

**SCHOOL DISTRICT
OF**

**LOWER
CAPE MAY
REGIONAL**

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

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

**Annual Comprehensive
Financial Report**

of the

**Lower Cape May Regional
Board of Education**

Cape May, New Jersey

For the Fiscal Year Ended June 30, 2023

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT

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Introductory Section

GREGORY M. LASHER
Superintendent

THOMAS CONNELLY JR.
President

MARK MALLET
Business Administrator/Board Secretary

GARY DOUGLASS
Vice-President

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

CITY OF CAPE MAY

TOWNSHIP OF LOWER

BOROUGH OF WEST CAPE MAY

December 15, 2023

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

The comprehensive annual financial report of the Lower Cape May Regional School District 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 and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels 7 through 12. These include regular and vocational, as well as special education for handicapped youngsters. The District completed the 2022-2023 fiscal year with an average daily enrollment of 1171 students, which is a flat to the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2022-2023	1171	(0.08) %
2021/22	1172	(3.06)%
2020/21	1,209	(4.80)%
2019/20	1,270	(0.55)%
2018/19	1,277	(3.11)%
2017/18	1,318	(0.53)%
2016/17	1,325	(2.14)%
2015/16	1,354	(3.70)%
2014/15	1,406	0.72%
2013/14	1,396	(4.51)%
2012/13	1,462	(4.61)%
2011/12	1,528	(5.03)%
2010/11	1,609	(0.43)%

2. ECONOMIC CONDITION AND OUTLOOK:

Lower Township

Description of Governmental Structure:

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

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

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

Population:

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

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

Cape May

Governmental Structure:

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

History and Geography:

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

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

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

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

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

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

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

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

West Cape May

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

3. MAJOR INITIATIVES:

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

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

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

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

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

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

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

9. OTHER INFORMATION:

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

10. ACKNOWLEDGEMENTS:

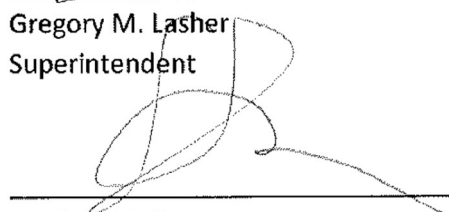
We would like to express our appreciation to the members of the Lower Cape May Regional School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance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

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

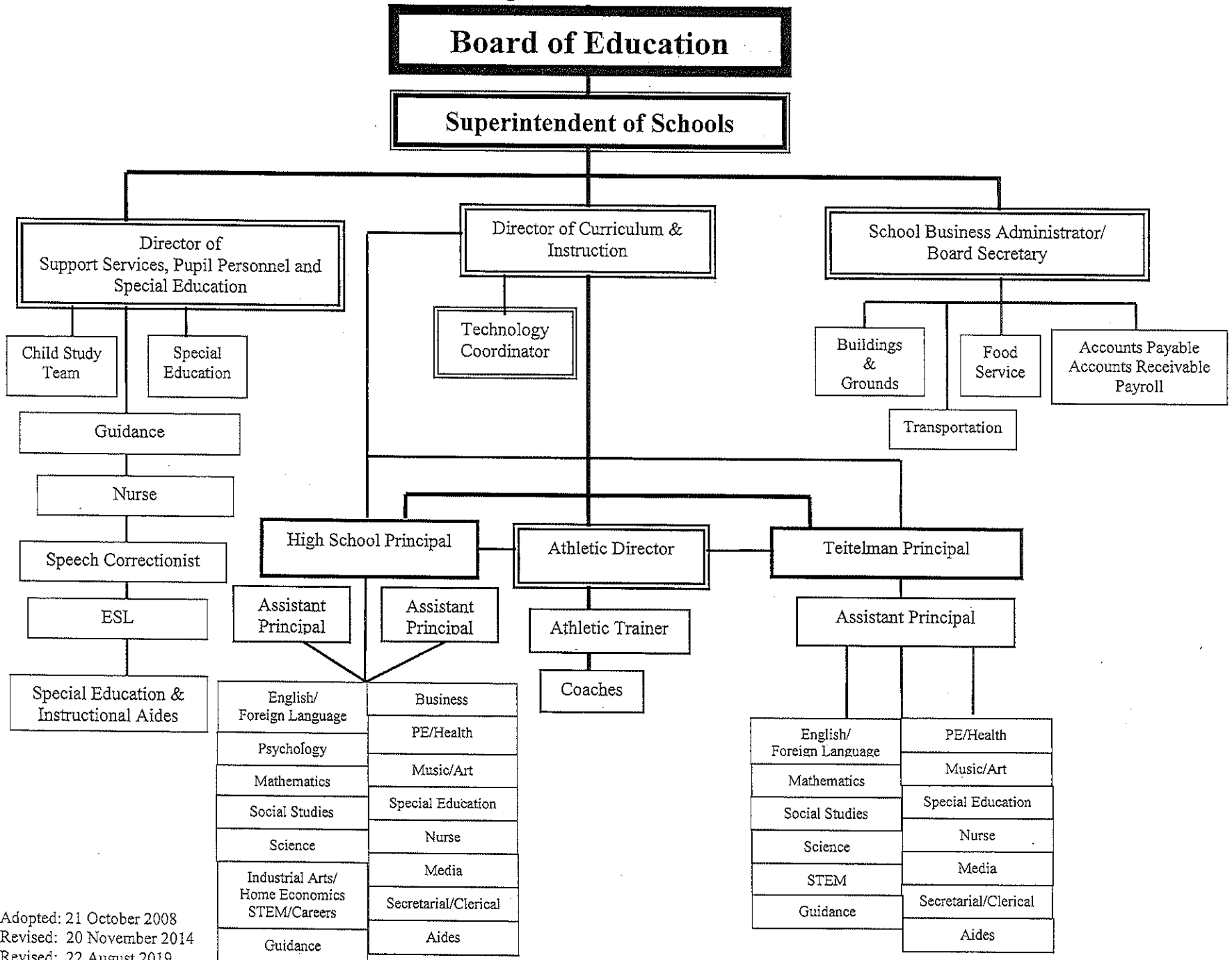
Respectfully submitted,



Gregory M. Lasher
Superintendent


Mark G. Mallett
Business Administrator/Board Secretary

Lower Cape May Regional School District Organizational Chart



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

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
CAPE MAY, NEW JERSEY 08204
ROSTER OF OFFICIALS
JUNE 30, 2023**

Members of the Board of Education	Term Expires
Thomas Connelly, Jr. President	2023
Gary Douglass Vice President	2025
Roy Abrams Jr.	2024
Kelly Cronin	2024
Kathleen Elwell	2023
Charles Hunt	2023
Retta Matagiese	2025
Frank Onorato	2025
Harry Sundstrom	2024

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

Other Officials

Gregory M. Lasher, Superintendent

Mark G. Mallett, Business Administrator/Board Secretary

Brett Gorman, Solicitor

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

Architect

Garrison Architects
713 Creek Road
Bellmawr, NJ 08031

Audit Firm

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

Attorney

Brett E.J. Gorman, Esquire
Parker McCay
9000 Midlantic Drive, Suite 300
PO Box 5054
Mount Laurel, NJ 08054-5054

Financial Advisor

Robbi Acampora
Phoenix Advisor, LLC
625 Farnsworth Avenue
Bordentown, NJ 08505

Bond Counsel

Philip A. Norcross
Parker McCay
9000 Midlantic Drive, Suite 300
PO Box 5054
Mount Laurel, NJ 08054-5054

Official Depository

Sturdy Savings Bank
3851 Bayshore Road
North Cape May, NJ 08204

Financial Section

INVERSO & STEWART, LLC

Certified Public Accountants

651 Route 73 North, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
Fax (856) 983-6674
E-Mail: rinverso@inversocpa.com

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lower Cape May Regional School District (the "District"), in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 15, 2023, on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



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

Marlton, New Jersey
December 15, 2023

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

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

As management of the Board of Education of the Lower Cape May Regional School District in Cape May New Jersey, we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$22,057,668 (*net position*).
- Governmental activities have an unrestricted net position deficit of \$5,979,623. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, the June state aid payments, and the state statute that prohibits school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District increased by \$884,227 or a 4.18% increase from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds decreased by \$9,241,201 resulting in an ending fund balance of \$21,647,409. This decrease is largely due to the results of operations in the capital projects fund.
- Business-type activities have unrestricted net position of \$45,044 which may be used to meet the School District's ongoing obligations of the food service operations.
- The School District's long-term obligations increased by \$1,156,835 which is primarily due to the increase in the net pension liability.

Overview of the Basic Financial Statements

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

District-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

Other Information

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

District-wide Financial Analysis

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

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

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

The assets of the primary government activities exceeded liabilities by \$21,838,214 with an unrestricted deficit balance of \$5,979,623. The net position of the primary government does not include internal balances.

A net investment of \$10,202,201 in land, improvements, buildings, equipment, and vehicles provide services to the School District's 1,171 public school students. Net position of \$11,051,226 has been restricted to provide resources for future capital expansion and renovation projects, \$1,581,632 is reserved for maintenance, \$513,074 is reserved for debt service, \$26,210 is reserved for scholarships, \$255,534 is reserved for student activities, \$155,250 is reserved for unemployment compensation, while \$4,032,710 has been restricted for budget appropriation.

As mentioned earlier, deficit unrestricted net position is primarily due to the accounting treatment for compensated absences payable, net pension liability the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

**Lower Cape May Regional School District
Comparative Summary of Net Position
As of June 30, 2023 and 2022**

	Governmental Activities		Business-Type Activites		District-Wide	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current assets	\$ 21,726,939	\$ 31,395,853	\$ 71,168	\$ 119,368	\$ 21,798,107	\$ 31,515,221
Capital assets	30,594,132	22,170,880	174,410	132,160	30,768,542	22,303,040
Total assets	<u>52,321,071</u>	<u>53,566,733</u>	<u>245,578</u>	<u>251,528</u>	<u>52,566,649</u>	<u>53,818,261</u>
Deferred Outflows of Resources	<u>1,003,697</u>	<u>710,435</u>			<u>1,003,697</u>	<u>710,435</u>
LIABILITIES						
Current liabilities	2,348,487	1,941,225	11,320	8,535	2,359,807	1,949,760
Noncurrent liabilities	27,605,454	27,276,366	14,804	10,745	27,620,258	27,287,111
Total Liabilities	<u>29,953,941</u>	<u>29,217,591</u>	<u>26,124</u>	<u>19,280</u>	<u>29,980,065</u>	<u>29,236,871</u>
Deferred Inflows of Resources	<u>1,532,613</u>	<u>4,118,384</u>			<u>1,532,613</u>	<u>4,118,384</u>
Net Position	<u>\$ 21,838,214</u>	<u>\$ 20,941,193</u>	<u>\$ 219,454</u>	<u>\$ 232,248</u>	<u>\$ 22,057,668</u>	<u>\$ 21,173,441</u>
Net Position Consists of:						
Net investment in Capital Assets	\$ 10,202,201	\$ 1,197,842	\$ 174,410	\$ 132,160	\$ 10,376,611	\$ 1,330,002
Restricted Assets	17,615,636	27,734,774			17,615,636	27,734,774
Unrestricted Assets	<u>(5,979,623)</u>	<u>(7,991,423)</u>	<u>45,044</u>	<u>100,088</u>	<u>(5,934,579)</u>	<u>(7,891,335)</u>
Net Position	<u>\$ 21,838,214</u>	<u>\$ 20,941,193</u>	<u>\$ 219,454</u>	<u>\$ 232,248</u>	<u>\$ 22,057,668</u>	<u>\$ 21,173,441</u>

**Lower Cape May Regional School District
Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities		District-Wide	
	2023	2022	2023	2022	2023	2022
Revenues:						
Charges for services	\$ 319,821	\$ -	\$ 300,672	\$ 140,564	\$ 620,493	\$ 140,564
Operating Grants and contributions	10,580,923	11,989,343	433,809	757,138	11,014,732	12,746,481
Capital Grants and contributions					-	-
Property taxes	23,938,408	23,643,312			23,938,408	23,643,312
State aid - unrestricted	6,954,633	9,485,016			6,954,633	9,485,016
Tuition					-	-
Loss on disposal of asset		(162,454)			-	-
Other revenues	690,039	498,141	51,285	92,122	741,324	590,263
Total Revenues	42,483,824	45,453,358	785,766	989,824	43,269,590	46,605,636
Expenses:						
Governmental Activities:						
Instruction	13,906,473	13,608,886			13,906,473	13,608,886
Tuition	1,981,948	2,130,166			1,981,948	2,130,166
Related Services	2,632,620	2,589,078			2,632,620	2,589,078
Administrative Services	1,853,564	1,849,458			1,853,564	1,849,458
Central Services	389,012	391,278			389,012	391,278
Operations and Maintenance	9,007,335	5,615,328			9,007,335	5,615,328
Transportation	1,511,586	1,474,159			1,511,586	1,474,159
Employee benefits	9,614,236	12,652,245			9,614,236	12,652,245
Charter Schools	14,372				14,372	-
Interest on debt	567,936	279,859			567,936	279,859
Other	57,721	51,711			57,721	51,711
Business-Type Activities:						
Food Service			848,560	852,404	848,560	852,404
Total Expenses	41,536,803	40,642,168	848,560	852,404	42,385,363	41,494,572
Increase (Decrease) in Net Position before transfers	947,021	4,811,190	(62,794)	137,420	884,227	4,948,610
Transfers	(50,000)		50,000			
Change in Net Position	897,021	4,811,190	(12,794)	137,420	884,227	4,948,610
Net Position, July 1	20,941,193	16,130,003	232,248	94,828	21,173,441	16,224,831
Net Position, June 30	\$ 21,838,214	\$ 20,941,193	\$ 219,454	\$ 232,248	\$ 22,057,668	\$ 21,173,441

Governmental Activities

Governmental activities increased the net position of the School District by \$897,021 during the current fiscal year. Key elements of the increase in net position for governmental activities are as follows:

- The results of operations in the Governmental Funds of (\$9,241,201).
- Net investment in Capital Assets increased by \$8,430,213.
- Repayment of bond principal in the amount of \$400,000.

Business-type Activities

Business-type activities decreased the School District's net position by \$12,794. Key elements of the decrease in net position for business-type activities are as follows:

- The results of operations in the Food Service Fund were a net loss of \$12,794.

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$21,647,409, a decrease of \$9,241,201 in comparison with the prior year. Most of this decrease is due to the results of operations in the Capital Projects Fund.

The unreserved fund balance for the School District at the end of the fiscal year includes an unreserved fund balance for the General Fund of \$2,024,157. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) as restricted cash reserved for future capital outlay expenditures of \$6,347,400, 2) \$4,032,710 reserved as excess surplus, 3) \$1,581,632 reserved for maintenance, 4) \$5,031,270 reserved for encumbrances, 5) \$1,847,948 assigned for subsequent year's expenditures, and 6) \$345,298 reserved for the repayment of debt, 7) \$26,210 reserved for the scholarship fund, 8) \$155,250 reserved for unemployment compensation, 9) \$255,534 reserved for student activities.

The general fund is the chief operating fund of the School District. As discussed earlier, the balance in the unreserved fund balance is due primarily to the accounting treatment of the June state aid payments as discussed in Note 18 of the notes to the basic financial statements, and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

General Fund Budgetary Highlights

There was a budget increase of \$1,000,000 between the original budget and the final amended budget.

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$2,338,702 while total fund balance (budgetary basis) was \$16,497,682. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$37,667,479. Unreserved fund balance (budgetary basis) represents 6.21% of expenditures while total fund balance (budgetary basis) represents 43.80% of that same amount.

Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2023, totaled \$30,498,396 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment, and vehicles. The total increase in the District's investment in capital assets for the current fiscal year was \$8,430,213 or a 38.20% increase. The increase is primarily due to the addition of capital assets.

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

	Governmental Activities		Business-Type Activities		District-Wide	
	2023	2022	2023	2022	2023	2022
Land	\$ 100	\$ 100	\$ -	\$ -	\$ 100	\$ 100
Construction in progress	8,843,693				8,843,693	
Site Improvements	90,000	120,000	-	-	90,000	120,000
Building and Building Improvements	17,487,058	18,134,821	-	-	17,487,058	18,134,821
Equipment	4,077,545	3,813,262	174,410	132,160	4,251,955	3,945,422
Leases	95,736	102,697			95,736	102,697
Net Assets	\$ 30,594,132	\$ 22,170,880	\$ 174,410	\$ 132,160	\$ 30,768,542	\$ 22,303,040

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

Long-term debt – During the fiscal year ended June 30, 2023, the School District had \$18,867,000 in serial bonds payable, \$98,712 in leases payable, \$1,620,599 in compensated absences, and \$7,107,923 in net pension liability.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$328,907,184. The available amount as of June 30, 2023 is \$310,040,184.

Additional information on the School District’s long-term obligations can be found in the notes to the basic financial statements (Note 8) of this report.

Economic Factors and Next Year’s Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District’s budget for the 2023-24 fiscal year.

- For the 2023-24 fiscal year, the School District will be receiving a decrease in state aid. The local tax levy in the General Fund increased by \$718,732 or 3.11%. Salaries continue to increase contractually; however, the District has managed to control costs. The 2023-24 General Fund Budget is \$638,072 more than the previous year or a 1.81% increase.

