

**SCHOOL DISTRICT
OF
TOWNSHIP
OF
LOWER**

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

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

**Annual Comprehensive
Financial Report**

of the

**Township of Lower
Board of Education**

Cape May, New Jersey

For the Fiscal Year Ended June 30, 2022

**Prepared by
Township of Lower Board of Education
Finance Department**

LOWER TOWNSHIP SCHOOL DISTRICT

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Introductory Section

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BOARD OFFICE**

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Maud Abrams School
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Cape May, NJ 08204
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Carl T. Mitnick
Grades 1 - 2
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January 30, 2023

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

Dear Board Members:

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

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

1. REPORTING ENTITY AND ITS SERVICES:

The Township of Lower School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Township of Lower Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Preschool through 6. These include regular education, academic enrichment programs and Special Education instruction and Child Study Team services. The District completed the

2021-2022 fiscal year with an enrollment of 1,497 students (June 2022). The following details the changes in the student enrollment of the District over the last ten years.

**AVERAGE STUDENT ENROLLMENT
AS REPORTED TO THE STATE**

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2021-22	1,497	-0.33%
2020-21	1,502	-6.48%
2019-20	1,606	-6.25%
2018-19	1,713	3.38%
2017-18	1,657	-0.54%
2016-17	1,666	-3.42%
2015-16	1,725	-3.52%
2014-15	1,788	-2.08%
2013-14	1,826	0.82%
2012-13	1,811	-0.93%

2. ECONOMIC CONDITION AND OUTLOOK:

The Township of Lower encompasses 30.5 square miles in the southern part of Cape May County. Its boundaries include the Delaware Bay, the Atlantic Ocean, Cape May City, Cape May Point, Wildwood Crest, and the Township of Middle. The area was purchased from the original settlers, the Kechemeche Indians, in the early 1600’s. It was a natural site and became a center for whaling, fishing and fur trading.

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

3. MAJOR INITIATIVES:

During the 2021-2022 school year major initiatives included:

- Continue to deal with the S-2 legislation which has reduced the state aid funding.
- Continue to proactively respond to the various issues related to COVID, including allocations of the various COVID related grants.
- Continue our partnership with Columbia University for professional development in reading and writing.
- Analysis of the four school buildings’ infrastructure relative to air-quality, and other capital improvements, which included security enhancements.
- Explored various shared services agreements with other schools.

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

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

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the district maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital project 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 canceled or are included as reappropriations of fund balance in the subsequent year. Amounts to be reappropriated are reported as reservations of fund balance at June 30, 2022.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Financial Statements,” Note 2. The District has adopted a cash management

plan which requires it to deposit public funds in the New Jersey Cash Management Fund or in public depositories protected from loss under the provisions of the Government Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT:

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

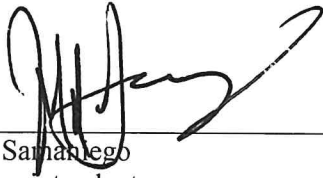
9. OTHER INFORMATION:

- a. **Independent Audit** – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso & Stewart, LLC, was selected by the Board’s audit committee. 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 OMB15-08. This 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 sections of this report.

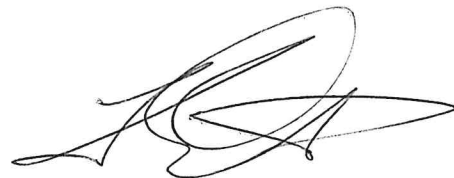
9. ACKNOWLEDGEMENTS:

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

Respectfully submitted,

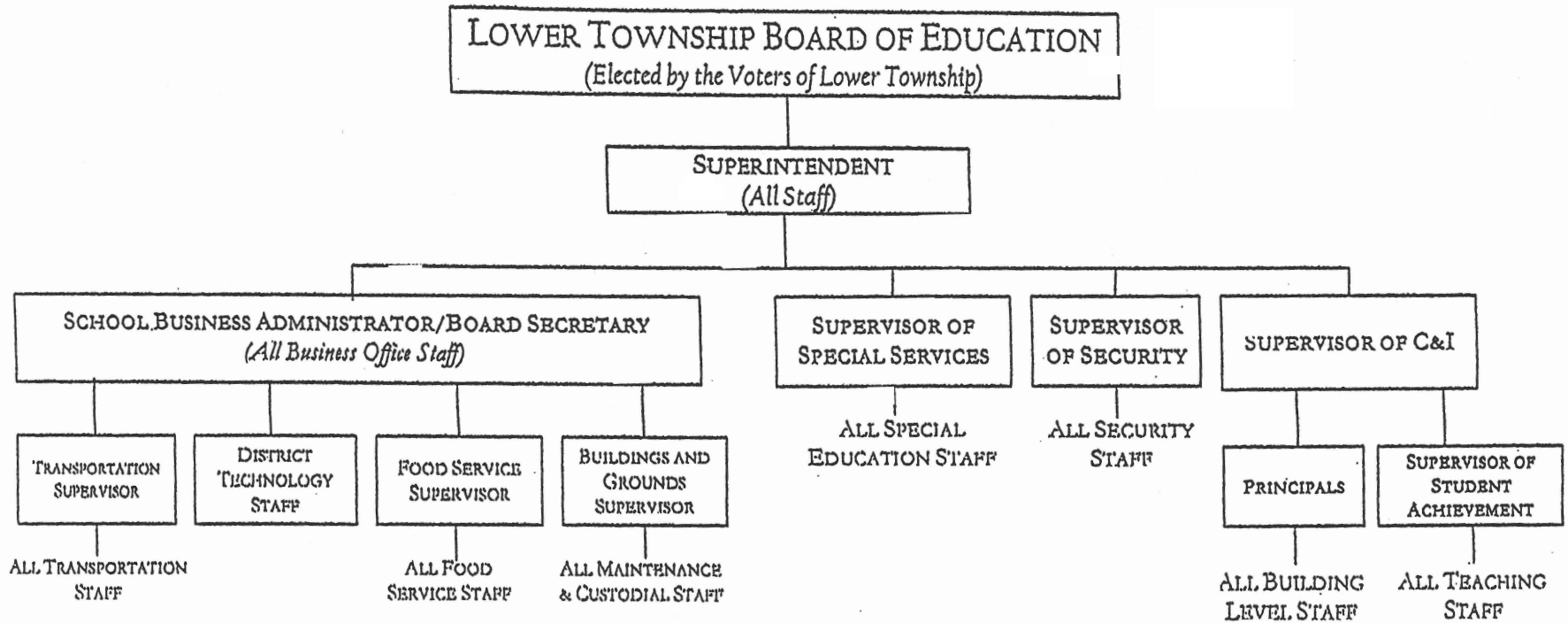


Jeff Samaniego
Superintendent



Frank Onorato
Business Administrator

ORGANIZATIONAL CHART



**TOWNSHIP OF LOWER BOARD OF EDUCATION
LOWER TOWNSHIP, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2022**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Gary Douglass, President	2023
Patricia Smith, Vice President	2023
Monica M. DiVito	2024
Nichole Koch	2022
Michael Mader	2024
Lindsey Selby	2024
Joseph Thomas	2023
Charles P. Utsch	2022
Sally Yerk	2022

Other Officials

Jeff Samaniego, Superintendent
John Hansen, Board Secretary & School Business Administrator
Lauren Read, Treasurer
Brett Gorman, Esq., Solicitor

**LOWER TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

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

Architect

Garrison Architects
713 Creek Road
Bellmawr, NJ 08031

Attorney

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Parker McCay, P.A.
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Financial Section

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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
Township of Lower School District
County of Cape May
Cape May, New Jersey

Report on the Audit of the Financial Statements

Opinions

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Adoption of New Accounting Principle

As discussed in Note 21 to the financial statements, during the fiscal year ended June 30, 2022, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. My opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

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

The introductory and statistical sections listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 30, 2023, on my consideration of the District’s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



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

Marlton, New Jersey
January 30, 2023

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

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

As management of the Board of Education of the Township of Lower, 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, 2022. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$2,863,276 (*net position*).
- Governmental activities have an unrestricted net position deficit of \$8,540,280. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, and the last two state aid payments, and the state statute that prohibits school districts from maintaining more than 4% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District increased by \$3,530,975, or a 528.83% increase from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds increased by \$17,572,026 resulting in an ending fund balance of \$25,697,806. This increase is largely due to the proceeds of a bond sale.
- Business-type activities have unrestricted net position of \$463,349.
- The School District's long-term obligations increased by \$13,101,828 which is an increase in pension liability, leases and in compensated absences, and an increase in serial bonds payable due to issuance of new bonds.

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 consolidate the Food Service Fund and the After-School Program.

Fund Financial Statements

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

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

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

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

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

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

The School District's two enterprise funds (Food Service Fund and Day Care Program Fund) are listed individually and are considered to be major funds.

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

Notes to the Basic Financial Statements

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

Other Information

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

District-wide Financial Analysis

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

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

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

The assets of the primary government activities exceeded liabilities by \$2,356,830 with an unrestricted deficit balance of \$8,540,280. The net position of the primary government does not include internal balances.

A net investment of (\$11,804,140) in land, improvements, buildings, equipment and vehicles which provide the services to the School District's public school students. Net position of \$17,481,803 has been restricted to provide resources for future capital expansion and renovation projects, \$1,010,119 has been restricted for maintenance projects, \$19,950 has been reserved for future debt service, \$250,000 has been restricted for emergency reserve, \$254,294 reserved for unemployment compensation, \$70,010 reserved for student activities, and \$3,615,074 has been restricted for budget appropriation.

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

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

	Governmental Activities		Business-Type Activities		District-Wide	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current assets	\$ 26,117,786	\$ 8,515,434	\$ 653,962	\$ 494,830	\$ 26,771,748	\$ 9,010,264
Capital assets	9,671,991	10,266,490	43,097	10,108	9,715,088	10,276,598
Total assets	35,789,777	18,781,924	697,059	504,938	36,486,836	19,286,862
Deferred Outflows of Resources	835,578	1,112,322	-	-	835,578	1,112,322
LIABILITIES						
Current liabilities	1,671,245	1,410,646	135,049	52,102	1,806,294	1,462,748
Noncurrent liabilities	28,519,389	15,346,892	55,564	91,120	28,574,953	15,438,012
Total liabilities	30,190,634	16,757,538	190,613	143,222	30,381,247	16,900,760
Deferred Inflows of Resources	4,077,891	4,166,123	-	-	4,077,891	4,166,123
Net Position	\$ 2,356,830	\$ (1,029,415)	\$ 506,446	\$ 361,716	\$ 2,863,276	\$ (667,699)
Net Position Consists of:						
Net investment in						
Capital Assets	\$ (11,804,140)	\$ 4,184,490	\$ 43,097	\$ 10,108	\$ (11,761,043)	\$ 4,194,598
Restricted Assets	22,701,250	7,484,975			22,701,250	7,484,975
Unrestricted Assets	(8,540,280)	(12,698,880)	463,349	351,608	(8,076,931)	(12,347,272)
Net Position	\$ 2,356,830	\$ (1,029,415)	\$ 506,446	\$ 361,716	\$ 2,863,276	\$ (667,699)

