

**SCHOOL DISTRICT
OF**

WEST CAPE MAY

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

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

Annual Comprehensive Financial Report

of the

West Cape May Board of Education

West Cape May, New Jersey

For the Fiscal Year Ended June 30, 2023

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

WEST CAPE MAY SCHOOL DISTRICT

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Introductory Section

WEST CAPE MAY BOARD OF EDUCATION

301 Moore Street

West Cape May, New Jersey 08204-1199

(609) 884-4614/ FAX (609) 884-0932

Zachary Palombo
Chief School Administrator

T.J. Belasco
Board President

John Thomas
Business Administrator

December 15, 2023

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

Dear Board and Community Members:

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

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

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

The District provides a full range of educational services appropriate to grade levels Pre-Kindergarten through 6. These include regular as well as special education for handicapped youngsters. The District completed the 2022-2023 fiscal year with an enrollment of 83 students.

The following chart details the changes in the student enrollment of the District over the last ten years:

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percentage Change
2022-2023	83	-1%
2021-2022	84	5.95%
2020-2021	79	-15.05%
2019-2020	93	-5.10%
2018-2019	98	-4.85%
2017-2018	103	7.29%
2016-2017	96	17.10%
2015-2016	82	-
2014-2015	82	9.33%
2013-2014	75	15.38%

2) **ECONOMIC CONDITION AND OUTLOOK:** Single family construction has slowed throughout the County and the Borough. This construction has not had an impact on school enrollment. Due to the district's approval by the New Jersey Department of Education as an Inter-District Public School Choice school since the 2011-12 school year, we have accepted many new students in the district, contributing to the years of growth noted in the table above. The choice enrollment has been capped since 2013, but there has still been continued growth. Enrollment dropped slightly (less than 1%) in 22-23.

3) **MAJOR INITIATIVES:** As a cost saving measure, the West Cape May School District and the Cape May City School District jointly hired a new shared service Superintendent. The Superintendent is shared 50/50, 2.5 days a week in each district. West Cape May is also sharing a School Business Administrator, Speech Therapist, ELL Teacher and Art Teacher as both districts struggle to meet the needs of students with less resources.

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

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

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

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

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

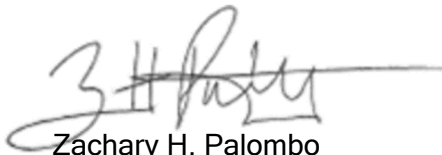
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8) **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability, hazard and theft insurance on property and contents, and fidelity bonds.

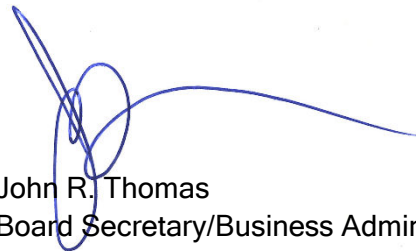
9) **OTHER INFORMATION:**

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

Respectfully submitted,



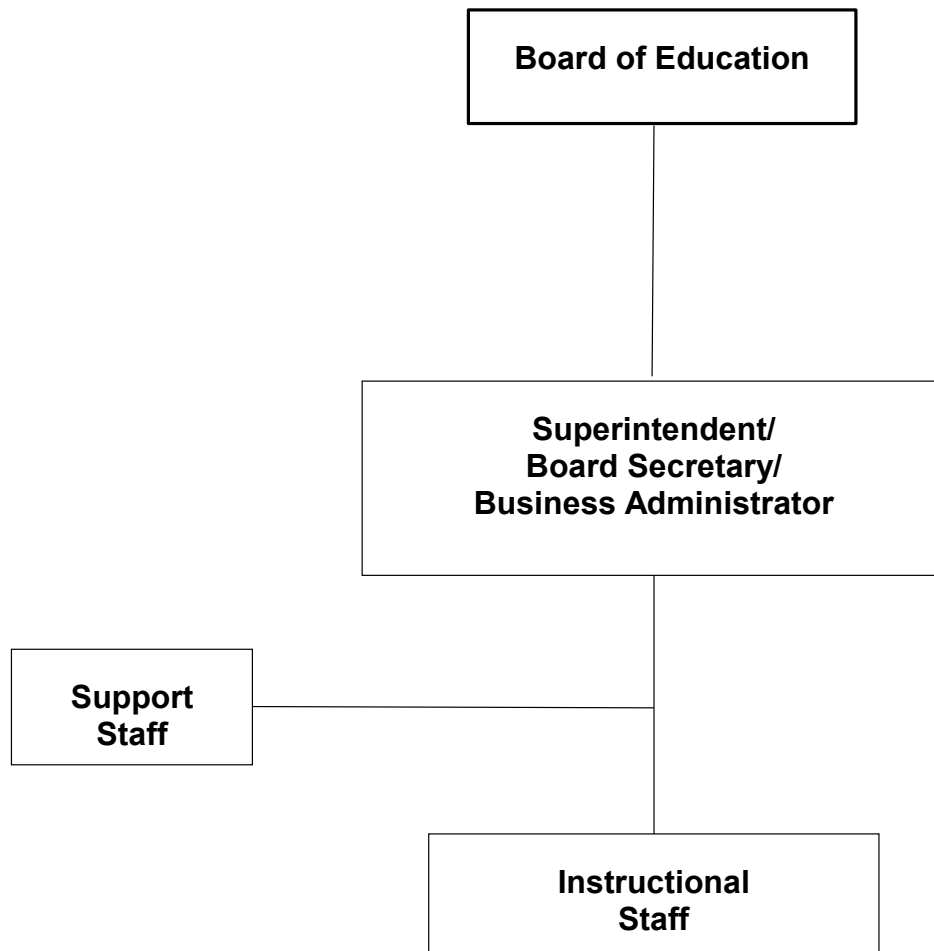
Zachary H. Palombo
Superintendent



John R. Thomas
Board Secretary/Business Administrator

WEST CAPE MAY BOARD OF EDUCATION

Organizational Chart (Unit Control)



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

**ROSTER OF OFFICIALS
JUNE 30, 2023**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Thomas J. Belasco, President	2024
Elaine Lawler, Vice-President	2025
Brian Groetsch	2026
Dr. David LaPuma	2025
Dr. Shelly Ward-Richards	2026

Other Officials

Zachary Palombo, Superintendent
John Thomas, School Business Administrator
Brett Gorman, Esq., Solicitor

WEST CAPE MAY BOARD OF EDUCATION
Consultants and Advisors

Architect

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

Audit Firm

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

Attorney

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

Official Depository

Sturdy Savings Bank
701 Washington Street
Cape May, NJ 08204

Financial Section

INVERSO & STEWART, LLC
Certified Public Accountants

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Marlton, New Jersey 08053
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-Member of-
American Institute of CPAs
New Jersey Society of CPAs

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
of the Board of Education
West Cape May School District
County of Cape May
West 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 West Cape May School District (the "District"), in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

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

Respectfully submitted,

INVERSO & STEWART, LLC

Certified Public Accountants



Robert P. Inverso

Certified Public Accountant

Public School Accountant No. CS001095

Marlton, New Jersey
December 15, 2023

Required Supplementary Information - Part I

Management's Discussion and Analysis

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

As management of the Board of Education of the Borough of West Cape May, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 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 \$1,373,229 (*net position*).
- Governmental activities have an unassigned net position of \$12,960. The accounting treatment in the governmental funds for compensated absences payable, and the last two state aid payments are primarily responsible for this balance.
- The total net position of the School District increased by \$950, or a 0.07% increase from the prior fiscal year-end balance. The change in fund balance was due to the results of operations.
- Fund balance of the School District's governmental funds decreased by \$90,773 resulting in an ending fund balance of \$829,389. The decrease in ending fund balance is due to the results of operations in the General Fund.
- Business-type activities have unrestricted net position of \$7,812, which may be used to meet the School District's ongoing obligations of the food service and child care operations.
- The School District's long-term obligations increased by \$62,945 which is the result of an increase in net pension liability and leases payable.

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 two categories: *governmental fund* and *proprietary funds*.

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

Other Information

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

District-wide Financial Analysis

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 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 \$1,364,614 with an unassigned fund balance of \$12,960. The net position of the primary government does not include internal balances.

A net investment of \$831,056 in land, improvements, buildings, equipment, and vehicles, which provide the services to the School District's 83 public school students, represents 60.90% of the School District's net position. Net position of \$223,155 has been restricted to provide resources for future capital expansion, \$13,062 has been restricted for maintenance reserve, \$20,041 has been restricted for emergency reserve, \$89,192 is restricted as current year excess surplus, \$165,585 is excess surplus designated for subsequent year's expenditures, \$1 reserved for repayment of debt, \$7,330 is reserved for unemployment compensation, and \$2,232 is reserved for student activities.

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

	Governmental Activities		Business-Type Activities		District-Wide	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current assets	\$ 870,555	\$ 957,896	\$ 13,348	\$ 1,662	883,903	959,558
Capital assets	838,077	753,543	803	973	838,880	754,516
Total assets	<u>1,708,632</u>	<u>1,711,439</u>	<u>14,151</u>	<u>2,635</u>	<u>1,722,783</u>	<u>1,714,074</u>
Deferred Outflows of Resources	<u>27,103</u>	<u>38,659</u>			<u>27,103</u>	<u>38,659</u>
LIABILITIES						
Current liabilities	63,466	57,281	5,536	697	69,002	57,978
Noncurrent liabilities	271,138	210,007			271,138	210,007
Total Liabilities	<u>334,604</u>	<u>267,288</u>	<u>5,536</u>	<u>697</u>	<u>340,140</u>	<u>267,985</u>
Deferred Inflows of Resources	<u>36,517</u>	<u>112,469</u>			<u>36,517</u>	<u>112,469</u>
Net Position	<u>\$ 1,364,614</u>	<u>\$ 1,370,341</u>	<u>\$ 8,615</u>	<u>\$ 1,938</u>	<u>\$ 1,373,229</u>	<u>\$ 1,372,279</u>
Net Position Consists of:						
Net investment in						
Capital Assets	\$ 831,056	\$ 753,543	\$ 803	\$ 973	\$ 831,859	\$ 754,516
Restricted Assets	520,598	712,135			520,598	712,135
Unrestricted Assets	<u>12,960</u>	<u>(95,337)</u>	<u>7,812</u>	<u>965</u>	<u>20,772</u>	<u>(94,372)</u>
Net Position	<u>\$ 1,364,614</u>	<u>\$ 1,370,341</u>	<u>\$ 8,615</u>	<u>\$ 1,938</u>	<u>\$ 1,373,229</u>	<u>\$ 1,372,279</u>

Governmental Activities

Governmental activities decreased the net position of the School District by \$5,727 during the current fiscal year. Key elements of the decrease in net position for governmental activities are as follows:

- Depreciation expense of \$48,233.
- Capital outlay of \$125,778.
- Results of operations in the general fund of (\$91,889).

Business-type Activities

Business-type activities increased the School District's net position by \$6,677. Key elements of the increase in net position for Business-type activities are as follows:

- Food Service expenditures exceeded program revenues by \$170.
- Child Care program expenditures exceeded revenues by \$6,847.

West Cape May School District
Comparative Schedule of Changes in Net Position
As of and for the Fiscal Years Ended June 30, 2023 and 2022

	Governmental Activities		Business-Type Activities		District-Wide	
	2023	2022	2023	2022	2023	2022
Revenues:						
Charges for services	\$ -	\$ -	\$ 11,438	\$ 10,812	\$ 11,438	\$ 10,812
Operating Grants and contributions	739,899	662,305		614	739,899	662,919
Property taxes	1,340,925	1,255,243			1,340,925	1,255,243
State aid - unrestricted	607,834	568,104			607,834	568,104
Other revenues	16,713	12,176	3		16,716	12,176
Total Revenues	<u>2,705,371</u>	<u>2,497,828</u>	<u>11,441</u>	<u>11,426</u>	<u>2,716,812</u>	<u>2,509,254</u>
Expenses:						
Governmental Activities:						
Instruction	905,594	840,040			905,594	840,040
Tuition	129,313	98,639			129,313	98,639
Related Services	499,351	463,859			499,351	463,859
Administrative Services	142,209	138,019			142,209	138,019
Operations and Maintenance	190,757	174,393			190,757	174,393
Transportation	63,590	38,582			63,590	38,582
Employee benefits	771,801	815,329			771,801	815,329
Other	4,885	5,085			4,885	5,085
Business-Type Activities:						
Child Care			4,594	11,181	4,594	11,181
Food Service			3,768	6,412	3,768	6,412
Total Expenses	<u>2,707,500</u>	<u>2,573,946</u>	<u>8,362</u>	<u>17,593</u>	<u>2,715,862</u>	<u>2,591,539</u>
Increase (Decrease) in Net Position before transfers	(2,129)	(76,118)	3,079	(6,167)	950	(82,285)
Transfers	(3,598)	(6,000)	3,598	6,000	-	-
Change in Net Position	(5,727)	(82,118)	6,677	(167)	950	(82,285)
Net Position, July 1	1,370,341	1,452,459	1,938	2,105	1,372,279	1,454,564
Net Position, June 30	<u>\$ 1,364,614</u>	<u>\$ 1,370,341</u>	<u>\$ 8,615</u>	<u>\$ 1,938</u>	<u>\$ 1,373,229</u>	<u>\$ 1,372,279</u>

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$829,389, a decrease of \$90,773 in comparison with the prior year. The decrease is the result of operations in the General Fund.