For the Future

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

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

Requests for Information

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

Basic Financial Statements

District-Wide Financial Statements

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

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 7,433,460	\$ 22,976	\$ 7,456,436
Accounts Receivables, net	1,660,621	14,958	1,675,579
Inventory		33,234	33,234
Restricted assets:			
Cash and cash equivalents	12,632,858		12,632,858
Capital assets, net	30,498,396	174,410	30,672,806
Right-to-use lease assets, net	95,736		95,736
Total Assets	52,321,071	245,578	52,566,649
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	1,003,697	-	1,003,697
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	53,324,768	245,578	53,570,346
LIABILITIES:			
Accounts payable:			
Other	79,354		79,354
Related to pensions	551,832		551,832
Internal Balances	(5,000)	5,000	
Accrued Liabilities:			
Interest payable	202,126		202,126
Unearned revenue	5,176	6,320	11,496
Noncurrent liabilities:			
Due within one year	1,514,999		1,514,999
Due beyond one year	27,605,454	14,804	27,620,258
Total Liabilities	29,953,941	26,124	29,980,065
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources from pensions	1,532,613	-	1,532,613
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	31,486,554	26,124	31,512,678
NET POSITION:			
Net investment in capital assets	10,202,201	174,410	10,376,611
Restricted for:			
Capital projects	11,051,226		11,051,226
Maintenance	1,581,632		1,581,632
Excess Surplus	4,032,710		4,032,710
Unemployment Compensation	155,250		155,250
Debt Service	513,074		513,074
Student Activities	255,534		255,534
Scholarships	26,210		26,210
Unrestricted (Deficit)	(5,979,623)	45,044	(5,934,579)
Total Net Position	\$ 21,838,214	\$ 219,454	\$ 22,057,668

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 10,673,830	\$ 110,300	\$ 628,354	\$ -	\$ (9,935,176)	\$ -	\$ (9,935,176)
Special Education	2,358,412		396,635		(1,961,777)		(1,961,777)
Other instruction	874,231				(874,231)		(874,231)
Support Services:							
Tuition	1,981,948				(1,981,948)		(1,981,948)
Student & instruction related services	2,632,620		671,406		(1,961,214)		(1,961,214)
General administrative services	849,799				(849,799)		(849,799)
School administrative services	1,003,765				(1,003,765)		(1,003,765)
Central administrative services	389,012				(389,012)		(389,012)
Plant operations and maintenance	9,007,335		2,434,820		(6,572,515)		(6,572,515)
Pupil transportation	1,511,586	209,521			(1,302,065)		(1,302,065)
Unallocated employee benefits	9,614,236		6,449,708		(3,164,528)		(3,164,528)
Transfer of funds to Charter Schools	14,372				(14,372)		(14,372)
Interest on long-term debt	567,936				(567,936)		(567,936)
Unallocated depreciation and amortization	57,721				(57,721)		(57,721)
Total Governmental Activities	<u>41,536,803</u>	<u>319,821</u>	<u>10,580,923</u>	<u>-</u>	<u>(30,636,059)</u>	<u>-</u>	<u>(30,636,059)</u>
Business-Type Activities:							
Food service	848,560	300,672	433,809	-	-	(114,079)	(114,079)
Total Business-Type Activities	<u>848,560</u>	<u>300,672</u>	<u>433,809</u>	<u>-</u>	<u>-</u>	<u>(114,079)</u>	<u>(114,079)</u>
Total Primary Government	<u>\$ 42,385,363</u>	<u>\$ 620,493</u>	<u>\$ 11,014,732</u>	<u>\$ -</u>	<u>(30,636,059)</u>	<u>(114,079)</u>	<u>(30,750,138)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					23,126,781		23,126,781
Taxes levied for debt service					811,627		811,627
Federal and State aid unrestricted					6,954,633		6,954,633
Investment and Interest earnings - restricted					409,873		409,873
Miscellaneous					280,166	893	281,059
Special Items:							
Contributed Capital						50,392	50,392
Transfer					(50,000)	50,000	-
Total general revenues, special items, extraordinary items and transfers					<u>31,533,080</u>	<u>101,285</u>	<u>31,634,365</u>
Change in Net Position					897,021	(12,794)	884,227
Net Position - July 1,					<u>20,941,193</u>	<u>232,248</u>	<u>21,173,441</u>
Net Position - June 30					<u>\$ 21,838,214</u>	<u>\$ 219,454</u>	<u>\$ 22,057,668</u>

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

Fund Financial Statements

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

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
Assets:						
Cash and Cash Equivalents	\$ 14,555,235	\$ 256,744	\$ 5,232,528	\$ -	\$ 21,811	\$ 20,066,318
Interfund Accounts Receivable			6,281			6,281
General Fund			6,281			6,281
Special Revenue Fund	271,382					271,382
Capital Projects Fund				519,355		519,355
Debt Service Fund	6,281					6,281
Enterprise Fund		5,000				5,000
Intergovernmental Accounts Receivables:						
State	1,325,409					1,325,409
Federal	14,340	287,626				301,966
Other	33,246					33,246
Total Assets	16,205,893	549,370	5,238,809	519,355	21,811	22,535,238
LIABILITIES AND FUND BALANCES						
Liabilities:						
Interfund Accounts Payable						
General Fund		271,382		6,281		277,663
Capital Projects Fund	6,281					6,281
Debt Service Fund			519,355			519,355
Accounts Payable:						
Payroll Deductions and Withholdings Payable	26,605					26,605
Unemployment Claims Payable	39,870					39,870
Scholarships Payable					1,811	1,811
Other		11,068				11,068
Unearned Revenue		5,176				5,176
Total Liabilities	72,756	287,626	519,355	6,281	1,811	887,829
Fund Balances:						
Restricted:						
Capital Reserve	6,331,772					6,331,772
Maintenance Reserve	1,581,632					1,581,632
Excess Surplus	4,032,710					4,032,710
Unemployment Compensation	155,250					155,250
Capital Projects			15,628			15,628
Debt Service				345,298		345,298
Student Activities		255,534				255,534
Scholarships		6,210			20,000	26,210
Assigned to:						
Other Purposes	327,444		4,703,826			5,031,270
Designated for Subsequent Year's Expenditure	1,680,172			167,776		1,847,948
Unassigned	2,024,157					2,024,157
Total Fund Balances	16,133,137	261,744	4,719,454	513,074	20,000	21,647,409
Total Liabilities and Fund Balances	\$ 16,205,893	\$ 549,370	\$ 5,238,809	\$ 519,355	\$ 21,811	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$50,538,551 and the accumulated depreciation is \$20,040,155. 30,498,396

Leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$147,951 and the accumulated amortization is \$52,215. 95,736

Accrued interest is not due and payable in the current period and therefore, is not reported as a liability in the funds. (202,126)

Accounts payable related to the April 1, 2024 required PERS contribution that is not to be liquidated with current financial resources. (551,832)

The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:

Deferred Outflows of resources from Pensions	\$ 1,003,697	
Net Pension Liability	(7,107,923)	
Deferred Inflows of resources from Pensions	(1,532,613)	(7,636,839)

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

Serial bonds payable	(18,867,000)	
Financed purchases payable	(1,426,219)	
Leases payable	(98,712)	
Compensated absences	(1,620,599)	(22,012,530)

Net position of governmental activities \$ 21,838,214

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
REVENUES:						
Local property tax levy	\$ 23,126,781	\$ -	\$ -	\$ 811,627	\$ -	\$ 23,938,408
Tuition charges	110,300					110,300
Transportation fees	209,521					209,521
Interest earned on capital reserve funds	48,532					48,532
Interest earned on maintenance reserve funds	14,263					14,263
Other restricted miscellaneous revenue	1,780		345,298			347,078
Unrestricted miscellaneous revenue	280,166					280,166
Federal sources	48,192	3,821,929				3,870,121
State sources	13,133,000	38,121		103,857		13,274,978
Local sources		390,457				390,457
Total revenues	36,972,535	4,250,507	345,298	915,484	-	42,483,824
EXPENDITURES:						
Current expense:						
Regular instruction	9,064,183	628,354				9,692,537
Special education instruction	1,961,777	396,635				2,358,412
Other instruction	874,231					874,231
Support services and undistributed costs:						
Tuition	1,981,948					1,981,948
Student & instruction related services	1,966,464	666,156				2,632,620
General administrative services	676,637					676,637
School administrative services	1,003,765					1,003,765
Central services	389,012					389,012
Plant operations and maintenance	3,463,751					3,463,751
Pupil transportation	1,511,586					1,511,586
Unallocated employee benefits	10,822,240	119,292				10,941,532
Transfer to charter schools	14,372					14,372
Capital outlay	3,937,513	2,434,820	8,843,693			15,216,026
Debt service:						
Principal				400,000		400,000
Interest and other charges				518,596		518,596
Total expenditures	37,667,479	4,245,257	8,843,693	918,596	-	51,675,025
Excess (deficiency) of revenues over (under) expenditures	<u>(694,944)</u>	<u>5,250</u>	<u>(8,498,395)</u>	<u>(3,112)</u>	<u>-</u>	<u>(9,191,201)</u>
Other Financing Sources (Uses):						
Transfers in				345,298		345,298
Transfers out	(50,000)		(345,298)			(395,298)
Total other financing sources (uses)	<u>(50,000)</u>	<u>-</u>	<u>(345,298)</u>	<u>345,298</u>	<u>-</u>	<u>(50,000)</u>
Net change in fund balance	<u>(744,944)</u>	<u>5,250</u>	<u>(8,843,693)</u>	<u>342,186</u>	<u>-</u>	<u>(9,241,201)</u>
Fund balances, July 1	<u>16,878,081</u>	<u>256,494</u>	<u>13,563,147</u>	<u>170,888</u>	<u>20,000</u>	<u>30,888,610</u>
Fund balances, June 30	<u>\$ 16,133,137</u>	<u>\$ 261,744</u>	<u>\$ 4,719,454</u>	<u>\$ 513,074</u>	<u>\$ 20,000</u>	<u>\$ 21,647,409</u>

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

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

Total net change in fund balances - governmental funds (from B-2) \$ (9,241,201)

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

Capital outlays are reported in the governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current fiscal year.

Depreciation expense	\$ (1,154,416)	
Capital outlay	<u>9,584,629</u>	8,430,213

Capital outlays related to leases are reported in the governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as amortization expense. This is the amount by which capital outlays exceeded amortization in the current fiscal year.

Amortization expense	(29,109)	
Lease Additions	<u>22,148</u>	(6,961)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 400,000

The proceeds of a lease is an other financing source of revenue in the governmental funds but is not reported in the statement of activities. (22,148)

Repayment of financed purchases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 174,899

Repayment of leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 28,356

Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities. 1,327,296

In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a reduction in the reconciliation. (49,340)

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 (+). (144,093)

Change in net position of governmental activities \$ 897,021

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
for the Fiscal Year Ended June 30, 2023

	Business-type Activities Enterprise Funds
	Food Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 22,976
Accounts receivable	14,958
Inventories	33,234
Total current assets	71,168
Noncurrent assets:	
Equipment	278,939
Less accumulated depreciation	(104,529)
Total noncurrent assets	174,410
Total assets	245,578
LIABILITIES	
Current liabilities:	
Due to scholarships	5,000
Compensated absences payable	14,804
Unearned revenue	6,320
Total liabilities	26,124
NET POSITION	
Net investment in capital assets	174,410
Unrestricted	45,044
Total net position	\$ 219,454

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

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

	Business-type Activities Enterprise Funds
	Food Service Fund
Operating revenues:	
Charges for services:	
Daily sales-reimbursable programs	\$ 166,813
Daily sales-non-reimbursable programs	133,859
	300,672
Operating expenses:	
Salaries	300,976
Employee benefits	144,476
Supplies and materials	40,315
Purchased professional benefits	46,970
Depreciation	8,142
Cost of sales - reimbursable programs	243,967
Cost of sales - nonreimbursable programs	62,914
Miscellaneous	800
	848,560
Total operating expenses	848,560
Operating income (loss)	(547,888)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	9,755
State school breakfast program	3,373
Federal sources:	
National school lunch program	232,734
National school breakfast program	38,524
U.S.D.A. commodities	81,548
Supply chain assistance	67,875
Local sources:	
Operating transfer in	50,000
Interest revenue	893
	484,702
Total nonoperating revenues (expenses)	484,702
Net income (loss)	(63,186)
Other Financing sources (uses):	
Board contribution of capital assets	50,392
	(12,794)
Change in net position	(12,794)
Total net position - July 1	232,248
Total net position - June 30	\$ 219,454

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

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

	<u>Business-type Activities Enterprise Funds</u>
	<u>Food Service Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 303,821
Payments to employees for services	(441,394)
Payments to suppliers	(311,062)
Net cash used for operating activities	<u>(448,635)</u>
Cash flows from noncapital financing activities:	
Board contribution	50,000
Federal and state sources	378,914
Net cash provided by non-capital financing activities	<u>428,914</u>
Cash flows from capital activities:	
Purchases of fixed assets	<u>-</u>
Cash flows from investing activities:	
Interest and dividends	893
Net cash provided by investing activities	<u>893</u>
Net increase in cash and cash equivalents	(18,828)
Balances - July 1	<u>41,804</u>
Balances - June 30	<u>\$ 22,976</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (547,888)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	8,142
Federal commodities	81,548
(Increase) / decrease in inventories	2,356
(Increase) / decrease in accounts receivable	364
Increase / (decrease) in compensated absences payable	4,058
Increase / (decrease) in unearned revenue	2,785
Total adjustments	<u>99,253</u>
Net cash provided by (used for) operating activities	<u>\$ (448,635)</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity -The Lower Cape May Regional School District (District) is a Type II school district located in Cape May County, New Jersey and covers an area of approximately 34 square miles. As a Type II school district, it functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to provide educational services for all of Lower Cape May Regional's students in grades 7 through 12. The Lower Cape May Regional School District has an approximate enrollment at June 30, 2023 of 1,171 students.

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

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

Basis of Presentation

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds (Continued)

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

The School District’s enterprise funds are:

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

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

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

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

Measurement Focus

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

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position.

The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2023.

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Recently Issued Accounting Pronouncements – In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The District did not have any subscription-based information technology arrangements that required disclosure.

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

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

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District’s deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District’s amount on deposit of \$14,579,284 as of June 30, 2023, \$250,000 was insured under FDIC, \$14,329,284 was collateralized under GUDPA.

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

The NJARM, which is an investment pool managed by Public Financial Management Company. NJARM allows governments within the state to pool their funds for investment purposes and the Security and Exchange Commission (SEC) does not restrict the pool. Earnings are allocated to all participants based upon shares held in the pool and distributed on the last day of each month. In addition, the fair value of the District’s portion of the pool is the same as the value of its shares. Agencies that participate in the NJARM typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJARM without penalty. At June 30, 2023, the District’s balance was \$9,239,009 with NJARM. The NJARM Joint Account portfolio is rated AAAM by Standard & Poor’s.

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

3. CAPITAL RESERVE ACCOUNT

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

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

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

Balance – July 1, 2022		\$	7,635,567
Increased by:			
Board resolution	\$	950,000	
Unspent appropriations		572,673	
Interest earned		<u>48,532</u>	<u>1,571,205</u>
			9,206,772
Decreased by:			
Withdrawal			<u>2,875,000</u>
Balance – June 30, 2023		\$	<u>6,331,772</u>

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

4. RECEIVABLES

Receivables at June 30, 2023 consisted of tuition fees charged other governmental units and governmental grants. All receivables are considered collectible in full due to the stable condition of the other governmental units, State programs and the current fiscal year guarantee of federal funds.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
State Aid	\$ 1,325,409	\$ -	\$ 740	\$ 1,326,149
Federal Aid	14,340	287,626	14,218	316,184
Other	<u>33,246</u>	<u>-</u>	<u>-</u>	<u>33,246</u>
Total	<u>\$ 1,372,995</u>	<u>\$ 287,626</u>	<u>\$ 14,958</u>	<u>\$ 1,675,579</u>

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

5. CAPITAL ASSETS

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

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2023</u>
<u>Governmental Activities:</u>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 100	\$ -	\$ -	\$ 100
Construction in progress		8,843,693		8,843,693
Total capital assets, not being Depreciated	100	8,843,693		8,843,793
<i>Capital Assets, being depreciated:</i>				
Site Improvements	600,000			600,000
Building and Building Improvements	33,493,225			33,493,225
Equipment	7,280,800	740,936	420,203	7,601,533
Totals at historical cost	41,374,025	740,936	420,203	41,694,758
<i>Less Accumulated Depreciation:</i>				
Site Improvements	(480,000)	(30,000)		(510,000)
Building and Building Improvements	(15,358,404)	(647,763)		(16,006,167)
Equipment	(3,467,538)	(476,653)	(420,203)	(3,523,988)
Totals accumulated depreciation	(19,305,942)	(1,154,416)	(420,203)	(20,040,155)
Total Capital Assets, being depreciated, net	22,068,083	(413,480)	-	21,654,603
Governmental Activities Capital Assets, Net	\$ 22,068,183	\$ 8,430,213	\$ -	\$ 30,498,396
<u>Business-Type Activities:</u>				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 233,792	\$ 50,392	\$ 5,245	\$ 278,939
Less accumulated depreciation	(101,632)	(8,142)	(5,245)	(104,529)
Business-Type Activities Capital Assets, Net	\$ 132,160	\$ 42,250	\$ -	\$ 174,410

Depreciation expense in the amount of \$1,154,416 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	\$ 808,091
Administration	173,162
Plant Operations and Maintenance	115,442
Unallocated	57,721
Total depreciation expense	\$ 1,154,416

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

6. LEASE ASSETS

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

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities:				
Lease Assets, being Amortized:				
Machinery and Equipment	\$ 130,233	\$ 22,148	\$ 4,430	\$ 147,951
Total Lease Assets Being Amortized	130,233	22,148	4,430	147,951
 Governmental Activities				
Lease Assets	130,233	22,148	4,430	147,951
 Less Accumulated Amortization for:				
Machinery and Equipment	(27,536)	(29,109)	(4,430)	(52,215)
Total Accumulated Amortization	(27,536)	(29,109)	(4,430)	(52,215)
 Governmental Activities Lease Assets, Net	\$ 102,697	\$ (6,961)	\$ -	\$ 95,736

Amortization expense in the amount of \$29,109 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	\$ 24,743
Administration	2,911
Central Services	1,455
	\$ 29,109

7. INVENTORY

Inventory in the Proprietary Funds at June 30, 2023 consisted of the following:

	Food Service
Food	\$ 27,752
Supplies	5,482
	\$ 33,234

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

8. LONG-TERM OBLIGATIONS

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

<u>Governmental Activities:</u>	<u>Principal Outstanding June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2023</u>	<u>Amounts Due Within One Year</u>
Compensated Absences	\$ 1,476,506	\$ 237,225	\$ 93,132	\$ 1,620,599	\$ 275,407
Financed Purchases Payable	1,601,118	-	174,899	1,426,219	184,176
Leases Payable	104,920	22,148	28,356	98,712	30,416
General Obligation Bonds	19,267,000	-	400,000	18,867,000	1,025,000
Net Pension Liability	<u>5,514,074</u>	<u>1,593,849</u>	<u>-</u>	<u>7,107,923</u>	<u>-</u>
Total Governmental Activity	<u>\$ 27,963,618</u>	<u>\$ 1,853,222</u>	<u>\$ 696,387</u>	<u>\$ 29,120,453</u>	<u>\$ 1,514,999</u>

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

2017 School Bonds dated March 15, 2016, with \$4,967,000 outstanding, due in annual installments through March 15, 2036, bearing interest rates ranging from 2.00% - 3.00%.

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

Debt Service Requirements

Principal and interest due on bonds outstanding is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,025,000	\$ 554,447	\$ 1,579,447
2025	865,000	529,260	1,394,260
2026	880,000	507,310	1,387,310
2027	910,000	482,910	1,392,910
2028	940,000	455,610	1,395,610
2028-2032	5,185,000	1,836,150	7,021,150
2033-2037	5,342,000	1,018,080	6,360,080
2038-2042	<u>3,720,000</u>	<u>279,000</u>	<u>3,999,000</u>
	<u>\$ 18,867,000</u>	<u>\$ 5,662,767</u>	<u>\$ 24,529,767</u>

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

8. LONG-TERM OBLIGATIONS (Continued)

Financed Purchases Payable

As of June 30, 2023, the District had the following financed purchases:

<u>Purpose</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Value</u>
Energy Program	January 15, 2030	2.33%	\$ 1,426,219
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 184,176	\$ 32,164	\$ 216,340
2025	193,786	27,818	221,604
2026	203,739	23,244	226,983
2027	214,049	18,438	232,487
2028-2030	630,469	24,005	654,474
	\$ 1,426,219	\$ 125,669	\$ 1,551,888

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

On October 1, 2019, the School District entered a 60-month lease as lessee for the use of copiers. As of June 30, 2023, the lease liability was \$3,697. The School District is required to make monthly payments of \$252. The lease has an interest rate of 4.00%. The value of the right to use asset as of June 30, 2023, was \$3,554 with accumulated amortization of \$5,687.

