | - | - | - | - | - | - | - | - |
| Unreserved, reported in: | - | - | - | - | - | - | - | - | - | - |
| Capital projects fund | - | - | - | - | - | - | - | - | - | - |
| Total all other governmental funds | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>21,368.00</u> | <u>13,452.76</u> | <u>8,023.89</u> |

Source: ACFR Schedule B-1

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|
| Revenues | | | | | | | | | | |
| County appropriation | 3,974,832.00 | 3,974,832.00 | 3,974,832.00 | 3,974,832.00 | 4,054,328.00 | 4,054,328.00 | 4,135,400.00 | 4,135,400.00 | 4,135,400.00 | 4,135,400.00 |
| Tuition charges | 6,894,678.00 | 7,311,594.00 | 6,874,621.00 | 7,514,923.00 | 7,445,373.00 | 8,412,032.00 | 8,638,386.00 | 7,262,250.00 | 8,095,548.36 | 9,301,880.77 |
| Nonresident fees | 303,845.00 | 306,350.00 | 315,398.00 | 306,350.00 | 270,173.00 | 302,448.00 | 309,589.00 | 347,782.47 | 411,299.90 | 546,102.24 |
| Miscellaneous | 134,094.00 | 86,009.00 | 70,066.00 | 157,025.00 | 131,107.00 | 146,941.00 | 206,153.00 | 123,957.50 | 185,845.84 | 176,311.52 |
| County - capital | - | - | - | - | - | - | - | - | - | - |
| State sources | 1,172,543.00 | 1,278,458.00 | 1,431,931.00 | 1,532,080.00 | 3,715,058.00 | 1,856,402.00 | 1,881,011.00 | 2,300,824.48 | 2,952,000.58 | 2,797,548.10 |
| Federal sources | 175,581.00 | 401,535.00 | 304,103.00 | 141,885.00 | 94,866.00 | 119,241.00 | 92,568.00 | 135,502.92 | 154,592.34 | 323,503.00 |
| Total revenue | 12,655,573.00 | 13,358,778.00 | 12,970,951.00 | 13,627,095.00 | 15,710,925.00 | 14,891,392.00 | 15,263,107.00 | 14,305,717.37 | 15,934,687.02 | 17,280,745.63 |
| Expenditures | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Special education instruction | 3,710,751.00 | 3,810,382.00 | 3,684,244.00 | 3,464,627.00 | 3,382,606.00 | 3,784,966.00 | 3,958,440.00 | 3,605,052.58 | 4,053,207.27 | 4,365,445.59 |
| Other instruction | 937,770.00 | 931,375.00 | 892,224.00 | 801,187.00 | 751,731.00 | 751,678.00 | 722,887.00 | 465,331.99 | 464,503.44 | 435,374.61 |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 1,675,649.00 | 1,700,790.00 | 1,616,243.00 | 1,763,762.00 | 1,858,127.00 | 1,818,878.00 | 1,851,405.00 | 1,856,380.82 | 2,015,634.43 | 2,120,111.05 |
| General & business administrative services | 571,760.00 | 571,891.00 | 550,649.00 | 618,566.00 | 689,369.00 | 689,533.00 | 691,381.00 | 685,997.94 | 704,528.94 | 729,059.25 |
| School administrative services | 279,189.00 | 363,713.00 | 366,402.00 | 370,310.00 | 375,220.00 | 381,023.00 | 401,394.00 | 403,022.50 | 411,041.99 | 422,833.62 |
| Plant operations and maintenance | 1,828,913.00 | 1,753,482.00 | 1,779,782.00 | 1,828,860.00 | 1,802,446.00 | 1,839,530.00 | 1,884,357.00 | 1,912,626.29 | 1,792,576.00 | 1,931,714.97 |
| Pupil transportation | - | - | - | - | - | - | - | - | - | - |
| Unallocated employee benefits | 3,615,354.00 | 3,703,726.00 | 4,029,147.00 | 4,087,826.00 | 6,447,758.00 | 4,655,758.00 | 4,810,024.00 | 4,933,375.06 | 5,260,703.92 | 5,438,298.99 |
| Special schools | - | - | - | - | - | - | - | - | - | - |
| Capital outlay | 137,501.00 | 72,138.00 | 41,314.00 | 213,319.00 | 179,092.00 | 252,306.00 | 386,919.00 | 1,585,645.43 | 471,935.34 | 347,945.37 |
| Total Expenditures | 12,756,887.00 | 12,907,497.00 | 12,960,005.00 | 13,148,457.00 | 15,486,349.00 | 14,173,672.00 | 14,706,807.00 | 15,447,432.61 | 15,174,131.33 | 15,790,783.45 |
| Excess (Deficiency) of revenues over (under) expenditures | (101,314.00) | 451,281.00 | 10,946.00 | 478,638.00 | 224,576.00 | 717,720.00 | 556,300.00 | (1,141,715.24) | 760,555.69 | 1,489,962.18 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - | 5,777.69 | - |
| Transfers out | - | - | - | - | - | - | - | - | (6,298.00) | - |
| Cancellation of Prior Year Liabilities | (69,531.00) | (66,357.00) | (84,753.00) | (74,068.00) | (11,956.00) | (15,704.00) | (30,435.00) | (10,172.00) | - | 104.99 |
| Capital Authorization Canceled | - | - | - | - | - | - | - | - | - | (1,100.00) |
| Capital leases | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | (69,531.00) | (66,357.00) | (84,753.00) | (74,068.00) | (11,956.00) | (15,704.00) | (30,435.00) | (10,172.00) | (520.31) | (995.01) |
| Net change in fund balances | (170,845.00) | 384,924.00 | (73,807.00) | 404,570.00 | 212,620.00 | 702,016.00 | 525,865.00 | (1,151,887.24) | 760,035.38 | 1,488,967.17 |