The fund balance for the School District at the end of the fiscal year consists of unassigned fund balance in the General Fund of \$198,211. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed as restricted cash reserved for future capital outlay expenditures of \$223,155, \$13,062 is reserved for maintenance, \$20,041 is reserved for emergencies, \$89,192 is restricted as current year excess surplus, \$165,585 is excess surplus designated for subsequent year's expenditures, \$110,580 appropriated as a revenue source in the subsequent year's budget, \$1 is reserved for repayment of debt, \$7,330 is reserved for unemployment compensation, and \$2,232 is reserved for student activities.

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

General Fund Budgetary Highlights

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the General Fund was \$250,624 while total fund balance (budgetary basis) was \$879,569. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance (budgetary basis) and total fund balance (budgetary basis) to total General Fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$2,457,688. Unassigned fund balance (budgetary basis) represents 10.20% of expenditures while total fund balance (budgetary basis) represents 35.79% 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 \$838,880 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment, and right-to-use assets. The total increase in the District's investment in capital assets for the current fiscal year was \$84,534 or a 11.22% increase. The increase is primarily due to playground improvements.

West Cape May School District Capital Asset (net of accumulated depreciation) June 30, 2023 and 2022

	Governmental Activities		Business-Type Activities		District-Wide	
	2023	2022	2023	2022	2023	2022
Land	\$ 120,694	\$ 120,694	\$ -	\$ -	\$ 120,694	\$ 120,694
Building and Building Improvements	664,658	576,406	-	-	664,658	576,406
Equipment	45,736	56,443	803	973	46,539	57,416
Leases	6,989	-	-	-	6,989	-
Net Assets	<u>\$ 838,077</u>	<u>\$ 753,543</u>	<u>\$ 803</u>	<u>\$ 973</u>	<u>\$ 838,880</u>	<u>\$ 754,516</u>

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

Long-term debt – During the fiscal year ended June 30, 2023, the School District had \$32,006 in compensated absences and \$7,021 in leases payable.

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 \$18,529,173. The available debt limit as of June 30, 2023 is \$18,529,173.

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

Economic Factors and Next Year's Budgets and Rates Update

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 an increase in state aid. The local tax levy in the General Fund increased by \$26,819 or 2.00%. Salaries continue to increase contractually; however, the District has managed to control costs. The 2023-24 General Fund Budget will increase by \$25,899 to \$1,367,789. The 2023 tax rate of \$.259 is slightly higher than the previous year.

Requests for Information

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

Basic Financial Statements

District-Wide Financial Statements

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

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 387,580	\$ 12,203	\$ 399,783
Internal Balances	(1,000)	1,000	-
Accounts Receivables, net	247,758	145	247,903
Restricted Assets:			
Cash and Cash Equivalents	236,217		236,217
Capital assets, net	831,088	803	831,891
Right-to-use lease assets, net	6,989		6,989
Total Assets	<u>1,708,632</u>	<u>14,151</u>	<u>1,722,783</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	<u>27,103</u>	<u>-</u>	<u>27,103</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>1,735,735</u>	<u>14,151</u>	<u>1,749,886</u>
LIABILITIES:			
Accounts payable			
Related to pension	20,486		20,486
Other	39,765	697	40,462
Unearned revenue	5,809	431	6,240
Internal Balances	(4,408)	4,408	
Noncurrent liabilities:			
Due within one year	1,814		1,814
Due beyond one year	<u>271,138</u>		<u>271,138</u>
Total Liabilities	<u>334,604</u>	<u>5,536</u>	<u>340,140</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of resources from pensions	<u>36,517</u>	<u>-</u>	<u>36,517</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>371,121</u>	<u>5,536</u>	<u>376,657</u>
NET POSITION:			
Net Investment in Capital Assets	831,056	803	831,859
Restricted for:			
Capital projects	223,155		223,155
Maintenance	13,062		13,062
Emergency	20,041		20,041
Excess Surplus	254,777		254,777
Debt Service	1		1
Unemployment compensation	7,330		7,330
Student Activities	2,232		2,232
Unrestricted (Deficit)	<u>12,960</u>	<u>7,812</u>	<u>20,772</u>
Total Net Position	<u>\$ 1,364,614</u>	<u>\$ 8,615</u>	<u>\$ 1,373,229</u>

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

WEST CAPE MAY SCHOOL DISTRICT
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 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	\$ 697,558	\$ -	\$ 93,446	\$ -	\$ (604,112)	\$ -	\$ (604,112)
Special education	80,634		22,335		(58,299)		(58,299)
Other instruction	127,402				(127,402)		(127,402)
Support Services:							
Tuition	129,313				(129,313)		(129,313)
Student & instruction related services	499,351		23,146		(476,205)		(476,205)
General administrative services	73,414				(73,414)		(73,414)
Central services	68,795				(68,795)		(68,795)
Plant operations and maintenance	190,757				(190,757)		(190,757)
Pupil transportation	63,590				(63,590)		(63,590)
Allocated and unallocated benefits	771,801		600,972		(170,829)		(170,829)
Unallocated depreciation and amortization	4,885				(4,885)		(4,885)
Total Governmental Activities	<u>2,707,500</u>		<u>739,899</u>		<u>(1,967,601)</u>		<u>(1,967,601)</u>
Business-Type Activities:							
Child care	4,594	11,438				6,844	6,844
Food service	<u>3,768</u>					<u>(3,768)</u>	<u>(3,768)</u>
Total Business-Type Activities	<u>8,362</u>	<u>11,438</u>				<u>3,076</u>	<u>3,076</u>
Total Primary Government	<u>\$ 2,715,862</u>	<u>\$ 11,438</u>	<u>\$ 739,899</u>	<u>\$ -</u>	<u>(1,967,601)</u>	<u>3,076</u>	<u>(1,964,525)</u>
General revenues:							
Taxes:							
Property taxes levied for general purposes, net					1,340,925		1,340,925
Federal and State aid not restricted					607,834		607,834
Interest and Investment Income - Restricted					144		144
Miscellaneous					16,569	3	16,572
Operating transfer					<u>(3,598)</u>	<u>3,598</u>	
Total general revenues, special items, extraordinary items and transfers					<u>1,961,874</u>	<u>3,601</u>	<u>1,965,475</u>
Change in Net Position					<u>(5,727)</u>	<u>6,677</u>	<u>950</u>
Net Position - July 1					<u>1,370,341</u>	<u>1,938</u>	<u>1,372,279</u>
Net Position - June 30					<u>\$ 1,364,614</u>	<u>\$ 8,615</u>	<u>\$ 1,373,229</u>

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

Fund Financial Statements

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Assets:					
Cash and Cash Equivalents	\$ 621,564	\$ 2,232	\$ -	\$ 1	\$ 623,797
Interfund Accounts Receivable					
Special Revenue Fund	120,605				120,605
Enterprise Fund	4,408				4,408
Intergovernmental Accounts Receivables:					
State	6,599				6,599
Federal		129,215			129,215
District Tax	111,744				111,744
Other Accounts Receivable	200				200
Total Assets	<u>\$ 865,120</u>	<u>\$ 131,447</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 996,568</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Accounts Payable					
General Fund		120,605			120,605
Special Revenue Fund					
Enterprise Fund	1,000				1,000
Accounts Payable:					
Payroll Deductions and Withholdings Payable	3,275				3,275
Unemployment Claims Payable	7,611				7,611
Other	26,078	2,801			28,879
Unearned Revenue		5,809			5,809
Total Liabilities	<u>37,964</u>	<u>129,215</u>			<u>167,179</u>
Fund Balances:					
Restricted:					
Capital Reserve	223,155				223,155
Maintenance Reserve	13,062				13,062
Emergency Reserve	20,041				20,041
Excess Surplus	254,777				254,777
Debt Service				1	1
Unemployment Compensation	7,330				7,330
Student Activities		2,232			2,232
Assigned to:					
Designated for Subsequent Year's Expenditures	110,580				110,580
Unassigned	198,211				198,211
Total Fund Balances	<u>827,156</u>	<u>2,232</u>		<u>1</u>	<u>829,389</u>
Total Liabilities and Fund Balances	<u>\$ 865,120</u>	<u>\$ 131,447</u>	<u>\$ -</u>	<u>\$ 1</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,163,202 and the accumulated depreciation is \$1,332,114. 831,088

Leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$7,610 and the accumulated amortization is \$621. 6,989

Accounts payable related to the April 1, 2024 required PERS contribution that is not to be liquidated with current financial resources. (20,486)

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	\$ 27,103	
Net Pension Liability	(233,925)	
Deferred Inflows of resources from Pensions	(36,517)	(243,339)

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.

Compensated Absences	\$ (32,006)	
Leases Payable	(7,021)	(39,027)

Net position of governmental activities \$ 1,364,614

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local property tax levy	\$ 1,340,925	\$ -	\$ -	\$ -	\$ 1,340,925
Tuition charges	3,570				3,570
Capital Reserve interest earned	118				118
Maintenance Reserve interest earned	5				5
Emergency Reserve interest earned	20				20
Other Restricted Miscellaneous Revenue	1				1
Unrestricted Miscellaneous Revenue	12,999				12,999
State sources	1,011,759	6,374			1,018,133
Federal sources		129,215			129,215
Local sources		3,338			3,338
Total revenues	2,369,397	138,927	-	-	2,508,324
EXPENDITURES:					
Current expense:					
Regular instruction	563,721	93,446			657,167
Special education instruction	58,299	22,335			80,634
Other instruction	127,402				127,402
Support services and undistributed costs:					
Tuition	129,313				129,313
Student & instruction related services	477,321	22,030			499,351
General administrative services	73,414				73,414
Central services	68,795				68,795
Plant operations and maintenance	186,392				186,392
Pupil transportation	63,590				63,590
Unallocated employee benefits	583,594				583,594
Capital Outlay	125,847				125,847
Debt service:					
Principal					
Interest and other charges					
Total expenditures	2,457,688	137,811	-	-	2,595,499
Excess (deficiency) of revenues over (under) expenditures	(88,291)	1,116	-	-	(87,175)
Other Financing Sources (Uses):					
Transfers in					-
Transfers out	(3,598)	-	-		(3,598)
Total other financing sources (uses)	(3,598)	-	-	-	(3,598)
Net change in fund balance	(91,889)	1,116	-	-	(90,773)
Fund balances, July	919,045	1,116	-	1	920,162
Fund balances, June 30	\$ 827,156	\$ 2,232	\$ -	\$ 1	\$ 829,389

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

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

Total net change in fund balances - governmental funds (from B-2) \$ (90,773)

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 outlays exceeded depreciation in the current fiscal year.

Depreciation expense	\$ (48,233)	
Capital outlay	<u>125,778</u>	77,545

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	(621)	
Lease Asset Additions	<u>7,610</u>	6,989

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.

589

The issuance of a lease increases long-term liabilities, however has no effect on fund balance.

(7,610)

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

8,840

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 (+).