On August 1, 2021, the School District entered a 60-month lease as lessee for the use of copiers. As of June 30, 2023, the lease liability was \$74,607. The School District is required to make monthly payments of \$2,140. The lease has an interest rate of 4.00%. The value of the right to use asset as of June 30, 2023, was \$71,880 with accumulated amortization of \$44,682.

On February 1, 2023, the School District entered a 60-month lease as lessee for the use of a postage meter. As of June 30, 2023, the lease liability was \$13,910. The School District is required to make monthly payments of \$275. The lease has an interest rate of 3.00%. The value of the right to use asset as of June 30, 2023, was \$13,847 with accumulated amortization of \$1,258.

On February 1, 2023, the School District entered a 60-month lease as lessee for the use of a copier. As of June 30, 2023, the lease liability was \$6,498. The School District is required to make monthly payments of \$131. The lease has an interest rate of 4.00%. The value of the right to use asset as of June 30, 2023, was \$6,456 with accumulated amortization of \$587.

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

<u>Purpose</u>	<u>Commencement Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Value</u>
Copiers	October 1, 2019	September 1, 2024	4.00%	\$ 3,697
Copiers	August 1, 2021	July 1, 2026	4.00%	74,607
Postage Meter	February 1, 2023	January 1, 2028	3.00%	13,910
Copier	February 1, 2023	January 1, 2028	4.00%	6,498
Total				\$ 98,712

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

8. LONG-TERM OBLIGATIONS (Continued)

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 30,416	\$ 3,160	\$ 33,576
2025	29,317	1,989	31,306
2026	29,695	854	30,549
2027	6,863	152	7,015
2028	2,421	17	2,438
Total	<u>\$ 98,712</u>	<u>\$ 6,172</u>	<u>\$ 104,884</u>

9. PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

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

9. PENSION PLANS (Continued)

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

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

Contributions - The contribution requirements of plan members are determined by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the member contribution rate was 7.50% in State fiscal year 2022. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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

The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2023 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2022, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2022 was \$4,468,430 and was paid by April 1, 2023. School District employee contributions to the pension plan during the fiscal year ended June 30, 2023 were \$907,151.

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

At June 30, 2023, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

For the year ended June 30, 2023, the School District recognized pension expense of \$1,482,501 and revenue of \$1,482,501 for support provided by the State. Although the School District does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the School District.

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

9. PENSION PLANS (Continued)

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

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

	<u>06/30/22</u>	<u>06/30/21</u>
Collective deferred outflows of resources	\$ 4,885,289,911	\$ 6,230,825,389
Collective deferred inflows of resources	19,563,805,393	27,221,092,460
Collective net pension liability (Non-Employer – State of New Jersey)	51,676,587,303	48,165,991,182
State's portion of the net pension liability that was associated with the School District	55,085,349	52,694,146
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.1067661061%	.1096077760%

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 actuarial assumptions, applied to all periods in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
	2.75 – 5.65%
	based on years of service
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality tables with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

9. PENSION PLANS (Continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2022, the pension plan's measurement date, attributable to the School District is \$0.00, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 7.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) that the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	<u>64,588,742</u>	<u>55,085,349</u>	<u>47,079,934</u>
	<u>\$ 64,588,742</u>	<u>\$ 55,085,349</u>	<u>\$ 47,079,934</u>

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

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

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

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

Based on the most recent PERS measurement date of June 30, 2022, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2023 was \$593,944 and was paid by April 1, 2023. School District employee contributions to the pension plan during the fiscal year ended June 30, 2023 were \$228,157.

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

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Longterm Disability</u>	<u>Total Liability Paid by District</u>
2023	\$ 90,464	\$ 477,762	\$ 25,718	\$ -	\$ 593,944
2022	66,004	453,978	25,126	-	545,108
2021	59,898	439,407	25,360	5,057	529,722

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

At June 30, 2023, the School District reported a liability of \$7,107,923 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2023, the School District recognized pension expense of (\$733,351). At June 30, 2023, the School District reported a liability of \$7,107,923 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,302	\$ 45,241
Changes of assumptions	22,023	1,064,338
Net Difference between projected and actual earnings on pension plan investments	294,191	-
Changes in proportion	84,349	423,034
District contributions subsequent to the measurement date	551,832	
Total	\$ 1,003,697	\$ 1,532,613

\$551,832 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ended June 30, 2024.

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

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

For the year ended:	Net Deferred Outflows (Inflows) of Resources
2024	\$ (864,620)
2025	(414,463)
2026	(174,759)
2027	362,323
2028	10,771
Total	\$ (1,080,748)

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

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

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

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Additional Information

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

	<u>6/30/2022</u>	<u>6/30/2021</u>
Collective deferred outflows of resources	\$ 1,715,543,211	\$ 818,359,815
Collective deferred inflows of resources	\$ 4,112,583,758	\$ 11,243,411,487
Collective net pension liability	\$ 15,219,184,920	\$ 11,972,782,878
School District's Proportion	.0470992373%	.0465460207%

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 actuarial assumptions, applied to all periods in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75 – 6.55%
	based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
Total	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and nonemployer contributing entity will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied all projected benefit payments to determining the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. The following presents the School District's proportionate share of the net pension liability measured as of June 30, 2022, calculated using the discount rate of 7.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net pension liability	\$ 9,131,599	\$ 7,107,923	\$ 5,385,693

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

Defined Contribution Retirement Program (DCRP)

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

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

9. PENSION PLANS (Continued)

Defined Contribution Retirement Program (DCRP) (Continued)

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

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

<u>Year</u>	<u>Total Liability</u>	<u>Paid by District</u>
2023	\$ 9,145	\$ 9,145
2022	10,758	10,758
2021	9,279	9,279

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

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

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

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

Contributions

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

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

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Plan Membership

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

Active Plan Members	213,148
Retirees	<u>151,669</u>
	<u><u>364,817</u></u>

Total Non-Employer OPEB Liability

The State of New Jersey, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the NJ State ACFR on the Office of Management and Budget webpage: nj.gov/treasury/omb/fr.shtml. The State, as a nonemployer contributing entity, reported a Fiscal Year 2022 total OPEB liability of \$50,646,462,966 for this special funding situation.

Actuarial assumptions and other imputes - The total OPEB liability in the June 30, 2022 actuarial valuation reported by the State in the State's most recently issued ACFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

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

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

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

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

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

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

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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 Nonemployer OPEB Liability

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

	Total OPEB Liability
Balance as of June 30, 2021	\$ 81,598,340
Changes for the Year	
Service Cost	2,940,539
Interest	1,832,244
Changes of benefit terms	-
Differences between expected and actual experience	3,070,961
Changes in assumptions	(18,547,000)
Gross Benefit Payments	(1,814,892)
Contributions from the Non-employer	N/A
Contributions from the Member	58,223
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	(12,459,925)
Balance at 06/30/2022	\$ 69,138,415

Sensitivity of the total nonemployer OPEB liability to changes in the discount rate - The following presents the total nonemployer OPEB liability as of June 30, 2022, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 81,264,934	\$ 69,138,415	\$ 59,419,616

Sensitivity of the total nonemployer OPEB liability to changes in the healthcare cost trend rate - The following presents the total nonemployer OPEB liability as of June 30, 2022 calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 57,147,126	\$ 69,138,415	\$ 84,889,701

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

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

For the year ended June 30, 2023, the School District recognized \$781,652 in OPEB expense and revenue, in the government-wide financial statements, for the State’s proportionate share of the OPEB Plan’s OPEB Expense, associated with the School District. This expense and revenue were based on the OPEB Plan’s June 30, 2022 measurement date.

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

At June 30, 2023, the State’s proportionate share of the total nonemployer OPEB liability’s deferred outflows of resources and deferred inflows of resources, associated with the School District, from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion	\$ 308,979	\$ (3,114,352)
Differences between expected and actual experience	12,343,950	(21,108,757)
Changes of assumptions	11,966,109	(23,530,940)
Total	\$ 24,619,038	\$ (47,754,049)

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

For the year ended:	
2024	\$ (3,910,387)
2025	(3,910,387)
2026	(3,910,387)
2027	(3,379,554)
2028	(1,932,474)
Thereafter	(6,091,822)
Total	\$ (23,135,011)

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

11. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2023, the School District has recognized as revenues and expenditures on-behalf payments made by the state for normal retirement costs, post-retirement medical costs and long-term disability insurance related to TPAF, in the fund statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs and long-term disability insurance were \$4,323,205, \$1,135,696, and \$747, respectively. In addition, \$870,768 on-behalf payments were made by the state for the employer’s share of social security contributions for TPAF members, as calculated on their base salaries.

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

12. RISK MANAGEMENT

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

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

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

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

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

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Board Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$ 29,041		\$ 1,780	\$ 34,512	\$ 195,120
2021-2022	27,963		2,005	276	198,811
2020-2021	26,131	-	3,125	8,440	169,119

13. DEFERRED COMPENSATION

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

14. COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2023, the liability for compensated absences in the governmental fund was \$1,620,599.

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

15. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various balance sheets as of June 30, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 277,663	\$ 6,281
Special Revenue	5,000	271,382
Capital Projects	6,281	519,355
Debt Service	519,355	6,281
Proprietary	-	5,000
	<u>\$ 808,299</u>	<u>\$ 808,299</u>

16. CONTINGENCIES

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

At June 30, 2023, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, deferred revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

17. TAX ABATEMENTS

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

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

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

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

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

17. TAX ABATEMENTS (Continued)

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

The Township of Lower recognized revenue of \$110,689 from the annual service charge in lieu of payment of taxes in 2022. The assessed value on these tax exemption properties amounted to \$12,250,000 which would have resulted in 2022 taxes billed in full of \$237,405. Of this amount \$62,843 would have been allocated to the district.

18. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2023, a deficit of \$5,979,623 existed in the Unrestricted Net Position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Position reported on Exhibited A-1 is as follows:

Balances June 30, 2023	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds):	
Fund Balance – Unassigned	\$ 2,024,157
Fund Balance – Assigned	2,007,616
Liabilities:	
Accrued Interest Payable	(202,126)
Net Pension Differences	(8,188,671)
Compensated Absences	<u>(1,620,599)</u>
Unrestricted Net Position (Deficit)	<u>\$ (5,979,623)</u>

19. FUND BALANCES

RESTRICTED

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

General Fund:

Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is \$2,008,947 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$2,023,763 of excess fund balance generated during the 2021-2022 fiscal year has been restricted and designated for utilization in the 2023-2024 budget.

Capital Reserve – As of June 30, 2023, the balance in the capital reserve account is \$6,331,772. Of this amount \$3,950,000 has been appropriated in the 2023-2024 Budget. The remaining amount is restricted for future capital outlay expenditures for capital projects in the School District’s approved Long-Range Facilities Plan.

Maintenance Reserve Account – As of June 30, 2023, the balance in the maintenance reserve account is \$1,581,632. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

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

19. FUND BALANCES (Continued)

RESTRICTED

Unemployment Compensation Reserve – As of June 30, 2023, the balance in the unemployment compensation reserve is \$155,250. These funds are restricted for the purpose of financing unemployment claims.

Permanent Fund – As of June 30, 2023, the restricted fund balance amount was \$20,000 of which is restricted for future scholarships.

Special Revenue Fund:

Student Activities – As of June 30, 2023, the balance in student activities is \$255,534.

Scholarships – As of June 30, 2023, the balance in scholarships is \$6,210.

Capital Projects Fund – As of June 30, 2023, the fund balance of the capital projects fund was \$15,628.

ASSIGNED

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

General Fund:

Other Purposes – At June 30, 2023, the School District has \$327,444 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Designated for Subsequent Year's Expenditures – The School District has appropriated \$1,680,172 and included it as an anticipated revenue for the fiscal year ending June 30, 2024.

Capital Projects Fund

Other Purposes – At June 30, 2023 the School District has \$4,703,826 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Debt Service Fund:

Designated for Subsequent Year's Expenditures – The School District has appropriated \$167,776 and included as an anticipated revenue for the fiscal year ending June 30, 2024.

UNASSIGNED

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

General Fund – As of June 30, 2023, the fund balance of the general fund was \$2,024,157.

Debt Service Fund – As of June 30, 2023, the fund balance of the debt service fund was \$345,298.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 23,126,781	\$ -	\$ 23,126,781	\$ 23,126,781	\$ -
Tuition from other LEAs	110,300		110,300	110,300	
Transportation fees from other LEAs	75,000		75,000	209,521	134,521
Interest earned on Capital Reserve	100		100	48,532	48,432
Interest earned on Maintenance Reserve	100		100	14,263	14,163
Other restricted miscellaneous revenue				1,780	1,780
Unrestricted miscellaneous revenue	75,000		75,000	280,166	205,166
Total local sources	23,387,281		23,387,281	23,791,343	404,062
State sources:					
School Choice Aid	1,163,217		1,163,217	1,163,217	
Categorical Special Education Aid	862,052		862,052	862,052	
Equalization Aid	95,936		95,936	95,936	
Categorical Security Aid	350,566		350,566	350,566	
Adjustment Aid	943,674		943,674	943,674	
Categorical Transportation Aid	1,178,704		1,178,704	1,178,704	
Stabilization Aid		250,000	250,000	250,000	
Supplemental Stabilization Aid				549,982	549,982
Maintenance of Equity Aid				1,039,100	1,039,100
Lead Testing Aid				3,250	3,250
Extraordinary Aid				157,591	157,591
Nonpublic Transportation Aid				15,288	15,288
Homeless Aid				27,779	27,779
On-behalf TPAF Pension (non-budgeted)				4,323,205	4,323,205
On-behalf TPAF Post Retirement Medical contributions (non-budgeted)				1,135,696	1,135,696
On-behalf TPAF Pension LTDI (non-budgeted)				747	747
Reimbursed TPAF social security contributions (non-budgeted)				870,768	870,768
Total state sources	4,594,149	250,000	4,844,149	12,967,555	8,123,406
Federal sources:					
Medicaid Assistance Program	42,037		42,037	44,579	2,542
FFCRA/SEMI				3,613	3,613
Total federal sources	42,037		42,037	48,192	6,155
TOTAL REVENUES	28,023,467	250,000	28,273,467	36,807,090	8,533,623
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Grades 6-8	2,977,741		2,977,741	2,588,382	389,359
Grades 9-12	5,439,660		5,439,660	5,331,741	107,919
Total Instruction	8,417,401		8,417,401	7,920,123	497,278
Regular Programs - Home Instruction:					
Salaries of teachers	75,000		75,000	67,493	7,507
Total Home Instruction	75,000		75,000	67,493	7,507

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

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

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	\$ 687,968	\$ (2,700)	\$ 685,268	\$ 665,845	\$ 19,423
Purchased professional - educ services	2,000	2,200	4,200	3,767	433
Purchased technical services	20,000	500	20,500	17,467	3,033
Other purchased services	40,000		40,000	8,490	31,510
General supplies	348,449		348,449	251,266	97,183
Textbooks	160,112		160,112	129,732	30,380
Total Undistributed Instruction	<u>1,258,529</u>		<u>1,258,529</u>	<u>1,076,567</u>	<u>181,962</u>
Total - Regular Programs - Instruction	<u>9,750,930</u>		<u>9,750,930</u>	<u>9,064,183</u>	<u>686,747</u>
Special Educ Instruction: Res. Room/Res. Center					
Salaries of teachers	2,009,274	(4,250)	2,005,024	1,925,519	79,505
Other salaries for instruction	65,236		65,236		65,236
Purchased professional - educ services	20,000		20,000	14,666	5,334
General supplies	25,000		25,000	21,592	3,408
Textbooks	1,000		1,000		1,000
Total Resource Room/Resource Center	<u>2,120,510</u>	<u>(4,250)</u>	<u>2,116,260</u>	<u>1,961,777</u>	<u>154,483</u>
Total Special Education - Instruction	<u>2,120,510</u>	<u>(4,250)</u>	<u>2,116,260</u>	<u>1,961,777</u>	<u>154,483</u>
Bilingual Education - Instruction					
Salaries of teachers	35,319		35,319		35,319
Total Bilingual Education - Instruction	<u>35,319</u>		<u>35,319</u>		<u>35,319</u>
Vocational Programs - Local - Instruction					
Salaries of teachers					
Total Vocational Programs - Local - Instruction					
School-Sponsored Cocurricular Act - Inst.					
Salaries	152,471		152,471	124,044	28,427
Supplies and materials	12,000		12,000	6,655	5,345
Total School-Sponsored Cocurr. Act. - Inst	<u>164,471</u>		<u>164,471</u>	<u>130,699</u>	<u>33,772</u>
School-Sponsored Athletics - Inst.					
Salaries	502,932		502,932	484,476	18,456
Purchased services	2,000		2,000	1,223	777
Supplies and materials	137,348		137,348	124,647	12,701
Other objects	83,345		83,345	83,186	159
Transfers to cover deficit (custodial funds)	50,000		50,000	50,000	
Total School-Sponsored Athletics - Inst	<u>775,625</u>		<u>775,625</u>	<u>743,532</u>	<u>32,093</u>

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

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

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Instructional Programs - Instruction					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies and materials					
Total Other Instructional Programs - Inst.					
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - regular	50,000	(40,000)	10,000	2,673	7,327
Tuition county voc. school dist. - regular	837,597	4,715	842,312	842,311	1
Tuition county voc. school dist. - special	208,428	(4,715)	203,713	203,713	
Tuition to CSSD & reg. day schools	966,500		966,500	660,640	305,860
Tuition to priv. sch. for the disabled w/i state	154,012	40,000	194,012	151,801	42,211
Tuition - state facilities	120,810		120,810	120,810	
Tuition - other	7,000		7,000		7,000
Total Undistributed Expenditures - Instruction	2,344,347		2,344,347	1,981,948	362,399
Undistributed Expenditures - Attendance & Social Work					
Salaries	14,941		14,941		14,941
Other purchased services (400-500)					
Supplies and materials					
Total Undistributed Expenditures - Attendance & Soc.	14,941		14,941		14,941
Undistributed Expenditures - Health Services					
Salaries	195,330	(21,400)	173,930	171,301	2,629
Purchased Professional Technical Services	28,000	21,400	49,400	48,972	428
Other purchased services	500	(250)	250		250
Supplies and materials	8,000	250	8,250	8,115	135
Total Undistributed Expenditures - Health Svcs.	231,830		231,830	228,388	3,442
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	58,599	4,250	62,849	62,809	40
Supplies and materials	100		100		100
Total Undst. Expend. - Speech, OT, PT & Related Services	58,699	4,250	62,949	62,809	140
Undist. Expend. - Guidance					
Salaries of other professional staff	562,091	(30,000)	532,091	403,539	128,552
Salaries of secretarial and clerical assistants	89,478		89,478	87,475	2,003
Other purchased prof. and tech. services	1,000		1,000	150	850
Supplies and materials	15,000		15,000	3,532	11,468
Total Undst. Expend. - Guidance	667,569	(30,000)	637,569	494,696	142,873
Undist. Expend. - Child Study Team					
Salaries of other professional staff	510,445	(37,000)	473,445	457,298	16,147
Salaries of secretarial and clerical assistants	88,438	(4,000)	84,438	84,438	
Purchased professional - educ services	90,000	43,250	133,250	133,025	225
Purchased professional and technical services		32,850	32,850	32,606	244
Supplies and materials	10,000	(5,100)	4,900	3,471	1,429
Total Undst. Expend. - Child Study Team	698,883	30,000	728,883	710,838	18,045