Source: ACFR Schedule B-2

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
General Fund Other Local Revenue by Source,
Last Ten Fiscal Years
 Unaudited

| Fiscal Year Ended June 30, | Interest on Investments | Tuition Revenue | Non-Resident Fees | E- Rate | Miscellaneous | Totals |
|-------------------------------|----------------------------|--------------------|----------------------|-----------|---------------|--------------|
| 2014 | 7,369.00 | 6,894,678.00 | 303,845.00 | 51,216.00 | 22,426.00 | 7,279,534.00 |
| 2015 | 8,099.00 | 7,311,594.00 | 306,350.00 | 44,296.00 | 231.00 | 7,670,570.00 |
| 2016 | 11,565.00 | 6,874,621.00 | 315,398.00 | 39,579.00 | 380.00 | 7,241,543.00 |
| 2017 | 22,794.00 | 7,514,923.00 | 306,350.00 | 40,014.00 | 676.00 | 7,884,757.00 |
| 2018 | 24,214.00 | 7,445,373.00 | 270,173.00 | 25,857.00 | 447.00 | 7,766,064.00 |
| 2019 | 64,402.00 | 8,412,032.00 | 302,448.00 | | | 8,778,882.00 |
| 2020 | 110,516.00 | 8,638,386.00 | 309,589.00 | 6,715.00 | 34,257.00 | 9,099,463.00 |
| 2021 | 63,934.00 | 7,262,250.00 | 347,782.00 | 25,892.00 | 83,995.00 | 7,783,853.00 |
| 2022 | 16,603.54 | 8,095,548.36 | 411,299.90 | 14,912.39 | 107,067.70 | 8,645,431.89 |
| 2023 | | 9,301,880.77 | 546,102.24 | | 76,378.96 | 9,924,361.97 |

Source: District Records

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Demographic and Economic Statistics,
Last Ten Fiscal Years

Exhibit J-14

| Fiscal Year Ended June 30, | (a) Population | (b) Personal Income (thousands of dollars) | (c) Per Capita Personal Income | (d) Unemployment Rate |
|-------------------------------------|-------------------|--|---|-----------------------------|
| 2014 | 94,961 | 4,943,745,604 | 50,841 | 12.0% |
| 2015 | 94,330 | 4,914,005,516 | 52,901 | 10.9% |
| 2016 | 93,825 | 4,892,607,160 | 54,772 | 10.9% |
| 2017 | 93,283 | 4,977,861,577 | 57,477 | 9.1% |
| 2018 | 92,604 | 5,131,688,045 | 60,246 | 9.1% |
| 2019 | 92,247 | 5,830,287,141 | 63,203 | 8.4% |
| 2020 | 91,546 | 6,210,114,456 | 67,836 | 7.2% |
| 2021 | 95,661 | 6,888,548,610 | 72,010 | 7.5% |
| 2022 | 95,634 | 6,886,604,340 | 72,010 | 8.9% |
| 2023 | 95,634 | 6,886,604,340 | 72,010 | 6.5% |