(1,307)

Change in net position of governmental activities

\$ (5,727)

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

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

	Business-type Activities		
	<u>Child Care Program</u>	<u>Food Service Program</u>	<u>Total</u>
ASSETS:			
Current assets:			
Cash and Cash Equivalents	\$ 11,641	\$ 562	\$ 12,203
Interfund Receivable	-	1,000	1,000
Accounts Receivable	145	-	145
	<u>11,786</u>	<u>1,562</u>	<u>13,348</u>
Total Current Assets			
Noncurrent Assets:			
Equipment	-	2,550	2,550
Less Accumulated Depreciation	-	(1,747)	(1,747)
	<u>-</u>	<u>803</u>	<u>803</u>
Total Noncurrent Assets			
Total Assets	<u>\$ 11,786</u>	<u>\$ 2,365</u>	<u>\$ 14,151</u>
LIABILITIES			
Current Liabilities:			
Other liabilities	\$ -	\$ 697	\$ 697
Unearned revenue	431		431
Interfund Payable	4,408	-	4,408
	<u>4,839</u>	<u>697</u>	<u>5,536</u>
Total Liabilities			
NET POSITION			
Net Investment in Capital Assets	-	803	803
Unrestricted	6,947	865	7,812
	<u>6,947</u>	<u>1,668</u>	<u>8,615</u>
Total Net Position	<u>\$ 6,947</u>	<u>\$ 1,668</u>	<u>\$ 8,615</u>

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

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

	Business-type Activities		
	Enterprise Funds		
	<u>Child Care Program</u>	<u>Food Service Program</u>	<u>Total</u>
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$ -	\$ -	\$ -
Daily sales - non-reimbursable programs	-	-	-
Program fees	10,808		10,808
Miscellaneous	630	-	630
	<u>11,438</u>	<u>-</u>	<u>11,438</u>
Total operating revenue			
	<u>11,438</u>	<u>-</u>	<u>11,438</u>
Operating expenses:			
Salaries	4,095	3,136	7,231
Employee benefits	313	240	553
Purchased services	-	-	-
Supplies and materials	186	222	408
Depreciation	-	170	170
Cost of sales - reimbursable programs	-	-	-
Cost of sales - non-reimbursable programs	-	-	-
	<u>4,594</u>	<u>3,768</u>	<u>8,362</u>
Total operating expenses			
	<u>4,594</u>	<u>3,768</u>	<u>8,362</u>
Operating income (loss)			
	<u>6,844</u>	<u>(3,768)</u>	<u>3,076</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	-	-	-
Federal sources:			
National school lunch program	-	-	-
National school breakfast program	-	-	-
Local sources:			
Interest revenue	3	-	3
	<u>3</u>	<u>-</u>	<u>3</u>
Total nonoperating revenues (expenses)			
	<u>3</u>	<u>-</u>	<u>3</u>
Change in net position before transfers	6,847	(3,768)	3,079
Other financing sources and uses:			
Operating transfer in:	-	3,598	3,598
	<u>-</u>	<u>3,598</u>	<u>3,598</u>
Change in net position	6,847	(170)	6,677
Total net position - July 1, 2022	100	1,838	1,938
	<u>100</u>	<u>1,838</u>	<u>1,938</u>
Total net position - June 30, 2023	\$ 6,947	\$ 1,668	\$ 8,615
	<u>\$ 6,947</u>	<u>\$ 1,668</u>	<u>\$ 8,615</u>

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

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

	Business-type Activities		
	<u>Child Care Program</u>	<u>Food Service Program</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 11,723	\$ -	\$ 11,723
Payments to employees	-	-	-
Payments to suppliers	(185)	-	(185)
Net cash used for operating activities	<u>11,538</u>	<u>-</u>	<u>11,538</u>
Cash flows from noncapital financing activities:			
State and Federal sources	-	-	-
Board contribution	-	-	-
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital activities:			
Purchases of fixed assets	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest and dividends	<u>3</u>	<u>-</u>	<u>3</u>
Net cash provided by investing activities	<u>3</u>	<u>-</u>	<u>3</u>
Net increase in cash and cash equivalents	11,541	-	11,541
Balances - July 1, 2022	<u>100</u>	<u>562</u>	<u>662</u>
Balances - June 30, 2023	<u>\$ 11,641</u>	<u>\$ 562</u>	<u>\$ 12,203</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 6,844	\$ (3,768)	\$ 3,076
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	-	170	170
Unearned revenue		3,598	3,598
(Increase)/decrease in interfund receivable	(145)	-	(145)
Increase/(decrease) in unearned revenue	431		431
Increase/(decrease) in interfund payable	4,408	-	4,408
Total adjustments	<u>4,694</u>	<u>3,768</u>	<u>8,462</u>
Net cash provided by (used for) operating activities	<u>\$ 11,538</u>	<u>\$ -</u>	<u>\$ 11,538</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Borough of West Cape May School District ("School District") is a Type II district located in the County of Cape May, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board of Education is comprised of five members elected to three-year terms. These terms are staggered so that one or two members' terms expire each year. The purpose of the School District is to provide educational services for resident students in grades K through 6. The West Cape May School District has an approximate enrollment at June 30, 2023 of 83 students.

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

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

Basis of Presentation

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds (Continued)

The School District's enterprise funds are as follows:

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

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

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

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

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

Measurement Focus

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

West Cape May 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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$687,493 as of June 30, 2023, \$250,000 was insured under FDIC and the remaining balance of \$437,493 was collateralized under GUDPA.

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.

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

3. CAPITAL RESERVE ACCOUNT (Continued)

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

Balance July 1, 2022		\$ 296,037
Increased by:		
Unspent Appropriations	\$ -	
Interest Earned	<u>118</u>	<u>118</u>
		296,155
Decreased by:		
Withdrawal		<u>(73,000)</u>
Balance June 30, 2023		<u><u>\$ 223,155</u></u>

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

4. ACCOUNTS RECEIVABLE

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

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

	General Fund	Special Revenue Fund	Proprietary Fund	Total
Intergovernmental				
State	\$ 6,607	\$ -	\$ -	\$ 6,607
Federal	-	129,215		129,215
District Tax	111,744	-	-	111,744
Other	<u>200</u>	<u>-</u>	<u>145</u>	<u>345</u>
Total	<u><u>\$ 118,551</u></u>	<u><u>\$ 129,215</u></u>	<u><u>\$ 145</u></u>	<u><u>\$ 247,911</u></u>

West Cape May 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:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities:				
Land	\$ 120,694	\$ -	\$ -	\$ 120,694
Total Capital Assets not being Depreciated	120,694	-	-	120,694
Capital Assets, being Depreciated:				
Building and Improvements	1,432,079	125,778		1,557,857
Equipment	484,651			484,651
Total Historical Cost	1,916,730	125,778	-	2,042,508
Less Accumulated Depreciation:				
Building and Improvements	(855,673)	(37,526)		(893,199)
Equipment	(428,208)	(10,707)		(438,915)
Total Accumulated Depreciation	(1,283,881)	(48,233)	-	(1,332,114)
Total Capital Assets, being depreciated, net	632,849	77,545		710,394
Governmental Activities Capital Assets, Net	\$ 753,543	\$ 77,545	\$ -	\$ 831,088
Business-Type Activities:				
Equipment	\$ 2,550	\$ -	\$ -	\$ 2,550
Less - Accumulated Depreciation	(1,577)	(170)		(1,747)
Business-Type Activities Capital Assets, Net	\$ 973	\$ (170)	\$ -	\$ 803

Depreciation expense in the amount of \$48,233 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	\$ 38,587
Plant Operations and Maintenance	4,823
Unallocated	4,823
Total depreciation expense	\$ 48,233

West Cape May 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:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
Governmental Activities:				
Lease Assets, being Amortized:				
Machinery and Equipment	\$ -	\$ 7,610		\$ 7,610
Total Lease Assets Being Amortized	-	7,610	-	7,610
Governmental Activities Lease Assets	-	7,610	-	7,610
Less Accumulated Amortization for:				
Machinery and Equipment	-	(621)		(621)
Total Accumulated Amortization	-	(621)	-	(621)
Governmental Activities Lease Assets, Net	\$ -	\$ 6,989	\$ -	\$ 6,989

Amortization expense in the amount of \$621 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 497
Plant Operations and Maintenance	62
Unallocated	62
Total depreciation expense	\$ 621

7. LONG-TERM OBLIGATIONS

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

	<u>Principal</u> <u>Outstanding</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal</u> <u>Outstanding</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Compensated Absences	\$ 30,699	\$ 1,307	\$ -	\$ 32,006	\$ -
Leases Payable	-	7,610	589	7,021	1,814
Net Pension Liability	179,308	54,617		233,925	-
	<u>\$ 210,007</u>	<u>\$ 63,534</u>	<u>\$ 589</u>	<u>\$ 272,952</u>	<u>\$ 1,814</u>

Bonds Payable - Bonds and loans are authorized in accordance with State law by the voters of the School District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. As of June 30, 2023, the School District had no outstanding bonds.

As of June 30, 2023, the School District had no authorized but not issued bonds.

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

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

7. LONG-TERM OBLIGATIONS (Continued)

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 March 14, 2023, the School District entered a 49-month lease as lessee for the use of a copier. An initial lease liability was recorded in the amount of \$7,610. As of June 30, 2023, the lease liability was \$7,021. The School District is required to make monthly payments of \$171. The lease has an interest rate of 4.00%. The value of the right to use asset as of June 30, 2023, was \$6,989 with accumulated amortization of \$621.

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>
Copier	March 14, 2023	March 14, 2027	4.00%	\$ 7,021
Total				<u>\$ 7,021</u>

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,814	\$ 241	\$ 2,055
2025	1,888	167	2,055
2026	1,965	90	2,055
2027	<u>1,354</u>	<u>16</u>	<u>1,370</u>
Total	<u>\$ 7,021</u>	<u>\$ 514</u>	<u>\$ 7,535</u>

8. PENSION PLANS

Description of Plans – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). In addition, several School District employees participate in the Defined Contribution Retirement Program (DCRP), which is a defined contribution pension plan. This plan is administered by 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.

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

8. PENSION PLANS (Continued)

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

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

The following represents the membership tiers for TPAF:

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

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

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

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

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

Based on the most recent TPAF measurement date of June 30, 2022, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2023, was \$248,760 and was paid by April 1, 2023. School District employee contributions to the pension plan during the fiscal year ended June 30, 2023 were \$70,234.

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.

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

8. PENSION PLANS (Continued)

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

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 \$82,532 and revenue of \$82,532 for support provided by the State. Although the School District does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the School District.

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

	<u>06/30/22</u>	<u>06/30/21</u>
Collective deferred outflows of resources	\$ 4,885,289,911	\$ 6,230,825,389
Collective deferred inflows of resources	19,563,805,393	27,221,092,460
Collective net pension liability (Non-Employer – State of New Jersey)	51,676,587,303	48,165,991,182
State's portion of the net pension liability that was associated with the School District	3,066,635	2,873,004
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.0059437336%	.0059760634%

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.

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

8. 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>3,595,695</u>	<u>3,066,635</u>	<u>2,620,969</u>
	<u>\$ 3,595,695</u>	<u>\$ 3,066,635</u>	<u>\$ 2,620,969</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.

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

8. 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 \$19,547 and was paid by April 1, 2023. School District employee contributions to the pension plan during the fiscal year ended June 30, 2023 were \$9,866.

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

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS)

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

Fiscal Year	Normal Contributions	Accrued Liability	Non Contributory Life	Long Term Disability	Total Liability Paid by District
2023	\$ 2,977	\$ 15,724	\$ 846	\$ -	\$ 19,547
2022	2,146	14,763	817	-	17,726
2021	1,857	13,622	786	-	16,265

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 \$233,925 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 (\$9,780). At June 30, 2023, the School District reported a liability of \$233,925 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	\$ 1,688	\$ 1,489
Changes of assumptions	725	35,028
Net Difference between projected and actual earnings on pension plan investments	9,682	
Changes in proportion	15,008	
District contributions subsequent to the measurement date	20,486	
Total	\$ 47,589	\$ 36,517

\$20,486 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.

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

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS)

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	\$ (13,414)
2025	(8,100)
2026	(1,249)
2027	13,198
2028	151
Total	\$ (9,414)

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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	-

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

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS)

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	.0015500599%	.0014868144%

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.

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

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS)

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:

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$ 300,525	\$ 233,925	\$ 177,246

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.

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

8. 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	\$ 3,374	\$ 3,374
2022	2,651	2,651
2021	6,511	6,511

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

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

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

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

Contributions

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

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

9. 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	based on service	based on service
	years	years	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%.

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

9. 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	\$ 2,654,716
Changes for the Year	
Service Cost	196,392
Interest	60,235
Changes of benefit terms	-
Differences between expected and actual experience	29,066
Changes in assumptions	(609,733)
Gross Benefit Payments	(59,665)
Contributions from the Non-employer	N/A
Contributions from the Member	1,914
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	\$ (381,791)
Balance at 06/30/2022	<u>\$ 2,272,925</u>

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

	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	\$ 2,671,584	\$ 2,272,925	\$ 1,953,420

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	\$ 1,878,711	\$ 2,272,925	\$ 2,790,748

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

9. 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 \$124,295 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, 2022, the State's proportionate share of the total nonemployer OPEB liability's deferred outflows of resources and deferred inflows of resources, associated with the School District, from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion	\$ 187,391	\$ (245,014)
Differences between expected and actual experience	405,807	(693,950)
Changes of assumptions	393,386	(773,580)
Total	\$ 986,584	\$ (1,712,544)

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	\$ (122,705)
2025	(122,705)
2026	(122,705)
2027	(106,048)
2028	(60,640)
Thereafter	(191,157)
Total	\$ (725,960)

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

10. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 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 \$269,135, \$70,921, and \$167, respectively. In addition, \$62,866 in on-behalf payments were made by the state for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

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

11. RISK MANAGEMENT

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

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

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

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary.

The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The Fund publishes its own financial report which can be obtained by writing to: School Boards Association Insurance Group, 450 Veterans Drive, Burlington, New Jersey 08102.

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Miscellaneous</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ -	\$ 1,868	\$ -	\$ -	\$ 14,941
2022	-	2,533	1	-	13,073
2021	-	2,348	5	-	10,539

12. DEFERRED COMPENSATION

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

13. COMPENSATED ABSENCES

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

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

13. COMPENSATED ABSENCES (Continued)

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2023, the liability for compensated absences in the governmental activities fund types was \$32,006.

14. INTERFUND RECEIVABLES/PAYABLES

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

Fund	Interfund Receivable	Interfund Payable
General	\$ 125,013	\$ 1,000
Special Revenue	-	120,605
Proprietary	1,000	4,408
Total	<u>\$ 126,013</u>	<u>\$ 126,013</u>

15. CONTINGENCIES

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

At June 30, 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.