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

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

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Improvement of Instr. Services					
Salaries of supervisor of instruction	\$ 251,501	\$ -	\$ 251,501	\$ 251,500	\$ 1
Salaries of secretarial and clerical assistants	76,186		76,186	66,196	9,990
Total Undst. Expend. - Improvement of Instr. Services	<u>327,687</u>		<u>327,687</u>	<u>317,696</u>	<u>9,991</u>
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	118,131		118,131	113,857	4,274
Purchased professional and technical services	500		500		500
Supplies and materials	45,000		45,000	36,806	8,194
Total Undst. Expend. - Educ. Media Serv./Sch. Library	<u>163,631</u>		<u>163,631</u>	<u>150,663</u>	<u>12,968</u>
Undist. Expend. - Instructional Staff Training Services					
Salaries of supervisor of instruction	4,000	(200)	3,800		3,800
Purchased professional - educ services	2,000	200	2,200	1,374	826
Total Undst. Expend. - Instructional Staff Training Svcs.	<u>6,000</u>		<u>6,000</u>	<u>1,374</u>	<u>4,626</u>
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	236,260		236,260	232,110	4,150
Legal services	70,000	24,750	94,750	94,619	131
Audit Fee	30,000		30,000	29,000	1,000
Architectural/Engineering Fees	20,000	(20,000)			
Other Purchase Prof Svc.					
Purchased technical services	40,000	75	40,075	40,061	14
Communications / telephone	95,000	(4,825)	90,175	77,811	12,364
Misc. Purchased Services	145,000	(6,500)	138,500	136,826	1,674
General Supplies	15,000	1,500	16,500	15,442	1,058
BOE In-House Training/Meeting Supplies					
Miscellaneous expenditures	15,000	7,150	22,150	20,925	1,225
BOE Membership Dues and Fees	32,000	(2,150)	29,850	29,843	7
Total Undst. Expend. - Supp. Serv. General Admin.	<u>698,260</u>		<u>698,260</u>	<u>676,637</u>	<u>21,623</u>
Undist. Expend. - Supp. Serv. School Admin.					
Salaries of principals/assist. principals	732,859	(11,000)	721,859	718,322	3,537
Salaries of secretarial and clerical assistants	263,011	11,000	274,011	249,408	24,603
Purchased professional and technical services	10,000		10,000	500	9,500
Supplies and materials	40,000		40,000	35,094	4,906
Other objects	15,000		15,000	441	14,559
Total Undst. Expend. - Supp. Serv. School Admin.	<u>1,060,870</u>		<u>1,060,870</u>	<u>1,003,765</u>	<u>57,105</u>
Undist. Expend. - Central Services					
Salaries	289,178		289,178	276,148	13,030
Supplies and materials	1,500		1,500		1,500
Total Undst. Expend. - Central Services	<u>290,678</u>		<u>290,678</u>	<u>276,148</u>	<u>14,530</u>
Undist. Expend. - Admin. Info. Tech.					
Purchased technical services	175,000		175,000	109,290	65,710
Supplies and materials	10,000		10,000	3,574	6,426
Total Undst. Expend. - Admin. Info. Tech.	<u>185,000</u>		<u>185,000</u>	<u>112,864</u>	<u>72,136</u>

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

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

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maint. Sch. Facilities					
Salaries	\$ 238,945	\$ (25,100)	\$ 213,845	\$ 204,302	\$ 9,543
General supplies	654,777	(38,150)	616,627	610,134	6,493
Other objects	86,394	751,100	837,494	348,207	489,287
Total Undst. Expend. - Required Maint. Sch. Facilities	980,116	687,850	1,667,966	1,162,643	505,323
Undist. Expend. - Custodial Services					
Salaries	866,485	65,167	931,652	931,615	37
Purchased professional & tech. services	28,300	19,433	47,733	41,573	6,160
Lease purchase pymts-energy savings impr prog	211,192		211,192	211,192	
Other purchased property services	600,000	(16,500)	583,500	544,981	38,519
Insurance	115,000	(3,000)	112,000	111,460	540
General supplies	75,000		75,000	66,157	8,843
Other objects	3,000		3,000	190	2,810
Total Undst. Expend. - Custodial Services	1,898,977	65,100	1,964,077	1,907,168	56,909
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	163,501		163,501	155,446	8,055
General supplies	3,000		3,000		3,000
Total Undst. Expend. - Care and Upkeep of Grounds	166,501		166,501	155,446	11,055
Undist. Expend. - Security					
Salaries	50,000		50,000	36,249	13,751
Purchased professional & tech. services	250,000		250,000	202,245	47,755
Total Undst. Expend. - Security	300,000		300,000	238,494	61,506
Total Undst. Expend. - Oper. & Maint. of Plant Services	3,345,594	752,950	4,098,544	3,463,751	634,793
Undist. Expend. - Student Transportation Services					
Salaries of Non-Instructional Aides	332,674	(5,000)	327,674	303,695	23,979
Salaries for pupil trans. (bet home & sch) - regular	588,410	8,700	597,110	596,083	1,027
Salaries for pupil trans. (bet home & sch) - spec ed.	153,643	1,900	155,543	155,511	32
Salaries for pupil trans. (other than bet home & sch)	65,000	(15,600)	49,400	40,480	8,920
Other purchased professional and technical services					
Cleaning, repair, and maintenance services					
Aide in Lieu - NonPublic Students	1,000		1,000		1,000
Aide in Lieu - Charter Schools	3,000	(3,000)			
Contr. serv. (bet. home & sch.) - vendors	55,000		55,000	47,466	7,534
Contr. serv. (sp ed stds) - vendors	100,000	(27,700)	72,300	66,441	5,859
Miscellaneous purchased services - transportation	40,000	(1,250)	38,750	38,730	20
General supplies	225,000	25,450	250,450	249,659	791
Other objects		16,500	16,500	13,521	2,979
Total Undst. Expend. - Student Transportation Services	1,563,727		1,563,727	1,511,586	52,141

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

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

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated Benefits - Employee Benefits					
Social security contributions	\$ 425,000	\$ (150)	\$ 424,850	\$ 397,500	\$ 27,350
Other retirement contributions - PERS	600,000	2,850	602,850	602,847	3
Unemployment compensation					
Health benefits	3,522,624	(2,200)	3,520,424	3,120,775	399,649
Tuition reimbursement	30,000	5,000	35,000	31,661	3,339
Other employee benefits	250,000	6,550	256,550	245,909	10,641
Unused sick payments to terminated/retired staff	190,323	(15,000)	175,323	93,132	82,191
Total Unallocated Benefits - Employee Benefits	5,017,947	(2,950)	5,014,997	4,491,824	523,173
On-behalf TPAF NCGI pension contributions (non-budgeted)				4,323,205	(4,323,205)
On-behalf TPAF Post Retirement Medical contributions (non-budgeted)				1,135,696	(1,135,696)
On-behalf TPAF Pension LTDI (non-budgeted)				747	(747)
Reimbursed TPAF social security contributions (non-bud.)				870,768	(870,768)
Total Undistributed Expenditures - TPAF				6,330,416	(6,330,416)
Total Undistributed Expenditures	16,675,663	754,250	17,429,913	21,815,403	(4,385,490)
Total General Current Expense	29,522,518	750,000	30,272,518	33,715,594	(3,443,076)
EXPENDITURES:					
CAPITAL OUTLAY:					
Equipment:					
Undist. expenditures - instruction	100,000	(59,000)	41,000	40,477	523
Undist. expenditures - school admin					
Undist. expenditures - admin info tech	50,000	(47,000)	3,000	2,488	512
Undist. expenditures - required maint for school fac	175,000	80,000	255,000	204,122	50,878
Undist. expenditures - care and upkeep of grounds					
Undist. expenditures - security					
School buses - regular	350,000	26,000	376,000	315,218	60,782
Total equipment	675,000		675,000	562,305	112,695
Facilities acquisition and construction services:					
Architectural and engineering services	375,674	58,000	433,674	97,357	336,317
Construction services	3,499,456	192,000	3,691,456	3,219,003	472,453
Other objects					
SDA assessment	58,848		58,848	58,848	
Total Facilities acquisition and construction services	3,933,978	250,000	4,183,978	3,375,208	808,770
Assets acquired under financed purchases (non-budgeted):					
Instructional equipment					
Total facilities acquisition and construction services					
Total Capital Outlay	4,608,978	250,000	4,858,978	3,937,513	921,465
Transfer of funds to Charter Schools	35,124		35,124	14,372	20,752
Total Expenditures	\$ 34,166,620	\$ 1,000,000	\$ 35,166,620	\$ 37,667,479	\$ (2,500,859)

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

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

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>\$ (6,143,153)</u>	<u>\$ (750,000)</u>	<u>\$ (6,893,153)</u>	<u>\$ (860,389)</u>	<u>\$ 6,032,764</u>
Other Financing Sources (Uses):					
Proceeds of financed purchases					
Operating transfer out - Enterprise Fund	<u>(75,000)</u>	<u> </u>	<u>(75,000)</u>	<u>(50,000)</u>	<u>25,000</u>
Total Other Financing Sources (Uses):	<u>(75,000)</u>	<u> </u>	<u>(75,000)</u>	<u>(50,000)</u>	<u>25,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(6,218,153)	(750,000)	(6,968,153)	(910,389)	6,057,764
Fund Balance, July 1	<u>17,408,071</u>	<u> </u>	<u>17,408,071</u>	<u>17,408,071</u>	<u> </u>
Fund Balance, June 30	<u>\$ 11,189,918</u>	<u>\$ (750,000)</u>	<u>\$ 10,439,918</u>	<u>\$ 16,497,682</u>	<u>\$ 6,057,764</u>
Recapitulation:					
Restricted:					
Capital Reserve:					
Designated for Subsequent Year's Expenditures				\$ 3,950,000	
Capital Reserve				2,381,772	
Maintenance Reserve				1,581,632	
Excess Surplus:					
Designated for Subsequent Year's Expenditures				2,023,763	
Current Year				2,008,947	
Unemployment Compensation				155,250	
Assigned:					
Year-end encumbrances				327,444	
Designated for Subsequent Year's Expenditures				1,680,172	
Unassigned				<u>2,388,702</u>	
				16,497,682	
Reconciliation on Governmental Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				<u>(364,545)</u>	
Fund Balance per Government Fund (GAAP)				<u>\$ 16,133,137</u>	

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

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

	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual
REVENUES:					
State sources	\$ -	\$ 38,121	\$ 38,121	\$ 38,121	\$ -
Federal sources	3,723,779	885,554	4,609,333	3,821,929	(787,404)
Local sources		4,937	4,937	390,457	385,520
Total revenues	<u>3,723,779</u>	<u>928,612</u>	<u>4,652,391</u>	<u>4,250,507</u>	<u>(401,884)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	284,620	290,331	574,951	347,767	227,184
Purchased professional - tech. services		187	187	187	
Other purchased services					
Tuition	294,794	293,748	588,542	588,542	
General supplies	58,606	64,476	123,082	88,493	34,589
Other Objects					
Total instruction	<u>638,020</u>	<u>648,742</u>	<u>1,286,762</u>	<u>1,024,989</u>	<u>261,773</u>
Support services:					
Other salaries	465,729	(149,040)	316,689	192,644	124,045
Personal services - employee benefits	151,321	250,932	402,253	119,292	282,961
Professional and technical services	34,867	17,865	52,732	33,155	19,577
Other purchased services		45,039	45,039	11,860	33,179
Supplies and materials	80,298	33,798	114,096	45,058	69,038
Other objects					
Student activities/athletics				383,439	(383,439)
Scholarships awarded					
Total support services	<u>732,215</u>	<u>198,594</u>	<u>930,809</u>	<u>785,448</u>	<u>145,361</u>
Facilities acquisition and construction services:					
Building	2,353,544		2,353,544	2,353,544	
Instructional equipment		81,276	81,276	81,276	
Total facilities acq. and const. services	<u>2,353,544</u>	<u>81,276</u>	<u>2,434,820</u>	<u>2,434,820</u>	
Total expenditures	<u>3,723,779</u>	<u>928,612</u>	<u>4,652,391</u>	<u>4,245,257</u>	<u>407,134</u>
Total outflows	<u>3,723,779</u>	<u>928,612</u>	<u>4,652,391</u>	<u>4,245,257</u>	<u>407,134</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,250</u>	<u>5,250</u>
Fund Balance, July 1				<u>256,494</u>	
Fund Balance, June 30				<u>\$ 261,744</u>	
Recapitulation:					
Restricted:					
Scholarships				6,210	
Student Activities				<u>255,534</u>	
Total Fund Balance				<u>\$ 261,744</u>	

**Lower Cape May Regional School District
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2023**

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 36,807,090	\$ 4,250,507
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	529,990	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(364,545)	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 36,972,535	\$ 4,250,507
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 37,667,479	\$ 4,245,257
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 37,667,479	\$ 4,245,257

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

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

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0470992373%	0.0465460207%	0.0479605292%	0.0490690174%	0.0509456880%	0.0521983537%	0.0521558363%	0.0515344434%	0.0509829395%	0.0540262820%
District's proportionate share of the net pension liability (asset)	\$ 7,107,923	\$ 5,514,074	\$ 7,821,108	\$ 8,841,493	\$ 10,030,852	\$ 12,150,942	\$ 15,447,063	\$ 11,568,450	\$ 9,545,401	\$ 10,325,496
District's covered-employee payroll	2,999,522	3,117,842	3,421,367	3,472,867	3,451,162	3,495,477	3,508,347	3,044,487	3,510,447	3,503,440
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	236.97%	176.86%	228.60%	254.59%	290.65%	347.62%	440.29%	379.98%	271.91%	294.72%
Plan fiduciary net position as a percentage of the total pension liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 551,832	\$ 593,944	\$ 545,108	\$ 524,665	\$ 479,087	\$ 508,855	\$ 488,996	\$ 463,345	\$ 443,058	\$ 420,296
Contributions in relation to the contractually required contributions	<u>(551,832)</u>	<u>(593,944)</u>	<u>(545,108)</u>	<u>(524,665)</u>	<u>(479,087)</u>	<u>(508,855)</u>	<u>(488,996)</u>	<u>(463,345)</u>	<u>(443,058)</u>	<u>(420,296)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	2,999,522	3,117,842	3,421,367	3,472,867	3,451,162	3,495,477	3,508,347	3,044,487	3,510,447	3,503,440
Contributions as a percentage of covered-employee payroll	18.40%	19.05%	15.93%	15.11%	13.88%	14.56%	13.94%	15.22%	12.62%	12.00%

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

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.1067661061%	0.1096077760%	0.1119702819%	0.1147785714%	0.1148710601%	0.1159116181%	0.1161126960%	0.1140028253%	0.1182919999%	0.1192847401%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 55,085,349</u>	<u>\$ 52,694,146</u>	<u>\$ 73,731,083</u>	<u>\$ 70,440,693</u>	<u>\$ 73,078,501</u>	<u>\$ 78,151,793</u>	<u>\$ 91,341,640</u>	<u>\$ 72,054,654</u>	<u>\$ 63,223,224</u>	<u>\$ 60,285,569</u>
Total	<u><u>\$ 55,085,349</u></u>	<u><u>\$ 52,694,146</u></u>	<u><u>\$ 73,731,083</u></u>	<u><u>\$ 70,440,693</u></u>	<u><u>\$ 73,078,501</u></u>	<u><u>\$ 78,151,793</u></u>	<u><u>\$ 91,341,640</u></u>	<u><u>\$ 72,054,654</u></u>	<u><u>\$ 63,223,224</u></u>	<u><u>\$ 60,285,569</u></u>
District's covered-employee payroll	11,981,332	11,894,121	11,883,729	11,972,316	12,033,255	12,109,799	12,165,694	11,902,621	11,300,558	11,278,002
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
State's proportion of the net OPEB liability (asset) associated with the District	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	69,138,415	81,598,340	92,789,807	57,833,265	64,791,077	77,683,368
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 69,138,415</u>	<u>\$ 81,598,340</u>	<u>\$ 92,789,807</u>	<u>\$ 57,833,265</u>	<u>\$ 64,791,077</u>	<u>\$ 77,683,368</u>
Plan fiduciary net position as a percentage of the total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability						
Service Cost	\$ 2,940,539	\$ 3,440,664	\$ 1,950,814	\$ 2,009,465	\$ 2,338,255	\$ 2,812,991
Interest	1,832,244	2,116,747	2,065,266	2,552,163	2,835,098	2,449,434
Changes in benefit terms		(86,852)				
Differences between expected and actual experiences	3,070,961	(15,129,240)	15,557,384	(10,659,055)	(8,957,932)	-
Changes of assumptions and other inputs	(18,547,000)	80,503	16,949,509	862,299	(7,435,100)	(9,838,497)
Member Contributions	58,223	54,115	48,963	52,625	59,878	66,255
Benefit payments	(1,814,892)	(1,667,404)	(1,615,394)	(1,775,309)	(1,732,490)	(1,799,312)
Net Change in total OPEB Liability	(12,459,925)	(11,191,467)	34,956,542	(6,957,812)	(12,892,291)	(6,309,129)
Total OPEB Liability - beginning	<u>81,598,340</u>	<u>92,789,807</u>	<u>57,833,265</u>	<u>64,791,077</u>	<u>77,683,368</u>	<u>83,992,497</u>
Total OPEB Liability - ending	<u>\$ 69,138,415</u>	<u>\$ 81,598,340</u>	<u>\$ 92,789,807</u>	<u>\$ 57,833,265</u>	<u>\$ 64,791,077</u>	<u>\$ 77,683,368</u>
District's covered-employee payroll	14,980,854	15,011,963	15,305,096	15,445,183	15,484,417	15,605,276
Total OPEB Liability as a percentage of covered-employee payroll	461.51%	543.56%	606.27%	374.44%	418.43%	497.80%

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

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

Teacher’s Pension and Annuity Fund (TPAF)

Changes of benefit term: There were none.

Changes of assumptions: There were none.

Public Employees’ Retirement System (PERS)

Changes of benefit term: There were none.

Changes of assumptions: There were none.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes of benefit term: There were none.