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

	Governmental Activities		Business-Type Activities		District-Wide	
	2022	2021	2022	2021	2022	2021
Revenues:						
Charges for services	\$ -	\$ 28,660	\$ 387,587	\$ 213,694	\$ 387,587	\$ 242,354
Operating Grants and contributions	15,818,446	17,956,399	1,234,027	2,586,573	17,052,473	20,542,972
Property taxes	18,589,776	18,216,740			18,589,776	18,216,740
State aid - unrestricted	9,835,915	8,242,674			9,835,915	8,242,674
Loss on disposal of asset	(30,502)				(30,502)	
Other revenues	144,564	194,728	3,739	5,648	148,303	200,376
Total Revenues	44,358,199	44,639,201	1,625,353	2,805,915	45,983,552	47,445,116
Expenses:						
Governmental Activities:						
Instruction	12,969,585	13,728,198			12,969,585	13,728,198
Tuition	806,808	921,920			806,808	921,920
Related Services	4,153,607	3,859,555			4,153,607	3,859,555
Administrative Services	1,333,537	1,292,641			1,333,537	1,292,641
Central Services	384,914	336,208			384,914	336,208
Operations and Maintenance	4,141,844	3,382,634			4,141,844	3,382,634
Transportation	1,212,231	1,086,710			1,212,231	1,086,710
Employee benefits	15,716,990	18,121,199			15,716,990	18,121,199
Interest on debt	210,864	117,480			210,864	117,480
Other	41,574	44,127			41,574	44,127
Business-Type Activities:						
Food Service			1,201,550	842,071	1,201,550	842,071
Day Care Program			279,073	261,753	279,073	261,753
Internal Service			-	1,755,000	-	1,755,000
Total Expenses	40,971,954	42,890,672	1,480,623	2,858,824	42,452,577	45,749,496
Increase (Decrease) in Net Position before transfers	3,386,245	1,748,529	144,730	(52,909)	3,530,975	1,695,620
Adjustment to fixed assets						
Transfers	-	-	-	-	-	-
Change in Net Position	3,386,245	1,748,529	144,730	(52,909)	3,530,975	1,695,620
Net Position, July 1	(1,029,415)	(2,994,588)	361,716	414,625	(667,699)	(2,579,963)
Prior Period Adjustment		216,644			-	
Net Position, July 1 Restated	(1,029,415)	(2,777,944)	361,716	414,625	(667,699)	(2,363,319)
Net Position, June 30	\$ 2,356,830	\$ (1,029,415)	\$ 506,446	\$ 361,716	\$ 2,863,276	\$ (667,699)

Governmental Activities

Governmental activities increased the net position of the School District by \$3,386,245 during the current fiscal year. Key elements of the increase in net position for governmental activities are as follows:

- Capital additions less depreciation expense decreased the net position by \$646,593.
- Compensated absences decreased by \$323,854.
- Results of operations in the Governmental Funds increased the net position by \$17,572,026.
- Long term Debt increased the net position by \$13,199,500.

Business-type Activities

Business-type activities increased the School District's net position by \$144,730. Key elements of the decrease in net position for business-type activities are as follows:

- The Food Service Fund had a net gain of \$158,103 and the Day Care Program had a net loss of \$13,373.

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$25,697,806, an increase of \$17,572,026 in comparison with the prior year. Most of this increase is due to the General Fund results of operations.

The unreserved fund balance for the School District at the end of the fiscal year includes a combination of an unreserved fund balance for the General Fund of \$1,853,129 and a deficit fund balance of \$297,551 in the Special Revenue Fund. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) as restricted cash reserved for future capital outlay expenditures of \$16,604,201, 2) \$254,294 reserved for unemployment compensation, 3) \$3,615,074 reserved for future budget appropriation in accordance with state statute, 4) \$2,321,472 reserved for encumbrances, 5) \$1,010,119 reserved for maintenance, 6) \$250,000 reserved for emergency, 7) \$17,058 reserved for future debt service requirements, and 8) \$70,010 reserved for student activities.

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

General Fund Budgetary Highlights

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the General Fund was \$2,353,147 while total fund balance (budgetary basis) was \$9,090,576. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total General Fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$31,883,050. Unreserved fund balance (budgetary basis) represents 7.38% of expenditures while total fund balance (budgetary basis) represents 28.51% of that same amount.

Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2022, totaled \$9,662,994 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$613,604 or a 6.30% decrease. The decrease is due to acquisitions less current year depreciation.

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

	Governmental Activities		Business-Type Activities		District-Wide	
	2022	2021	2022	2021	2022	2021
Land	\$ 80,045	\$ 80,045	\$ -	\$ -	\$ 80,045	\$ 80,045
Const. in Progress	-	-	-	-	-	-
Building and Building Improvements	7,906,492	8,314,757	-	-	7,906,492	8,314,757
Equipment	1,633,360	1,871,688	43,097	10,108	1,676,457	1,881,796
Leases	52,094	115,246			52,094	115,246
Net Assets	<u>\$ 9,671,991</u>	<u>\$ 10,381,736</u>	<u>\$ 43,097</u>	<u>\$ 10,108</u>	<u>\$ 9,715,088</u>	<u>\$ 10,391,844</u>

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

Long-term debt – During the fiscal year ended June 30, 2022, the School District had \$19,841,000 in serial bonds payable, \$2,439,848 in compensated absences, \$1,582,000 in capital leases payable, and \$5,216,080 in net pension liability.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$110,364,776. The available amount as of June 30, 2022 is \$90,523,776.

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

Economic Factors and Next Year’s Budgets and Rates

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

For 2022-23 fiscal year the School District is anticipating a decrease in state aid. The local tax levy in the General Fund increased by \$367,380 or a 2.00% increase. Salaries continue to increase contractually; however, the District has managed to control costs. The 2022-23 General Fund Budget is \$3,575,794 less than the previous year. The tax rate was .501 in 2021 and increased to .513 in 2022.

For the Future

The Lower Township Public School District is in very good financial condition presently. However, a major concern is the increased reliance on local property taxes as state aid has remained stagnant. Lower Township is primarily a residential community, with very few large ratables; thus, the burden is focused on homeowners to share the tax burden.

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

Requests for Information

This financial report is designed to provide a general overview of the School District’s finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Lower Township School District Business Administrator, 834 Seashore Rd., Cape May, New Jersey 08204.

Basic Financial Statements

District-Wide Financial Statements

LOWER TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 22,773,575	\$ 548,633	\$ 23,322,208
Internal balances			
Accounts receivables, net	1,917,128	85,345	2,002,473
Inventory		19,984	19,984
Restricted assets:			
Cash and cash equivalents	1,427,083		1,427,083
Capital assets, net	9,619,897	43,097	9,662,994
Right-to-use lease assets, net	52,094		52,094
Total Assets	<u>35,789,777</u>	<u>697,059</u>	<u>36,486,836</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	<u>835,578</u>		<u>835,578</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>36,625,355</u>	<u>697,059</u>	<u>37,322,414</u>
LIABILITIES:			
Accounts payable:			
Other	423,771	4,059	427,830
Related to pensions	568,404		568,404
Internal balances	(112,665)	112,665	
Accrued liabilities:			
Interest payable	125,754		125,754
Unearned revenue	108,874	18,325	127,199
Noncurrent liabilities:			
Due within one year	557,107		557,107
Due beyond one year	28,519,389	55,564	28,574,953
Total Liabilities	<u>30,190,634</u>	<u>190,613</u>	<u>30,381,247</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources from pensions	<u>4,077,891</u>	-	<u>4,077,891</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>34,268,525</u>	<u>190,613</u>	<u>34,459,138</u>
NET POSITION:			
Net investment in capital assets	(11,804,140)	43,097	(11,761,043)
Restricted for:			
Capital projects	17,481,803		17,481,803
Maintenance	1,010,119		1,010,119
Emergency	250,000		250,000
Excess surplus	3,615,074		3,615,074
Unemployment compensation	254,294		254,294
Debt service	19,950		19,950
Student activities	70,010		70,010
Unrestricted (Deficit)	<u>(8,540,280)</u>	<u>463,349</u>	<u>(8,076,931)</u>
Total Net Position	<u>\$ 2,356,830</u>	<u>\$ 506,446</u>	<u>\$ 2,863,276</u>

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

LOWER TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 10,617,587	\$ -	\$ 2,614,781	\$ -	\$ (8,002,806)	\$ -	\$ (8,002,806)
Special Education	2,173,031		574,262		(1,598,769)		(1,598,769)
Other instruction	178,967				(178,967)		(178,967)
Support Services:							
Tuition	806,808				(806,808)		(806,808)
Student & instruction related services	4,153,607		921,337		(3,232,270)		(3,232,270)
General administrative services	556,503				(556,503)		(556,503)
School administrative services	777,034				(777,034)		(777,034)
Central administrative services	384,914				(384,914)		(384,914)
Plant operations and maintenance	4,141,844				(4,141,844)		(4,141,844)
Pupil transportation	1,212,231				(1,212,231)		(1,212,231)
Unallocated employee benefits	15,716,990		11,708,066		(4,008,924)		(4,008,924)
Interest on long-term debt	210,864				(210,864)		(210,864)
Unallocated depreciation and amortization	41,574				(41,574)		(41,574)
Total Governmental Activities	<u>40,971,954</u>	<u>-</u>	<u>15,818,446</u>	<u>-</u>	<u>(25,153,508)</u>	<u>-</u>	<u>(25,153,508)</u>
Business-Type Activities:							
Food service	1,201,550	123,248	1,234,027	-	-	155,725	155,725
Day care program	279,073	264,339				(14,734)	(14,734)
Total Business-Type Activities	<u>1,480,623</u>	<u>387,587</u>	<u>1,234,027</u>	<u>-</u>	<u>-</u>	<u>140,991</u>	<u>140,991</u>
Total Primary Government	<u>\$ 42,452,577</u>	<u>\$ 387,587</u>	<u>\$ 17,052,473</u>	<u>\$ -</u>	<u>(25,153,508)</u>	<u>140,991</u>	<u>(25,012,517)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					18,369,015		18,369,015
Taxes levied for debt service					220,761		220,761
Federal and State aid unrestricted					9,835,915		9,835,915
Investment and Interest earnings - restricted					39,718		39,718
Miscellaneous					104,846	3,739	108,585
Special Items:							
Loss on Disposal of Assets					(30,502)		(30,502)
Total general revenues, special items, extraordinary items and transfers					<u>28,539,753</u>	<u>3,739</u>	<u>28,543,492</u>
Change in Net Position					3,386,245	144,730	3,530,975
Net Position - July 1,					(1,029,415)	361,716	(667,699)
Net Position - June 30					<u>\$ 2,356,830</u>	<u>\$ 506,446</u>	<u>\$ 2,863,276</u>

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

Fund Financial Statements

LOWER TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 6,795,859	\$ 70,010	\$ 17,314,853	\$ 19,936	\$ 24,200,658
Interfund Accounts Receivable					
Enterprise Fund	112,665				112,665
General Fund	845,671	82,363			928,034
Capital Projects Fund				14	14
Intergovernmental Accounts Receivables:					
State	1,342,332				1,342,332
Federal		574,796			574,796
Total Assets	<u>\$ 9,096,527</u>	<u>\$ 727,169</u>	<u>\$ 17,314,853</u>	<u>\$ 19,950</u>	<u>\$ 27,158,499</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Accounts Payable					
General Fund		845,671			845,671
Debt Service Fund			14		14
Special Revenue Fund	82,363				82,363
Accounts Payable:					
Payroll Deductions and Withholdings Payable	14,590				14,590
Unemployment Claims Payable	94,564				94,564
Other	314,452	165			314,617
Unearned Revenue		108,874			108,874
Total Liabilities	<u>505,969</u>	<u>954,710</u>	<u>14</u>		<u>1,460,693</u>
Fund Balances:					
Restricted:					
Capital Reserve	166,964				166,964
Maintenance Reserve	1,010,119				1,010,119
Emergency Reserve	250,000				250,000
Excess Surplus	3,615,074				3,615,074
Unemployment Compensation	254,294				254,294
Capital Projects			16,437,237		16,437,237
Debt Service				17,058	17,058
Student Activities		70,010			70,010
Assigned to:					
Other Purposes	1,240,977		877,602		2,118,579
Designated for Subsequent Year's Expenditures	200,001			2,892	202,893
Unassigned	1,853,129	(297,551)			1,555,578
Total Fund Balances	<u>8,590,558</u>	<u>(227,541)</u>	<u>17,314,839</u>	<u>19,950</u>	<u>25,697,806</u>
Total Liabilities and Fund Balances	<u>\$ 9,096,527</u>	<u>\$ 727,169</u>	<u>\$ 17,314,853</u>	<u>\$ 19,950</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 \$24,367,596 and the accumulated depreciation is \$14,747,699. 9,619,897

Leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$115,246 and the accumulated amortization is \$63,152. 52,094

Accrued interest on debt is not due and payable in the current period and therefore is not reported as a liability in the funds. (125,754)

Accounts payable related to the April 1, 2023 required PERS contribution that is not to be liquidated with current financial resources. (568,404)