16. TAX ABATEMENTS

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

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

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

16. TAX ABATEMENTS (Continued)

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

As of December 31, 2022, the Borough of West Cape May had no tax abatements.

17. 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 \$89,192 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$165,585 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 \$223,155 which 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 \$13,062. 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).

RESTRICTED (Continued)

Emergency Reserve – As of June 30, 2023, the balance in the emergency reserve is \$20,041. The entire amount has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2024. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S.A. 18A:7F-41c(1).

Unemployment Compensation Reserve – As of June 30, 2023, the balance in the unemployment compensation reserve is \$7,330. These funds are restricted for the purpose of financing unemployment claims.

Special Revenue Fund:

Student Activities – As of June 30, 2023, the balance in student activities is \$2,232.

Debt Service Fund – As of June 30, 2023, the balance is \$1.

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

17. FUND BALANCES (Continued)

ASSIGNED

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

General Fund:

Designated for Subsequent Year's Expenditures – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2024, \$110,580 of general fund balance.

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, \$198,211 of general fund balance was unassigned.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

WEST CAPE MAY 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 property tax levy	\$ 1,340,925	\$ -	\$ 1,340,925	\$ 1,340,925	\$ -
Tuition from individuals		-		3,570	3,570
Interest Earned on Capital Reserve	350	-	350	118	(232)
Interest Earned on Maintenance Reserve	70		70	5	(65)
Interest Earned on Emergency Reserve	20		20	20	-
Other Restricted Miscellaneous Revenue				1	1
Unrestricted Miscellaneous Revenue	900	-	900	12,999	12,099
Total local sources	1,342,265	-	1,342,265	1,357,638	15,373
State sources:					
School Choice Aid	519,753	-	519,753	519,753	-
Categorical Special Education Aid	11,934	-	11,934	11,934	-
Categorical Security Aid	73,347	-	73,347	73,347	-
Categorical Transportation Aid	5,258	-	5,258	5,258	-
Nonpublic Transportation Aid				624	624
On-behalf TPAF pension contributions (non-budgeted)				269,971	269,971
On-behalf TPAF post retirement medical (non-budgeted)				70,921	70,921
On-behalf TPAF-LTGI (non-budgeted)				167	167
Reimbursed TPAF social security contributions (non-budgeted)				62,866	62,866
Total state sources	610,292	-	610,292	1,014,841	404,549
TOTAL REVENUES	1,952,557	-	1,952,557	2,372,479	419,922
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Preschool	21,731	(4,425)	17,306	7,606	9,700
Kindergarten	56,897	1,592	58,489	58,489	-
Grades 1-5	330,170	2,833	333,003	333,003	-
Grades 6-8	74,597	-	74,597	65,099	9,498
Total Instruction	483,395	-	483,395	464,197	19,198
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	67,145	(20,406)	46,739	45,480	1,259
Purchased professional educational services	36,500	(85)	36,415	24,753	11,662
Purchased technical services	16,357	-	16,357	7,609	8,748
Other purchased services	2,870	1,110	3,980	2,573	1,407
General supplies	45,942	(13,821)	32,121	18,724	13,397
Textbooks	6,125	-	6,125	385	5,740
Total Undistributed Instruction	174,939	(33,202)	141,737	99,524	42,213
Total - Regular Programs - Instruction	658,334	(33,202)	625,132	563,721	61,411

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

(CONTINUED TO NEXT PAGE)

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

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Educ Instruction: Res. Room/Res. Center					
Salaries of teachers	\$ 60,490	\$ -	\$ 60,490	\$ 58,299	\$ 2,191
Other salaries for instruction		-			-
General supplies	1,000	-	1,000		1,000
Total Resource Room/Resource Center	61,490	-	61,490	58,299	3,191
Home Instruction					
Salaries of teachers	750	-	750	-	750
Total Home Instruction	750	-	750	-	750
Total Special Education - Instruction	62,240	-	62,240	58,299	3,941
Basic Skills/Remedial - Instruction					
Salaries of teachers	56,638	19,381	76,019	76,019	-
General supplies	750	-	750		750
Textbooks	-	-	-	-	-
Total Basic Skills/Remedial - Instruction	57,388	19,381	76,769	76,019	750
Bilingual - Instruction					
Salaries of teachers	45,000	5,853	50,853	50,853	-
Total Bilingual Education - Instruction	45,000	5,853	50,853	50,853	-
School-Sponsored Cocurricular Act - Inst.					
Salaries	4,500		4,500	530	3,970
General Supplies	500	-	500		500
Total School-Sponsored Cocurr. Act. - Inst	5,000	-	5,000	530	4,470
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - regular		20,653	20,653	20,653	-
Tuition to CSSD & reg. day schools	175,962	(34,764)	141,198	108,660	32,538
Total Undistributed Expenditures - Instruction	175,962	(14,111)	161,851	129,313	32,538
Undistributed Expenditures - Attend. and Social Work					
Salaries of teachers	16,686	6,895	23,581	23,581	-
General Supplies	400	-	400		400
Total Undistributed Expenditures - Attendance	17,086	6,895	23,981	23,581	400
Undistributed Expenditures - Health Services					
Salaries	58,420	3,675	62,095	62,095	-
Purchased services	1,800	-	1,800	1,800	-
Supplies and materials	2,000	23	2,023	2,023	-
Total Undistributed Expenditures - Health Svcs.	62,220	3,698	65,918	65,918	-
Undist. Expend. - Speech, OT, PT & Rel. Serv.					
Salaries		-			-
Purchased professional and educ. services	15,787	(8,226)	7,561	7,561	
Supplies and materials	717	-	717	191	526
Total Undst. Expend. - Speech, OT, PT & Rel. Serv.	16,504	(8,226)	8,278	7,752	526
Undist. Expend. - Guidance					
Salaries of Other Professional Staff		3,801	3,801	3,744	57
Purchased professional and educ. services	-	-			-
Total Undst. Expend. - Guidance	-	3,801	3,801	3,744	57

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

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

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	\$ 48,697	\$ -	\$ 48,697	\$ 48,697	\$ -
Purchased professional and educ. services	8,550	5,350	13,900	13,725	175
Total Undst. Expend. - Child study Teams	57,247	5,350	62,597	62,422	175
Undist. Expend. - Improvement of Instructional Services					
Salaries of Supervisors of Instruction	108,412	1,416	109,828	109,828	-
Salaries of Other Professional Staff	28,020	7,279	35,299	35,299	-
Purchased professional and educ. services	37,500	251	37,751	37,751	-
Supplies and materials	500	(276)	224	213	11
Total Undst. Expend. - Imp. of Instructional Services	174,432	8,670	183,102	183,091	11
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	62,353	-	62,353	62,353	-
Purchased professional and technical services	31,152	5,279	36,431	36,431	-
Other purchased services	25,500	55	25,555	25,555	-
Supplies and materials	14,450	(9,994)	4,456	4,456	-
Other objects	-	-	-	-	-
Total Undst. Expend. - Educ. Media Serv./Sch. Library	133,455	(4,660)	128,795	128,795	-
Undist. Expend. - Instructional Staff Training Services					
Salaries of Supervisors of Instruction	3,500	(3,500)	-	-	-
Purchased professional and educ. services	15,500	(8,244)	7,256	1,886	5,370
Other purchased services	500	-	500	132	368
Total Undst. Expend. - Instr. Staff Training Services	19,500	(11,744)	7,756	2,018	5,738
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	5,436	1,260	6,696	6,696	-
Legal services	11,000	2,781	13,781	6,106	7,675
Audit Fees	12,000	(1,718)	10,282	9,400	882
Architectural/Engineering Services	5,000	-	5,000	-	5,000
Other purchased professional services	39,625	4,948	44,573	44,573	-
Purchased technical services	-	520	520	520	-
Communications/Telephone	2,700	-	2,700	1,397	1,303
BOE Other Purchased Services	750	-	750	-	750
Miscellaneous purchased services	860	-	860	382	478
General Supplies	1,400	-	1,400	601	799
BOE membership dues and fees	3,600	139	3,739	3,739	-
Total Undst. Expend. - Supp. Serv. General Admin.	82,371	7,930	90,301	73,414	16,887
Undist. Expend. - Central Services					
Salaries	57,020	(42,555)	14,465	14,465	-
Purchased professional services	-	45,000	45,000	45,000	-
Purchased technical services	7,266	1,519	8,785	8,785	-
Miscellaneous purchased services	350	(138)	212	212	-
Supplies and materials	500	2,480	2,980	333	2,647
Total Undst. Expend. - Central Services	65,136	6,306	71,442	68,795	2,647

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

(CONTINUED TO NEXT PAGE)

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

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maint. Sch. Facilities					
Salaries	\$ 51,556	\$ 1,419	\$ 52,975	\$ 52,975	\$ -
Cleaning, repair, and maintenance services	45,724	3,478	49,202	19,199	30,003
General supplies	12,750	(12,750)			
Other objects	250		250	86	164
Total Undst. Expend. - Required Maint. Sch. Facilities	110,280	(7,853)	102,427	72,260	30,167
Undist. Expend. - Custodial Services					
Salaries	17,528	(684)	16,844	16,844	-
Cleaning, repair, and maintenance services	2,000	(600)	1,400	1,265	135
Other purchased property services	1,800	1,725	3,525	3,525	-
Insurance	19,510	1,433	20,943	20,943	-
General supplies	4,500	(921)	3,579	195	3,384
Energy (natural gas)	13,000	-	13,000	11,266	1,734
Energy (electricity)	17,500	-	17,500	15,696	1,804
Other objects		1,001	1,001	1,001	-
Total Undst. Expend. - Custodial Services	75,838	1,954	77,792	70,735	7,057
Undist. Expend. - Care and Upkeep of Grounds					
Cleaning, repair, and maintenance services	8,500	-	8,500	7,250	1,250
Total Undst. Expend. - Care and Upkeep of Grounds	8,500	-	8,500	7,250	1,250
Security					
Salaries	34,327	(45)	34,282	34,062	220
Purchased Professional and Technical Services		1,880	1,880	1,880	
General supplies		205	205	205	
Total Security	34,327	2,040	36,367	36,147	220
Total Undst. Expend. - Oper. & Maint. of Plant Services	228,945	(3,859)	225,086	186,392	38,694
Undist. Expend. - Student Trans. Services					
Contr. serv. - Aid in lieu pymts - nonpub school	1,000	1,044	2,044	2,044	-
Contr. serv. (other than bet. home & sch.) - vendors	500	1,500	2,000	2,000	-
Contr. serv. (bet. home and school) - joint agreements	1,000	45,286	46,286	46,286	-
Contr. serv. (spec ed students) - joint agreements	42,959	(29,699)	13,260	13,260	-
Miscellaneous purchased services		-			-
Total Undst. Expend. - Student Trans. Services	45,459	18,131	63,590	63,590	-
Regular Programs - Instruction - Employee Benefits					
Other Employee Benefits	-	-	-	-	-
Total regular Programs - Instruction	-	-	-	-	-
Unallocated Benefits - Employee Benefits					
Social security contributions	30,000	(196)	29,804	29,491	313
Other retirement contributions - PERS	18,000	1,742	19,742	19,742	-
Other retirement contributions - Regular	2,250	52	2,302	2,302	-
Unemployment Compensation		-			-
Workmen's compensation	18,091	1,725	19,816	19,816	-
Health Benefits	119,695	(8,736)	110,959	100,761	10,198
Tuition Reimbursement	15,000	(4,800)	10,200	7,557	2,643
Total Unallocated Benefits - Employee Benefits	203,036	(10,213)	192,823	179,669	13,154
On-behalf TPAF pension contributions (non-budgeted)				269,971	(269,971)
On-behalf TPAF post retirement medical (non-budgeted)				70,921	(70,921)
On-behalf TPAF-LTGI (non-budgeted)				167	(167)
Reimbursed TPAF social security contributions (non-budgeted)				62,866	(62,866)
Total Undistributed Expenditures - TPAF	-	-	-	403,925	(403,925)