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

Other Supplementary Information

Special Revenue Fund

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

	Brought Forward (Exh. E-1B)	Brought Forward (Exh. E-1C)	Totals
REVENUES:			
State sources	\$ -	\$ 38,121	\$ 38,121
Federal sources	2,511,200	1,310,729	3,821,929
Local sources	<u> </u>	<u>390,457</u>	<u>390,457</u>
Total Revenues	<u>2,511,200</u>	<u>1,739,307</u>	<u>4,250,507</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	339,167	8,600	347,767
Purchase professional and technical services	187	-	187
Other purchased services	<u> </u>	<u> </u>	<u> </u>
General supplies	52,425	36,068	88,493
Tuition	396,635	191,907	588,542
Other objects	<u> </u>	<u> </u>	<u> </u>
Total instruction	<u>788,414</u>	<u>236,575</u>	<u>1,024,989</u>
Support services:			
Other salaries	180,764	11,880	192,644
Personal services-employee benefits	117,769	1,523	119,292
Purchased professional and technical serv.	33,155	-	33,155
Other purchased services	9,450	2,410	11,860
Supplies and materials	9,632	35,426	45,058
Other objects	<u> </u>	<u> </u>	<u> </u>
Student Activities/Athletics	-	383,439	383,439
Scholarships awarded	<u> </u>	<u> </u>	<u> </u>
Total support services	<u>350,770</u>	<u>434,678</u>	<u>785,448</u>
Facilities acquisition and const. serv.:			
Buildings	1,305,000	1,048,544	2,353,544
Instructional Equipment	<u>67,016</u>	<u>14,260</u>	<u>81,276</u>
Total facilities acquisition and const. serv.:	<u>1,372,016</u>	<u>1,062,804</u>	<u>2,434,820</u>
Total Expenditures	<u>2,511,200</u>	<u>1,734,057</u>	<u>4,245,257</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u> </u>	<u>5,250</u>	<u>5,250</u>
Fund Balance, July 1	<u> </u>	<u>256,494</u>	<u>256,494</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 261,744</u>	<u>\$ 261,744</u>

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

	No Child Left Behind (N.C.L.B.)											
	Title I Current Yr.	Title I Prior Yr.	Title I-SIA Current Yr.	Title II - Part A Current Yr.	Title IV Current Yr.	IDEA Basic Current Yr.	ARP NJTSS Mental Health	ARP Evidence-Based Summer Learning	ARP Accelerated Learning	ARP ESSER III	Middle Grades Career Awareness	Totals
REVENUES:												
Federal sources	\$ 259,838	\$ 101,934	\$ 82,209	\$ 55,262	\$ 31,067	\$ 396,635	\$ 36,584	\$ 30,924	\$ 41,209	\$ 1,419,915	\$ 55,623	\$ 2,511,200
Total Revenues	259,838	101,934	82,209	55,262	31,067	396,635	36,584	30,924	41,209	1,419,915	55,623	2,511,200
EXPENDITURES:												
Instruction:												
Salaries of teachers	248,123									65,044	26,000	339,167
Purchase professional and technical services				187								187
Other purchased services												
General supplies	4,873		20,542		2,037				3,450	5,318	16,205	52,425
Tuition						396,635						396,635
Other Objects												
Total instruction	252,996		20,542	187	2,037	396,635			3,450	70,362	42,205	788,414
Support services:												
Other salaries	4,635		8,399	24,360	11,500		16,080	28,726	35,076	40,821	11,167	180,764
Personal services-employee benefits	355	101,934	642	1,864	880		1,230	2,198	2,683	3,732	2,251	117,769
Purchased professional and technical serv.				15,655			17,500					33,155
Other purchased serv.					9,450							9,450
Supplies and materials	1,852		6,006				1,774					9,632
Other objects												
Student Activities/Athletics												
Scholarships awarded												
Total support services	6,842	101,934	15,047	41,879	21,830		36,584	30,924	37,759	44,553	13,418	350,770
Facilities acquisition and const. serv.:												
Buildings										1,305,000		1,305,000
Instructional equipment			46,620	13,196	7,200							67,016
Total facilities acquisition and const. serv.:			46,620	13,196	7,200					1,305,000		1,372,016
Total Expenditures	259,838	101,934	82,209	55,262	31,067	396,635	36,584	30,924	41,209	1,419,915	55,623	2,511,200
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)												
Fund Balance, July 1												
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	CRRSA Mental Health	CRRSA Learning Acceleration	CRRSA ESSER II	Additional or Compensatory Special Education	Carl Perkins	New Jersey Climate Awareness Education	Emergent & Capital Needs	RWJ Grant	Student Act/Ath	Scholarships	Totals
REVENUES:											
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,600	\$ 31,521		\$ -	-	\$ 38,121
Federal sources	3,400	583	1,048,544	191,907	66,295				-	-	1,310,729
Local sources								1,768	388,678	11	390,457
Total Revenues	3,400	583	1,048,544	191,907	66,295	6,600	31,521	1,768	388,678	11	1,739,307
EXPENDITURES:											
Instruction:											
Salaries of teachers					8,000			600			8,600
General supplies		583			28,885	6,600					36,068
Tuition				191,907							191,907
Purchase professional educational services											
Purchase professional and technical services											
Travel											
Total instruction		583		191,907	36,885	6,600		600			236,575
Support services:											
Other salaries	1,080				10,800						11,880
Personal services-employee benefits	83				1,440						1,523
Purchased professional and technical serv.											
Other purchased services					2,410						2,410
Supplies and materials	2,237				500			1,168			35,426
Other objects											
Student Activities/Athletics									383,439		383,439
Scholarships awarded											
Total support services	3,400				15,150		31,521	1,168	383,439		434,678
Facilities and acquisition											
Instructional equipment					14,260						14,260
Buildings			1,048,544								1,048,544
Total facilities and acquisition			1,048,544		14,260						1,062,804
Total Expenditures	3,400	583	1,048,544	191,907	66,295	6,600	31,521	1,768	383,439		1,734,057
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)									5,239	11	5,250
Fund Balance, July 1									250,295	6,199	256,494
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 255,534	\$ 6,210	\$ 261,744

Capital Projects Fund
Detail Statements

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

Revenues and Other Financing Sources:

Proceeds of Serial Bonds	\$ -
Earnings on Investments	<u>345,298</u>
Total revenues and other financing sources	<u>345,298</u>

Expenditures and Other Financing (Uses):

Purchased Professional Services	862,831
Construction Services	7,980,862
Equipment	
Other Objects	
Transfer to Debt Service Fund	<u>345,298</u>

Total expenditures and other financing (uses)	<u>9,188,991</u>
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Excess (deficiency) or revenues over (under) expenditures	(8,843,693)
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Fund Balance - July 1, 2022	<u>13,563,147</u>
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Fund Balance - June 30, 2023	<u><u>\$ 4,719,454</u></u>
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LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Construction and Various Improvements to the District's Facilities
From Inception and for the Fiscal Year ended June 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
Bond proceeds	\$ 13,900,000	\$ -	\$ 13,900,000	\$ 13,900,000
Total revenues	<u>13,900,000</u>	<u>-</u>	<u>13,900,000</u>	<u>13,900,000</u>
Expenditures and Other Financing Uses:				
Purchased professional services	336,853	862,831	1,199,684	1,199,684
Construction services		7,980,862	7,980,862	7,980,862
Equipment			-	-
Other Objects				
Transfer to Debt Service Fund			-	-
Total expenditures	<u>336,853</u>	<u>8,843,693</u>	<u>9,180,546</u>	<u>9,180,546</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 13,563,147</u>	<u>\$ (8,843,693)</u>	<u>\$ 4,719,454</u>	<u>\$ 4,719,454</u>

Additional project information:

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Capital Projects Fund
 Summary Statement of Project Expenditures
 Year Ended June 30, 2023

<u>Issue/Project Title</u>	<u>Date Authorized</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Transfer to Debt Service Fund</u>	<u>Unexpended Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>		
Various Improvements to School Facilities	1/25/2022	13,900,000	336,853	8,843,693		4,719,454
		<u>\$ 13,900,000</u>	<u>\$ 336,853</u>	<u>\$ 8,843,693</u>	<u>\$ -</u>	<u>\$ 4,719,454</u>

Proprietary Funds

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT

Enterprise Funds

Statement of Net Position

as of June 30, 2023

	Total
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 22,976
Accounts receivable:	
State	740
Federal	14,218
Other	-
Inventories	33,234
Total current assets	71,168
Fixed assets:	
Equipment	278,939
Less Accumulated depreciation	(104,529)
Total fixed assets	174,410
Total assets	245,578
LIABILITIES:	
Current liabilities:	
Due to scholarships	5,000
Compensated absences payable	14,804
Unearned revenue	6,320
Total current liabilities	26,124
NET POSITION:	
Net investment in capital assets	174,410
Unrestricted	45,044
Total net position	\$ 219,454

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Enterprise Funds

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

	Total
OPERATING REVENUES:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	\$ 166,813
Total-daily sales-reimbursable programs	166,813
Daily sales non-reimbursable programs:	
Adult and AlaCarte meals	124,344
Special events and miscellaneous	9,515
Total operating revenue	300,672
OPERATING EXPENSES:	
Salaries	300,976
Employee benefits	144,476
Supplies and materials	40,315
Purchased professional services	46,970
Depreciation	8,142
Cost of sales - reimbursable programs	243,967
Cost of sales - nonreimbursable programs	62,914
Miscellaneous	800
Total operating expenses	848,560
Operating income (loss)	(547,888)
Non-operating revenues:	
State sources:	
State school lunch program	9,755
State school breakfast program	3,373
Federal sources:	
National school lunch program	232,734
National school breakfast program	38,524
U.S.D.A. commodities	81,548
Supply Chain Assistance	67,875
Operating transfer in	50,000
Interest revenue	893
Total non-operating revenues	484,702
Net income (loss)	(63,186)
Other Items:	
Board contribution of capital assets	50,392
Change in net position	(12,794)
Total net position - July 1	232,248
Total net position - June 30	\$ 219,454

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

	Total
Cash flows from operating activities:	
Cash receipts from customers	\$ 303,821
Cash payments to employees for services	(441,394)
Cash payments to suppliers for goods and services	(311,062)
Net cash used by operating activities	(448,635)
Cash flows from noncapital financing activities:	
Board contribution	50,000
Cash received from state and federal reimbursements	378,914
Net cash provided by noncapital financing activities	428,914
Cash flows from capital financing activities:	
Purchases of fixed assets	-
Net cash used by capital financing activities	-
Cash flows from investing activities:	
Interest on investments	893
Net cash provided by investing activities	893
Net increase (decrease) in cash and cash equivalents	(18,828)
Cash and cash equivalents, July 1	41,804
Cash and cash equivalents, June 30	\$ 22,976
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (547,888)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	8,142
Federal commodities	81,548
Change in assets and liabilities:	
(Increase) / decrease in inventory	2,356
(Increase) / decrease in accounts receivable	364
Increase / (decrease) in compensated absences payable	4,058
Increase / (decrease) in unearned revenue	2,785
Net cash used by operating activities	\$ (448,635)

Long-Term Debt Schedules

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
General Long-Term Debt Account Group
 Schedule of Serial Bonds
 June 30, 2023

Issue	Date of Issue	Amount of Issue	Annual Maturities		Rate of Interest	Balance July 1, 2022	Issued	Retired	Balance June 30, 2023
			Date	Amount					
School Bonds	3/15/2016	6,367,000	03/01/2024	\$ 400,000	2.00%	5,367,000		400,000	4,967,000
			03/01/2025	400,000	2.00%				
			03/01/2026	400,000	2.50%				
			03/01/2027	400,000	3.00%				
			03/01/2028	400,000	3.00%				
			03/01/2029	400,000	3.00%				
			03/01/2030	400,000	3.00%				
			03/01/2031	400,000	3.00%				
			03/01/2032	400,000	3.00%				
			03/01/2033	400,000	3.00%				
			03/01/2034	400,000	3.00%				
			03/01/2035	350,000	3.00%				
			03/01/2036	217,000	3.00%				
			School Bonds	3/23/2022	13,900,000				
2/15/2025	465,000	3.00%							
2/15/2026	480,000	3.00%							
2/15/2027	510,000	3.00%							
2/15/2028	540,000	3.00%							
2/15/2029	570,000	3.00%							
2/15/2030	600,000	3.00%							
2/15/2031	640,000	3.00%							
2/15/2032	670,000	3.00%							
2/15/2033	705,000	3.00%							
2/15/2034	745,000	3.00%							
2/15/2035	840,000	3.00%							
2/15/2036	930,000	3.00%							
2/15/2037	930,000	3.00%							
2/15/2038	930,000	3.00%							
2/15/2039	930,000	3.00%							
2/15/2040	930,000	3.00%							
2/15/2041	930,000	3.00%							
2/15/2042	930,000	3.00%							
Total						<u>\$ 19,267,000</u>	<u>\$ -</u>	<u>\$ 400,000</u>	<u>\$ 18,867,000</u>

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
General Long-Term Debt Account Group
 Schedule of Obligations Under Leases
 June 30, 2023

Purpose	Interest Rate Payable	Original Issue	Balance June 30, 2022	Issued	Retired	Balance June 30, 2023
Copiers	4.00%	\$ 130,304	\$ 103,421	\$ 7,043	\$ 25,662	\$ 84,802
Postage Meters	3.00%	14,024	<u>1,499</u>	<u>15,105</u>	<u>2,694</u>	<u>13,910</u>
			<u>\$ 104,920</u>	<u>\$ 22,148</u>	<u>\$ 28,356</u>	<u>\$ 98,712</u>

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 811,627	\$ -	\$ 811,627	\$ 811,627	\$ -
Miscellaneous					-
Total revenues - local sources	<u>811,627</u>	<u>-</u>	<u>811,627</u>	<u>811,627</u>	<u>-</u>
State sources:					
Debt service aid type II	<u>103,857</u>		<u>103,857</u>	<u>103,857</u>	
Total revenues - state sources	<u>103,857</u>	<u>-</u>	<u>103,857</u>	<u>103,857</u>	<u>-</u>
Total Revenues	<u>915,484</u>		<u>915,484</u>	<u>915,484</u>	<u>-</u>
EXPENDITURES:					
Regular debt service:					
Interest	518,596		518,596	518,596	-
Redemption of principal	<u>400,000</u>		<u>400,000</u>	<u>400,000</u>	
Total Expenditures	<u>918,596</u>		<u>918,596</u>	<u>918,596</u>	<u>-</u>
Excess (Deficiency) of revenues over (under) expenditures	(3,112)		(3,112)	(3,112)	-
Other Financing Sources (Uses):					
Operating transfer in				345,298	345,298
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>345,298</u>	<u>345,298</u>
Excess (Deficiency) of revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(3,112)		(3,112)	342,186	345,298
Fund Balances, July 1	<u>170,888</u>		<u>170,888</u>	<u>170,888</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 167,776</u>	<u>\$ -</u>	<u>\$ 167,776</u>	<u>\$ 513,074</u>	<u>\$ 345,298</u>
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	<u>\$ (3,112)</u>	<u>\$ -</u>	<u>\$ (3,112)</u>	<u>\$ 342,186</u>	<u>\$ 345,298</u>

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
General Long-Term Debt Account Group
 Schedule of Obligations Under Financed Purchases
 June 30, 2023

Purpose	Interest Rate Payable	Amount of Original Issue	Balance June 30, 2022	Issued	Retired	Balance June 30, 2023
Energy Savings Improvement Program	2.33%	\$ 2,931,725	\$ 1,601,118	\$ -	\$ 174,899	\$ 1,426,219
			<u>\$ 1,601,118</u>	<u>\$ -</u>	<u>\$ 174,899</u>	<u>\$ 1,426,219</u>

Statistical Section

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

EXHIBIT J-1

	Fiscal Year Ending June 30,									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental activities:										
Net investment in capital assets	\$ 12,131,485	\$ 9,628,492	\$ 3,689,154	\$ 4,285,902	\$ 11,333,298	\$ 11,739,758	\$ 12,232,679	\$ 13,131,918	\$ 1,197,842	\$ 10,202,201
Restricted for:										
Capital projects	112,039	612,345	7,702,751	5,040,940	4,964,177	4,395,136	6,271,982	8,078,859	21,198,714	11,051,226
Special revenue	-	-	-	-	-	-	-	282,765	256,494	281,744
Debt service	-	6,752	7,729	4,838	4,401	2,647	65,277	66,282	170,888	513,074
Other purposes	2,306,454	3,332,159	4,854,574	5,905,708	5,875,371	6,040,091	6,778,794	6,233,194	6,108,678	5,769,592
Unrestricted	<u>(1,716,489)</u>	<u>(11,833,999)</u>	<u>(12,154,051)</u>	<u>(13,561,376)</u>	<u>(13,880,364)</u>	<u>(13,550,438)</u>	<u>(13,516,311)</u>	<u>(11,663,015)</u>	<u>(7,991,423)</u>	<u>(5,979,623)</u>
Total governmental activities net position	<u>\$ 12,833,489</u>	<u>\$ 1,745,749</u>	<u>\$ 4,100,157</u>	<u>\$ 1,676,012</u>	<u>\$ 8,296,883</u>	<u>\$ 8,627,194</u>	<u>\$ 11,832,421</u>	<u>\$ 16,130,003</u>	<u>\$ 20,941,193</u>	<u>\$ 21,838,214</u>
Business-type activities:										
Net investment in capital assets	\$ 27,559	\$ 24,195	\$ 23,029	\$ 19,214	\$ 17,840	\$ 52,200	\$ 29,744	\$ 35,732	\$ 132,160	\$ 174,410
Unrestricted	36,459	24,470	50,576	55,605	56,760	69,515	73,866	59,096	100,088	45,044
Total business-type activities net position	<u>\$ 64,018</u>	<u>\$ 48,665</u>	<u>\$ 73,605</u>	<u>\$ 74,819</u>	<u>\$ 74,600</u>	<u>\$ 121,715</u>	<u>\$ 103,610</u>	<u>\$ 94,828</u>	<u>\$ 232,248</u>	<u>\$ 219,454</u>
District-wide:										
Net investment in capital assets	\$ 12,159,044	\$ 9,652,687	\$ 3,712,183	\$ 4,305,116	\$ 11,351,138	\$ 11,791,958	\$ 12,262,423	\$ 13,167,650	\$ 1,330,002	\$ 10,376,611
Restricted:										
Capital projects	112,039	612,345	7,702,751	5,040,940	4,964,177	4,395,136	6,271,982	8,078,859	21,198,714	11,051,226
Special revenue	-	-	-	-	-	-	-	282,765	256,494	281,744
Debt service	-	6,752	7,729	4,838	4,401	2,647	65,277	66,282	170,888	513,074
Other purposes	2,306,454	3,332,159	4,854,574	5,905,708	5,875,371	6,040,091	6,778,794	6,233,194	6,108,678	5,769,592
Unrestricted	<u>(1,680,030)</u>	<u>(11,809,529)</u>	<u>(12,103,475)</u>	<u>(13,505,771)</u>	<u>(13,823,604)</u>	<u>(13,480,923)</u>	<u>(13,442,445)</u>	<u>(11,603,919)</u>	<u>(7,891,335)</u>	<u>(5,934,579)</u>
Total district net position	<u>\$ 12,897,507</u>	<u>\$ 1,794,414</u>	<u>\$ 4,173,762</u>	<u>\$ 1,750,831</u>	<u>\$ 8,371,483</u>	<u>\$ 8,748,909</u>	<u>\$ 11,936,031</u>	<u>\$ 16,224,831</u>	<u>\$ 21,173,441</u>	<u>\$ 22,057,668</u>