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	\$ 835,578	
Net Pension Liability	(5,216,080)	
Deferred Inflows of resources from Pensions	(4,077,891)	(8,458,393)

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	(2,384,285)	
Financed Purchases Payable	(1,582,000)	
Leases Payable	(53,131)	
General Obligation Bonds	(19,841,000)	(23,860,416)

Net position of governmental activities \$ 2,356,830

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local property tax levy	\$ 18,369,015	\$ -	\$ -	\$ 220,761	\$ 18,589,776
Interest earned on maintenance reserve	11,099				11,099
Interest earned on capital reserve	24,962				24,962
Other restricted miscellaneous Revenues	3,657				3,657
Unrestricted miscellaneous Revenues	88,308		16,538		104,846
Federal sources	58,422	2,204,631			2,263,053
State sources	16,255,829	2,870,893		115,084	19,241,806
Local sources		34,563			34,563
Total revenues	34,811,292	5,110,087	16,538	335,845	40,273,762
EXPENDITURES:					
Current expense:					
Regular instruction	7,756,223	2,614,781			10,371,004
Special education instruction	1,598,769	574,262			2,173,031
Other instruction	178,967				178,967
Support services and undistributed costs:					
Tuition	806,808				806,808
Student & instruction related services	2,921,864	1,231,743			4,153,607
General administrative services	547,030				547,030
School administrative services	693,887				693,887
Central services	381,757				381,757
Plant operations and maintenance	2,603,125				2,603,125
Pupil transportation	1,212,231				1,212,231
Unallocated employee benefits	12,178,723	999,707			13,178,430
Capital outlay	1,003,666		684,713		1,688,379
Debt service:					
Principal				225,000	225,000
Interest and other charges				113,480	113,480
Total expenditures	31,883,050	5,420,493	684,713	338,480	38,326,736
Excess (deficiency) of revenues over (under) expenditures	2,928,242	(310,406)	(668,175)	(2,635)	1,947,026
Other Financing Sources (Uses):					
Proceeds of School Bonds			15,625,000		15,625,000
Transfers in		309,144	2,208,440	16,538	2,534,122
Transfers out	(2,517,584)		(16,538)		(2,534,122)
Total other financing sources (uses)	(2,517,584)	309,144	17,816,902	16,538	15,625,000
Net change in fund balance	410,658	(1,262)	17,148,727	13,903	17,572,026
Fund balances, July 1	8,179,900	(226,279)	166,112	6,047	8,125,780
Fund balances, June 30	<u>\$ 8,590,558</u>	<u>\$ (227,541)</u>	<u>\$ 17,314,839</u>	<u>\$ 19,950</u>	<u>\$ 25,697,806</u>

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

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

Total net change in fund balances - governmental funds (from B-2)		\$ 17,572,026
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in the governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current fiscal year.</p>		
Capital outlay	\$ 215,381	
Loss on Disposal of Assets	(30,502)	
Depreciation expense	<u>(831,472)</u>	(646,593)
<p>Capital outlays related to leases are reported in the governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as amortization expense. This is the amount by which capital outlays exceeded amortization in the current fiscal year.</p>		
Amortization expense	(63,152)	
Lease Asset Additions	<u>-</u>	(63,152)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.		225,000
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.		62,115
The proceeds of a bond issue is an other financing source of revenue in the governmental funds but is not reported in the statement of activities.		(15,625,000)
Repayment of financed purchases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.		59,000
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition to the reconciliation.		(97,384)
Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.		1,576,379
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		<u>323,854</u>
Change in net position of governmental activities		<u><u>\$ 3,386,245</u></u>

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

LOWER TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2022

	Food Service Fund	Day Care Program	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 429,419	\$ 119,214	\$ 548,633
Intergovernmental accounts receivable	79,233	-	79,233
Other accounts receivable	6,112	-	6,112
Inventories	19,984	-	19,984
Total current assets	<u>534,748</u>	<u>119,214</u>	<u>653,962</u>
Noncurrent assets:			
Equipment	285,136	-	285,136
Less accumulated depreciation	<u>(242,039)</u>	<u>-</u>	<u>(242,039)</u>
Total noncurrent assets	<u>43,097</u>	<u>-</u>	<u>43,097</u>
Total assets	<u>\$ 577,845</u>	<u>\$ 119,214</u>	<u>\$ 697,059</u>
LIABILITIES:			
Current liabilities:			
Unearned revenue	\$ 12,063	\$ 6,262	\$ 18,325
Accounts payable	4,059	-	4,059
Interfund payable	<u>112,665</u>	<u>-</u>	<u>112,665</u>
Total current liabilities	<u>128,787</u>	<u>6,262</u>	<u>135,049</u>
Noncurrent liabilities:			
Compensated absences	<u>55,564</u>	<u>-</u>	<u>55,564</u>
Total noncurrent liabilities	<u>55,564</u>	<u>-</u>	<u>55,564</u>
Total liabilities	<u>184,351</u>	<u>6,262</u>	<u>190,613</u>
NET POSITION:			
Net investment in capital assets	43,097	-	43,097
Unrestricted	<u>350,397</u>	<u>112,952</u>	<u>463,349</u>
Total net position	<u>\$ 393,494</u>	<u>\$ 112,952</u>	<u>\$ 506,446</u>

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

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

	Food Service Fund	Day Care Program	Total
Operating revenues:			
Charges for services:			
Daily sales-reimbursable programs	\$ 245	\$ -	\$ 245
Daily sales-non-reimbursable programs	102,433	-	102,433
Registration Fees	-	258,509	258,509
Miscellaneous	20,570	5,830	26,400
Total operating revenue	<u>123,248</u>	<u>264,339</u>	<u>387,587</u>
Operating expenses:			
Salaries	636,539	258,554	895,093
Employee benefits	131,252	17,998	149,250
Supplies and materials	43,995	2,521	46,516
Purchased professional services	26,059	-	26,059
Depreciation	626	-	626
Cost of sales - reimbursable programs	339,083	-	339,083
Cost of sales - non-reimbursable programs	21,533	-	21,533
Other	2,463	-	2,463
Total operating expenses	<u>1,201,550</u>	<u>279,073</u>	<u>1,480,623</u>
Operating income (loss)	<u>(1,078,302)</u>	<u>(14,734)</u>	<u>(1,093,036)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	18,952	-	18,952
Federal sources:			
National school lunch program	699,551	-	699,551
School breakfast program	400,851	-	400,851
After school snack program	16,398	-	16,398
Emergency operational cost program - schools	20,497	-	20,497
P-EBT administrative costs	1,242	-	1,242
U.S.D.A. commodities	76,536	-	76,536
Local sources:			
Interest revenue	2,378	1,361	3,739
Total nonoperating revenues (expenses)	<u>1,236,405</u>	<u>1,361</u>	<u>1,237,766</u>
Change in net position	158,103	(13,373)	144,730
Total net position - July 1	<u>235,391</u>	<u>126,325</u>	<u>361,716</u>
Total net position - June 30	<u>\$ 393,494</u>	<u>\$ 112,952</u>	<u>\$ 506,446</u>

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

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

	Food Service Fund	Day Care Program	Total
Cash flows from operating activities:			
Receipts from customers	\$ 130,337	\$ 261,431	\$ 391,768
Payments to employees	(615,054)	(276,552)	(891,606)
Payments to suppliers	(380,063)	(2,521)	(382,584)
Net cash used for operating activities	<u>(864,780)</u>	<u>(17,642)</u>	<u>(882,422)</u>
Cash flows from noncapital financing activities:			
State and Federal reimbursements	1,142,523	-	1,142,523
Net cash provided by non-capital financing activities	<u>1,142,523</u>	<u>-</u>	<u>1,142,523</u>
Cash flows from capital financing activities:			
Purchase of fixed assets	(33,615)	-	(33,615)
Net cash provided by capital financing activities	<u>(33,615)</u>	<u>-</u>	<u>(33,615)</u>
Cash flows from investing activities:			
Interest and dividends	2,378	1,361	3,739
Net cash provided by investing activities	<u>2,378</u>	<u>1,361</u>	<u>3,739</u>
Net increase in cash and cash equivalents	246,506	(16,281)	230,225
Balances - July 1	182,913	135,495	318,408
Balances - June 30	<u>\$ 429,419</u>	<u>\$ 119,214</u>	<u>\$ 548,633</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (1,078,302)	\$ (14,734)	\$ (1,093,036)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	626	-	626
Commodities	76,536	-	76,536
(Increase) decrease in accounts receivable	1,134	7,357	8,491
(Increase) decrease in interfund receivable	82,000	-	82,000
(Increase) decrease in inventories	(5,059)	-	(5,059)
Increase/(decrease) in interfund payable	113,293	-	113,293
Increase (decrease) in accounts payable	(18,407)	-	(18,407)
Increase (decrease) in unearned revenue	(1,045)	(10,265)	(11,310)
Increase (decrease) in compensated absences	(35,556)	-	(35,556)
Net cash provided by (used for) operating activities	<u>\$ (864,780)</u>	<u>\$ (17,642)</u>	<u>\$ (882,422)</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity - The Lower Township School District (District) is a Type II school district located in Cape May County, New Jersey and covers an area of approximately 31 square miles. As a Type II school district, it functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the district is to provide educational services for all of Lower Township's students in grades preschool through 6. Students in grades 7 through 12 attend Lower Cape May Regional. The Lower Township School District has an approximate enrollment at June 30, 2022 of 1,496 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds (Continued)

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

The School District’s enterprise funds are:

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

Day Care Program - This fund accounts for the financial transactions related to the day care operations.

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

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

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

Measurement Focus

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

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

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

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2022.

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

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.

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

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. Management is currently evaluating the impact of the adoption of this Statement on the District’s financial statements.

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

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

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District’s deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District’s amount on deposit of \$27,472,188 as of June 30, 2022, \$250,000 was insured under FDIC, \$11,582,596 was collateralized under GUDPA and the remaining balance of \$15,639,592 invested through NJ/ARM are uninsured and uncollateralized.

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.

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

3. CAPITAL RESERVE ACCOUNT (Continued)

The activity of the capital reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Balance – July 1, 2021		\$	2,250,442
Increased by:			
Budget Resolution	\$	100,000	
Interest Earned		<u>24,962</u>	<u>124,962</u>
			2,375,404
Decreased by:			
Transfer to Capital Projects			<u>2,208,440</u>
Balance – June 30, 2022		\$	<u>166,964</u>

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

4. RECEIVABLES

Accounts receivables at June 30, 2022 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, 2022 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	\$ 1,342,332	\$ -	\$ 1,138	\$ 1,343,470
Federal	-	574,796	78,095	652,891
Other	<u>-</u>	<u>-</u>	<u>6,112</u>	<u>6,112</u>
Total	<u>\$ 1,342,332</u>	<u>\$ 574,796</u>	<u>\$ 85,345</u>	<u>\$ 2,002,473</u>

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

5. CAPITAL ASSETS

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

	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance June 30, 2022</u>
Governmental Activities:				
<i>Capital Assets, not being depreciated</i>				
Land	\$ 80,045	\$ -	\$ -	\$ 80,045
Construction in Progress	-	-	-	-
Total Capital Assets not being Depreciation	<u>80,045</u>	<u>-</u>	<u>-</u>	<u>80,045</u>
<i>Capital Assets, being depreciated</i>				
Building and Improvements	19,453,927			19,453,927
Equipment	4,972,058	215,381	353,815	4,833,624
Total Historical Cost	<u>24,425,985</u>	<u>215,381</u>	<u>353,815</u>	<u>24,287,551</u>
<i>Less Accumulated Depreciation:</i>				
Building and Improvements	(11,139,170)	(408,265)		(11,547,435)
Equipment	(3,100,370)	(453,709)	(353,815)	(3,200,264)
Total Accumulated Depreciation	<u>(14,239,540)</u>	<u>(861,974)</u>	<u>(353,815)</u>	<u>(14,747,699)</u>
Total Capital Assets, being depreciated, net	<u>10,186,445</u>	<u>(646,593)</u>	<u>-</u>	<u>9,539,852</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,266,490</u>	<u>\$ (646,593)</u>	<u>\$ -</u>	<u>\$ 9,619,897</u>
Business-Type Activities:				
Equipment	\$ 267,971	\$ 33,614	\$ 16,449	\$ 285,136
Less - Accumulated Depreciation	<u>(257,863)</u>	<u>(625)</u>	<u>(16,449)</u>	<u>(242,039)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 10,108</u>	<u>\$ 32,989</u>	<u>\$ -</u>	<u>\$ 43,097</u>