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

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

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Undistributed Expenditures	\$ 1,326,353	\$ 13,821	\$ 1,340,174	\$ 1,633,272	\$ (293,098)
Total General Current Expense	2,109,315	-	2,109,315	2,331,841	(222,526)
CAPITAL OUTLAY:					
Equipment					
Undistributed services - Non-Inst. Serv.	53,500	73,000	126,500	125,778	722
Total Equipment	53,500	73,000	126,500	125,778	722
Facilities Acquisition and Construction Services					
Construction services		-			-
Assessment for Debt Service on SDA Funding	69	-	69	69	-
Total Facilities Acquisition and Construction Services	69	-	69	69	-
Total Capital Outlay	53,569	73,000	126,569	125,847	722
Total Expenditures	2,162,884	73,000	2,235,884	2,457,688	(221,804)
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(210,327)	(73,000)	(283,327)	(85,209)	198,118
Other Financing Sources:					
Operating transfer in					-
Operating transfer out	(5,000)	-	(5,000)	(3,598)	1,402
Total Other Financing Sources	(5,000)	-	(5,000)	(3,598)	1,402
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(215,327)	(73,000)	(288,327)	(88,807)	199,520
Fund Balance, July 1	968,376		968,376	968,376	
Fund Balance, June 30	<u>\$ 753,049</u>	<u>\$ (73,000)</u>	<u>\$ 680,049</u>	<u>\$ 879,569</u>	<u>\$ 199,520</u>
Recapitulation:					
Restricted:					
Capital Reserve:					
Designated for Subsequent Year's Expenditures				\$ -	
Capital Reserve				223,155	
Maintenance Reserve:					
Designated for Subsequent Year's Expenditures				-	
Maintenance Reserve				13,062	
Emergency Reserve:					
Designated for Subsequent Year's Expenditures				20,041	
Emergency Reserve				-	
Excess Surplus:					
Designated for Subsequent Year's Expenditures				165,585	
Current Year				89,192	
Unemployment Compensation				7,330	
Assigned:					
Year-end encumbrances				-	
Designated for Subsequent Year's Expenditures				110,580	
Unassigned				<u>250,624</u>	
				879,569	
Reconciliation on Governmental Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				(52,413)	
Fund Balance per Government Fund (GAAP)				<u>\$ 827,156</u>	

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

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 25,439	\$ 290,315	\$ 315,754	\$ 129,215	\$ (186,539)
State sources		6,660	6,660	6,374	(286)
Local sources	3,600	(2,000)	1,600	3,338	1,738
Total revenues	29,039	294,975	324,014	138,927	(185,087)
EXPENDITURES:					
Instruction:					
Salaries of teachers		165,644	165,644	59,299	106,345
Purchased professional & technical services		42,735	42,735	9,347	33,388
Tuition	16,441	5,894	22,335	22,335	-
General supplies	8,000	20,535	28,535	24,440	4,095
Other objects		360	360	360	-
Total instruction	24,441	235,168	259,609	115,781	143,828
Support Services:					
Employee benefits		46,056	46,056	17,561	28,495
Purchased professional & technical services	998	1,249	2,247	2,247	-
Other purchased services		14,494	14,494		14,494
Other objects	3,600	(1,992)	1,608	1,608	-
Student Activities				614	(614)
Total support services	4,598	59,807	64,405	22,030	42,375
Total expenditures	29,039	294,975	324,014	137,811	186,203
Total outflows	29,039	294,975	324,014	137,811	186,203
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	1,116	(1,116)
Fund Balance, July 1				1,116	
Fund Balance, June 30				<u>\$ 2,232</u>	
Recapitulation:					
Restricted:					
Student Activities				<u>\$ 2,232</u>	
Total Fund Balance				<u>\$ 2,232</u>	

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 2,372,479	\$ 138,927
Difference - budget to GAAP:		
The last State aid payment from the prior year is recognized as revenue for GAAP and differs from the budgetary basis which recognized this revenue in the prior year.	49,331	-
The last State aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognizes this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	<u>(52,413)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 2,369,397</u></u>	<u><u>\$ 138,927</u></u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 2,457,688	\$ 137,811
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 2,457,688</u></u>	<u><u>\$ 137,811</u></u>

Required Supplementary Information - Part III

Schedules Related to Accounting and Reporting

For Pensions and

Other Post Employment Benefits

WEST CAPE MAY SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees Retirement System
Last 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)	0.0015500599%	0.0015135987%	0.0014868144%	0.0014700237%	0.0060236645%	0.0013754419%	0.0013814945%	0.0013506538%	0.0006898471%	0.0011538468%
District's proportionate share of the net pension liability (asset)	\$ 233,925	\$ 179,308	\$ 242,461	\$ 264,876	\$ 275,644	\$ 320,181	\$ 409,159	\$ 303,195	\$ 129,158	\$ 220,523
District's covered-employee payroll	131,540	116,356	113,504	110,922	107,590	104,464	98,314	95,290	94,616	91,100
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	177.84%	154.10%	213.61%	238.79%	256.20%	306.50%	416.18%	318.18%	136.51%	242.07%
Plan fiduciary net position as a percentage of the total pension liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

WEST CAPE MAY 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	\$ 20,486	\$ 19,547	\$ 17,726	\$ 16,265	\$ 14,484	\$ 14,154	\$ 13,483	\$ 12,273	\$ 11,612	\$ 5,687
Contributions in relation to the contractually required contributions	<u>(20,486)</u>	<u>(19,547)</u>	<u>(17,726)</u>	<u>(16,265)</u>	<u>(14,484)</u>	<u>(14,154)</u>	<u>(13,483)</u>	<u>(12,273)</u>	<u>(11,612)</u>	<u>(5,687)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	131,540	116,356	113,504	110,922	107,590	104,464	98,314	95,290	94,616	91,100
Contributions as a percentage of covered-employee payroll	15.57%	16.80%	15.62%	14.66%	13.46%	13.55%	13.71%	12.88%	12.27%	6.24%

WEST CAPE MAY SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last 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)	0.0059437336%	0.0059760634%	0.0056821009%	0.0063984919%	0.0057511238%	0.0058225698%	0.0056807149%	0.0049741360%	0.0044332634%	0.0046440706%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	3,066,635	2,873,004	3,741,595	3,926,796	3,658,741	3,925,786	4,468,812	3,143,866	2,369,435	2,347,077
Total	<u>\$ 3,066,635</u>	<u>\$ 2,873,004</u>	<u>\$ 3,741,595</u>	<u>\$ 3,926,796</u>	<u>\$ 3,658,741</u>	<u>\$ 3,925,786</u>	<u>\$ 4,468,812</u>	<u>\$ 3,143,866</u>	<u>\$ 2,369,435</u>	<u>\$ 2,347,077</u>
District's covered-employee payroll	\$ 814,331	\$ 761,183	\$ 735,584	\$ 652,026	\$ 623,149	\$ 644,033	\$ 654,778	\$ 632,675	\$ 600,328	\$ 578,017
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	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%

WEST CAPE MAY SCHOOL DISTRICT
Required Supplementary Information
Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the District
and Changes in the Total OPEB Liability and Related Ratios
Public Employee's Retirement System and Teachers' Pension and Annuity Fund
Last 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	0.004%	0.004%	0.004%	0.004%	0.004%	0.004%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 2,272,925	\$ 2,654,716	\$ 2,946,084	\$ 1,706,966	\$ 2,149,566	\$ 2,588,939
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 2,272,925</u>	<u>\$ 2,654,716</u>	<u>\$ 2,946,084</u>	<u>\$ 1,706,966</u>	<u>\$ 2,149,566</u>	<u>\$ 2,588,939</u>
Plan fiduciary net position as a percentage of the total OPEB Liability	0.00%	0.00%	0.00%	0.00%	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	\$ 196,392	\$ 226,503	\$ 115,737	\$ 101,256	\$ 124,340	\$ 148,266
Interest	60,235	68,866	62,932	86,132	96,151	82,367
Changes in benefit terms		(2,826)				
Difference between expected and actual experiences	29,066	(534,044)	572,035	(604,593)	(357,699)	
Changes of assumptions	(609,733)	2,619	538,148	25,451	(246,673)	(354,425)
Member Contributions	1,914	1,761	1,555	1,553	1,987	2,208
Benefit payments	(59,665)	(54,247)	(51,289)	(52,399)	(57,479)	(59,965)
Net Change in total OPEB Liability	\$ (381,791)	\$ (291,368)	\$ 1,239,118	\$ (442,600)	\$ (439,373)	\$ (181,549)
Total OPEB Liability - beginning	<u>\$ 2,654,716</u>	<u>\$ 2,946,084</u>	<u>\$ 1,706,966</u>	<u>\$ 2,149,566</u>	<u>\$ 2,588,939</u>	<u>\$ 2,770,488</u>
Total OPEB Liability - ending	<u>\$ 2,272,925</u>	<u>\$ 2,654,716</u>	<u>\$ 2,946,084</u>	<u>\$ 1,706,966</u>	<u>\$ 2,149,566</u>	<u>\$ 2,588,939</u>
District's covered-employee payroll	945,871	877,539	849,088	762,948	730,739	748,497
Total OPEB Liability as a percentage of covered-employee payroll	240.30%	302.52%	346.97%	223.73%	294.16%	345.89%

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

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

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

	Title IIA	Title IV	IDEA Basic	IDEA Preschool	CRRSA ESSER II	CRRSA Learning Acceleration	CRRSA Mental Health	ARP Accelerated Learning	ARP Summer Learning	ARP Beyond the School Day	Climate Awareness Grant	NJSIG Safety Award Grant	Student Activities	Total
REVENUES:														
Federal sources	\$ 2,247	\$ 18,378	\$ 21,628	\$ 707	\$ 8,559	\$ 21,999	\$ 30,792	\$ 540	\$ 11,248	\$ 13,117	\$ -	\$ -	\$ -	\$ 129,215
State sources											6,374			6,374
Local sources	-	-	-	-	-	-	-	-	-	-	-	1,608	1,730	3,338
Total Revenues	2,247	18,378	21,628	707	8,559	21,999	30,792	540	11,248	13,117	6,374	1,608	1,730	138,927
EXPENDITURES:														
Instruction:														
Salaries						15,172	20,058	540	11,248	12,281				59,299
Purchased professional & tech. services					8,559						788			9,347
Tuition			21,628	707										22,335
Other purchased services														-
General supplies		18,378								836	5,226			24,440
Other objects											360			360
Total Instruction	-	18,378	21,628	707	8,559	15,172	20,058	540	11,248	13,117	6,374	-	-	115,781
Support Services:														
Personal services-employee benefits						6,827	10,734							17,561
Purchased professional & tech. services	2,247													2,247
Other purchased services														-
Purchased property														-
Other objects												1,608		1,608
Student Activities													614	614
Total Support Services	2,247	-	-	-	-	6,827	10,734	-	-	-	-	1,608	614	22,030
Total Expenditures	2,247	18,378	21,628	707	8,559	21,999	30,792	540	11,248	13,117	6,374	1,608	614	137,811
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (i	-	-	-	-	-	-	-	-	-	-	-	-	1,116	1,116
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-	-	1,116	1,116
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,232	\$ 2,232

Proprietary Funds

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

	Child Care Program	Food Service	Total
ASSETS:			
Current assets:			
Cash and Cash Equivalents	\$ 11,641	\$ 562	\$ 12,203
Accounts receivable:			
State	-	-	-
Federal	-	-	-
Other	145		145
Interfund receivable	-	1,000	1,000
Total Current Assets	11,786	1,562	13,348
Fixed Assets:			
Equipment	-	2,550	2,550
Less Accumulated depreciation	-	(1,747)	(1,747)
Total Fixed Assets	-	803	803
Total Assets	\$ 11,786	\$ 2,365	\$ 14,151
LIABILITIES:			
Current Liabilities:			
Other liabilities	\$ -	\$ 697	\$ 697
Unearned revenue	431		431
Interfund payable	4,408	-	4,408
Total Current Liabilities	4,839	697	5,536
NET POSITION:			
Net Investment in Capital Assets	-	803	803
Unreserved Retained Earnings	6,947	865	7,812
Total Net Position	\$ 6,947	\$ 1,668	\$ 8,615

WEST CAPE MAY SCHOOL DISTRICT

Enterprise Funds

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

	Child Care Program	Food Service	Total
OPERATING REVENUES:			
Local sources:			
Daily sales - reimbursable programs:			
School lunch program	\$ -	\$ -	\$ -
Total-daily sales - reimbursable programs	-	-	-
Daily sales - non-reimbursable programs:			
Miscellaneous	630	-	630
Program fees	10,808	-	10,808
Total operating revenue	11,438	-	11,438
OPERATING EXPENSES:			
Salaries	4,095	3,136	7,231
Employee benefits	313	240	553
Purchased services	-	-	-
Supplies and materials	186	222	408
Depreciation	-	170	170
Cost of Sales - reimbursable	-	-	-
Cost of Sales - nonreimbursable	-	-	-
Total operating expenses	4,594	3,768	8,362
Operating income (loss)	6,844	(3,768)	3,076
Non-operating revenues:			
State sources:			
State school lunch program	-	-	-
Federal sources:			
National school lunch program	-	-	-
National school breakfast program	-	-	-
Interest revenue	3	-	3
Total non-operating revenues	3	-	3
Net income (loss) before transfers	6,847	(3,768)	3,079
Other Financing Sources and Uses:			
Operating transfers in	-	3,598	3,598
Change in Net Position	6,847	(170)	6,677
Net Position - July 1	100	1,838	1,938
Net Position - June 30	\$ 6,947	\$ 1,668	\$ 8,615