Source:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development - information for the period of 4/1/2013 to 7/1/2022
- (b) Personal income provided by the NJ Dept of Labor and Workforce Development - most current information is as of 11/16/2022
- (c) Per capital personal income source Regional Economic Information System, Bureau of Economic Analysis (2012-2021)
- (d) Unemployment data provided by the U.S. Department of Labor, Bureau of Labor Statistics

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
 (A Component Unit of the County of Cape May)
Full-Time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Function/Program | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Special education instruction | 80 | 78 | 72 | 72 | 71 | 81 | 84 | 77 | 81 | 83 |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 24 | 25 | 25 | 26 | 25 | 25 | 25 | 25 | 25 | 26 |
| General administrative services | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 3 | 3 |
| School administrative services | 6 | 7 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Business administrative services | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Plant operations and maintenance | 12 | 11 | 12 | 11 | 12 | 12 | 12 | 12 | 12 | 12 |
| Pupil transportation | | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Special schools | | | | | | | | | | |
| Food Service | | 2 | 2 | 2 | 2 | | | | | |
| Child Care | | | | | | | | | | |
| Total | 129 | 130 | 123 | 124 | 125 | 133 | 136 | 128 | 133 | 136 |

Source: District Personnel Records

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Operating Statistics,
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Enrollment | Operating Expenditures | Cost per Pupil | % Change | Teaching Staff | Pupil/Teacher Ratio | | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|----------------------------|------------|------------------------|----------------|----------|----------------|---------------------|----------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
| | | | | | | Overall | District | | | | |
| 2014 | 275 | 12,619,386.00 | 45,889 | -6.14% | 80 | 3.4:1 | 271 | 233 | -1.53% | 86.04% | |
| 2015 | 251 | 12,835,299.00 | 51,137 | 11.44% | 78 | 3.2:1 | 250 | 221 | -7.54% | 88.30% | |
| 2016 | 225 | 12,918,691.00 | 57,416 | 12.28% | 72 | 3.2:1 | 239 | 212 | -4.53% | 88.62% | |
| 2017 | 231 | 12,935,138.00 | 55,996 | -2.47% | 72 | 3.2:1 | 233 | 209 | -2.52% | 89.70% | |
| **2018 | 195 | 15,307,257.00 | 78,499 | 40.19% | 71 | 3.5:1 | 202 | 185 | -13.30% | 91.58% | |
| ***2019 | 219 | 13,921,366.00 | 63,568 | -19.02% | 81 | 2.7:1 | 229 | 209 | 13.37% | 91.27% | |
| 2020 | 228 | 14,319,888.00 | 62,807 | -1.20% | 84 | 2.7:1 | 229 | 209 | 0.00% | 91.27% | |
| 2021 | 227 | 13,861,787.18 | 61,065 | -2.77% | 77 | 2.7:1 | 229 | 211 | 0.00% | 92.14% | |
| 2022 | 230 | 14,702,195.99 | 64,062 | 4.91% | 81 | 2.8:1 | 232 | 207 | 1.31% | 89.22% | |
| 2023 | 250 | 15,442,838.08 | 61,771 | -3.58% | 83 | 3.0:1 | 244 | 221 | 5.17% | 90.57% | |

Source: District records, ASSA and Schedules J-12, J-14

** Elimination of Compact Program

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
 (A Component Unit of the County of Cape May)
 School Building Information,
 Last Ten Fiscal Years