Depreciation expense in the amount of \$861,974 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Instruction	\$ 603,382
School Administration	86,197
Plant operations & maintenance	129,296
Unallocated	<u>43,099</u>
Total depreciation expense	<u>\$ 861,974</u>

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

6. LEASE ASSETS

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

	(Restated) Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Governmental Activities:				
Lease Assets, being Amortized:				
Machinery and Equipment	\$ 115,246	\$ -	\$ -	\$ 115,246
Total Lease Assets Being Amortized	<u>115,246</u>	<u>-</u>	<u>-</u>	<u>115,246</u>
 Governmental Activities				
Lease Assets	<u>115,246</u>	<u>-</u>	<u>-</u>	<u>115,246</u>
 Less Accumulated Amortization for:				
Machinery and Equipment	<u>-</u>	<u>(63,152)</u>	<u>-</u>	<u>(63,152)</u>
Total Accumulated Amortization	<u>-</u>	<u>(63,152)</u>	<u>-</u>	<u>(63,152)</u>
 Governmental Activities Lease Assets, Net	<u>\$ 115,246</u>	<u>\$ (63,152)</u>	<u>\$ -</u>	<u>\$ 52,094</u>

Amortization expense in the amount of \$63,152 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 50,522
Administration	9,473
Central Services	<u>3,157</u>
	<u>\$ 63,152</u>

7. INVENTORY

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

Food	\$ 18,099
Supplies	<u>1,885</u>
	<u>\$ 19,984</u>

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

8. LONG-TERM OBLIGATIONS

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

	Principal Outstanding June 30, 2021	Additions	Reductions	Principal Outstanding June 30, 2022	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 2,708,139	\$ -	\$ 323,854	\$ 2,384,285	\$ 192,973
Financed Purchases Payable	1,641,000	-	59,000	1,582,000	64,000
Leases Payable	115,246		62,115	53,131	50,134
Serial Bonds Payable	4,441,000	15,625,000	225,000	19,841,000	250,000
Net Pension Liability	7,033,726		1,817,646	5,216,080	-
	<u>\$ 15,939,111</u>	<u>\$ 15,625,000</u>	<u>\$ 2,487,615</u>	<u>\$ 29,076,496</u>	<u>\$ 557,107</u>
Business-Type Activities:					
Compensated Absences	\$ 91,120	\$ -	\$ 35,557	\$ 55,563	\$ -
	<u>\$ 91,120</u>	<u>\$ -</u>	<u>\$ 35,557</u>	<u>\$ 55,563</u>	<u>\$ -</u>

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

Serial Bonds dated April 6, 2016 in the amount of \$4,216,000 due in annual installments through April 1, 2036, bearing interest rates of 2.00% to 3.00%

Serial Bonds dated May 10, 2022 in the amount of \$15,625,000 due in annual installments through May 1, 2042, bearing an interest rate of 3.625%

As of June 30, 2022, principal and interest due on bonds outstanding is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 250,000	\$ 661,226	\$ 911,226
2024	1,075,000	670,386	1,745,386
2025	875,000	635,480	1,510,480
2026	875,000	608,230	1,483,230
2027	900,000	580,980	1,480,980
2028-2032	4,850,000	2,458,788	7,308,788
2033-2037	5,441,000	1,580,570	7,021,570
2038-2042	5,575,000	618,062	6,193,062
	<u>\$ 19,841,000</u>	<u>\$ 7,813,722</u>	<u>\$ 27,654,722</u>

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

8. LONG-TERM OBLIGATIONS (Continued)

Financed Purchases Payable

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

<u>Purpose</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Value</u>
Energy Program	July 14, 2037	3.35%	\$ 1,582,000
<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 64,000	\$ 52,495	\$ 116,495
2024	60,000	50,434	110,434
2025	65,000	48,341	113,341
2026	70,000	46,079	116,079
2027	75,000	43,734	118,734
2028-2032	464,000	176,260	640,260
2033-2037	632,000	86,179	718,179
2038	152,000	2,546	154,546
	<u>\$ 1,582,000</u>	<u>\$ 506,068</u>	<u>\$ 2,088,068</u>

Compensated Absences:

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

Leases Payable

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

On December 1, 2018, the School District entered a 48-month lease as lessee for the use of copiers. As of July 1, 2021, an initial lease liability was recorded in the amount of \$26,006. The School District is required to make monthly payments of \$1,576. The lease has an interest rate of 4.00%. The value of the right to use asset as of June 30, 2022, was \$7,649 with accumulated amortization of \$18,357.

On March 1, 2019, the School District entered a 63-month lease as lessee for the use of a postage meter. As of July 1, 2021, an initial lease liability was recorded in the amount of \$975. The School District is required to make monthly payments of \$29. The lease has an interest rate of 3.00%. The value of the right to use asset as of June 30, 2022, was \$641 with accumulated amortization of \$334.

On June 1, 2019, the School District entered a 48-month lease as lessee for the use of copiers. As of July 1, 2021, an initial lease liability was recorded in the amount of \$19,032. The School District is required to make monthly payments of \$861. The lease has an interest rate of 4.00%. The value of the right to use asset as of June 30, 2022, was \$9,102 with accumulated amortization of \$9,930.

On August 1, 2019, the School District entered a 48-month lease as lessee for the use of copiers. As of July 1, 2021, an initial lease liability was recorded in the amount of \$16,884. The School District is required to make monthly payments of \$705. The lease has an interest rate of 4.00%. The value of the right to use asset as of June 30, 2022, was \$8,779 with accumulated amortization of \$8,105.

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

8. LONG-TERM OBLIGATIONS (Continued)

Leases Payable (Continued)

On August 1, 2019, the School District entered a 48-month lease as lessee for the use of copiers. As of July 1, 2021, an initial lease liability was recorded in the amount of \$41,191. The School District is required to make monthly payments of \$1,720. The lease has an interest rate of 4.00%. The value of the right to use asset as of June 30, 2022, was \$21,419 with accumulated amortization of \$19,772.

On August 1, 2020, the School District entered a 36-month lease as lessee for the use of copiers. As of July 1, 2021, an initial lease liability was recorded in the amount of \$6,346. The School District is required to make monthly payments of \$265. The lease has an interest rate of 4.00%. The value of the right to use asset as of June 30, 2022, was \$3,300 with accumulated amortization of \$3,046.

On November 1, 2020, the School District entered a 24-month lease as lessee for the use of copiers. As of July 1, 2021, an initial lease liability was recorded in the amount of \$4,812. The School District is required to make monthly payments of \$309. The lease has an interest rate of 4.00%. The value of the right to use asset as of June 30, 2022, was \$1,203 with accumulated amortization of \$3,609.

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

<u>Purpose</u>	<u>Commencement Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Value</u>
Copiers	December 1, 2018	November 1, 2022	4.00%	\$ 7,802
Postage Meter	March 1, 2019	May 1, 2024	3.00%	650
Copiers	June 1, 2019	May 1, 2023	4.00%	9,284
Copiers	August 1, 2019	July 1, 2023	4.00%	8,955
Copiers	August 1, 2019	July 1, 2023	4.00%	21,847
Copiers	August 1, 2020	July 1, 2023	4.00%	3,366
Copiers	November 1, 2020	October 1, 2022	4.00%	1,227
Total				<u>\$ 53,131</u>

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 50,134	\$ 1,083	\$ 51,217
2024	<u>2,997</u>	<u>13</u>	<u>3,010</u>
Total	<u>\$ 53,131</u>	<u>\$ 1,096</u>	<u>\$ 54,227</u>

9. PENSION PLANS

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

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

9. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

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

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

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

The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2022 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2021, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2022 was \$3,235,812 and was paid by April 1, 2022. School District employee contributions to the pension plan during the fiscal year ended June 30, 2022 were \$965,392.

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

9. PENSION PLANS (Continued)

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

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

At June 30, 2022, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

For the year ended June 30, 2022, the School District recognized pension expense of \$1,249,081 and revenue of \$1,249,081 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.

	06/30/21	06/30/20
Collective deferred outflows of resources	\$ 6,230,825,389	\$ 9,458,881,999
Collective deferred inflows of resources	27,221,092,460	14,424,322,612
Collective net pension liability (Non-Employer – State of New Jersey)	48,165,991,182	65,993,498,688
State's portion of the net pension liability that was associated with the School District	53,083,635	70,871,055
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.1104179438%	.1076269546%

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

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

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

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

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

9. PENSION PLANS (Continued)

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

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 7.000% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2021, the pension plans measurement date, attributable to the School District is \$0.00, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 7.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) that the current rate:

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

9. PENSION PLANS (Continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	62,806,807	53,083,635	44,916,781
	\$ 62,806,807	\$ 53,083,635	\$ 44,916,781

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

Public Employees' Retirement System (PERS)

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

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

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.

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

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

Based on the most recent PERS measurement date of June 30, 2021, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2022 was \$515,649 and was paid by April 1, 2022. School District employee contributions to the pension plan during the fiscal year ended June 30, 2022 were \$250,923.

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

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Long-Term Disability</u>	<u>Total Liability Paid by District</u>
2022	\$ 62,437	\$ 429,444	\$ 23,768	-	\$ 515,649
2021	53,868	395,170	22,806	-	471,844
2020	41,127	380,581	22,724	1,400	445,832

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

At June 30, 2022, the School District reported a liability of \$5,216,080 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The School District's proportion of the of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2022, the School District recognized pension expense of (\$978,954). At June 30, 2022, the School District reported a liability of \$5,216,080 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

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

9. PENSION PLANS (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 82,264	\$ 37,341
Changes of assumptions	27,165	1,856,958
Net Difference between projected and actual earnings on pension plan investments		1,374,052
Changes in proportion	157,745	809,540
District contributions subsequent to the measurement date	568,404	
Total	\$ 835,578	\$ 4,077,891

\$568,404 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2022, the plan measurement date is June 30, 2021) will be recognized as a reduction of the net liability in the year ended June 30, 2022.

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

For the year ended:	Net Deferred Outflows (Inflows) of Resources
2023	\$ (1,427,742)
2024	(1,224,850)
2025	(715,692)
2026	(444,982)
2027	2,549
Total	\$ (3,810,717)

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

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	
June 30, 2020	5.16	-
June 30, 2021	5.13	5.13
Changes of assumptions		
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	
Differences between projected and actual investment earnings on pension plan investments		
June 30, 2016	-	5.00
June 30, 2017	-	5.00
June 30, 2018	-	5.00
June 30, 2019	-	5.00
June 30, 2020	-	5.00

Additional Information

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

	<u>6/30/2021</u>	<u>6/30/2020</u>
Collective deferred outflows of resources	\$ 818,359,815	\$ 2,590,600,991
Collective deferred inflows of resources	\$ 11,243,411,487	\$ 12,009,239,423
Collective net pension liability	\$ 11,972,782,878	\$ 16,435,616,426
School District's Proportion	.0440305573%	.0431321531%

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

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

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.95%
Risk Mitigation Strategies	3.00%	3.35%
Total	100.00%	

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

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Discount rate. The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and nonemployer contributing entity will be made based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied all projected benefit payments to determining the total pension liability.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$ 7,103,243	\$ 5,216,080	\$ 3,614,555

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

Defined Contribution Retirement Program (DCRP)

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

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

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

Fiscal Year	Total Liability	Paid by School District
2022	\$ 80,001	\$ 80,001
2021	62,152	62,152
2020	37,267	37,267

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

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

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

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

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

Contributions

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

Plan Membership

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

Active Plan Members	213,901
Retirees	150,427
	364,328

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 the OPEB Plan for qualified retired PERS, TPAF and PFRS 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.

Actuarial assumptions and other imputes - The total nonemployer OPEB liability as of the June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member enrolled in.