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

	Child Care Program	Food Service	Total
Cash flows from operating activities:			
Cash receipts from customers	\$ 11,723	\$ -	\$ 11,723
Cash payments to employees for services	-	-	-
Cash payments to suppliers for goods and services	(185)	-	(185)
Net cash used by operating activities	11,538	-	11,538
Cash flows from noncapital financing activities:			
Cash received from state and federal reimbursements	-	-	-
Cash received from board contribution	-	-	-
Net cash provided by noncapital financing activities	-	-	-
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	3	-	3
Net cash provided by investing activities	3	-	3
Net increase (decrease) in cash and cash equivalents	11,541	-	11,541
Cash and cash equivalents, July 1	100	562	662
Cash and cash equivalents, June 30	\$ 11,641	\$ 562	\$ 12,203
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 6,844	\$ (3,768)	\$ 3,076
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation	-	170	170
Board Contribution		3,598	3,598
Change in assets and liabilities:			
(Increase)/decrease in accounts receivable	(145)	-	(145)
Increase/(decrease) in unearned revenue	431		431
Increase/(decrease) in interfund payable	4,408		4,408
Net cash used by operating activities	\$ 11,538	\$ -	\$ 11,538

Long-Term Debt Schedules

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

Purpose	Interest Rate Payable	Amount of Original Issue	Balance July 1, 2022	Issued	Retired	Balance June 30, 2023
Copier	4.00%	\$ 7,610	\$ -	\$ 7,610	\$ 589	\$ 7,021
			<u>\$ -</u>	<u>\$ 7,610</u>	<u>\$ 589</u>	<u>\$ 7,021</u>

WEST CAPE MAY 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	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues - local sources	-	-	-	-	-
State sources:					
Debt service aid type II	-	-	-	-	-
Total revenues - state sources	-	-	-	-	-
Total Revenues	-	-	-	-	-
EXPENDITURES:					
Regular debt service:					
Interest	-	-	-	-	-
Redemption of principal	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Excess (Deficiency) of revenues over (under) expenditures	-	-	-	-	-
Other Financing Sources (Uses):					
Operating transfer in	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-	-	-	-	-
Fund Balances, July 1	1	1	1	1	-
Fund Balances, June 30	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Statistical Section

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

EXHIBIT J-1

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets	\$ 597,808	\$ 403,534	\$ 658,988	\$ 725,674	\$ 774,712	\$ 838,083	\$ 835,887	\$ 786,871	\$ 753,543	\$ 831,056
Restricted for:										
Capital projects	242,222	867,902	269,196	398,369	398,532	398,736	358,139	313,522	296,038	223,155
Special revenue	-	-	-	-	-	-	-	509	1,116	2,232
Debt service	-	-	-	201	201	1	1	1	1	1
Other purposes	261,530	226,469	225,384	231,296	325,700	369,308	438,554	484,845	414,980	295,210
Unrestricted	170,463	(33,338)	(42,026)	(104,105)	(111,521)	(126,251)	(133,658)	(133,289)	(95,337)	12,960
Total governmental activities net position	<u>\$ 1,272,023</u>	<u>\$ 1,464,567</u>	<u>\$ 1,111,542</u>	<u>\$ 1,251,435</u>	<u>\$ 1,387,624</u>	<u>\$ 1,479,877</u>	<u>\$ 1,498,923</u>	<u>\$ 1,452,459</u>	<u>\$ 1,370,341</u>	<u>\$ 1,364,614</u>
Business-type activities:										
Net investment in capital assets	\$ 2,308	\$ 2,146	\$ 1,985	\$ 1,823	\$ 1,661	\$ 1,499	\$ 1,337	\$ 1,175	\$ 973	\$ 803
Unrestricted	3,905	2,319	2,561	1,139	1,498	3,753	103	930	965	7,812
Total business-type activities net position	<u>\$ 6,213</u>	<u>\$ 4,465</u>	<u>\$ 4,546</u>	<u>\$ 2,962</u>	<u>\$ 3,159</u>	<u>\$ 5,252</u>	<u>\$ 1,440</u>	<u>\$ 2,105</u>	<u>\$ 1,938</u>	<u>\$ 8,615</u>
District-wide:										
Net investment in capital assets	\$ 600,116	\$ 405,680	\$ 660,973	\$ 727,497	\$ 776,373	\$ 839,582	\$ 837,224	\$ 788,046	\$ 754,516	\$ 831,859
Restricted:										
Special revenue	-	-	-	-	-	-	-	509	1,116	2,232
Capital projects	242,222	867,902	269,196	398,369	398,532	398,736	358,139	313,522	296,038	223,155
Debt service	-	-	-	201	201	1	1	1	1	1
Other purposes	261,530	226,469	225,384	231,296	325,700	369,308	438,554	484,845	414,980	295,210
Unrestricted	174,368	(31,019)	(39,465)	(102,966)	(110,023)	(122,498)	(133,555)	(132,359)	(94,372)	20,772
Total district net position	<u>\$ 1,278,236</u>	<u>\$ 1,469,032</u>	<u>\$ 1,116,088</u>	<u>\$ 1,254,397</u>	<u>\$ 1,390,783</u>	<u>\$ 1,485,129</u>	<u>\$ 1,500,363</u>	<u>\$ 1,454,564</u>	<u>\$ 1,372,279</u>	<u>\$ 1,373,229</u>

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

EXHIBIT J-2

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 641,168	\$ 651,275	\$ 640,823	\$ 726,167	\$ 787,965	\$ 752,479	\$ 653,492	\$ 683,450	\$ 670,460	\$ 697,558
Special education	93,245	83,295	151,731	128,220	77,952	90,033	82,789	92,297	93,381	80,634
Other instruction	8,526	11,928	12,366	11,165	14,964	29,199	39,854	74,810	76,199	127,402
Support Services:										
Tuition	22,167	14,067	27,358	18,326	55,888	63,078	60,446	72,000	98,639	129,313
Student & instruction related services	258,963	240,549	277,702	267,216	295,058	405,092	434,959	425,506	463,859	499,351
General and business administrative services	72,239	66,453	74,553	93,811	110,827	121,481	126,663	130,318	138,019	142,209
Plant operations and maintenance	129,453	434,335	635,239	194,013	145,966	188,843	185,104	217,700	174,393	190,757
Pupil transportation	9,011	10,702	10,974	2,858	19,353	45,863	33,612	30,467	38,582	63,590
Unallocated employee benefits	197,764	205,986	283,414	334,743	860,685	767,540	737,623	889,028	815,329	771,801
Interest on long-term debt	14,494	11,812	8,897	5,971	3,047	122	-	-	-	-
Unallocated depreciation	-	-	-	-	-	6,269	4,737	4,902	5,085	4,885
Total governmental activities expenses	<u>1,447,030</u>	<u>1,730,402</u>	<u>2,123,057</u>	<u>1,782,490</u>	<u>2,371,705</u>	<u>2,469,999</u>	<u>2,359,279</u>	<u>2,620,478</u>	<u>2,573,946</u>	<u>2,707,500</u>
Business-type activities:										
Food service	11,264	22,660	22,771	28,442	17,399	45,304	40,180	5,696	6,412	4,594
Child care	6,064	8,517	21,360	14,772	27,893	16,606	10,045	22,974	11,181	3,768
Total business-type activities expense	<u>17,328</u>	<u>31,177</u>	<u>44,131</u>	<u>43,214</u>	<u>45,292</u>	<u>61,910</u>	<u>50,225</u>	<u>28,670</u>	<u>17,593</u>	<u>8,362</u>
Total district expenses	<u>\$ 1,464,358</u>	<u>\$ 1,761,579</u>	<u>\$ 2,167,188</u>	<u>\$ 1,825,704</u>	<u>\$ 2,416,997</u>	<u>\$ 2,531,909</u>	<u>\$ 2,409,504</u>	<u>\$ 2,649,148</u>	<u>\$ 2,591,539</u>	<u>\$ 2,715,862</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	175,687	203,445	215,910	268,734	792,652	718,601	582,490	677,344	662,305	739,899
Total governmental activities program revenues	<u>175,687</u>	<u>203,445</u>	<u>215,910</u>	<u>268,734</u>	<u>792,652</u>	<u>718,601</u>	<u>582,490</u>	<u>677,344</u>	<u>662,305</u>	<u>739,899</u>

(Continued)

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

EXHIBIT J-2

	Fiscal Year Ending June 30,									
	<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>
Business-type activities:										
Charges for services:										
Food service	\$ 3,591	\$ 5,370	\$ 5,737	\$ 7,760	\$ 8,777	\$ 7,438	\$ 5,229	\$ 955	\$ -	\$ -
Child care	7,450	8,181	21,467	14,722	17,282	15,951	9,802	23,340	10,812	11,438
Operating grants and contributions	9,421	15,875	14,034	16,546	14,428	10,611	5,381	40	614	
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>20,462</u>	<u>29,426</u>	<u>41,238</u>	<u>39,028</u>	<u>40,487</u>	<u>34,000</u>	<u>20,412</u>	<u>24,335</u>	<u>11,426</u>	<u>11,438</u>
Total district program revenues	<u>\$ 196,149</u>	<u>\$ 232,871</u>	<u>\$ 257,148</u>	<u>\$ 307,762</u>	<u>\$ 833,139</u>	<u>\$ 752,601</u>	<u>\$ 602,902</u>	<u>\$ 701,679</u>	<u>\$ 673,731</u>	<u>\$ 751,337</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (1,271,343)	\$ (1,526,957)	\$ (1,907,147)	\$ (1,513,756)	\$ (1,579,053)	\$ (1,751,398)	\$ (1,776,789)	\$ (1,943,134)	\$ (1,911,641)	\$ (1,967,601)
Business-type activities	3,134	(1,751)	(2,893)	(4,186)	(4,805)	(27,910)	(29,813)	(4,335)	(6,167)	3,076
Total district-wide net expense	<u>\$ (1,268,209)</u>	<u>\$ (1,528,708)</u>	<u>\$ (1,910,040)</u>	<u>\$ (1,517,942)</u>	<u>\$ (1,583,858)</u>	<u>\$ (1,779,308)</u>	<u>\$ (1,806,602)</u>	<u>\$ (1,947,469)</u>	<u>\$ (1,917,808)</u>	<u>\$ (1,964,525)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 826,187	\$ 842,710	\$ 978,868	\$ 998,445	\$ 1,025,925	\$ 1,145,481	\$ 1,186,000	\$ 1,209,720	\$ 1,255,243	\$ 1,340,925
Taxes levied for debt service	46,854	45,078	46,534	44,796	42,658	40,519	-	-	-	-
Unrestricted grants and contributions	462,386	814,598	512,342	592,136	629,777	666,416	623,984	675,323	568,104	607,834
Tuition revenue	14,400	3,070	14,400	14,454	9,000	11,000	7,000	-	-	-
Investment earnings	146	63	10	23	163	204	265	126	32	144
Miscellaneous income	15,366	10,811	1,968	6,395	12,719	10,031	4,586	8,665	12,144	16,569
Proceeds of capital lease	-	215,000	-	-	-	-	-	-	-	-
Transfers	-	-	-	(2,600)	(5,000)	(30,000)	(26,000)	(5,000)	(6,000)	(3,598)
Total governmental activities	<u>1,365,339</u>	<u>1,931,330</u>	<u>1,554,122</u>	<u>1,653,649</u>	<u>1,715,242</u>	<u>1,843,651</u>	<u>1,795,835</u>	<u>1,888,834</u>	<u>1,829,523</u>	<u>1,961,874</u>
Business-type activities:										
Miscellaneous income	3	3	2,974	2	2	3	1	-	-	3
Transfers	-	-	-	2,600	5,000	30,000	26,000	5,000	6,000	3,598
Total business-type activities	<u>3</u>	<u>3</u>	<u>2,974</u>	<u>2,602</u>	<u>5,002</u>	<u>30,003</u>	<u>26,001</u>	<u>5,000</u>	<u>6,000</u>	<u>3,601</u>
Total district-wide	<u>\$ 1,365,342</u>	<u>\$ 1,931,333</u>	<u>\$ 1,557,096</u>	<u>\$ 1,656,251</u>	<u>\$ 1,720,244</u>	<u>\$ 1,873,654</u>	<u>\$ 1,821,836</u>	<u>\$ 1,893,834</u>	<u>\$ 1,835,523</u>	<u>\$ 1,965,475</u>
Change in Net Position:										
Governmental activities	\$ 93,996	\$ 404,373	\$ (353,025)	\$ 139,893	\$ 136,189	\$ 92,253	\$ 19,046	\$ (54,300)	\$ (82,118)	\$ (5,727)
Business-type activities	3,137	(1,748)	81	(1,584)	197	2,093	(3,812)	665	(167)	6,677
Total district-wide	<u>\$ 97,133</u>	<u>\$ 402,625</u>	<u>\$ (352,944)</u>	<u>\$ 138,309</u>	<u>\$ 136,386</u>	<u>\$ 94,346</u>	<u>\$ 15,234</u>	<u>\$ (53,635)</u>	<u>\$ (82,285)</u>	<u>\$ 950</u>