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

EXHIBIT J-2

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 10,549,770	\$ 10,012,727	\$ 10,096,876	\$ 9,936,892	\$ 10,482,239	\$ 10,294,527	\$ 10,074,641	\$ 9,720,465	\$ 10,181,276	\$ 10,673,830
Special education	2,573,801	2,578,098	2,552,234	2,496,784	2,385,277	2,417,440	2,477,619	2,412,594	2,473,553	2,358,412
Other instruction	805,687	812,076	816,489	872,375	925,136	930,884	786,995	778,312	954,057	874,231
Support Services:										
Tuition	2,708,703	3,038,667	2,370,107	2,475,403	2,259,197	2,493,725	1,883,961	2,289,989	2,130,166	1,981,948
Student & instruction related services	2,094,724	2,101,476	2,045,574	2,098,765	2,070,005	2,105,990	2,115,399	2,545,118	2,589,078	2,632,620
School administrative services	1,277,459	966,060	1,125,975	1,039,111	1,024,419	957,221	964,004	996,546	1,008,010	1,003,765
General and business administrative serv	880,749	968,094	861,056	1,036,641	1,200,649	1,312,336	1,190,161	1,165,195	1,232,726	1,238,811
Plant operations and maintenance	3,229,918	5,795,676	3,023,197	6,796,009	(512,570)	5,557,719	4,370,945	4,390,663	5,615,328	9,007,335
Pupil transportation	1,503,109	1,376,761	1,339,556	1,358,762	1,471,180	1,510,251	1,397,976	1,247,593	1,474,159	1,511,586
Unallocated employee benefits	6,549,029	6,768,916	7,480,247	9,146,323	18,437,912	15,709,586	13,661,372	16,996,561	12,652,245	9,614,236
Special schools	41,664	32,644	23,644	-	-	-	-	-	-	-
Charter schools	-	-	-	62,856	28,141	52,895	42,831	27,497	-	14,372
Interest on long-term debt	232,748	209,409	232,501	324,326	303,327	273,460	242,626	209,244	279,859	567,936
Unallocated depreciation	88,007	31,733	34,053	33,089	46,938	66,593	47,788	42,964	51,711	57,121
Total governmental activities expenses	<u>32,535,368</u>	<u>34,692,337</u>	<u>32,001,509</u>	<u>37,677,336</u>	<u>40,121,850</u>	<u>43,682,627</u>	<u>39,256,318</u>	<u>42,822,741</u>	<u>40,642,168</u>	<u>41,536,203</u>
Business-type activities:										
Food service	966,178	964,123	953,238	928,012	941,884	917,900	834,846	625,570	852,404	848,560
Total business-type activities expense	<u>966,178</u>	<u>964,123</u>	<u>953,238</u>	<u>928,012</u>	<u>941,884</u>	<u>917,900</u>	<u>834,846</u>	<u>625,570</u>	<u>852,404</u>	<u>848,560</u>
Total district expenses	<u>\$ 33,501,546</u>	<u>\$ 35,656,460</u>	<u>\$ 32,954,747</u>	<u>\$ 38,605,348</u>	<u>\$ 41,063,734</u>	<u>\$ 44,600,527</u>	<u>\$ 40,091,164</u>	<u>\$ 43,448,311</u>	<u>\$ 41,494,572</u>	<u>\$ 42,384,763</u>
Program Revenues:										
Governmental activities:										
Operating grants and contributions	\$ 3,224,843	\$ 3,366,499	\$ 3,795,741	\$ 4,141,326	\$ 15,155,551	\$ 12,162,677	\$ 10,139,718	\$ 14,717,617	\$ 11,989,343	\$ 10,580,923
Tuition	-	-	-	-	-	-	-	129,215	-	110,300
Transportation fees	-	-	-	-	-	-	-	79,297	-	209,521
Total governmental activities program revenues	<u>3,224,843</u>	<u>3,366,499</u>	<u>3,795,741</u>	<u>4,141,326</u>	<u>15,155,551</u>	<u>12,162,677</u>	<u>10,139,718</u>	<u>14,926,129</u>	<u>11,989,343</u>	<u>10,900,744</u>

(Continued)

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

EXHIBIT J-2

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type activities:										
Charges for services:										
Food service	\$ 385,247	\$ 366,411	\$ 344,221	\$ 352,828	\$ 327,743	\$ 312,369	\$ 218,188	\$ 33,727	\$ 140,564	\$ 300,672
Operating grants and contributions	401,359	398,183	429,320	442,666	466,056	494,855	391,514	514,800	757,138	433,809
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>786,606</u>	<u>764,594</u>	<u>773,541</u>	<u>795,494</u>	<u>793,799</u>	<u>807,224</u>	<u>609,702</u>	<u>548,527</u>	<u>897,702</u>	<u>734,481</u>
Total district program revenues	<u>\$ 4,011,449</u>	<u>\$ 4,131,093</u>	<u>\$ 4,569,282</u>	<u>\$ 4,936,820</u>	<u>\$ 15,949,350</u>	<u>\$ 12,969,901</u>	<u>\$ 10,749,420</u>	<u>\$ 15,474,656</u>	<u>\$ 12,887,045</u>	<u>\$ 11,635,225</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (29,310,525)	\$ (31,325,838)	\$ (28,205,768)	\$ (33,536,010)	\$ (24,966,299)	\$ (31,519,950)	\$ (29,116,600)	\$ (27,896,612)	\$ (28,652,825)	\$ (30,635,459)
Business-type activities	(179,572)	(199,529)	(179,697)	(132,518)	(148,085)	(110,676)	(225,144)	(77,043)	45,298	(114,079)
Total district-wide net expense	<u>\$ (29,490,097)</u>	<u>\$ (31,525,367)</u>	<u>\$ (28,385,465)</u>	<u>\$ (33,668,528)</u>	<u>\$ (25,114,384)</u>	<u>\$ (31,630,626)</u>	<u>\$ (29,341,744)</u>	<u>\$ (27,973,655)</u>	<u>\$ (28,607,527)</u>	<u>\$ (30,749,538)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 18,499,082	\$ 19,167,844	\$ 19,551,199	\$ 19,942,222	\$ 20,341,066	\$ 20,747,887	\$ 21,792,882	\$ 22,228,740	\$ 22,673,315	\$ 23,126,781
Taxes levied for debt service	961,534	1,088,238	787,800	910,605	1,051,998	1,069,227	1,172,708	1,073,500	969,997	811,627
Unrestricted grants and contributions	9,415,816	9,758,588	9,833,476	10,032,655	9,922,931	9,681,620	8,859,228	8,114,479	9,538,373	6,954,633
Miscellaneous income	144,723	325,987	592,313	360,068	419,000	508,557	722,009	413,406	444,784	690,039
Transfers	(165,810)	(184,140)	(204,612)	(133,685)	(147,825)	(157,030)	(225,000)	(54,000)	-	(50,000)
Disposal of fixed assets	-	-	-	-	-	-	-	-	(162,454)	-
Total governmental activities	<u>28,855,345</u>	<u>30,156,517</u>	<u>30,560,176</u>	<u>31,111,865</u>	<u>31,587,170</u>	<u>31,850,261</u>	<u>32,321,827</u>	<u>31,776,125</u>	<u>33,464,015</u>	<u>31,533,080</u>
Business-type activities:										
Investment earnings	43	36	25	47	41	761	1,140	1,605	804	893
Disposal of fixed assets	-	-	-	-	-	-	(19,101)	-	-	-
Contributed capital	-	-	-	-	-	-	-	12,656	91,318	50,392
Transfers	165,810	184,140	204,612	133,685	147,825	157,030	225,000	54,000	-	50,000
Total business-type activities	<u>165,853</u>	<u>184,176</u>	<u>204,637</u>	<u>133,732</u>	<u>147,866</u>	<u>157,791</u>	<u>207,039</u>	<u>68,261</u>	<u>92,122</u>	<u>101,285</u>
Total district-wide	<u>\$ 29,021,198</u>	<u>\$ 30,340,693</u>	<u>\$ 30,764,813</u>	<u>\$ 31,245,597</u>	<u>\$ 31,735,036</u>	<u>\$ 32,008,052</u>	<u>\$ 32,528,866</u>	<u>\$ 31,844,386</u>	<u>\$ 33,556,137</u>	<u>\$ 31,634,365</u>
Change in Net Position:										
Governmental activities	\$ (455,180)	\$ (1,169,321)	\$ 2,354,408	\$ (2,424,145)	\$ 6,620,871	\$ 330,311	\$ 3,205,227	\$ 3,879,513	\$ 4,811,190	\$ 897,621
Business-type activities	(13,719)	(15,353)	24,940	1,214	(219)	47,115	(18,105)	(8,782)	137,420	(12,794)
Total district-wide	<u>\$ (468,899)</u>	<u>\$ (1,184,674)</u>	<u>\$ 2,379,348</u>	<u>\$ (2,422,931)</u>	<u>\$ 6,620,652</u>	<u>\$ 377,426</u>	<u>\$ 3,187,122</u>	<u>\$ 3,870,731</u>	<u>\$ 4,948,610</u>	<u>\$ 884,827</u>

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

EXHIBIT J-3

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Reserved for:										
Encumbrances	\$ 169,085	\$ 170,466	\$ 104,232	\$ 245,034	\$ 220,593	\$ 268,800	\$ 668,294	\$ 278,022	\$ 1,326,855	\$ 327,444
Capital reserve	112,039	612,345	1,616,020	3,016,989	4,796,480	4,227,439	6,107,338	7,914,215	7,635,567	6,331,772
Maintenance reserve	150,000	650,000	1,650,000	1,800,000	1,887,565	1,894,946	1,894,946	1,894,946	1,894,946	1,581,632
Unemployment compensation	-	-	-	-	-	-	-	151,465	153,471	155,250
Excess surplus	1,215,680	1,105,535	1,924,537	1,916,137	1,831,076	2,025,269	2,170,285	2,016,498	2,023,763	4,032,710
Designated for Subsequent Years Expd.	751,689	1,386,158	1,155,805	1,924,537	1,916,137	1,831,076	2,025,269	2,170,285	2,016,498	1,680,172
Unreserved	(86,782)	(189,066)	(250,391)	(293,715)	(255,852)	(119,025)	(193,409)	732,893	1,826,981	2,024,157
Total general fund	<u>\$ 2,311,711</u>	<u>\$ 3,735,438</u>	<u>\$ 6,200,203</u>	<u>\$ 8,608,982</u>	<u>\$ 10,395,999</u>	<u>\$ 10,128,505</u>	<u>\$ 12,672,723</u>	<u>\$ 15,158,324</u>	<u>\$ 16,878,081</u>	<u>\$ 16,133,137</u>
All Other Governmental Funds										
Reserved:										
Encumbrances	\$ -	\$ -	\$ -	\$ 1,859,307	\$ 3,053	\$ 3,053	\$ -	\$ -	\$ -	\$ 4,703,826
Debt service reserve	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	262,765	256,494	261,744
Capital projects fund	-	-	6,086,731	164,644	164,644	164,644	164,644	164,644	13,563,147	15,628
Permanent fund	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Debt service fund	-	6,752	7,729	4,838	4,401	2,647	65,277	66,282	170,888	513,074
Total all other governmental funds	<u>\$ 20,000</u>	<u>\$ 26,752</u>	<u>\$ 6,114,460</u>	<u>\$ 2,048,789</u>	<u>\$ 192,098</u>	<u>\$ 190,344</u>	<u>\$ 249,921</u>	<u>\$ 513,691</u>	<u>\$ 14,010,529</u>	<u>\$ 5,514,272</u>

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

EXHIBIT J-4

	Fiscal Year Ending June 30,									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues										
Tax levy	\$ 19,460,616	\$ 20,256,082	\$ 20,338,999	\$ 20,852,827	\$ 21,393,064	\$ 21,817,114	\$ 22,965,590	\$ 23,302,240	\$ 23,643,312	\$ 23,938,408
Tuition charges	2,543	128,816	239,397	129,265	131,629	152,996	159,544	129,215	126,354	110,300
Transportation fees	82,463	75,219	93,678	104,755	110,700	150,751	125,802	79,297	118,544	209,521
Interest earnings	60	306	4,652	4,062	4,636	70,840	79,899	83,211	51,352	64,575
Miscellaneous	59,657	121,646	254,586	121,986	172,035	139,001	361,543	330,195	201,891	625,464
Local sources	-	-	-	-	-	-	-	198,416	337,657	390,457
State sources	11,700,390	12,223,126	12,701,205	13,267,135	13,713,429	13,943,759	13,140,673	13,204,240	15,851,737	13,274,978
Federal sources	940,269	901,961	928,012	906,846	940,944	927,651	875,052	1,307,437	1,890,210	3,870,121
Total revenue	<u>32,245,998</u>	<u>33,707,156</u>	<u>34,560,529</u>	<u>35,386,876</u>	<u>36,466,437</u>	<u>37,202,112</u>	<u>37,708,103</u>	<u>38,634,251</u>	<u>42,221,057</u>	<u>42,483,824</u>
Expenditures										
Instruction										
Regular Instruction	9,337,997	9,432,757	9,620,128	9,541,811	9,540,476	9,503,008	9,263,265	9,243,736	9,563,880	9,692,537
Special education instruction	2,573,801	2,578,098	2,552,234	2,496,784	2,385,277	2,417,440	2,477,619	2,412,594	2,473,553	2,358,412
Other special instruction	805,687	812,076	816,489	872,375	925,136	930,884	786,995	778,312	954,057	874,231
Support Services:										
Tuition	2,708,703	3,038,667	2,370,107	2,475,403	2,259,197	2,493,725	1,883,961	2,289,989	2,130,166	1,981,948
Student & instruction related services	2,094,724	2,101,476	2,045,574	2,098,765	2,070,005	2,105,990	2,115,399	2,545,118	2,589,078	2,632,620
School administrative services	880,749	966,060	1,023,815	1,039,111	1,024,419	957,221	964,004	996,546	1,008,010	1,003,765
General and business admin. services	1,013,439	872,897	861,056	937,375	1,059,834	1,112,557	1,046,797	1,036,306	1,073,460	1,065,649
Plant operations and maintenance	2,622,496	2,560,888	2,704,963	2,736,722	2,969,141	3,051,827	3,027,479	2,927,510	3,018,938	3,463,751
Pupil transportation	1,503,109	1,376,761	1,339,556	1,358,762	1,471,180	1,510,251	1,397,976	1,247,593	1,474,159	1,511,586
Other support services	6,549,029	6,802,209	7,266,221	7,721,130	8,358,764	8,790,496	8,930,002	9,395,010	10,781,552	10,941,532
Charter Schools	41,664	32,644	23,644	62,856	28,141	52,895	42,831	27,497	-	14,372
Capital outlay	418,595	3,504,705	855,856	4,837,151	3,248,132	3,319,772	1,850,315	2,205,728	4,737,799	15,216,026
Debt service:										
Principal	1,125,000	930,000	600,000	600,000	845,000	865,000	935,000	930,000	920,000	400,000
Interest and other charges	251,713	215,024	187,800	317,357	306,810	277,010	246,410	213,010	179,810	518,596
Total expenditures	<u>31,926,706</u>	<u>35,224,262</u>	<u>32,267,443</u>	<u>37,095,602</u>	<u>36,491,512</u>	<u>37,388,076</u>	<u>34,968,053</u>	<u>36,248,949</u>	<u>40,904,462</u>	<u>51,675,025</u>
Excess (Deficiency) of revenues over (under) expenditures	319,292	(1,517,106)	2,293,086	(1,708,726)	(25,075)	(185,964)	2,740,050	2,385,302	1,316,595	(9,191,201)
Other Financing sources (uses)										
Proceeds from borrowing	-	3,131,725	96,999	185,519	103,226	73,746	88,745	-	-	-
Proceeds from Serial Bonds	-	-	6,367,000	-	-	-	-	-	13,900,000	-
Transfers in	-	-	977	3,861	540	2,107	3,169	3,112	167,776	345,298
Transfers out	(165,810)	(184,140)	(205,589)	(137,546)	(148,365)	(159,137)	(228,169)	(57,112)	(167,776)	(395,298)
Total other financing sources (uses)	<u>(165,810)</u>	<u>2,947,585</u>	<u>6,259,387</u>	<u>51,834</u>	<u>(44,599)</u>	<u>(83,284)</u>	<u>(136,255)</u>	<u>(54,000)</u>	<u>13,900,000</u>	<u>(50,000)</u>
Net change in fund balances	<u>\$ 153,482</u>	<u>\$ 1,430,479</u>	<u>\$ 8,552,473</u>	<u>\$ (1,656,892)</u>	<u>\$ (69,674)</u>	<u>\$ (269,248)</u>	<u>\$ 2,603,795</u>	<u>\$ 2,331,302</u>	<u>\$ 15,216,595</u>	<u>\$ (9,241,201)</u>
Debt service as a percentage of noncapital expenditures	4.37%	3.61%	2.51%	2.84%	3.46%	3.35%	3.57%	3.36%	3.04%	2.52%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

EXHIBIT J-5

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Insurance</u> <u>Refunds</u>	<u>Transportaion</u>	<u>Other</u> <u>Refunds</u>	<u>Use of</u> <u>Facilities</u>	<u>Sale of</u> <u>Assets</u>	<u>Energy</u> <u>Reimbursements</u>	<u>Miscellaneous</u>	<u>Total</u>
2014	\$ 2,258	\$ 2,543	\$ 33,323	\$ 82,463	\$ -	\$ 17,923	\$ 1,300	\$ -	\$ 4,913	\$ 144,723
2015	2,681	128,816	13,597	75,219	66,540	17,510	8,966	-	12,352	325,681
2016	3,675	239,397	3,889	93,678	32,331	30,390	12,428	170,658	4,890	591,336
2017	4,062	129,265	1,000	104,755	54,133	45,264	12,393	1,250	4,085	356,207
2018	7,186	131,629	1,000	110,700	59,285	63,552	8,288	26,003	10,817	418,460
2019	110,224	152,996	-	150,751	6,643	47,195	5,815	23,715	9,111	506,450
2020	247,955	159,544	-	125,802	97,862	41,628	12,077	22,833	11,138	718,839
2021	293,321	129,215	-	79,297	40,996	57,585	14,267	-	4,125	618,806
2022	189,208	126,354	-	118,544	713	33,375	3,893	-	22,922	495,009
2023	88,868	110,300		209,521	79,288	77,363	16,147		18,500	599,987
	<u>\$ 949,438</u>	<u>\$ 1,310,059</u>	<u>\$ 52,809</u>	<u>\$ 1,150,730</u>	<u>\$ 437,791</u>	<u>\$ 431,785</u>	<u>\$ 95,574</u>	<u>\$ 244,459</u>	<u>\$ 102,853</u>	<u>\$ 4,775,498</u>