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

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

Inflation rate	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases Through 2026	1.55 – 4.45% based on service years	2.00 – 6.00% based on service years	3.25 – 15.25% based on service years
Thereafter	2.75 – 5.65% based on service years	3.00 - 7.00% based on service years	Not Applicable

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

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

Discount Rate - The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the Total Nonemployer OPEB Liability

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

		<u>Total OPEB Liability</u>
Balance as of June 30, 2020		\$ 106,419,554
Changes for the years'		
Service Cost	\$ 4,139,863	
Interest	2,437,451	
Changes of benefit terms	(100,010)	
Differences between expected and actual experience	(17,170,693)	
Changes in assumptions	92,700	
Gross Benefit Payments	(1,920,029)	
Contributions from the Non-employer	N/A	
Contributions from the Member	62,314	
Net Investment Income	N/A	
Administrative Expense	N/A	
Net Changes		(12,458,404)
Balance at 06/30/2021		\$ 93,961,150

Sensitivity of the total nonemployer OPEB liability to changes in the discount rate - The following presents the total nonemployer OPEB liability as of June 30, 2021, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 112,550,707	\$ 93,961,150	\$ 79,322,990

Sensitivity of the total nonemployer OPEB liability to changes in the healthcare cost trend rate - The following presents the total nonemployer OPEB liability as of June 30, 2021 calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 76,061,856	\$ 93,961,150	\$ 117,998,579

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

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

For the year ended June 30, 2021, the School District recognized \$3,844,812 in OPEB expense and revenue, in the government-wide financial statements, for the State’s proportionate share of the OPEB Plan’s OPEB Expense, associated with the School District. This expense and revenue were based on the OPEB Plan’s June 30, 2021 measurement date.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion	\$ 882,581	\$ (4,224,742)
Differences between expected and actual experience	14,164,226	(28,199,412)
Changes of assumptions	15,939,317	(10,081,156)
Total	\$ 30,986,124	\$ (42,505,310)

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

For the year ended:	
2022	\$ (2,607,937)
2023	(2,607,937)
2024	(2,607,937)
2025	(2,607,937)
2026	(1,854,207)
Thereafter	766,769
Total	\$ (11,519,186)

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

11. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2022, the School District has recognized as revenues and expenditures on-behalf payments made by the state for normal retirement costs, post-retirement medical costs and long-term disability insurance related to TPAF, in the fund statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs and long-term disability insurance were \$4,595,631, \$1,073,725, and \$1,565, respectively. In addition, \$922,499 on-behalf payments were made by the state for the employer’s share of social security contributions for TPAF members, as calculated on their base salaries.

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

12. RISK MANAGEMENT

Property and Liability Insurance – The District is a member of the Atlantic and Cape May Counties Association of School Business Officials Joint Insurance Fund (ACCASBOJIF), a public entity risk pool currently operating as a common risk management and insurance program. The district pays an actuarial determined annual assessment to ACCASBOJIF for its insurance coverage. Supplemental assessments may be levied to supplement the fund.

The district has not been notified of any supplemental assessments.

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

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022	\$ 31,500	\$ -	\$ 3,657	\$ -	\$ 254,294
2021	31,500	-	5,455	-	219,137
2020	31,500	34,046	4,393	82,746	182,182

13. DEFERRED COMPENSATION

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

14. COMPENSATED ABSENCES

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

School District employees are granted 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, 2022, the liability for compensated absences in the governmental activities and proprietary fund types was \$2,384,285 and \$55,563 respectively.

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

15. INTERFUND RECEIVABLES AND 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, 2023. The following interfund balances were recorded on the various balance sheets as of June 30, 2022:

Fund	Interfunds Receivable	Interfunds Payable
General	\$ 958,336	\$ 82,363
Special Revenue	82,363	845,671
Capital Projects	-	14
Debt Service Fund	14	-
Proprietary Fund	-	112,665
Total	<u>\$ 1,040,713</u>	<u>\$ 1,040,713</u>

16. CONTINGENCIES

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

At June 30, 2022, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District.

17. TAX ABATEMENTS

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

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

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

The Township of Lower (Municipality) provides for long-term tax exemptions, as authorized by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by the Municipality are for affordable housing and other permitted purposes. Taxes abated include municipal, local school, and county taxes.

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

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

18. DEFICIT UNASSIGNED FUND BALANCE

The School District has a deficit unassigned fund balance of \$297,551 in the Special Revenue Fund as of June 30, 2022 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenues, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable.

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

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned special revenue fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$297,551 in the Special Revenue Fund is equal to or less than the June state aid payments.

19. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2022, a deficit of \$8,540,280 existed in the Unrestricted Net Position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Position reported on Exhibited A-1 is as follows:

Balances, June 30, 2022:	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds):	
Fund Balance - Unassigned	\$ 1,555,578
Fund Balance - Assigned	1,440,978
Liabilities:	
Accrued Interest Payable	(125,754)
Net Pension Differences	(9,026,797)
Compensated Absences	(2,384,285)
Unrestricted Net Position (Deficit)	\$ (8,540,280)

20. FUND BALANCES

RESTRICTED

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

General Fund:

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 as of June 30, 2022, is \$1,862,668 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$1,752,406 of excess fund balance generated during the 2021-2022 fiscal year has been restricted and designated for utilization in the 2022-2023 budget.

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

20. FUND BALANCES (Continued)

Capital Reserve – As of June 30, 2022, the balance in the capital reserve account is \$166,964 all of which is restricted for future capital outlay expenditures for capital projects in the School District’s approved Long-Range Facilities Plan. Of this amount, \$25,000 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2023.

Maintenance Reserve Account – As of June 30, 2022, the balance in the maintenance reserve account is \$1,010,119. Of this amount \$300,000 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2023. 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).

Emergency Reserve – As of June 30, 2022, the balance in the emergency reserve is \$250,000. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a through and efficient education in accordance with N.J.S.A. 18A:7F-41c(1).

Unemployment Compensation – As of June 30, 2022, the balance of the unemployment compensation is \$254,294. These funds are restricted for the purpose of financing unemployment claims.

Special Revenue Fund:

Student Activities – As of June 30, 2022, the balance of student activities is \$70,010.

Capital Projects Fund:

Capital Projects – As of June 30, 2022, the balance of capital projects is \$16,437,237.

Debt Service Fund:

Debt Service – As of June 30, 2022, the balance of debt service fund is \$17,058.

ASSIGNED

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

General Fund:

Other Purposes – As of June 30, 2022 the School District has \$1,240,977 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Designated for Subsequent Year’s Expenditures – The School District has appropriated and included \$200,001 as an anticipated revenue for the fiscal year ending June 30, 2023.

Capital Projects Fund:

Other Purposes – As of June 30, 2022 the School District has \$877,602 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Debt Service Fund:

Designated for Subsequent Year’s Expenditures – The School District has appropriated and included \$2,892 as an anticipated revenue for the fiscal year ending June 30, 2023.

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

20. FUND BALANCES (Continued)

UNASSIGNED

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

General Fund – As of June 30, 2022, \$1,853,129 of general fund was unassigned.

Special Revenue Fund – As of June 30, 2022, the fund balance of the special revenue fund was a deficit of \$297,551, thus resulting in the fund balance classification of unassigned. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 18).

21. PRIOR PERIOD ADJUSTMENT

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

	Balance June 30, 2021 as Previously Reported	Retroactive Adjustments	Balance June 30, 2021 as Restated
<u>Statement of Net Position - Governmental Activities:</u>			
Assets:			
Right-to-Use Lease Assets, Net	\$ -	\$ 115,246	\$ 115,246
Total Assets	18,781,924	115,246	18,897,170
Noncurrent Liabilities:			
Due Within One Year	476,973	62,115	539,088
Due Beyond One Year	15,346,892	53,131	15,400,023
Total Liabilities	16,757,538	115,246	16,872,784

Required Supplementary Information - Part II

Budgetary Comparison Schedules

LOWER TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 18,369,015	\$ -	\$ 18,369,015	\$ 18,369,015	\$ -
Interest earned on maintenance reserve	1,500	-	1,500	11,099	9,599
Interest earned on capital reserve	1,500	-	1,500	24,962	23,462
Other restricted miscellaneous revenue				3,657	3,657
Unrestricted miscellaneous revenue	81,530	-	81,530	88,308	6,778
Total local sources	18,453,545	-	18,453,545	18,497,041	43,496
State sources:					
School choice aid	862,592	-	862,592	862,592	-
Special education aid	912,905	-	912,905	912,905	-
Equalization aid	2,974,090	-	2,974,090	2,974,090	-
Security aid	492,388	-	492,388	492,388	-
Transportation aid	836,392	-	836,392	836,392	-
Stabilization aid		2,114,525	2,114,525	2,114,525	-
Homeless Tuition Aid				12,915	12,915
Extraordinary Aid				150,482	150,482
Additional Non Public Transportation Aid				14,210	14,210
School Security Grant - Alyssa's Law		57,213	57,213	57,213	-
Maintenance of Equity Aid				1,076,166	1,076,166
On-behalf TPAF pension contributions (non-budgeted)				4,595,631	4,595,631
On-behalf TPAF Medical (non-budgeted)				1,073,725	1,073,725
On-behalf TPAF LTDI (non-budgeted)				1,565	1,565
Reimbursed TPAF social security contributions (non-budgeted)				922,499	922,499
Total state sources	6,078,367	2,171,738	8,250,105	16,097,298	7,847,193
Federal sources:					
Special Education Medicaid Initiative (SEMI)	47,716	-	47,716	58,422	10,706
Total federal sources	47,716	-	47,716	58,422	10,706
TOTAL REVENUES	24,579,628	2,171,738	26,751,366	34,652,761	7,901,395
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Kindergarten	896,000	31,000	927,000	915,120	11,880
Grades 1-5	4,776,700	(228,400)	4,548,300	4,502,847	45,453
Grades 6-8	796,000	155,000	951,000	950,790	210
Total Instruction	6,468,700	(42,400)	6,426,300	6,368,757	57,543
Regular Programs - Home Instruction:					
Salaries of teachers	12,500	-	12,500	7,557	4,943
Other purchased services	100	-	100		100
Total Home Instruction	12,600	-	12,600	7,557	5,043
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	840,000	(3,000)	837,000	805,773	31,227
Purchased technical services	24,000	-	24,000	11,368	12,632
Other purchased services	235,697	17,500	253,197	86,629	166,568
General supplies	381,929	57,210	439,139	387,183	51,956
Textbooks	110,000	(26,500)	83,500	83,499	1
Other objects	8,000	-	8,000	5,457	2,543
Total Undistributed Instruction	1,599,626	45,210	1,644,836	1,379,909	264,927
Total - Regular Programs - Instruction	8,080,926	2,810	8,083,736	7,756,223	327,513