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

EXHIBIT J-3

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Reserved for:										
Encumbrances	\$ 42,532	\$ 8,311	\$ 2,879	\$ 6,720	\$ 19,046	\$ 5,101	\$ 5,168	\$ 3,690	\$ -	\$ -
Capital reserve	242,222	336,054	266,239	398,369	398,532	398,736	358,139	313,522	296,038	223,155
Maintenance reserve	70,000	70,000	70,000	70,000	70,000	70,000	51,845	36,856	23,057	13,062
Unemployment compensation	-	-	-	-	-	-	-	7,328	7,328	7,330
Emergency reserve	50,000	50,000	50,000	50,000	50,000	20,000	20,000	20,020	20,021	20,041
Excess surplus	98,684	98,005	102,505	104,576	186,480	274,207	361,541	420,641	364,574	254,777
Assigned fund balance										
Designated for subsequent year's expenditures	314	153	-	-	174	-	-	-	6,778	110,580
Unassigned	202,361	202,984	204,318	187,249	187,053	189,055	195,339	203,507	201,249	198,211
Total general fund	<u>\$ 706,113</u>	<u>\$ 765,507</u>	<u>\$ 695,941</u>	<u>\$ 816,914</u>	<u>\$ 911,285</u>	<u>\$ 957,099</u>	<u>\$ 992,032</u>	<u>\$ 1,005,564</u>	<u>\$ 919,045</u>	<u>\$ 827,156</u>
All Other Governmental Funds										
Reserved:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	509	1,116	2,232
Capital projects fund	-	531,848	2,957	201	201	-	-	-	-	-
Debt service fund	-	-	-	-	-	1	1	1	1	1
Total all other governmental funds	<u>\$ -</u>	<u>\$ 531,848</u>	<u>\$ 2,957</u>	<u>\$ 201</u>	<u>\$ 201</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 510</u>	<u>\$ 1,117</u>	<u>\$ 2,233</u>

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

EXHIBIT J-4

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	\$ 873,041	\$ 887,788	\$ 1,025,402	\$ 1,043,241	\$ 1,068,583	\$ 1,186,000	\$ 1,186,000	\$ 1,209,720	\$ 1,255,243	\$ 1,340,925
Tuition charges	14,400	3,070	14,400	14,454	9,000	11,000	7,000	-	2,000	3,570
Interest earnings	146	63	157	23	163	204	265	126	32	144
Miscellaneous	15,426	13,311	11,821	8,395	12,719	5,853	4,586	8,665	10,144	12,999
Local sources	-	-	-	-	-	4,178	4,127	4,213	3,116	3,338
State sources	576,423	950,525	679,641	781,344	847,018	907,269	849,278	900,617	941,007	1,018,133
Federal sources	61,590	65,018	38,611	77,526	74,672	116,238	69,892	40,194	29,538	129,215
Total revenue	<u>1,541,026</u>	<u>1,919,775</u>	<u>1,770,032</u>	<u>1,924,983</u>	<u>2,012,155</u>	<u>2,230,742</u>	<u>2,121,148</u>	<u>2,163,535</u>	<u>2,241,080</u>	<u>2,508,324</u>
Expenditures										
Instruction										
Regular Instruction	512,501	610,091	598,277	684,316	755,936	695,919	613,240	637,852	630,981	657,167
Special education instruction	93,245	83,295	151,731	128,220	77,952	90,033	82,789	92,297	93,381	80,634
Other instruction	8,526	11,928	12,366	11,165	14,964	29,199	39,854	74,810	76,199	127,402
Support Services:										
Tuition	22,167	14,067	27,358	18,326	55,888	63,078	60,446	72,000	98,639	129,313
Student & instruction related services	258,963	240,549	277,702	267,216	295,058	405,092	434,959	425,506	463,859	499,351
General and business admin.services	58,784	61,760	69,385	88,295	105,434	121,481	126,663	130,318	138,019	142,209
Plant operations and maintenance	115,998	103,660	121,344	112,136	119,568	142,485	184,653	167,995	205,167	186,392
Pupil transportation	9,011	10,702	10,974	2,858	19,353	45,863	33,612	30,467	38,582	63,590
Other support services	197,764	215,799	273,253	286,112	340,265	394,366	443,110	476,282	558,581	583,594
Capital outlay	75,086	123,641	755,861	138,210	63,978	106,150	40,889	44,803	17,584	125,847
Debt service:										
Principal	55,000	55,000	60,000	60,000	60,000	60,000	-	-	-	-
Interest and other charges	15,722	13,041	10,238	7,312	4,388	1,462	-	-	-	-
Total expenditures	<u>1,422,767</u>	<u>1,543,533</u>	<u>2,368,489</u>	<u>1,804,166</u>	<u>1,912,784</u>	<u>2,155,128</u>	<u>2,060,215</u>	<u>2,152,330</u>	<u>2,320,992</u>	<u>2,595,499</u>
Excess (Deficiency) of revenues over (under) expenditures	118,259	376,242	(598,457)	120,817	99,371	75,614	60,933	11,205	(79,912)	(87,175)
Other Financing sources (uses)										
Proceeds from borrowing	-	215,000	-	-	-	-	-	-	-	-
Transfers in	-	89,231	154,474	18,611	-	-	-	-	-	-
Transfers out	-	(89,231)	(154,474)	(21,211)	(5,000)	(30,000)	(26,000)	(5,000)	(6,000)	(3,598)
Total other financing sources (uses)	<u>-</u>	<u>215,000</u>	<u>-</u>	<u>(2,600)</u>	<u>(5,000)</u>	<u>(30,000)</u>	<u>(26,000)</u>	<u>(5,000)</u>	<u>(6,000)</u>	<u>(3,598)</u>
Net change in fund balances	<u>\$ 118,259</u>	<u>\$ 591,242</u>	<u>\$ (598,457)</u>	<u>\$ 118,217</u>	<u>\$ 94,371</u>	<u>\$ 45,614</u>	<u>\$ 34,933</u>	<u>\$ 6,205</u>	<u>\$ (85,912)</u>	<u>\$ (90,773)</u>
Debt service as a percentage of noncapital expenditures	5.25%	4.79%	4.36%	4.04%	3.48%	3.00%	0.00%	0.00%	0.00%	0.00%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

EXHIBIT J-5

<u>Fiscal Year Ending June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Refunds</u>	<u>Miscellaneous</u>	<u>Donations</u>	<u>Prior Year Refunds</u>	<u>Total</u>
2014	\$ 179	\$ 14,400	\$ 12,674	\$ 513	\$ 2,000	\$ -	\$ 29,766
2015	278	3,070	7,276	820	2,500	-	13,944
2016	157	14,400	-	1,821	-	-	16,378
2017	261	14,454	5,372	762	-	-	20,849
2018	293	9,000	11,839	36	-	-	21,168
2019	510	11,000	3,235	812	1,500	-	17,057
2020	580	7,000	3,771	-	500	-	11,851
2021	263	-	7,918	110	500	-	8,791
2022	38	2,000	590	-	-	9,516	12,144
2023	275	3,570	12,724	-	-	-	16,569
	<u>\$ 2,834</u>	<u>\$ 78,894</u>	<u>\$ 65,399</u>	<u>\$ 4,874</u>	<u>\$ 7,000</u>	<u>\$ 9,516</u>	<u>\$ 168,517</u>

Source: District records

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

EXHIBIT J-6

Fiscal Year Ended June 30,2022	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	0.225	429,146,511
2016	18,128,200	399,794,400	3,301,300	210,200	35,069,100	1,066,100	457,569,300	146,736	457,716,036	10,094,500	0.228	439,244,856
2017	19,378,700	409,260,600	3,301,300	210,200	35,234,100	1,066,100	468,451,000	142,823	468,593,823	10,454,600	0.229	483,309,561
2018	15,962,500	424,392,600	3,301,300	220,500	35,969,500	1,066,100	480,912,500	150,824	481,063,324	10,454,600	0.247	499,169,212
2019	16,152,100	433,582,500	3,301,300	220,500	36,753,700	1,066,100	491,076,200		491,076,200	10,829,900	0.242	536,795,884
2020	14,884,100	447,337,200	3,301,300	220,500	36,967,500	1,066,100	503,776,700		503,776,700	10,848,900	0.241	581,676,862
2021	14,222,700	457,848,600	3,301,300	190,500	36,314,200	1,066,100	512,943,400		512,943,400	10,848,900	0.245	623,832,196
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

c Information not available.

r Reassessment.

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

EXHIBIT J-7

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	\$ 0.197	\$ 0.330	\$ 0.378	\$ 0.244	\$ 1.149
2015	0.215	0.010	0.225	0.331	0.353	0.240	1.149
2016	0.218	0.010	0.228	0.350	0.397	0.247	1.222
2017	0.220	0.009	0.229	0.356	0.365	0.272	1.222
2018	0.239	0.008	0.247	0.357	0.382	0.279	1.265
2019	0.242		0.242	0.359	0.356	0.297	1.254
2020	0.241		0.241	0.372	0.390	0.316	1.319
2021	0.245		0.245	0.390	0.304	0.341	1.280
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

Source: Municipal Tax Collector

Note:

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

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

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

EXHIBIT J-8

Taxpayer	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	<u>\$ 20,073,200</u>	<u>3.79%</u>	Total	<u>\$ 20,874,600</u>	<u>4.61%</u>

Source: Municipal Tax Assessor

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

EXHIBIT J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 873,041	\$ 873,041	100.00%	-
2015	887,788	887,788	100.00%	-
2016	1,025,402	1,025,402	100.00%	-
2017	1,043,241	1,043,241	100.00%	-
2018	1,068,583	1,068,583	100.00%	-
2019	1,186,000	1,103,474	93.04%	82,526
2020	1,186,000	1,186,000	100.00%	
2021	1,209,720	1,209,720	100.00%	
2022	1,255,243	1,255,243	100.00%	
2023	1,340,925	1,229,181	91.66%	111,744

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

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

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

EXHIBIT J-10

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Percentage of Personal Income ^a</u>	<u>Per Capita ^b</u>
	<u>General Obligation Bonds</u>	<u>Financed Purchases/ Leases</u>			
2014	\$ 295,000	\$ -	\$ 295,000	0.57%	294
2015	240,000	215,000	455,000	0.84%	455
2016	180,000	174,121	354,121	0.63%	353
2017	120,000	132,209	252,209	0.43%	251
2018	60,000	89,236	149,236	0.25%	149
2019	-	45,175	45,175	0.07%	45
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	7,021	7,021	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.

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

EXHIBIT J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 295,000	\$ -	\$ 295,000	0.07%	294
2015	240,000	-	240,000	0.05%	240
2016	180,000	-	180,000	0.04%	180
2017	120,000	-	120,000	0.03%	119
2018	60,000	-	60,000	0.01%	60
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-

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

a See Exhibit J-6 for property tax data.

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

c Not available.

**West Cape May School District
Ratios of Overlapping Governmental Activities Debt
As of December 31, 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	\$ 4,563,366	100.000%	\$ 4,563,366
Lower Cape May Regional School Debt	19,267,000	7.887%	1,519,584
Cape May County General Obligation Debt	375,199,529	1.128%	4,231,500
			<hr/>
Subtotal, overlapping debt			10,314,450
West Cape May School District Direct Debt			<hr/> -
Total direct and overlapping debt			<hr/> \$ 10,314,450 <hr/>

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

Debt outstanding data provided by each governmental unit.