Exhibit J-18

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| District Buildings | | | | | | | | | | |
| Elementary, Middle, High School | | | | | | | | | | |
| CMC Special Services | 166,208 | 166,208 | 166,208 | 166,208 | 166,208 | 166,208 | 166,208 | 166,208 | 166,208 | 166,208 |
| Square Feet | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| Capacity (students) | 275 | 251 | 225 | 231 | 195 | 219 | 228 | 227 | 230 | 250 |
| Enrollment | | | | | | | | | | |

Number of Schools at June 30, 2023

Elementary - 1

Middle - 1

High - 1

Source: District Records, ASSA

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
 (A Component Unit of the County of Cape May)
 General Fund
 Schedule of Required Maintenance for School Facilities,
 Last Ten Fiscal Years
 (Unaudited)

Undistributed Expenditures - Required Maintenance for School Facilities

| School Facilities | Project # (s) | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------------------------------|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Special Services - One Building | | <u>366,873.00</u> | <u>288,246.00</u> | <u>315,184.00</u> | <u>320,680.00</u> | <u>320,231.00</u> | <u>317,117.00</u> | <u>371,162.00</u> | <u>346,231.17</u> | <u>266,508.89</u> | <u>286,676.32</u> |
| Total School Facilities | | <u>366,873.00</u> | <u>288,246.00</u> | <u>315,184.00</u> | <u>320,680.00</u> | <u>320,231.00</u> | <u>317,117.00</u> | <u>371,162.00</u> | <u>346,231.17</u> | <u>266,508.89</u> | <u>286,676.32</u> |
| Other Facilities | | | | | | | | | | | |
| Grand Total | | <u>366,873.00</u> | <u>288,246.00</u> | <u>315,184.00</u> | <u>320,680.00</u> | <u>320,231.00</u> | <u>317,117.00</u> | <u>371,162.00</u> | <u>346,231.17</u> | <u>266,508.89</u> | <u>286,676.32</u> |

Source: District Records

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
Insurance Schedule
For the Fiscal Year Ended June 30, 2023
(Unaudited)

Exhibit J-20

| Company and Type of Coverage | Amount of Coverage | Deductible |
|--|--------------------|------------|
| New Jersey School Boards Association Insurance Group | | |
| Package Policy | | |
| I Property | | |
| Blanket Real & Personal Property - per occurrence | \$ 500,000,000 | \$ 1,000 |
| Blanket Extra Expense | 50,000,000 | 1,000 |
| Blanket Valuable Papers & Records | 10,000,000 | 1,000 |
| Demolition and Increased Cost of Construction | 25,000,000 | 1,000 |
| Loss of Business Income/Tuition | 1,500,000 | |
| Limited Builders Risk | 10,000,000 | |
| Fire Department Service Charge | 10,000 | |
| Arson Reward | 10,000 | |
| Pollutant Cleanup and Removal | 250,000 | |
| Accounts Receivable | 250,000 | |
| Flood - per occurrence/NJSBAIG annual aggregate - Zone A & V | 25,000,000 | 500,000 |
| Flood - per occurrence/NJSBAIG annual aggregate - All Other Zones | 50,000,000 | 10,000 |
| Earthquake - per occurrence/NJSBAIG annual aggregate | 50,000,000 | |
| Increased Cost of Construction/Demolition | | |
| Terrorism - per occurrence/NJSBAIG annual aggregate | 1,000,000 | |
| II Electronic Data Processing | | |
| Blanket Hardware/Software | 500,000,000 | 1,000 |
| Blanket Extra Expense | Included | |
| Special Flood Hazard Area Flood Deductible, per building contents | | 500,000 |
| All Other Flood Zones Flood Deductible, per member/per occurrence | | 10,000 |
| III Equipment Breakdown | | |
| Combined Single Limit per Accident for Property Damage & Expense | 100,000,000 | 25,000 |
| Property Damage | Included | |
| Off Premises Property Damage | 1,000,000 | |
| Business Income | Included | |
| Extra Expense | 10,000,000 | |
| Service Interruption | 10,000,000 | |
| Perishable Goods | 1,000,000 | |
| Data Restoration | 1,000,000 | |
| Contingent Business Income | 1,000,000 | |
| Demolition | 1,000,000 | |
| Ordinance or Law | 1,000,000 | |
| Expediting Expenses | 1,000,000 | |
| Hazardous Substances | 1,000,000 | |
| Newly Acquired Locations | 1,000,000 | |
| Terrorism | Included | |
| IV Crime | | |
| Public Employee Dishonesty with Faithful Performance | 250,000 | 1,000 |
| Theft, Disappearance and Destruction - Loss of Money and Securities on or off Premises | 100,000 | 1,000 |
| Forgery or Alteration | 250,000 | 1,000 |
| Computer Fraud | 250,000 | 1,000 |
| Public Officials Bond - Board Secretary/Business Administrator | 2,000 | 500 |
| Public Officials Bond - Board Treasurer | 200,000 | 1,000 |