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

LOWER TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2022

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Educ Instruction: Learning/Lang. Disabilities					
Salaries of teachers	\$ 336,500	\$ 155,000	\$ 491,500	\$ 489,894	\$ 1,606
Other salaries for instruction	42,100	30,000	72,100	41,229	30,871
General Supplies	4,000	1,927	5,927	1,970	3,957
Total Learning/Lang. Disabilities	<u>382,600</u>	<u>186,927</u>	<u>569,527</u>	<u>533,093</u>	<u>36,434</u>
Special Educ Instruction: Res. Room/Res. Center					
Salaries of teachers	1,185,000	(126,772)	1,058,228	997,674	60,554
General supplies	4,000	11,873	15,873	11,351	4,522
Total Resource Room/Resource Center	<u>1,189,000</u>	<u>(114,899)</u>	<u>1,074,101</u>	<u>1,009,025</u>	<u>65,076</u>
Special Educ Instruction: Preschool Disabilities Full Time					
Salaries of teachers	107,000	(49,727)	57,273	56,651	622
Total Preschool Disabilities Full Time	<u>107,000</u>	<u>(49,727)</u>	<u>57,273</u>	<u>56,651</u>	<u>622</u>
Special Educ Instruction: Home Instruction					
Salaries of teachers	25,000	(17,000)	8,000	-	8,000
Total Home Instruction	<u>25,000</u>	<u>(17,000)</u>	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Total Special Education - Instruction	<u>1,703,600</u>	<u>5,301</u>	<u>1,708,901</u>	<u>1,598,769</u>	<u>110,132</u>
Before/after school programs - Instruction					
Salaries of teachers	100,000	-	100,000	62,846	37,154
Total Before/after school - Instruction	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>62,846</u>	<u>37,154</u>
Bilingual Education - Instruction					
Salaries of teachers	116,000	2,999	118,999	115,826	3,173
General supplies	5,000	-	5,000	295	4,705
Total Bilingual Education - Instruction	<u>121,000</u>	<u>2,999</u>	<u>123,999</u>	<u>116,121</u>	<u>7,878</u>
Undistributed Expenditures - Instruction					
Tuition to other LEA's w/in state/regular	16,000	46,000	62,000	59,895	2,105
Tuition to other LEA's w/in state/special		16,000	16,000	7,807	8,193
Tuition to CSSD & reg. day schools	1,006,000	(212,000)	794,000	543,174	250,826
Tuition to priv. sch. for the disabled in state	127,500	18,000	145,500	53,557	91,943
Tuition to priv. sch. for the disabled out of state	12,713	132,000	144,713	62,631	82,082
Tuition - State Facilities	79,744	-	79,744	79,744	-
Total Undistributed Expenditures - Instruction	<u>1,241,957</u>	<u>-</u>	<u>1,241,957</u>	<u>806,808</u>	<u>435,149</u>
Undistributed Expenditures - Attendance & Social Work					
Salaries	27,700	(10,000)	17,700	17,131	569
Purchased professional and technical services	14,000	13,000	27,000	22,806	4,194
Supplies and materials	200	-	200	-	200
Total Undistributed Expenditures - Attendance & Soc.	<u>41,900</u>	<u>3,000</u>	<u>44,900</u>	<u>39,937</u>	<u>4,963</u>
Undistributed Expenditures - Health Services					
Salaries	323,000	(31,120)	291,880	277,411	14,469
Purchased professional and technical services	19,000	5,200	24,200	23,998	202
Other purchased services (400-500)	3,500	1,824	5,324	4,325	999
Supplies and materials	11,000	16,837	27,837	25,892	1,945
Total Undistributed Expenditures - Health Svcs.	<u>356,500</u>	<u>(7,259)</u>	<u>349,241</u>	<u>331,626</u>	<u>17,615</u>

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

LOWER TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2022

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	\$ 385,000	\$ 10,400	\$ 395,400	\$ 349,325	\$ 46,075
Purchased professional - educ services	1,000	7,415	8,415	8,066	349
Supplies and materials	2,000	(215)	1,785	1,327	458
Total Undst. Expend. - Speech, OT, PT & Related Services	388,000	17,600	405,600	358,718	46,882
Undist. Expend. - Oth Supp Services STD-Extra Services					
Purchased professional - educ services	50,000	(50,000)	-	-	-
Total Other Support Services STD-Extra Services	50,000	(50,000)	-	-	-
Undist. Expend. - Guidance					
Salaries of other professional staff	280,000	18,000	298,000	260,576	37,424
Supplies and materials	950	50	1,000	558	442
Other objects	30	-	30	-	30
Total Undst. Expend. - Guidance	280,980	18,050	299,030	261,134	37,896
Undist. Expend. - Child Study Teams					
Salaries of other professional staff	580,000	38,440	618,440	589,662	28,778
Salaries of secretarial and clerical assistants	136,000	(20,000)	116,000	115,763	237
Purchased professional - educ services	354,000	(48,640)	305,360	299,672	5,688
Other purchased professional - tech services	82,680	78,200	160,880	136,983	23,897
Other purchased services (400-500)	9,150	(9,150)	-	-	-
Misc. purchased services (400-500)	-	11,100	11,100	7,696	3,404
Supplies and materials	8,000	6,895	14,895	14,819	76
Other objects	1,100	(45)	1,055	540	515
Total Undst. Expend. - Child Study Teams	1,170,930	56,800	1,227,730	1,165,135	62,595
Undist. Expend. - Improvement of Instr. Services					
Salaries of supervisor of instruction	89,000	12	89,012	89,012	-
Salaries of other professional staff	33,100	(33,100)	-	-	-
Salaries of Secr and Clerical Assist.	-	13,100	13,100	387	12,713
Other purchased services (400-500)	475	-	475	-	475
Supplies and materials	900	-	900	462	438
Other objects	1,100	-	1,100	870	230
Total Undst. Expend. - Improvement of Instr. Services	124,575	(19,988)	104,587	90,731	13,856
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	489,000	16,000	505,000	500,044	4,956
Other purchased services (400-500)	750	-	750	-	750
Supplies and materials	38,387	9,100	47,487	35,647	11,840
Other objects	3,000	-	3,000	50	2,950
Total Undst. Expend. - Educ. Media Serv./Sch. Library	531,137	25,100	556,237	535,741	20,496
Undist. Expend. - Instructional Staff Training Services					
Salaries of supervisor of instruction	89,000	(12)	88,988	88,890	98
Salaries of secretarial and clerical assistants	95,100	(10,000)	85,100	38,834	46,266
Other salaries	4,800	-	4,800	-	4,800
Purchased professional - educ services	4,910	12,100	17,010	3,650	13,360
Other purchased services	1,120	5,000	6,120	3,873	2,247
Supplies and materials	2,500	-	2,500	1,570	930
Other objects	10,500	(4,500)	6,000	2,025	3,975
Total Undst. Expend. - Instructional Staff Training Svcs.	207,930	2,588	210,518	138,842	71,676

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

**LOWER TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2022**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	\$ 241,000	\$ (50)	\$ 240,950	\$ 240,933	\$ 17
Legal services	83,567	4,947	88,514	86,697	1,817
Audit fees	26,000	(1,300)	24,700	24,700	-
Other purchased professional services	15,000	(4,600)	10,400	10,000	400
Communications / telephone	52,704	28,598	81,302	81,302	-
BOE Other purchases services	250	(250)			-
Other purchased services	85,450	508	85,958	84,854	1,104
General supplies	4,649	(450)	4,199	4,076	123
BOE in-house training/meeting supplies	1,500	(1,500)			-
Miscellaneous expenditures	4,000	(2,055)	1,945	1,945	-
BOE membership dues and fees	16,000	(3,477)	12,523	12,523	-
Total Undst. Expend. - Supp. Serv. General Admin.	530,120	20,371	550,491	547,030	3,461
Undist. Expend. - Supp. Serv. School Admin.					
Salaries of principals/assist. principals	339,000	(5,519)	333,481	332,695	786
Salaries of secretarial and clerical assistants	311,100	30,300	341,400	340,179	1,221
Purchased professional and technical services	5,000	(2,700)	2,300	1,481	819
Other purchased services (400-500)	7,890	(1,150)	6,740	5,844	896
Supplies and materials	7,047	3,414	10,461	7,126	3,335
Other objects	4,500	3,136	7,636	6,562	1,074
Total Undst. Expend. - Supp. Serv. School Admin.	674,537	27,481	702,018	693,887	8,131
Undist. Expend. - Central Services					
Salaries	280,000	34,500	314,500	314,187	313
Purchased professional services	30,000	9,200	39,200	38,600	600
Miscellaneous purchased services	13,951	1,050	15,001	14,703	298
Supplies and materials	6,845	(200)	6,645	6,581	64
Other Objects	21,000	(19,050)	1,950	1,225	725
Total Undst. Expend. - Central Services	351,796	25,500	377,296	375,296	2,000
Undist. Expend. -Admin. Info Technology					
Other purchased services	500	1,250	1,750	1,573	177
Supplies and materials	3,802	1,550	5,352	4,888	464
Total-Admin. Info Technology	4,302	2,800	7,102	6,461	641
Undist. Expend. - Required Maint. Sch. Facilities					
Salaries	335,000	(2,500)	332,500	330,886	1,614
Cleaning, Repair and Maintenance Services	131,825	(45,500)	86,325	77,664	8,661
Supplies and materials	202,321	(100,281)	102,040	89,749	12,291
Other objects	1,000	23,020	24,020	18,231	5,789
Total Undst. Expend. - Required Maint. Sch. Facilities	670,146	(125,261)	544,885	516,530	28,355
Undist. Expend. - Custodial Services					
Salaries	790,000	40,009	830,009	741,535	88,474
Salaries of Non-Instructional Aides	350,000	21,370	371,370	310,527	60,843
Purchased professional & tech. services	16,500	(9,224)	7,276	6,731	545
Cleaning, repair and maintenance services	900	600	1,500	1,282	218
Rental of land & buildings other than lease	18,000	(18,000)			-
Other purchased property services	40,000	14,286	54,286	41,213	13,073
Insurance	140,000	-	140,000	140,000	-
Miscellaneous purchased services	27,253	2,983	30,236	30,234	2
General supplies	127,777	5,598	133,375	108,449	24,926
Energy (natural gas)	75,367	31,441	106,808	96,823	9,985
Energy (electricity)	256,998	86,788	343,786	342,989	797
Other objects	900	(900)			-
Interest - Energy Impr Prog	39,100	401	39,501	38,750	751
Principal - Energy Impr Prog	65,200	307	65,507	65,506	1
Total Undst. Expend. - Custodial Services	1,947,995	175,659	2,123,654	1,924,039	199,615

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

LOWER TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2022

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Care & Upkeep of Grounds					
Salaries	\$ 12,000	\$ (11,500)	\$ 500	\$ -	\$ 500
Purchased professional & tech. services	5,500	(5,000)	500		500
Cleaning, repair and maintenance services	2,500	(2,500)			-
General supplies	14,301	(5,500)	8,801	8,668	133
Total Undst. Expend. - Care & Upkeep of Grounds	34,301	(24,500)	9,801	8,668	1,133
Undist. Expend. - Security					
Salaries	172,000	(500)	171,500	145,865	25,635
Cleaning, repair and maintenance services	1,200	-	1,200	247	953
General supplies	13,000	(3,000)	10,000	7,776	2,224
Total Undst. Expend. - Security	186,200	(3,500)	182,700	153,888	28,812
Total Undst. Expend. - Oper. & Maint. of Plant Services	2,838,642	22,398	2,861,040	2,603,125	257,915
Undist. Expend. - Student Transportation Services					
Salaries for pupil trans. (bet home & sch) - regular	766,000	63,000	829,000	828,384	616
Salaries for pupil trans. (bet home & sch) - special	69,000	(31,000)	38,000	37,232	768
Salaries for pupil trans. (other than bet home & sch)	19,000	-	19,000		19,000
Rental payments - school buses	2,850	4,500	7,350	4,929	2,421
Contr. serv. - Aide in lieu Pymts - Nonpublic Schools	35,000	(20,000)	15,000		15,000
Contr. serv. - Aide in lieu Pymts - Charter Schools	52,355	51,000	103,355	16,464	86,891
Contr. serv. (Sp Ed Stds) - Joint Agrmnts	115,000	(35,000)	80,000	21,989	58,011
Miscellaneous purchased services - transportation	45,674	15,965	61,639	59,419	2,220
General Supplies	92,586	(13,825)	78,761	74,418	4,343
Transportation supplies	169,533	14,999	184,532	165,666	18,866
Other objects	2,500	2,860	5,360	3,730	1,630
Total Undst. Expend. - Student Transportation Services	1,369,498	52,499	1,421,997	1,212,231	209,766
Unallocated Benefits - Employee Benefits					
Social security contributions	470,000	(8,000)	462,000	444,017	17,983
Other retirement contributions - PERS	520,000	7,950	527,950	527,870	80
Other retirement contributions - Regular	60,000	20,500	80,500	80,360	140
Unemployment compensation	31,500	-	31,500		31,500
Workers' compensation	179,000	-	179,000	179,000	-
Health benefits	4,370,000	(283,285)	4,086,715	3,955,415	131,300
Tuition reimbursement	46,500	4,180	50,680	50,648	32
Other employee benefits	350,000	(1,895)	348,105	347,993	112
Total Unallocated Benefits - Employee Benefits	6,027,000	(260,550)	5,766,450	5,585,303	181,147
On-behalf TPAF pension (non-budgeted)	-	-	-	4,595,631	(4,595,631)
On-behalf TPAF medical (non-budgeted)				1,073,725	(1,073,725)
On-behalf TPAF LTDI (non-budgeted)				1,565	(1,565)
Reimbursed TPAF social security contributions (non-budgeted)				922,499	(922,499)
Total Undistributed Expenditures - TPAF	-	-	-	6,593,420	(6,593,420)
Total Undistributed Expenditures	16,189,804	(63,610)	16,126,194	21,345,425	(5,219,231)
Total General Current Expense	26,195,330	(52,500)	26,142,830	30,879,384	(4,736,554)