Source: District records

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

Borough of West Cape May

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2014	\$ 18,272,800	\$ 394,148,500	\$ 3,301,300	\$ 210,200	\$ 35,647,800	\$ 1,066,100	\$ 452,646,700	\$ 153,222	\$ 452,799,922	\$ 9,662,400	\$ 0.197	\$ 439,431,249
2015	18,717,700	397,040,600	3,301,300	210,200	35,427,900	1,066,100	455,763,800	150,096	455,913,896	10,094,500	0.220	429,146,511
2016	18,128,200	399,794,400	3,301,300	210,200	35,069,100	1,066,100	457,569,300	146,736	457,716,036	10,094,500	0.229	439,244,856
2017	19,378,700	409,260,600	3,301,300	210,200	35,234,100	1,066,100	468,451,000	142,823	468,593,823	10,454,600	0.229	483,309,561
2018	15,962,500	424,392,600	3,301,300	220,500	35,969,500	1,066,100	480,912,500	150,824	481,063,324	10,454,600	0.247	499,169,212
2019	16,152,100	433,582,500	3,301,300	220,500	36,753,700	1,066,100	491,076,200		491,076,200	10,829,500	0.242	536,795,884
2020	14,884,100	447,337,200	3,301,300	220,500	36,967,500	1,066,100	503,776,700		503,776,700	10,848,900	0.241	581,676,862
2021	14,222,700	457,848,600	3,301,300	190,500	36,314,200	1,066,100	512,943,400		512,943,400	10,848,900	0.245	623,832,196
2022	13,715,400	468,865,300	3,301,300	190,500	35,969,900	1,066,100	523,108,500		523,108,500	10,900,700	0.257	719,209,185
2023	12,936,800	476,656,300	3,301,300	190,500	35,969,900	1,066,100	530,120,900		530,120,900	11,804,300	0.259	919,081,611

Source: Municipal Tax Assessor

Note:

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

Continued

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

Fiscal Year Ended June 30,	City of Cape May							Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Apartment	Total Assessed Value					
2014	\$ 53,288,200	\$ 2,173,873,900	\$ -	\$ -	\$ 431,761,000	\$ 135,723,600	\$ 2,794,646,700	\$ 589,060	\$ 2,795,235,760	\$ 431,981,900	\$ 0.057	\$ 2,738,737,239
2015	64,370,700	2,177,186,500	-	-	430,297,700	133,612,100	2,805,467,000	612,231	2,806,079,231	433,484,900	0.065	2,742,474,025
2016	62,194,300	2,187,231,000	-	-	429,579,600	133,420,700	2,812,425,600	625,355	2,813,050,955	433,758,300	0.066	2,711,154,162
2017	61,236,100	2,193,506,400	-	-	427,044,200	131,838,600	2,813,625,300	612,446	2,814,237,746	433,571,800	0.066	2,814,237,746
2018	66,574,600	2,214,046,300	-	-	431,678,400	130,479,000	2,842,778,300	62,831	2,842,841,131	432,997,700	0.066	2,871,036,576
2019	69,618,400	2,230,627,200	-	-	432,392,700	127,325,200	2,859,963,500		2,859,963,500	431,388,400	0.066	2,964,429,051
2020	66,588,800	2,253,648,100	-	-	441,592,700	125,058,100	2,886,887,700		2,886,887,700	431,388,400	0.066	2,886,887,700
2021	57,306,100	2,290,501,500	-	-	441,823,000	123,147,200	2,912,777,800		2,912,777,800	427,666,100	0.065	3,284,890,675
2022	63,825,900	2,321,983,200			439,622,300	123,147,200	2,948,578,600		2,948,578,600	430,051,900	0.066	3,667,123,166
2023	57,872,800	2,356,032,600			434,609,400	123,499,300	2,972,014,100		2,972,014,100	429,950,000	0.067	4,426,517,364

Source: Municipal Tax Assessor

Note:

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

Continued

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

Fiscal Year Ended June 30,	Township of Lower							Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Apartment	Total Assessed Value					
2014	\$ 70,784,000	\$ 3,247,623,400	\$ 4,914,400	\$ 953,300	\$ 258,806,900	\$ 11,332,200	\$ 3,594,414,200	\$ 4,337,206	\$ 3,598,751,406	\$ 232,262,300	\$ 0.432	\$ 3,725,002,834
2015	70,254,400	3,254,393,300	4,914,400	927,600	259,130,000	11,432,200	3,601,051,900	4,347,721	3,605,399,621	234,835,200	0.458	3,719,358,459
2016	68,016,300	3,261,711,400	5,052,600	577,600	263,588,800	11,432,200	3,610,378,900	4,212,178	3,614,591,078	232,698,600	0.466	3,781,566,024
2017	64,279,700	3,274,539,000	5,413,000	595,500	264,828,800	11,432,200	3,621,088,200	4,172,271	3,625,260,471	233,773,100	0.466	3,802,011,213
2018	64,779,300	3,283,120,000	6,360,900	567,200	264,001,400	11,432,200	3,630,261,000	4,178,452	3,634,439,452	237,688,000	0.472	3,908,079,119
2019	63,692,900	3,290,370,000	6,554,900	602,400	264,731,700	11,432,200	3,637,384,100	4,107,346	3,641,491,446	240,525,100	0.483	4,056,420,781
2020	65,057,300	3,304,009,400	6,600,500	586,300	263,951,400	11,432,200	3,651,637,100	4,075,029	3,655,712,129	241,944,200	0.483	4,212,338,290
2021	61,620,600	3,327,438,300	6,600,500	586,300	262,396,200	11,432,200	3,670,074,100	4,234,601	3,674,308,701	246,048,000	0.501	4,350,457,177
2022	63,196,600	3,351,246,100	6,600,500	585,400	263,578,800	11,432,200	3,696,639,600	3,959,309	3,700,598,909	247,832,300	0.513	4,794,640,027
2023	60,959,300	3,379,936,100	6,402,500	591,200	263,310,000	11,432,200	3,722,631,300	3,601,363	3,726,232,663	247,832,300	0.531	5,727,842,830

Source: Municipal Tax Assessor

Note:

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

EXHIBIT J-7

Borough of West Cape May

Fiscal Year Ended June 30,	West Cape May School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of West Cape May	Regional School	Cape May County	
2014	\$ 0.107	\$ 0.010	\$ 0.117	\$ 0.330	\$ 0.378	\$ 0.244	\$ 1.069
2015	0.215	0.010	0.225	0.331	0.353	0.240	1.149
2016	0.210	0.010	0.220	0.350	0.397	0.247	1.214
2017	0.220	0.009	0.229	0.356	0.365	0.272	1.222
2018	0.239	0.008	0.247	0.357	0.382	0.279	1.265
2019	0.242	-	0.242	0.359	0.356	0.297	1.254
2020	0.241	-	0.241	0.372	0.390	0.316	1.319
2021	0.245	-	0.245	0.390	0.304	0.341	1.280
2022	0.257	-	0.257	0.408	0.307	0.383	1.355
2023	0.259	-	0.259	0.426	0.398	0.438	1.521

City of Cape May

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

Township of Lower

Fiscal Year Ended June 30,	Lower Township School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Township of Lower	Regional School	Cape May County	
2014	\$ 0.432	\$ -	\$ 0.432	\$ 0.536	\$ 0.335	\$ 0.260	\$ 1.563
2015	0.446	-	0.446	0.556	0.353	0.263	1.618
2016	0.456	0.002	0.458	0.556	0.389	0.270	1.673
2017	0.462	0.004	0.466	0.574	0.381	0.276	1.697
2018	0.468	0.004	0.472	0.575	0.360	0.289	1.696
2019	0.478	0.005	0.483	0.584	0.368	0.303	1.738
2020	0.489	0.005	0.494	0.584	0.390	0.315	1.783
2021	0.495	0.006	0.501	0.595	0.385	0.331	1.812
2022	0.507	0.006	0.513	0.596	0.400	0.362	1.871
2023	0.525	0.006	0.531	0.618	0.392	0.390	1.931

Source: Municipal Tax Collector

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

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

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

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

EXHIBIT J-8

Borough of West Cape May

Taxpayer	2023		Taxpayer	2014	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Wilbraham Mansion, LLC	\$ 3,242,100	0.61%	Rayson Property Management	\$ 2,929,400	0.65%
The Depot Travel Park, Inc.	2,729,900	0.51%	Wilbraham Mansion, LLC	2,854,600	0.63%
CVS	2,300,000	0.43%	The Depot Travel Park, Inc.	2,729,900	0.60%
Cape May Lumber Company	2,138,900	0.40%	Cape May Lumber Company	2,412,100	0.53%
Westwood Mobile Estates, Inc.	2,058,200	0.39%	CVS, Inc.	2,300,000	0.51%
Cape West Assoc. Inc.	1,862,800	0.35%	Individual #1	2,058,200	0.45%
Rayson Property Management	1,750,000	0.33%	Cape West Associates, Inc.	1,862,800	0.41%
Individual #1	1,594,300	0.30%	Individual #2	1,594,300	0.35%
EZFS Sunset LLC	1,217,500	0.23%	SPE Labrusciano, LLC	1,114,800	0.25%
Individual #2	1,179,500	0.22%	Individual #3	1,018,500	0.22%
Total	\$ 20,073,200	3.79%	Total	\$ 20,874,600	4.61%

City of Cape May

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

Township of Lower

Taxpayer	2023		Taxpayer	2014	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Sun Lake Laurie RV, Inc.	\$ 17,300,000	0.46%	Jenlo Corp. & Harlo Inc.	\$ 10,600,000	0.29%
Harbortown Resort Marina, Inc	14,590,700	0.39%	Achristavest Pier 6600, LLC	10,000,000	0.28%
Achristavest Pier 6600, LLC	12,696,700	0.34%	Sun Lake Laurie RV Resort, LLC	8,800,000	0.24%
Jenlo Corp. & Harlo Inc	11,700,000	0.31%	Shaw Limited partnership	8,540,000	0.24%
Shaw Limited Partnership	10,101,400	0.27%	Bayshore Mall	8,500,000	0.24%
Bayshore Mall, LLC	8,512,700	0.23%	Seashore Campsites Inc	7,500,000	0.21%
Beachcomber Campground, Inc	6,749,100	0.18%	Harbortown Resort Marina Inc	6,852,000	0.19%
Cold Spring Fish & Supply Co	6,302,900	0.17%	Baechcomber Campground Inc	6,200,000	0.17%
Cape Island Associates	6,000,000	0.16%	Channels Apartments	6,000,000	0.17%
FC-GEN Real Estate, LLC	6,000,000	0.16%	Cape Island Associates	6,000,000	0.17%
Total	\$ 99,953,500	2.68%	Total	\$ 78,992,000	2.19%

Source: Municipal Tax Assessors

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

EXHIBIT J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 19,460,616	\$ 19,460,616	100.00%	
2015	20,256,082	20,256,082	100.00%	
2016	20,338,999	20,338,999	100.00%	
2017	20,852,827	20,852,827	100.00%	
2018	21,393,064	21,393,064	100.00%	
2019	21,817,114	21,817,114	100.00%	
2020	22,965,590	22,965,590	100.00%	
2021	23,302,240	23,302,240	100.00%	
2022	23,643,312	23,643,312	100.00%	
2023	23,938,408	23,938,408	100.00%	

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

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

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

EXHIBIT J-10

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Personal Income (a)			Per Capita (b)		
	General Obligation Bonds	Financed Purchases/ Leases	Total District	Borough of West Cape May	City of Cape May	Township of Lower	Borough of West Cape May	City of Cape May	Township of Lower
2014	\$ 5,625,000	\$ -	\$ 5,625,000	11.04%	3.13%	0.50%	\$ 5,614	\$ 1,593	\$ 254
2015	4,695,000	2,931,725	7,626,725	14.43%	4.11%	0.65%	7,634	2,173	346
2016	10,462,000	2,827,608	13,289,608	24.22%	6.95%	1.11%	13,263	3,807	608
2017	9,862,000	2,627,685	12,489,685	21.62%	6.25%	1.00%	12,428	3,591	576
2018	9,017,000	2,401,307	11,418,307	18.90%	5.50%	0.88%	11,384	3,312	531
2019	8,152,000	2,217,359	10,369,359	16.37%	4.79%	0.75%	10,349	3,030	477
2020	7,217,000	2,006,533	9,223,533	13.72%	3.99%	0.64%	9,307	2,710	435
2021	6,287,000	1,796,619	8,083,619	11.28%	3.96%	0.51%	8,124	2,852	366
2022	19,267,000	1,601,118	20,868,118	(c)	(c)	(c)	20,662	7,512	943
2023	18,867,000	1,524,931	20,391,931	(c)	(c)	(c)	(c)	(c)	(c)

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

(a) Based on Per Capita Income for Cape May County

(b) Based on School District Population as of July 1,

(c) Not available

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

EXHIBIT J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property(a)			Per Capita(b)		
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Borough of West Cape May	City of Cape May	Township of Lower	Borough of West Cape May	City of Cape May	Township of Lower
2013	\$ 6,500,000	\$ -	\$ 6,500,000	1.44%	0.23%	0.16%	\$ 6,455	\$ 1,832	278
2014	5,625,000		5,625,000	1.24%	0.20%	0.16%	5,614	1,593	254
2015	4,695,000		4,695,000	1.03%	0.17%	0.13%	4,700	1,338	213
2016	10,462,000		10,462,000	2.29%	0.37%	0.29%	10,441	2,997	478
2017	9,862,000		9,862,000	2.10%	0.35%	0.27%	9,813	2,836	455
2018	9,017,000		9,017,000	1.87%	0.32%	0.25%	8,990	2,615	420
2019	8,152,000		8,152,000	1.66%	0.29%	0.22%	8,136	2,382	375
2020	7,217,000		7,217,000	1.43%	0.25%	0.20%	7,283	2,120	34
2021	6,287,000		6,287,000	1.23%	0.22%	0.17%	6,319	2,218	285
2022	19,267,000		19,267,000	3.68%	0.65%	0.52%	19,076	6,936	871
2023	18,867,000		18,867,000	3.56%	0.63%	0.51%	(c)	(c)	(c)

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

(a) See Exhibit J-6 for property tax data.

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

(c) Not available.

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

EXHIBIT J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of West Cape May	\$ 4,473,366	100.000%	\$ 4,473,366
Township of Lower	26,325,228	100.000%	26,325,228
City of Cape May	37,219,613	100.000%	37,219,613
Cape May County General Obligation Debt	337,931,851	14.397%	<u>48,652,049</u>
Subtotal, overlapping debt			112,196,890
Lower Cape May Regional School District Direct Debt			<u>19,267,000</u>
Total direct and overlapping debt			<u><u>\$ 131,463,890</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2023

	Equalized valuation basis	
	2020	8,170,791,022
	2021	9,062,122,425
	2022	10,959,130,923
	[A]	<u>\$ 28,192,044,370</u>
Average equalized valuation of taxable property	[A/3]	\$ 9,397,348,123
Debt limit (3.5% of average equalized valuation)	[B]	328,907,184 ^a
Net bonded school debt	[C]	18,867,000
Legal debt margin	[B-C]	<u>\$ 310,040,184</u>

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 248,337,483	\$ 241,983,147	\$ 240,306,913	\$ 243,022,210	\$ 247,177,017	\$ 254,275,903	\$ 262,844,325	\$ 274,179,775	\$ 292,460,490	\$ 328,907,184
Total net debt applicable to limit	<u>5,625,000</u>	<u>4,695,000</u>	<u>10,462,000</u>	<u>9,862,000</u>	<u>9,017,000</u>	<u>8,152,000</u>	<u>7,217,000</u>	<u>6,287,000</u>	<u>19,267,000</u>	<u>18,867,000</u>
Legal debt margin	<u>\$ 242,712,483</u>	<u>\$ 237,288,147</u>	<u>\$ 229,844,913</u>	<u>\$ 233,160,210</u>	<u>\$ 238,160,017</u>	<u>\$ 246,123,903</u>	<u>\$ 255,627,325</u>	<u>\$ 267,892,775</u>	<u>\$ 273,193,490</u>	<u>\$ 310,040,184</u>
Total net debt applicable to the limit as a percentage of debt limit	2.27%	1.94%	4.35%	4.06%	3.65%	3.21%	2.75%	2.29%	6.59%	5.74%

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

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

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

EXHIBIT J-14

<u>Year</u>	<u>Population^a</u>	<u>Personal Income (thousands of dollars)^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
<u>Borough of West Cape May</u>				
2014	1,002	\$ 50,942,682	\$ 50,841	10.4%
2015	999	52,848,099	52,901	9.9%
2016	1,002	54,881,544	54,772	9.2%
2017	1,005	57,764,385	57,477	7.9%
2018	1,003	60,426,738	60,246	7.2%
2019	1,002	63,329,406	63,203	6.4%
2020	991	67,225,476	67,836	12.7%
2021	995	71,649,950	72,010	7.4%
2022	1,010	e	e	6.4%
2023	e	e	e	e
<u>City of Cape May</u>				
2014	3,530	\$ 179,468,730	\$ 50,841	12.9%
2015	3,510	185,682,510	52,901	12.5%
2016	3,491	191,209,052	54,772	11.2%
2017	3,478	199,905,006	57,477	10.3%
2018	3,448	207,728,208	60,246	9.6%
2019	3,422	216,280,666	63,203	8.5%
2020	3,404	230,913,744	67,836	10.0%
2021	2,834	204,076,340	72,010	10.0%
2022	2,778	e	e	7.7%
2023	e	e	e	e
<u>Township of Lower</u>				
2014	22,173	\$ 1,127,297,493	\$ 50,841	12.60%
2015	22,016	1,164,668,416	52,901	11.10%
2016	21,854	1,196,987,288	54,772	10.10%
2017	21,698	1,247,135,946	57,477	9.80%
2018	21,485	1,294,385,310	60,246	8.90%
2019	21,732	1,373,527,596	63,203	7.70%
2020	21,202	1,438,258,872	67,836	14.60%
2021	22,094	1,590,988,940	72,010	9.20%
2022	22,129	e	e	6.80%
2023	e	e	e	e

Source:

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

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

EXHIBIT J-16

Function/Program	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction										
Regular	135	132	130	126	122	117	114	112	111	110
Special education	34	31	31	30	29	28	25	25	25	25
Other special education	6	7	7	7	7	7	7	7	7	7
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	32	28	28	27	27	27	26	25	25	25
School administrative services	12	12	12	12	11	11	11	11	10	10
General and business administrative services	6	6	6	6	6	6	6	6	6	6
Plant operations and maintenance	23	22	22	24	24	24	24	24	24	24
Pupil transportation	22	21	21	21	21	21	21	21	21	21
Special Schools				17	17	17	17	16	16	16
Food Service	18	17	17							
Total	<u>288</u>	<u>276</u>	<u>274</u>	<u>270</u>	<u>264</u>	<u>258</u>	<u>251</u>	<u>247</u>	<u>245</u>	<u>244</u>

Source: District Personnel Records

Lower Cape May Regional School District
 Operating Statistics,
 Last Ten Fiscal Years