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
Insurance Schedule
For the Fiscal Year Ended June 30, 2023
(Unaudited)

Exhibit J-20

| Company and Type of Coverage | Amount of Coverage | Deductible |
|--|--------------------|------------|
| V Comprehensive General Liability | | |
| Bodily Injury & Property Damage - Combined Single Limit | \$ 16,000,000 | |
| Premises & Operations | | |
| Bodily Injury from Products & Operations - Annual Aggregate | 16,000,000 | |
| Sexual Abuse - per occurrence | 15,000,000 | |
| Sexual Abuse - per member annual aggregate | 15,000,000 | |
| Sexual Abuse - annual NJSIG aggregate | 27,000,000 | |
| Personal Injury & Advertising Injury - Per Occurrence/Annual Aggregate | 16,000,000 | |
| Employee Benefit Liability - Per Claim/Annual Aggregate | 16,000,000 | 1,000 |
| Premises Medical Payments - Per Accident | 10,000 | |
| Terrorism - per occurrence | 1,000,000 | |
| VI Automobile | | |
| Liability | | |
| Combined Single Limits for Bodily Injury & Property Damage | 16,000,000 | |
| Uninsured/Underinsured Mootrists - Private Passenger Autos | 1,000,000 | |
| Uninsured/Underinsured Mootrists - All Other Vehicles | | |
| Bodily Injury Per Person | 15,000 | |
| Bodily Injury Per Accident | 30,000 | |
| Property Damage Per Accident | 5,000 | |
| Personal Injury Protection | 250,000 | |
| Terrorism | 1,000,000 | |
| Communicable Disease | | |
| Per Occurrence | 1,000,000 | |
| Annual NJSIG Aggregate | 9,000,000 | |
| Deductibles - | | |
| Comprehensive | | 1,000 |
| Collision | | 1,000 |
| Hired Car Physical Damage \$110,000 Limit | | 1,000 |
| Replacement Cost | | 1,000 |
| Workers Compensation | | |
| Bodily Injury by Accident - Per Accident | 2,000,000 | |
| Bodily Injury by Disease - Per Employee | 2,000,000 | |
| Bodily Injury by Disease - Agreement Limit | 2,000,000 | |
| Umbrella Liability | | |
| Each Occurrence | 10,000,000 | |
| Aggregate | 10,000,000 | |
| Self Insured Retention | 10,000 | |
| Volunteer Workers | | |
| Maximum Amount | 500,000 | |
| Errors & Omissions | | |
| Coverage A | | |
| Limit of Liability - Each Policy Period | 16,000,000 | 5,000 |
| Coverage B | | |
| Limit of Liability - Each Claim | 100,000 | 5,000 |
| Each Policy Period | 300,000 | |

Source: District records

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Single Audit Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

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K-1

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

The Honorable President and
Members of the Board of Education
Cape May County Schools for Special Services
(a component unit of the County of Cape May)
County of Cape May
Cape May Court House, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and 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 County Schools for Special Services (a component unit of the County of Cape May), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Cape May County Schools for Special Services (a component unit of the County of Cape May) basic financial statements, and have issued our report thereon dated November 3, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cape May County Schools for Special Services (a component unit of the County of Cape May) control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Cape May County Schools for Special Services (a component unit of the County of Cape May) internal control. Accordingly, we 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 a 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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cape May County Schools for Special Services (a component unit of the County of Cape May) financial statements are free from material misstatement, we 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our 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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.

FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

November 3, 2023

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
 (A Component Unit of the County of Cape May)
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal Assistance Listing Number | Federal FAIN Number | Grant or State Project Number | Grant Period | Award Amount | Balance June 30, 2022 | Budgetary Expenditures | | | Balance at June 30, 2023 | | |
|---|---|---------------------------|-------------------------------------|------------------------|-----------------|-----------------------------|------------------------|------------------------|--------------|--------------------------|---------------------|-------------------|
| | | | | | | | Cash Received | Source Pass Through | Total | Accounts Receivable | Deferred Revenue | Due to Grantor |
| U.S. Department of Education | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | |
| Medical Assistance Program | 93.778 | 2055NJ5MAP | N/A | 7/1/2022 6/30/2023 | 142,074.54 | - | 142,074.54 | (142,074.54) | - | - | - | - |
| FFCR/SEMI | 93.778 | 2055NJ5MAP | N/A | 1/1/2021 12/31/2021 | 7,530.46 | - | 7,530.46 | (7,530.46) | - | - | - | - |
| Total General Fund | | | | | | | 149,605.00 | (149,605.00) | - | - | - | - |
| U.S. Department of Education | | | | | | | | | | | | |
| Passed-through State Department of Education | | | | | | | | | | | | |
| CARE-ESSER | 84.425D | S425D2000027 | N/A | 3/13/2020 9/30/2022 | 66,620.00 | (66,620.00) | - | - | - | - | - | - |
| American Rescue Plan - ESSER III | 84.425U | S425U2000027 | N/A | 3/13/2020 9/30/2024 | 133,241.00 | - | (133,241.00) | (133,241.00) | - | - | - | - |
| Subtotal State Department of Education | | | | | | (66,620.00) | (133,241.00) | (133,241.00) | - | - | - | - |
| US Department of Rural Development | | | | | | | | | | | | |
| Title VI - Small Rural Schools Grant - Rural Education Achievement Program | 84.358A | S358B220030 | N/A | 7/1/2022 9/30/2023 | 42,602.00 | - | (40,657.00) | (40,657.00) | - | - | - | - |
| Subtotal US Department of Rural Development | | | | | | - | (40,657.00) | (40,657.00) | - | - | - | - |
| Total Special Revenue Fund | | | | | | (66,620.00) | (173,898.00) | (173,898.00) | - | - | - | - |
| U.S. Department of Agriculture | | | | | | | | | | | | |
| Passed-Through State Department of Education | | | | | | | | | | | | |
| Enterprise Funds: | | | | | | | | | | | | |
| Food Distribution Program | 10.555 | 231NJ304N1199 | N/A | 7/1/2022 6/30/2023 | 25,467.98 | - | (25,467.98) | (25,467.98) | - | - | - | - |
| Child Nutrition Program Cluster: | | | | | | | | | | | | |
| School Breakfast Program - Severe | 10.553 | 221NJ304N1099 | N/A | 7/1/2021 6/30/2022 | 93,876.72 | (6,319.74) | 6,319.74 | - | - | - | - | - |
| School Breakfast Program - Severe | 10.553 | 231NJ304N1199 | N/A | 7/1/2022 6/30/2023 | 56,229.90 | - | 53,293.85 | (56,229.90) | (2,936.05) | - | - | - |
| National School Lunch Program | 10.555 | 221NJ304N1099 | N/A | 7/1/2021 6/30/2022 | 145,070.64 | (9,476.31) | 9,476.31 | - | - | - | - | - |
| National School Lunch Program | 10.555 | 231NJ304N1199 | N/A | 7/1/2022 6/30/2023 | 91,716.67 | - | 87,102.63 | (91,716.67) | (4,614.04) | - | - | - |
| HFFKA Performance Based | 10.555 | 231NJ304N1199 | N/A | 7/1/2022 6/30/2023 | 2,055.44 | - | 1,940.24 | (2,055.44) | (115.20) | - | - | - |
| Supply Chain Assistance | 10.555 | 221NJ304N8903 | N/A | 7/1/2022 6/30/2023 | 25,371.05 | (15,796.05) | 25,371.05 | (25,371.05) | - | - | - | - |
| Total Child Nutrition Program Cluster: | | | | | | (15,796.05) | (401,682.08) | (200,841.04) | (7,665.29) | - | - | - |
| P-EBT Administrative Costs | 10.649 | 231NJ304S9009 | N/A | 7/1/2022 6/30/2023 | 653.00 | - | (653.00) | (653.00) | - | - | - | - |
| Total Enterprise Funds | | | | | | (15,796.05) | (402,335.08) | (201,494.04) | (8,318.29) | - | - | - |
| Total Federal Financial Awards | | | | | | \$ | (82,416.05) | (398,838.08) | (524,997.04) | (8,318.29) | - | - |