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

LOWER TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2022

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY:					
Equipment:					
Undist. Exp - req. maint - school facilities	\$ 35,000	\$ 36,000	\$ 71,000	\$ 70,674	\$ 326
Undist. Exp - security	75,000	16,000	91,000	90,650	350
School Buses - Regular	125,000	(15,186)	109,814	109,371	443
School Buses - Special	-	-	-	-	-
Total Equipment	<u>235,000</u>	<u>36,814</u>	<u>271,814</u>	<u>270,695</u>	<u>1,119</u>
Facilities Acquisition and Construction Services:					
Architectual/engineering services	76,679	356,291	432,970	105,234	327,736
Construction services	438,307	1,831,133	2,269,440	621,391	1,648,049
Assessment on SDA Funding	6,346	-	6,346	6,346	-
Total Facilities Acquisition and Construction Services	<u>521,332</u>	<u>2,187,424</u>	<u>2,708,756</u>	<u>732,971</u>	<u>1,975,785</u>
Total Capital Outlay	<u>756,332</u>	<u>2,224,238</u>	<u>2,980,570</u>	<u>1,003,666</u>	<u>1,976,904</u>
Total Expenditures	<u>26,951,662</u>	<u>2,171,738</u>	<u>29,123,400</u>	<u>31,883,050</u>	<u>(2,759,650)</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures:	<u>(2,372,034)</u>	<u>-</u>	<u>(2,372,034)</u>	<u>2,769,711</u>	<u>5,141,745</u>
Other Financing Sources (Uses):					
Operating Transfer Out - Capital Projects Fund	-	-	-	(2,208,440)	(2,208,440)
Operating Transfer Out - Special Revenue Fund	<u>(309,144)</u>	<u>-</u>	<u>(309,144)</u>	<u>(309,144)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(309,144)</u>	<u>-</u>	<u>(309,144)</u>	<u>(2,517,584)</u>	<u>(2,208,440)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):					
	<u>(2,681,178)</u>	<u>-</u>	<u>(2,681,178)</u>	<u>252,127</u>	<u>2,933,305</u>
Fund Balance, July 1	<u>8,838,449</u>	<u>-</u>	<u>8,838,449</u>	<u>8,838,449</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 6,157,271</u>	<u>\$ -</u>	<u>\$ 6,157,271</u>	<u>\$ 9,090,576</u>	<u>\$ 2,933,305</u>
Recapitulation:					
Restricted:					
Capital Reserve:					
Designated for Subsequent Year's Expenditures	-	-	-	\$ 25,000	-
Capital Reserve	-	-	-	141,964	-
Maintenance Reserve:					
Designated for Subsequent Year's Expenditures	-	-	-	300,000	-
Maintenance Reserve	-	-	-	710,119	-
Emergency Reserve	-	-	-	250,000	-
Excess Surplus:					
Designated for Subsequent Year's Expenditures	-	-	-	1,752,406	-
Current Year	-	-	-	1,862,668	-
Unemployment Compensation	-	-	-	254,295	-
Assigned:					
Year-end encumbrances	-	-	-	1,240,977	-
Designated for Subsequent Year's Expenditures	-	-	-	200,000	-
Unassigned	-	-	-	<u>2,353,147</u>	-
	-	-	-	<u>9,090,576</u>	-
Reconciliation on Governmental Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis	-	-	-	<u>(500,018)</u>	-
Fund Balance per Government Fund (GAAP)	-	-	-	<u>\$ 8,590,558</u>	-

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

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

	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual
REVENUES:					
Local sources	\$ -	\$ -	\$ -	\$ 34,563	\$ 34,563
State sources	3,284,655	-	3,284,655	2,890,860	(393,795)
Federal sources	6,760,604	50,984	6,811,588	2,204,631	(4,606,957)
Total revenues	<u>10,045,259</u>	<u>50,984</u>	<u>10,096,243</u>	<u>5,130,054</u>	<u>(4,966,189)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	2,645,697	359,604	3,005,301	2,050,693	954,608
Salaries of para professionals	492,006		492,006	492,006	-
Tuition	547,594	26,668	574,262	574,262	-
General supplies	81,997	4,802	86,799	72,082	14,717
Total instruction	<u>3,767,294</u>	<u>391,074</u>	<u>4,158,368</u>	<u>3,189,043</u>	<u>969,325</u>
Support services:					
Salaries of program director	201,119	52,727	253,846	205,690	48,156
Salaries of supervisor of instruction				5,999	(5,999)
Salaries of other professionals	470,709		470,709	470,709	-
Salaries of secretaries	100,630		100,630	100,630	-
Salaries other	158,627		158,627	139,714	18,913
PEA SW Masters	149,080		149,080	114,090	34,990
Personal services-employee benefits	1,193,917	380,576	1,574,493	999,707	574,786
Purchased prof. and educational services	248,923	(349)	248,574	88,860	159,714
Cleaning, Repair, Maint.	20,000		20,000	20,000	-
Other purchased services	50,000		50,000	25,045	24,955
Supplies and Materials	142,752	(64,604)	78,148	45,148	33,000
Student Activities				15,858	(15,858)
Total support services	<u>2,735,757</u>	<u>368,350</u>	<u>3,104,107</u>	<u>2,231,450</u>	<u>872,657</u>
Facilities acquisition and construction services:					
Purchased Property	3,542,208	(708,440)	2,833,768		2,833,768
Total facilities acq. and const. services	<u>3,542,208</u>	<u>(708,440)</u>	<u>2,833,768</u>		<u>2,833,768</u>
Total expenditures	<u>10,045,259</u>	<u>50,984</u>	<u>10,096,243</u>	<u>5,420,493</u>	<u>4,675,750</u>
Other financing sources (uses)					
Transfer from General Fund				309,144	309,144
Total other financing sources (uses)				<u>309,144</u>	<u>309,144</u>
Total outflows	<u>10,045,259</u>	<u>50,984</u>	<u>10,096,243</u>	<u>5,111,349</u>	<u>4,984,894</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,705</u>	<u>18,705</u>
Fund Balance, July 1				<u>51,305</u>	
Fund Balance, June 30				<u>\$ 70,010</u>	
Recapitulation:					
Restricted:					
Student Activities				<u>\$ 70,010</u>	
Total Fund Balance				<u>\$ 70,010</u>	

Lower Township School District
Notes to Required Supplementary Information
Budgetary Comparison
Fiscal Year Ended June 30, 2022

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 34,652,761	\$ 5,130,054
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	658,549	277,584
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(500,018)	(297,551)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 34,811,292	\$ 5,110,087
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	31,883,050	5,111,349
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-	-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	-	- 309,144
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 31,883,050	\$ 5,420,493

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

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

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0440305573%	0.0431321531%	0.0456900911%	0.0509456880%	0.0502902007%	0.0515799603%	0.0527994891%	0.0580173906%	0.0586145948%
District's proportionate share of the net pension liability (asset)	\$ 5,216,080	\$ 7,033,726	\$ 8,232,661	\$ 9,839,437	\$ 11,706,755	\$ 15,276,505	\$ 11,852,427	\$ 10,862,442	\$ 11,202,414
District's covered-employee payroll	3,301,861	3,249,300	3,181,055	3,182,488	3,185,716	3,374,844	3,423,955	3,510,447	3,482,586
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	157.97%	216.47%	258.80%	309.17%	367.48%	452.66%	346.16%	309.43%	321.67%
Plan fiduciary net position as a percentage of the total pension liability	51.51%	42.90%	42.04%	40.45%	36.78%	31.20%	38.21%	42.74%	42.74%

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

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

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 568,404	\$ 515,649	\$ 471,844	\$ 638,748	\$ 497,070	\$ 468,671	\$ 458,229	\$ 453,934	\$ 478,287
Contributions in relation to the contractually required contributions	<u>(568,404)</u>	<u>(515,649)</u>	<u>(471,844)</u>	<u>(638,748)</u>	<u>(497,070)</u>	<u>(468,671)</u>	<u>(458,229)</u>	<u>(453,934)</u>	<u>(478,287)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	3,301,861	3,249,300	3,181,055	3,182,488	3,185,716	3,374,844	3,423,955	3,510,447	3,482,586
Contributions as a percentage of covered-employee payroll	17.21%	15.87%	14.83%	20.07%	15.60%	13.89%	13.38%	12.93%	13.73%

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

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

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.1104179438%	0.1076269546%	0.1051613679%	0.1108136748%	0.1125463245%	0.1075989527%	0.1160631742%	0.1192310551%	0.1192314717%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 53,083,635</u>	<u>\$ 70,871,055</u>	<u>\$ 64,538,524</u>	<u>\$ 70,497,280</u>	<u>\$ 75,882,790</u>	<u>\$ 84,644,187</u>	<u>\$ 73,356,882</u>	<u>\$ 63,725,118</u>	<u>\$ 60,258,648</u>
Total	<u>\$ 53,083,635</u>	<u>\$ 70,871,055</u>	<u>\$ 64,538,524</u>	<u>\$ 70,497,280</u>	<u>\$ 75,882,790</u>	<u>\$ 84,644,187</u>	<u>\$ 73,356,882</u>	<u>\$ 63,725,118</u>	<u>\$ 60,258,648</u>
District's covered-employee payroll	12,727,339	12,442,064	12,344,744	12,173,089	11,591,719	11,159,801	11,359,918	11,300,558	11,210,871
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.64%

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

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

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
State's proportion of the net OPEB liability (asset) associated with the District	0.16%	0.16%	0.16%	0.16%	0.17%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	<u>\$ 93,961,150</u>	<u>\$ 106,419,554</u>	<u>\$ 64,715,499</u>	<u>\$ 72,986,748</u>	<u>\$ 88,543,533</u>
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 93,961,150</u>	<u>\$ 106,419,554</u>	<u>\$ 64,715,499</u>	<u>\$ 72,986,748</u>	<u>\$ 88,543,533</u>
Plan fiduciary net position as a percentage of the total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability					
Service Cost	\$ 4,139,863	\$ 2,206,478	\$ 2,191,113	\$ 2,522,741	\$ 3,046,909
Interest	2,437,451	2,311,100	2,872,437	3,226,742	2,803,118
Changes in benefit terms	(100,010)				
Difference between expected and actual experiences	(17,170,693)	19,543,803	(12,372,027)	(11,046,485)	
Changes of assumptions	92,700	19,439,196	964,913	(8,375,595)	(11,620,005)
Member Contributions	62,314	56,155	58,888	67,452	75,518
Benefit payments	(1,920,029)	(1,852,677)	(1,986,573)	(1,951,640)	(2,050,856)
Net Change in total OPEB Liability	<u>\$ (12,458,404)</u>	<u>\$ 41,704,055</u>	<u>\$ (8,271,249)</u>	<u>\$ (15,556,785)</u>	<u>\$ (7,745,316)</u>
Total OPEB Liability - beginning	<u>\$ 106,419,554</u>	<u>\$ 64,715,499</u>	<u>\$ 72,986,748</u>	<u>\$ 88,543,533</u>	<u>\$ 96,288,849</u>
Total OPEB Liability - ending	<u>\$ 93,961,150</u>	<u>\$ 106,419,554</u>	<u>\$ 64,715,499</u>	<u>\$ 72,986,748</u>	<u>\$ 88,543,533</u>
District's covered-employee payroll	16,029,200	15,691,364	15,525,799	15,355,577	14,777,435
Total OPEB Liability as a percentage of covered-employee payroll	586.19%	678.20%	416.83%	475.31%	599.18%

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

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

Teacher’s Pension and Annuity Fund (TPAF)

Changes of benefit term: There were none.