EXHIBIT J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2013	1,480	\$ 30,303,373	\$ 20,475	9.20%	176	10.8	1,462	1,366	-4.61%	93.43%
2014	1,395	30,131,398	21,600	5.40%	175	10.8	1,396	1,307	-4.51%	93.61%
2015	1,429	30,574,533	21,396	0.94%	170	10.8	1,406	1,318	0.72%	93.79%
2016	1,354	30,623,787	22,617	5.71%	168	10.8	1,354	1,276	-3.70%	94.23%
2017	1,357	31,341,094	23,096	2.12%	163	10.8	1,325	1,248	-2.14%	94.19%
2018	1,411	32,091,570	22,744	-1.52%	158	11.6	1,318	1,241	-0.53%	94.16%
2019	1,296	32,926,294	25,406	11.70%	152	11.6	1,277	1,202	-3.11%	94.13%
2020	1,298	31,936,328	24,604	-2.88%	146	11.6	1,270	1,218	-0.55%	95.91%
2021	1,227	32,900,211	26,814	8.89%	144	11.6	1,209	1,131	-4.80%	93.55%
2022	1,199	35,066,853	29,247	9.07%	143	11.6	1,171	1,090	-3.06%	93.08%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
District Building										
Tietleman School (1973)										
Square Feet	99,638	99,638	99,638	99,638	99,638	99,638	99,638	99,638	99,638	99,638
Capacity (students)	796	796	796	796	796	796	796	796	796	796
Enrollment	500	520	480	467	458	471	480	475	433	427
High School (1960)										
Square Feet	231,944	231,944	231,944	231,944	231,944	231,944	231,944	231,944	231,944	231,944
Capacity (students)	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016
Enrollment	897	886	874	858	860	806	790	734	739	744
Other										
Central Administration (1989)										
Square Feet	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Number of Schools at June 30, 2023										
Middle School = 1										
Senior High School = 1										

Source: District Facilities Office

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

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

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

	Fiscal Year Ending June 30,										Total
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
* School Facilities											
High School	\$ 531,230	\$ 497,830	\$ 418,474	\$ 447,054	\$ 695,064	\$ 725,988	\$ 592,305	\$ 587,207	\$ 536,986	\$ 800,015	\$ 5,832,153
Tietleman School	228,211	213,862	179,771	192,049	298,591	311,876	254,447	252,257	230,684	343,677	2,505,425
Other facilities	12,584	11,793	9,913	10,590	16,464	17,197	14,031	13,910	12,720	18,951	138,153
Total School Facilities	<u>\$ 772,025</u>	<u>\$ 723,485</u>	<u>\$ 608,158</u>	<u>\$ 649,693</u>	<u>\$ 1,010,119</u>	<u>\$ 1,055,061</u>	<u>\$ 860,783</u>	<u>\$ 853,374</u>	<u>\$ 780,390</u>	<u>\$ 1,162,643</u>	<u>\$ 8,475,731</u>

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

Source: District records

**Lower Cape May Regional School District
Insurance Schedule
June 30, 2023**

EXHIBIT J-20

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

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

Source: District records

Single Audit Section

INVERSO & STEWART, LLC
Certified Public Accountants

651 Route 73 North, Suite 402
 Marlton, New Jersey 08053
 (856) 983-2244
 Fax (856) 983-6674
 E-Mail: rinverso@inversocpa.com

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

INVERSO & STEWART, LLC
Certified Public Accountants



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

Marlton, New Jersey
December 15, 2023

INVERSO & STEWART, LLC

Certified Public Accountants

651 Route 73 North, Suite 402
 Marlton, New Jersey 08053
 (856) 983-2244
 Fax (856) 983-6674
 E-Mail: rinverso@inversocpa.com

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

INDEPENDENT AUDITOR'S REPORT

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

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

I have audited Lower Cape May Regional School District's (the "District"), in the County of Cape, State of New Jersey, compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and the New Jersey State Grant Compliance Supplement that could have a direct and material effect on the District's major federal and state programs for the year ended June 30, 2023. The District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned costs.

In my opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

INVERSO & STEWART, LLC
Certified Public Accountants



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

Marlton, New Jersey
December 15, 2023

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

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period	June 30, 2022			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	June 30, 2023		
						Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
U.S. Department of Health & Human Services															
Passed-through State Department of Human Resources:															
<u>General Fund:</u>															
Medical Assistance Program - SEMI	93.778	2205NJ5MAP	N/A	\$ 44,579	7/1/22 - 6/30/23	\$ -	\$ -	\$ -	\$ -	\$ 44,579	\$ (44,579)	\$ -	\$ -	\$ -	\$ -
FFCRA/SEMI	93.778	2205NJ5MAP	N/A	3,614	1/1/21 - 12/31/21					3,613	(3,613)				
Total General Fund						-	-	-	-	48,192	(48,192)	-	-	-	-
U.S. Department of Education															
Passed-through State Department of Education:															
<u>Special Revenue Fund:</u>															
<u>Every Student Succeeds Act (ESSA)</u>															
Title I - Current Year	84.010	S010A220030	ESSA-2820-23	419,075	7/1/22 - 9/30/23					232,023	(259,838)		(27,815)		
Title I - Prior Year	84.010	S010A210030	ESSA-2820-22	345,902	7/1/21 - 9/30/22	(6,556)				108,490	(101,934)		-		
Title I-SIA - Current Year	84.010	S010A220030	ESSA-2820-23	98,376	7/1/22 - 9/30/23					31,351	(82,209)		(50,858)		
Title I-SIA - Prior Year	84.010	S010A210030	ESSA-2820-22	46,370	7/1/21 - 9/30/22	(1,715)				1,715			-		
Title II - Part A - Current Year	84.367A	S367A220029	ESSA-2820-23	74,229	7/1/22 - 9/30/23					50,590	(55,262)		(4,672)		
Title II - Part A - Prior Year	84.367A	S367A210029	ESSA-2820-22	61,922	7/1/21 - 9/30/22	(7,217)				7,217			-		
Title IV - Part A - Current Year	84.424	S424A220031	ESSA-2820-23	34,012	7/1/22 - 9/30/23					30,187	(31,067)		(880)		
Title IV - Part A - Current Year	84.424	S424A210031	ESSA-2820-22	42,213	7/1/21 - 9/30/22	(21,192)				21,192			-		
<u>Individuals With Disabilities Act (I.D.E.A.)</u>															
Part B - Basic - Current Year	84.027A	H027A220100	IDEA-2820-23	396,635	7/1/22 - 9/30/23					396,635	(396,635)		-		
Part B - ARP Basic - Current Year	84.027X	H027X210100	IDEA-2820-22	62,308	7/1/21 - 9/30/22								-		
Carl D. Perkins	84.048	VO48A220030	PERK-2820-23	73,256	7/1/22 - 9/30/23					57,862	(66,295)		(8,433)		
Carl D. Perkins - Prior Year	84.048	VO48A210030	PERK-2820-22	57,102	7/1/21 - 9/30/22		1,235							1,235	
Coronavirus Response and Relief Supplemental Act:															
CRRSA - ESSER II	84.425D	S425D210027	N/A	1,048,544	3/13/20 - 9/30/23					1,048,544	(1,048,544)				
CRRSA - Learning Acceleration	84.425D	S425D210027	N/A	67,290	3/13/20 - 9/30/23	(3,757)				3,590	(583)		(750)		
CRRSA - Mental Health	84.425D	S425D210027	N/A	45,000	3/13/20 - 9/30/23	(300)				3,519	(3,400)		(181)		
American Rescue Plan:															
ARP - ESSER III	84.425U	S425U210027	N/A	2,356,534	3/13/20 - 9/30/24	(434,251)				1,805,184	(1,419,915)		(48,982)		
ARP - Accelerated Learning	84.425U	S425U210027	N/A	113,902	3/13/20 - 9/30/24	(124)				38,711	(41,209)		(2,622)		
ARP - Summer Learning	84.425U	S425U210027	N/A	40,000	3/13/20 - 9/30/24						(30,924)		(30,924)		
ARP - Mental Health	84.425U	S425U210027	N/A	88,501	3/13/20 - 9/30/24	(8,013)				35,591	(36,584)		(9,006)		
Middle Grades Career Awareness	84.048	V048A210030	N/A	68,500	9/1/22 - 6/30/23					18,150	(55,623)		(37,473)		
Middle Grades Career Awareness	84.048	V048A210030	N/A	68,992	9/1/21 - 6/30/22	(20,060)				20,040		20	-		
U.S. Department of Treasury															
Passed-through State Department of Education:															
Additional or Compensatory Special Education and Related Services (ACSERS)	21.027	SLFRFDOE1SES	N/A	155,907	7/1/22 - 6/30/23					95,954	(191,907)		(95,953)		
Additional or Compensatory Special Education and Related Services (ACSERS)	21.027	SLFRFDOE1SES	N/A	162,375	7/1/21 - 6/30/22	(81,187)				81,187			-		
Total Special Revenue Fund						(584,372)	1,235	-	-	4,087,732	(3,821,929)	20	(318,549)	1,235	-
U.S. Department of Agriculture															
Passed-through State Department of Agriculture:															
<u>Enterprise Fund:</u>															
Food Distribution Program	10.555	231NJ304N1199	N/A	81,548	7/1/22 - 6/30/23					81,548	(81,548)				
National School Lunch Program	10.555	231NJ304N1199	N/A	232,735	10/1/22 - 9/30/23					218,516	(232,734)		(14,218)		
National School Lunch Program	10.555	221NJ304N1099	N/A	525,990	10/1/21 - 9/30/22	(30,774)				30,774					
School Breakfast Program	10.553	231NJ304N1199	N/A	38,524	10/1/22 - 9/30/23					37,784	(38,524)		(740)		
School Breakfast Program	10.553	221NJ304N1099	N/A	124,197	10/1/21 - 9/30/22	(10,128)				10,128					
Supply Chain Assistance - 1st Round	10.555	221NJ304N1104	N/A	27,841	1/1/22 - 9/30/23					27,841	(27,841)				
Supply Chain Assistance - 2nd Round	10.555	221NJ304N1105	N/A	25,698	1/1/22 - 9/30/23					25,698	(25,698)				
Supply Chain Assistance - 3rd Round	10.555	231NJ304N1106	N/A	14,336	10/1/22 - 9/30/24					14,336	(14,336)				
Total Enterprise Fund						(40,902)	-	-	-	446,625	(420,681)	-	(14,958)	-	-
Total Federal Awards						\$ (625,274)	\$ 1,235	\$ -	\$ -	\$ 4,582,549	\$ (4,290,802)	\$ 20	\$ (333,507)	\$ 1,235	\$ -

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

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

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2022			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Canceled	June 30, 2023		
				Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
State Department of Education													
<u>General Fund:</u>													
Equalization Aid	23-495-034-5120-078	\$ 95,936	7/1/22 - 6/30/23	\$ -	\$ -	\$ -	\$ -	\$ 88,323	\$ (95,936)	\$ -	\$ (7,613)	\$ -	\$ -
Equalization Aid	22-495-034-5120-078	95,936	7/1/21 - 6/30/22	(8,308)				8,308					
Transportation Aid	23-495-034-5120-014	1,178,704	7/1/22 - 6/30/23					1,085,074	(1,178,704)		(93,630)		
Transportation Aid	22-495-034-5120-014	1,178,704	7/1/21 - 6/30/22	(102,078)				102,078					
Special Education Aid	23-495-034-5120-089	862,052	7/1/22 - 6/30/23					793,648	(862,052)		(68,404)		
Special Education Aid	22-495-034-5120-089	862,052	7/1/21 - 6/30/22	(74,656)				74,656					
Security Aid	23-495-034-5120-084	350,566	7/1/22 - 6/30/23					322,749	(350,566)		(27,817)		
Security Aid	22-495-034-5120-084	350,566	7/1/21 - 6/30/22	(30,360)				30,360					
Adjustment Aid	23-495-034-5120-085	943,674	7/1/22 - 6/30/23					868,794	(943,674)		(74,880)		
Adjustment Aid	22-495-034-5120-085	2,363,554	7/1/21 - 6/30/22	(204,688)				204,688					
Extraordinary Aid	23-495-034-5120-044	157,991	7/1/22 - 6/30/23						(157,591)		(157,591)		
Extraordinary Aid	22-495-034-5120-044	193,961	7/1/21 - 6/30/22	(193,961)				193,961					
School Choice Aid	23-495-034-5120-068	1,163,217	7/1/22 - 6/30/23					1,070,916	(1,163,217)		(92,301)		
School Choice Aid	22-495-034-5120-068	1,250,964	7/1/21 - 6/30/22	(109,900)				109,900					
Additional Transportation Aid	23-495-034-5120-014	15,288	7/1/22 - 6/30/23						(15,288)		(15,288)		
Additional Transportation Aid	22-495-034-5120-014	13,630	7/1/21 - 6/30/22	(13,630)				13,630					
Homeless Tuition Aid	23-495-034-5120-005	27,779	7/1/22 - 6/30/23						(27,779)		(27,779)		
Homeless Tuition Aid	22-495-034-5120-005	9,235	7/1/21 - 6/30/22	(9,235)				9,235					
Stabilization Aid	23-100-034-5120-494	250,000	7/1/22 - 6/30/23					250,000	(250,000)				
Supplemental Stabilization Aid	23-495-034-5120-128	549,982	7/1/22 - 6/30/23					549,982	(549,982)				
School Security Grant - Alyssa's Law	22E00113	73,671	9/1/21 - 8/31/22	(15,299)						15,299	-		
Lead Testing Aid	23-495-034-5120-104	3,250	7/1/22 - 6/30/23					3,250	(3,250)				
Maintenance of Equity Aid	23-495-034-5120-128	1,039,100	7/1/22 - 6/30/23						(1,039,100)		(1,039,100)		
Maintenance of Equity Aid	22-495-034-5120-128	914,702	7/1/21 - 6/30/22	(914,702)				914,702			-		
On Behalf TPAF Pension Contributions	23-495-034-5094-002	4,323,205	7/1/22 - 6/30/23					4,323,205	(4,323,205)				
On Behalf TPAF Post Retirement Medical	23-495-034-5094-001	1,135,696	7/1/22 - 6/30/23					1,135,696	(1,135,696)				
On Behalf TPAF Pension LTDI Contributions	23-495-034-5094-004	747	7/1/22 - 6/30/23					747	(747)				
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	870,768	7/1/22 - 6/30/23					785,217	(870,768)		(85,551)		
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	860,385	7/1/21 - 6/30/22	(42,303)				42,303					
Total General Fund				(1,719,120)	-	-	-	12,981,422	(12,967,555)	15,299	(1,689,954)	-	-
<u>Special Revenue Service Fund</u>													
Climate Awareness Grant	23-WBO1-GO2	6,600	4/1/23 - 6/30/23					6,600	(6,600)				
Emergent & Capital Needs	EG-0182-DO2	31,521	7/1/22 - 6/30/23					31,521	(31,521)				
Total Special Revenue Fund				-	-	-	-	38,121	(38,121)	-	-	-	-
<u>Debt Service Fund</u>													
Debt Service Aid Type II	23-100-034-5120-017	103,857	7/1/22 - 6/30/23	-	-	-	-	103,857	(103,857)	-	-	-	-
Total Debt Service				-	-	-	-	103,857	(103,857)	-	-	-	-
State Department of Agriculture													
<u>Enterprise Fund:</u>													
State School Breakfast Program	23-100-010-3350-023	3,373	7/1/22 - 6/30/23					3,131	(3,373)		(242)		
State School Lunch Program	23-100-010-3350-023	9,755	7/1/22 - 6/30/23					9,257	(9,755)		(498)		
State School Lunch Program	22-100-010-3350-023	14,056	7/1/21 - 6/30/22	(708)				708					
Total Enterprise Fund				(708)	-	-	-	13,096	(13,128)	-	(740)	-	-
Total State Financial Assistance				\$ (1,719,828)	\$ -	\$ -	\$ -	\$ 13,136,496	\$ (13,122,661)	\$ 15,299	\$ (1,690,694)	\$ -	\$ -
Less: State Financial Assistance Not Subject to Major Program Determination:													
On Behalf TPAF Pension Contributions	23-495-034-5094-002	4,323,205	7/1/22 - 6/30/23						4,323,205				
On Behalf TPAF Post Retirement Medical	23-495-034-5094-001	1,135,696	7/1/22 - 6/30/23						1,135,696				
On Behalf TPAF Pension LTDI Contributions	23-495-034-5094-004	747	7/1/22 - 6/30/23						747				
Total State Financial Assistance Subject to Major Program Determination									\$ (7,663,013)				

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

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

I. GENERAL

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

2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$165,445 in the general fund and \$-0- in the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 48,192	\$ 13,133,000	\$ 13,181,192
Special Revenue Fund	3,821,929	38,121	3,860,050
Debt Service Fund		103,857	103,857
Food Service Fund	<u>420,681</u>	<u>13,128</u>	<u>433,809</u>
Total Awards & Financial Assistance	<u>\$ 4,290,802</u>	<u>\$ 13,288,106</u>	<u>\$ 17,578,908</u>

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

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2023. TPAF Social Security Contributions represents the amount reimbursed by the State for the School District's share of social security contributions for TPAF members for the year ended June 30, 2023.

6. MAJOR PROGRAMS

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

7. ADJUSTMENTS

Amounts reported in the column entitled “Adjustments” represent the following:

	<u>Federal</u>	<u>State</u>
Prior Year Receivable Adjustments	\$ <u>20</u>	\$ <u>15,299</u>

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

Section I --Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weaknesses identified? yes X no

2) Significant deficiencies identified? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal Control over major programs:

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

2) Significant deficiencies identified? yes X none reported

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

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

Identification of major programs:

<u>AL Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425D</u>	<u>S425D210027</u>	<u>CRRSA - ESSER II</u>
<u>84.425D</u>	<u>S425D210027</u>	<u>CRRSA - Learning Acceleration</u>
<u>84.425D</u>	<u>S425D210027</u>	<u>CRRSA - Mental Health</u>
<u>84.425U</u>	<u>S425U210027</u>	<u>ARP - ESSER</u>
<u>84.425U</u>	<u>S425U210027</u>	<u>ARP - Accelerated Learning</u>
<u>84.425U</u>	<u>S425U210027</u>	<u>ARP - Summer Learning</u>
<u>84.425U</u>	<u>S425U210027</u>	<u>ARP - Mental Health</u>

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

Auditee qualified as low-risk auditee? X yes no

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section 1 -- Summary of Auditor's Results (Cont'd)

State Awards Section

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

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

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

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

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

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

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>23-495-034-5120-068</u>	State Aid Public Cluster: <u>School Choice Aid</u>
<u>23-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>23-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>23-495-034-5120-084</u>	<u>Security Aid</u>
<u>23-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>23-495-034-5120-014</u>	<u>Transportation Aid</u>
<u>23-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security Contributions</u>
<u> </u>	<u> </u>

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

Section 2 -- Schedule of Financial Statement Findings

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

No findings and/or questioned costs identified.

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

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

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

FEDERAL AWARDS:

No findings and/or questioned costs identified.

STATE AWARDS:

No findings and/or questioned costs identified.

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

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

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings.

FEDERAL AWARDS

There were no prior year audit findings.

STATE AWARDS

There were no prior year audit findings.