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
 (A Component Unit of the County of Cape May)
Schedule of Expenditures of State Financial Assistance
 For the Year Ended June 30, 2023

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance at June 30, 2022 | | Cash Received | Budgetary Expenditures | (Accounts Receivable) | Due to Grantor | Budgetary Receivable | MEMO |
|--|-------------------------------|--------------------|--------------|------------------------------------|----------------|----------------|------------------------|-----------------------|----------------|----------------------|--------------|
| | | | | Deferred Revenue/(Accs Receivable) | Due to Grantor | | | | | | |
| State Department of Education | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | |
| Reimbursed TPAF Social Security Contributions | 495-034-5095-003 | 7/1/2021 6/30/2022 | 392,483.58 | (18,870.45) | 18,870.45 | | | | | | 392,483.58 |
| Reimbursed TPAF Social Security Contributions | 495-034-5095-003 | 7/1/2022 6/30/2023 | 399,549.10 | - | 358,817.94 | (399,549.10) | (40,731.16) | | | | 399,549.10 |
| On-Behalf Teachers' Pension and Annuity Fund | 495-034-5094-002 | 7/1/2022 6/30/2023 | 1,893,618.00 | - | 1,893,618.00 | (1,893,618.00) | - | | | | 1,893,618.00 |
| On-Behalf-Teachers' Pension and Annuity Fund - Post Retirement/Medical | 495-034-5094-001 | 7/1/2022 6/30/2023 | 497,449.00 | - | 497,449.00 | (497,449.00) | - | | | | 497,449.00 |
| On-Behalf- Teachers' Pension & Annuity Fund - Non-contributory Insurance | 495-034-5094-004 | 7/1/2022 6/30/2023 | 1,283.00 | - | 1,283.00 | (1,283.00) | - | | | | 1,283.00 |
| Total General Fund | | | | (18,870.45) | 2,770,038.39 | (2,791,899.10) | (40,731.16) | | | | 3,184,382.68 |
| State Department of Education | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | |
| Schools Development Authority Emergent Needs and Capital Maintenance | N/A | 7/1/2022 6/30/2023 | 5,649.00 | - | 5,649.00 | (5,649.00) | - | | | | 5,649.00 |
| Total Special Revenue Fund | | | | - | 5,649.00 | (5,649.00) | - | | | | 5,649.00 |
| State Department of Agriculture | | | | | | | | | | | |
| Enterprise Funds: | | | | | | | | | | | |
| Food Service Fund: | | | | | | | | | | | |
| Child Nutrition Program Cluster (State): | | | | | | | | | | | |
| National School Lunch Program (State Share) | 23-100-010-3350-023 | 7/1/2022 6/30/2023 | 3,239.47 | | 3,063.08 | (3,239.47) | (176.39) | | | (176.39) | 3,239.47 |
| National School Lunch Program (State Share) | 22-100-010-3350-023 | 7/1/2021 6/30/2022 | 3,798.90 | (218.08) | 218.08 | | - | | | - | 3,798.90 |
| National School Breakfast Program (State Share) | 23-100-010-3350-023 | 7/1/2022 6/30/2023 | 4,090.20 | | 3,878.40 | (4,090.20) | (211.80) | | | | 4,090.20 |
| Total Child Nutrition Program Cluster (State) | | | | (218.08) | 7,159.56 | (7,329.67) | (388.19) | | | (176.39) | 11,128.57 |
| Total Enterprise Funds | | | | (218.08) | 7,159.56 | (7,329.67) | (388.19) | | | (176.39) | 11,128.57 |
| Total State Financial Assistance | | | | (19,088.53) | 2,782,846.95 | (2,804,877.77) | (41,119.35) | | | (176.39) | 3,201,160.25 |