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

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

Legal Debt Margin Calculation for Fiscal Year 2023

	Equalized valuation basis	
	2020	612,271,147
	2021	704,786,205
	2022	906,443,424
	[A]	\$ 2,223,500,776
Average equalized valuation of taxable property	[A/3]	\$ 741,166,925
Debt limit (2 1/2% of average equalized valuation)	[B]	18,529,173 a
Net bonded school debt	[C]	
Legal debt margin	[B-C]	\$ 18,529,173

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 11,525,734	\$ 10,976,713	\$ 10,833,196	\$ 11,118,407	\$ 11,618,684	\$ 12,354,738	\$ 13,146,651	\$ 14,201,468	\$ 15,697,183	\$ 18,529,173
Total net debt applicable to limit	295,000	240,000	180,000	120,000	60,000					
Legal debt margin	<u>\$ 11,230,734</u>	<u>\$ 10,736,713</u>	<u>\$ 10,736,713</u>	<u>\$ 10,998,407</u>	<u>\$ 11,558,684</u>	<u>\$ 12,354,738</u>	<u>\$ 13,146,651</u>	<u>\$ 14,201,468</u>	<u>\$ 15,697,183</u>	<u>\$ 18,529,173</u>
Total net debt applicable to the limit as a percentage of debt limit	2.56%	2.19%	1.66%	1.08%	0.52%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

EXHIBIT J-14

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
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

Source:

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

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

EXHIBIT J-16

<u>Function/Program</u>	<u>Fiscal Year Ending June 30,</u>									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction										
Regular	5	5	6	6	6	9.5	9	10	10	10
Special education	1	1	1	1	1	1	1	2	2	1
Other instruction	5	6	6	6	6	5	7	6	6	6
Support Services:										
General and business administrative services	1	2	2	2	2	1	3	3	3	2
Plant operations and maintenance	1	1	1	1	1	1	2	2	2	2
Business and other support services	1	1	1	1	1	2	5	5	5	2
Total	<u>14</u>	<u>16</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>20</u>	<u>27</u>	<u>28</u>	<u>28</u>	<u>23</u>

Source: District Personnel Records

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

EXHIBIT J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary				
2014	78	\$ 1,276,959	\$ 16,371	1.20%	6	1 to 13	75.4	71.7	14.59%	95.06%
2015	80	1,351,851	16,898	3.22%	6	1 to 14	82.1	76.6	8.89%	93.30%
2016	88	1,542,390	17,527	3.72%	8	1 to 11	82.4	79.1	0.36%	95.91%
2017	98	1,598,644	16,313	-6.93%	8	1 to 11	95.1	90.2	0.36%	95.91%
2018	102	1,784,418	17,494	7.24%	8	1 to 11	100.5	94.5	5.68%	94.05%
2019	98	1,987,516	20,281	15.93%	10	1 to 10	95.6	90.9	-4.87%	95.06%
2020	93	2,019,326	21,713	7.06%	10	1 to 9	90.7	86.7	-5.13%	95.59%
2021	80	2,107,527	26,344	21.33%	10	1 to 8	76.8	74.1	-15.32%	96.48%
2022	82	2,303,408	28,090	6.63%	10	1 to 8	84.2	79.6	9.99%	94.54%
2023	79	2,469,652	31,261	11.29%	10	1 to 8	83.4	78.7	9.99%	94.36%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

EXHIBIT J-18

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
District Building										
<u>Elementary</u>										
West Cape May Elementary (1963)										
Square Feet	17,233	17,233	17,233	17,233	17,233	17,233	17,233	17,233	17,233	17,233
Capacity (students)	118	118	118	118	118	118	118	118	118	118
Enrollment	75	82	88	95	100	96	91	76	84	83

Number of Schools at June 30, 2023

 Elementary = 1

 Other = 0

Source: District Facilities Office

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

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

EXHIBIT J-19

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

Fiscal Year Ending June 30,											
* School Facilities	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
West Cape May School	\$ 12,185	\$ 8,413	\$ 15,010	\$ 8,274	\$ 11,453	\$ 25,179	\$ 76,760	\$ 75,591	\$ 101,395	\$ 72,260	\$ 406,520
Project # (s)											
Total School Facilities	<u>\$ 12,185</u>	<u>\$ 8,413</u>	<u>\$ 15,010</u>	<u>\$ 8,274</u>	<u>\$ 11,453</u>	<u>\$ 25,179</u>	<u>\$ 76,760</u>	<u>\$ 75,591</u>	<u>\$ 101,395</u>	<u>\$ 72,260</u>	<u>\$ 406,520</u>

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

Source: District records

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

EXHIBIT J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Property - Blanket and Personal Property	\$ 500,000,000	\$ 1,000
General Liability	6,000,000	1,000
Equipment Breakdown	100,000,000	25,000
Automobile	6,000,000	
Crime	50,000	
Environmental (1)	1,000,000	50,000
Restart Policy (1)	50,000	1,000
Cyber Liability (1)	2,000,000	
School Leaders Errors and Omissions (1)	5,000,000	5,000
Workers Compensation (1)	Statutory	
Student Accident Coverage (2)		
Accidental Medical Benefits	1,000,000	
Surety Bonds - (3)		
Board Secretary/Business Administrator	130,000	

(1) - New Jersey School Boards Association Insurance Group

(2) - McCloskey Insurance

(3) - Western Surety Company

Source: District records

Single Audit Section

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

INDEPENDENT AUDITOR'S REPORT

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Cape May School District (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 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 which is described in the accompanying *Schedule of Findings and Questioned Costs and Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* as findings no: 2023-001.

The West Cape May School District's Response to Findings

The West Cape May School District's response to the finding identified in my audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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

INVERSO & STEWART, LLC
Certified Public Accountants



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

Marlton, New Jersey
December 15, 2023

INVERSO & STEWART, LLC
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

I have audited West Cape May School District's (the "District"), in the County of Cape May, State of New Jersey, compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and the New Jersey State Grant Compliance Supplement that could have a direct and material effect on the District's major state programs for the year ended June 30, 2023. The District's major 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 state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major 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, 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 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 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, 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 state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, 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 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.

Other Matters

The results of my auditing procedures disclosed instances of noncompliance, which are required to be reported under State of New Jersey Circular 15-08-OMB and which is described in the accompanying *Schedule of Findings and Questioned Costs and Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* as finding no: 2023-002. My opinion on the major state program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the West Cape May School District's response to the noncompliance finding identified in my audit described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

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 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 state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the 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 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

WEST CAPE MAY 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	Repayment of Prior Years' Balances	June 30, 2023		
						Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
U.S. Department of Education															
Passed-through State Department of Education:															
Every Student Succeeds Act (ESSA)															
Title I	84.010	S010A220030	ESSA-5610-23	\$ 2,214	7/1/22-9/30/23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Title II - Part A	84.367A	S367A220029	ESSA-5610-23	2,247	7/1/22-9/30/23						(2,247)		(2,247)		
Title II - Part A	84.367A	S367A210029	ESSA-5610-22	1,247	7/1/21-9/30/22	(1,247)				1,247			-		
Title IV	84.424	S424A220031	ESSA-5610-23	18,378	7/1/22-9/30/23						(18,378)		(18,378)		
Title IV	84.424	S424A210031	ESSA-5610-22	10,000	7/1/21-9/30/22	(1,621)				1,621			-		
Individuals With Disabilities Imp. Act (I.D.E.A.)															
Part B - Basic - Current Year	84.027A	H027A220100	IDEA-5610-23	21,628	7/1/22-9/30/23						(21,628)		(21,628)		
Part B - Basic - Prior Year	84.027A	H027A210100	IDEA-5610-22	19,946	7/1/21-9/30/22	(19,946)				19,946			-		
ARP Part B - Basic - Current Year	84.027X	H027X210100	IDEA-5610-22	3,610	7/1/21-9/30/22	(3,610)				3,610			-		
Part B - Preschool - Current Year	84.173A	H173A220114	IDEA-5610-23	707	7/1/22-9/30/23						(707)		(707)		
Part B - Preschool - Prior Year	84.173A	H173A210114	IDEA-5610-22	605	7/1/21-9/30/22	(605)				605			-		
ARP Part B - Preschool - Current Year	84.173X	H173X210114	IDEA-5610-22	307	7/1/21-9/30/22	(307)				307			-		
Coronavirus Response and Relief Supplemental Act:															
CRRSA - ESSER II	84.425D	S425D210027	N/A	8,559	3/13/20 - 9/30/23						(8,559)		(8,559)		
CRRSA - Learning Acceration	84.425D	S425D210027	N/A	25,000	3/13/20 - 9/30/23						(21,999)		(21,999)		
CRRSA - Mental Health	84.425D	S425D210027	N/A	45,000	3/13/20 - 9/30/23						(30,792)		(30,792)		
American Rescue Plan:															
ARP - ESSER III	84.425U	S425U210027	N/A	19,235	3/13/20 - 9/30/24								-		
ARP - Accelerated Learning	84.425U	S425U210027	N/A	50,000	3/13/20 - 9/30/24						(540)		(540)		
ARP - Summer Learning	84.425U	S425U210027	N/A	40,000	3/13/20 - 9/30/24						(11,248)		(11,248)		
ARP - Beyond the School Day	84.425U	S425U210027	N/A	40,000	3/13/20 - 9/30/24						(13,117)		(13,117)		
ARP - Mental Health	84.425U	S425U210027	N/A	45,000	3/13/20 - 9/30/24								-		
Total Special Revenue Fund						(27,336)	-	-	-	27,336	(129,215)	-	(129,215)	-	-
Total Federal Awards						\$ (27,336)	\$ -	\$ -	\$ -	\$ 27,336	\$ (129,215)	\$ -	\$ (129,215)	\$ -	\$ -

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

WEST CAPE MAY SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 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	Adjustment	June 30, 2023		
				Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
State Department of Education													
General Fund:													
Special Education Categorical Aid	23-495-034-5120-089	\$ 73,347	7/1/22-6/30/23	\$ -	\$ -	\$ -	\$ -	\$ 67,040	\$ (73,347)	\$ -	\$ (6,307)	\$ -	\$ -
Special Education Categorical Aid	22-495-034-5120-089	65,735	7/1/21-6/30/22	(5,754)				5,754			-		
Security Aid	23-495-034-5120-084	11,934	7/1/22-6/30/23					10,909	(11,934)		(1,025)		
Security Aid	22-495-034-5120-084	11,934	7/1/21-6/30/22	(1,045)				1,045			-		
School Choice Aid	23-495-034-5120-068	519,753	7/1/22-6/30/23					475,116	(519,753)		(44,637)		
School Choice Aid	22-495-034-5120-068	480,657	7/1/21-6/30/22	(42,072)				42,072			-		
Transportation Aid	23-495-034-5120-014	(5,528)	7/1/22-6/30/23					4,806	(5,258)		(452)		
Transportation Aid	22-495-034-5120-014	5,258	7/1/21-6/30/22	(460)				460			-		
Reimbursed Non Public Transportation	23-495-034-5120-014	624	7/1/22-6/30/23						(624)		(624)		
Reimbursed Non Public Transportation	22-495-034-5120-014	580	7/1/21-6/30/22	(580)				580			-		
On Behalf TPAF Pension	23-495-034-5094-002	269,971	7/1/22-6/30/23					269,971	(269,971)		-		
On Behalf TPAF Post Retirement Medical	23-495-034-5094-001	70,921	7/1/22-6/30/23					70,921	(70,921)		-		
On Behalf TPAF Long Term Disability Insurance	23-495-034-5094-004	167	7/1/22-6/30/23					167	(167)		-		
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	62,866	7/1/22-6/30/23					56,890	(62,866)		(5,976)		
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	64,641	7/1/21-6/30/22	(6,024)				6,024			-		
Total General Fund				(55,935)				1,011,755	(1,014,841)		(59,021)		
Special Revenue Fund:													
Climate Awareness Grant	23-WB01-GO2	6,374	4/1/23-6/30/23					6,374	(6,374)				
								6,374	(6,374)				
Total State Financial Assistance				\$ (55,935)	\$ -	\$ -	\$ -	\$ 1,018,129	\$(1,021,215)	\$ -	\$ (59,021)	\$ -	\$ -
Less: State Financial Assistance Not Subject to Major Program Determination													
On-Behalf (Non-Budgeted):													
TPAF Pension Contribution	23-495-034-5094-002	269,971	7/1/22-6/30/23						(269,971)				
TPAF Contribution - Post-Retirement Medical	23-495-034-5094-001	70,921	7/1/22-6/30/23						(70,921)				
TPAF Contribution - Long Term Disability Insurance	23-495-034-5094-004	167	7/1/22-6/30/23						(167)				
Total State Financial Assistance Subject to Major Program Determination									\$ (680,156)				

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

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

1. GENERAL

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

2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$3,082) for the general fund and \$-0- for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ -	\$ 1,011,759	\$ 1,011,759
Special Revenue	129,215	6,374	135,589
Food Service	-	-	-
Total	<u>\$ 129,215</u>	<u>\$ 1,018,133</u>	<u>\$ 1,147,348</u>

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

Financial Statements

Internal control over financial reporting:

Noncompliance material to basic financial statements noted?	X	yes	no
---	---	-----	----

NOT APPLICABLE

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

Identification of major programs:

Auditee qualified as low-risk auditee?	yes	no
--	-----	----

State Awards Section

\$750,000

 X yes no

_____ yes X no

yes X none reported

Unmodified

X	yes	no
---	-----	----

Name of State Program

School Choice Aid

Special Education Categorical Aid

Security Aid

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

Finding #2023-001

Criteria or specific requirement:

The TPAF/FICA reimbursement to the State of New Jersey for federal salary expenditures should be made within the 90 day grant liquidation period as required by the Office of Grants Management.

Condition:

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

Context:

Payment was made after the 90 day period.

Effect:

The School District was not in compliance with the 90 day grant liquidation period as required by the Office of Grants Management.

Cause:

Oversight.

Recommendation:

That the TPAF/FICA reimbursement to the State of New Jersey for federal salary expenditures be made within the 90 day grant liquidation period.

View of Responsible Officials and Planned Corrective Action:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**WEST CAPE MAY 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:

A federal single audit was not required.

STATE AWARDS:

Finding No. 2023-002

Information on the State Program:

Special Education Aid Aid; GMIS No. 23-495-034-5120-089

Criteria or specific requirement:

The District is required to complete the Application for State School Aid (ASSA) in accordance with the instructions provided by the State Department of Education.

Condition:

The count for on roll students did not agree to supporting documents.

Questioned Costs:

None

Context:

My test of the ASSA disclosed an understatement of nine students in the on roll count when compared to the District's supporting documents.

Effect:

The reported differences may have an impact on the District's State Aid allocation.

Cause:

Oversight.

Recommendation:

That care is exercised in preparing the Application for State School Aid.

View of Responsible Officials and Planned Corrective Action:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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

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

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings.

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

There were no prior year audit findings.