Less: On-Behalf Teachers' Pension and Annuity Fund \$ 1,893,618.00
 Less: On-Behalf TPAF-Post Retirement Medical 497,449.00
 Less: On-Behalf TPAF Non-contributory Insurance 1,283.00
 Total for State Financial Assistance-Major Program Determination \$ (412,827.77)

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

**Cape May County Schools for Special Services
(A Component Unit of the County of Cape May)
Notes to Schedules of Expenditures of Federal Awards
And State Financial Assistance
June 30, 2023**

Note 1: General

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state award programs of the Board of Education, Cape May County Schools for Special Services. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the schedule of federal awards and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented on 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, and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Notes 1(C) and 1(D) to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements

The District has elected not to use the 10% de minimis indirect cost rate.

Note 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 GAAP reporting, revenue is not recognized until the subsequent year or when the expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97, (A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$0.00 for both the General Fund and Special Revenue Fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis on the following page:

**Cape May County Schools for Special Services
(A Component Unit of the County of Cape May)
Notes to Schedules of Expenditures of Federal Awards
And State Financial Assistance
June 30, 2023
(CONTINUED)**

Note 3: Relationship to Basic Financial Statements – Continued

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Food Service Fund</u> | <u>Total</u> |
|---|------------------------|-------------------------------------|------------------------------|---------------------|
| State Assistance: | | | | |
| Actual amounts (budgetary) "revenue" from the Schedule of Expenditures of State Financial Assistance | \$ 2,791,899.10 | 5,649.00 | 7,329.67 | 2,804,877.77 |
| State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | - | | | - |
| State Aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year. | - | | | - |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | - | | - |
| Total State revenue as reported on the statement of revenues, expenditures, and changes in fund balance. | <u>\$ 2,791,899.10</u> | <u>5,649.00</u> | <u>7,329.67</u> | <u>2,804,877.77</u> |

**Cape May County Schools for Special Services
(A Component Unit of the County of Cape May)
Notes to Schedules of Expenditures of Federal Awards
And State Financial Assistance
June 30, 2023
(CONTINUED)**

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Food Service Fund</u> | <u>Total</u> |
|--|-------------------------|-------------------------------------|----------------------------------|-------------------|
| Federal Assistance | | | | |
| Actual amounts (budgetary) "revenue" from the Schedule of Expenditures of Federal Awards | \$ 149,605.00 | 173,898.00 | 201,494.04 | 524,997.04 |
| Difference – budget to "GAAP": Grant accounting budgetary basis differs from "GAAP" in that encumbrances are recognized as expenditures, and that related revenue is recognized. | | | | - |
| Total Federal Revenue as reported on the statement of revenue, expenditures, and changes in fund balance | \$ <u>149,605.00</u> | <u>173,898.00</u> | <u>201,494.04</u> | <u>524,997.04</u> |

Note 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.

Note 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 district for the year ended June 30, 2023. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2023.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified Opinion

Internal control over financial reporting:

1) Material weakness(es) identified? Yes No

2) Significant deficiencies identified? Yes No

Non-compliance material to basic financial statements noted?

Yes No

Federal Awards - Not Applicable

Internal Control over major programs:

1) Material weakness(es) identified: Yes No

2) Significant deficiencies identified? Yes No

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?

Yes No

Identification of major programs:

AL Number(s)

Name of Federal Program or Cluster

N/A

Dollar threshold used to distinguish between type A and type B programs:

Auditee qualified as low-risk auditee? Yes No

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

State Awards – Not Applicable

Dollar threshold used to distinguish between type A and type B programs:

Auditee qualified as low-risk auditee? Yes No

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

Internal Control over major programs:

1) Material weakness(es) identified? Yes No

2) Significant deficiencies identified Yes None reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08? Yes No

Identification of major programs:

GMIS Number(s)

Name of State Program

Section II - Findings Related to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements that are required to be reported under this section.

Section III - Findings and Questioned Costs for Federal and State Awards

FEDERAL AWARDS:

None

STATE AWARDS:

None