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

Public Employees’ Retirement System (PERS)

Changes of benefit term: There were none.

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

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes of benefit term: There were none.

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

Other Supplementary Information

Special Revenue Fund

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

	Brought Forward (Exh. E-1B)	Brought Forward (Exh. E-1C)	Totals
REVENUES:			
Local sources	\$ -	\$ 34,563	\$ 34,563
State sources	2,890,860	-	2,890,860
Federal sources	1,167,766	1,036,865	2,204,631
Total Revenues	4,058,626	1,071,428	5,130,054
EXPENDITURES:			
Instruction:			
Salaries of teachers	1,482,410	568,283	2,050,693
Salaries of para professionals	492,006		492,006
General supplies	55,299	16,783	72,082
Tuition	574,262		574,262
Total instruction	2,603,977	585,066	3,189,043
Support services:			
Salaries of supervisor of instruction	5,999		5,999
Salaries of program director	158,962	46,728	205,690
Salaries of other professionals	470,709		470,709
Salaries of secretaries	100,630		100,630
Salaries other staff	139,714		139,714
PEA SW Masters	114,090		114,090
Personal services-employee benefits	656,250	343,457	999,707
Purchased prof. and educational services	69,888	18,972	88,860
Cleaning, Repair Maint.	20,000		20,000
Other purchased services	20,000	5,045	25,045
Supplies and Materials	7,551	37,597	45,148
Student Activities		15,858	15,858
Total support services	1,763,793	467,657	2,231,450
Facilities acquisition and const. serv.:			
Instructional equipment			
Non-instructional equipment			
Total facilities acquisition and const. serv.:			
Total Expenditures	4,367,770	1,052,723	5,420,493
Other financing sources (uses)			
Transfer from General Fund	309,144		309,144
Total other financing sources (uses)	309,144		309,144
Total outflows	4,058,626	1,052,723	5,111,349
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	18,705	(290,439)
Fund Balance, July 1	-	51,305	51,305
Fund Balance, June 30	\$ -	\$ 70,010	\$ 70,010

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

	Preschool Program Aid	No Child Left Behind (N.C.L.B.)			Individuals with Disabilities Act				Totals
		Title I	Title II - Part A	Title III	IDEA - Part B Basic	ARP IDEA - Part B Basic	IDEA - Part B Preschool	ARP IDEA - Part B Preschool	
		Current Yr.	Current Yr.	Current Yr.	Current Yr.	Current Yr.	Current Yr.	Current Yr.	
REVENUES:									
State sources	\$ 2,890,860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,890,860
Federal sources		494,167	82,094	17,243	462,486	78,446	26,668	6,662	1,167,766
Total Revenues	2,890,860	494,167	82,094	17,243	462,486	78,446	26,668	6,662	4,058,626
EXPENDITURES:									
Instruction:									
Salaries of teachers	1,151,221	326,189		5,000					1,482,410
Salaries of para professionals	492,006								492,006
General supplies	20,000	196	26,347	8,756					55,299
Tuition					462,486	78,446	26,668	6,662	574,262
Total instruction	1,663,227	326,385	26,347	13,756	462,486	78,446	26,668	6,662	2,603,977
Support services:									
Salaries of supervisor of instruction			5,999						5,999
Salaries of program director	158,962								158,962
Salaries of other professionals	470,709								470,709
Salaries of secretaries	100,630								100,630
Salaries other staff	139,714								139,714
PEA SW Masters	114,090								114,090
Personal services-employee benefits	494,573	160,836	459	382					656,250
Purchased prof. and educational services	18,099		49,289	2,500					69,888
Cleaning, Repair Maint.	20,000								20,000
Other purchased services	20,000								20,000
Supplies and Materials		6,946		605					7,551
Total support services	1,536,777	167,782	55,747	3,487					1,763,793
Facilities acquisition and const. serv.:									
Instructional equipment									
Non-instructional equipment									
Total facilities acquisition and const. serv.:									
Total Expenditures	3,200,004	494,167	82,094	17,243	462,486	78,446	26,668	6,662	4,367,770
Other financing sources (uses)									
Transfer from General Fund	309,144								309,144
Total other financing sources (uses)	309,144								309,144
Total outflows	2,890,860	494,167	82,094	17,243	462,486	78,446	26,668	6,662	4,058,626
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	CARES ACT ESSER	CRRSA ESSER II	CRRSA Learning Acceleration	ARP Beyond School Day	ARP Mental Health	Student Activities	Totals
REVENUES:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,563	\$ 34,563
State sources	-	-	-	-	-	-	-
Federal sources	107,147	781,526	101,147	40,000	7,045	-	1,036,865
Total Revenues	107,147	781,526	101,147	40,000	7,045	34,563	1,071,428
EXPENDITURES:							
Instruction:							
Salaries of teachers		437,171	93,959	37,153			568,283
General supplies		16,783					16,783
Tuition							
Total instruction		453,954	93,959	37,153			585,066
Support services:							
Salaries of program director	46,728						46,728
Personal services-employee benefits	24,822	308,600	7,188	2,847			343,457
Purchased prof. and educational services		18,972					18,972
Other Purchased services					5,045		5,045
Travel							
Supplies and Materials	35,597				2,000		37,597
Student Activities						15,858	15,858
Total support services	107,147	327,572	7,188	2,847	7,045	15,858	467,657
Facilities acquisition and const. serv.:							
Instructional equipment							
Non-instructional equipment							
Total facilities acquisition and const. serv.:							
Total Expenditures	107,147	781,526	101,147	40,000	7,045	15,858	1,052,723
Other financing sources (uses)							
Transfer from General Fund							
Total other financing sources (uses)							
Total outflows	107,147	781,526	101,147	40,000	7,045	15,858	1,052,723
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-	-	18,705	18,705
Fund Balance, July 1	-	-	-	-	-	51,305	51,305
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,010</u>	<u>\$ 70,010</u>

Lower Township School District
Special Revenue Fund
Schedule of Preschool Education Aid Expenditures
Preschool - All Programs
Budgetary Basis
For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 1,175,068	\$ -	\$ 1,175,068	\$ 1,151,221	\$ 23,847
Other Salaries for Instruction	492,006	-	492,006	492,006	-
General Supplies	20,000	-	20,000	20,000	-
Total instruction	1,687,074	-	1,687,074	1,663,227	23,847
Support services:					
Salaries of Program Directors	158,962	-	158,962	158,962	-
Salaries of Supervisor of Instruction	-	-	-	-	-
Salaries of Other Professional Staff	470,709	-	470,709	470,709	-
Salaries of Secretaries	100,630	-	100,630	100,630	-
Salaries Other	158,627	-	158,627	139,714	18,913
Salaries of Master Teachers	149,080	-	149,080	114,090	34,990
Personal Services - Employee Benefits	494,573	-	494,573	494,573	-
Other Purchased Services	25,000	-	25,000	18,099	6,901
Purchased Services	20,000	-	20,000	20,000	-
Other Purchased Services	20,000	-	20,000	20,000	-
Supplies & Materials	-	-	-	-	-
Total support services	1,597,581	-	1,597,581	1,536,777	60,804
Facilities acquisition and cont. serv:					
Instructional equipment	-	-	-	-	-
Total Facilities acquisition and cont. serv.	-	-	-	-	-
Total Expenditures	\$ 3,284,655	\$ -	\$ 3,284,655	\$ 3,200,004	\$ 84,651

CALCULATION OF BUDGET & CARRYOVER

Total 2021-22 PreK Aid Allocation	\$ 2,975,511
Add: Actual PreK/ECPA Aid Carryover June 30, 2021	23,891
Add: Budgeted Transfer From General Fund	309,144
Total Funds Available for 2021-22 Budget	3,308,546
Less: 2021-22 Budgeted PreK/ECPA (Including prior year budgeted carryover)	(3,284,655)
Available & Unbudgeted Funds as of June 30, 2022	23,891
Add: June 30, 2022 Unexpended PreK Aid	84,651
2022- Actual Carryover - PreK Aid	\$ 108,542
2021-22 PreK Aid Carryover Budgeted in 2022-23	\$ 23,891

Lower Township School District
Special Revenue Fund
Schedule of Preschool Education Aid Expenditures
Preschool - Full Day 3yr & 4 yr - Regular
Budgetary Basis
For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 1,175,068	\$ -	\$ 1,175,068	\$ 1,151,221	\$ 23,847
Other Salaries for Instruction	492,006	-	492,006	492,006	-
General Supplies	20,000	-	20,000	20,000	-
Total instruction	1,687,074	-	1,687,074	1,663,227	23,847
Support services:					
Salaries of Program Directors	158,962	-	158,962	158,962	-
Salaries of Supervisor of Instruction	-	-	-	-	-
Salaries of Other Professional Staff	470,709	-	470,709	470,709	-
Salaries of Secretaries	100,630	-	100,630	100,630	-
Salaries Other	158,627	-	158,627	139,714	18,913
Salaries of Master Teachers	149,080	-	149,080	114,090	34,990
Personal Services - Employee Benefits	494,573	-	494,573	494,573	-
Other Purchased Services	25,000	-	25,000	18,099	6,901
Purchased Services	20,000	-	20,000	20,000	-
Other Purchased Services	20,000	-	20,000	20,000	-
Supplies & Materials	-	-	-	-	-
Total support services	1,597,581	-	1,597,581	1,536,777	60,804
Facilities acquisition and cont. serv:					
Instructional equipment	-	-	-	-	-
Total Facilities acquisition and cont. serv.	-	-	-	-	-
Total Program Expenditures	\$ 3,284,655	\$ -	\$ 3,284,655	\$ 3,200,004	\$ 84,651

Capital Projects Fund
Detail Statements

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

Revenues and Other Financing Sources:

Proceeds of Serial Bonds	\$ 15,625,000
Transfer from Capital Projects Fund	2,208,440
Interest Earned on Investments	16,538
	17,849,978
Total revenues and other financing sources	17,849,978

Expenditures and Other Financing (Uses):

Purchased Professional Services	684,713
Construction Services	-
Transfer to Debt Service Fund	16,538
	701,251
Total expenditures and other financing (uses)	701,251

Excess (deficiency) or revenues over (under) expenditures	17,148,727
Fund Balance - July 1, 2021	166,112
Fund Balance - June 30, 2022	\$ 17,314,839

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

	Prior Periods	Current Year	Total	Revised Authorized Costs
Revenues and Other Financing Sources:				
Bond proceeds	\$ 5,121,000	\$ -	\$ 5,121,000	\$ 5,121,000
Total revenues	5,121,000		5,121,000	5,121,000
Expenditures and Other Financing Uses:				
Purchased professional services	432,144	-	432,144	432,144
Construction services	4,522,744		4,522,744	4,522,744
Total expenditures	4,954,888	-	4,954,888	4,954,888
Excess (deficiency) or revenues over (under) expenditures	\$ 166,112	\$ -	\$ 166,112	\$ 166,112

Additional project information:

Bond Authorization Date	01/26/16
Bonds Authorized	\$ 5,121,000
Bonds Issued	\$ 5,121,000
Original Authorized Cost	\$ 5,121,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 5,121,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original target completion date	08/26/16
Revised target completion date	10/31/16

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

	Prior Periods	Current Year	Total	Revised Authorized Costs
Revenues and Other Financing Sources:				
Bond proceeds	\$ -	\$ 15,625,000	\$ 15,625,000	\$ 15,625,000
Transfer from Capital Reserve	-	2,208,440	2,208,440	2,208,440
Total revenues	-	17,833,440	17,833,440	17,833,440
Expenditures and Other Financing Uses:				
Purchased professional services		684,713	684,713	684,713
Construction services			-	-
Total expenditures	-	684,713	684,713	684,713
Excess (deficiency) or revenues over (under) expenditures	\$ -	\$ 17,148,727	\$ 17,148,727	\$ 17,148,727

Additional project information:

Bond Authorization Date	01/25/22
Bonds Authorized	\$ 15,625,000
Bonds Issued	\$ 15,625,000
Transfer from Capital Reserve	\$ 2,208,440
Original Authorized Cost	\$ 17,833,440
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 17,833,440

Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	0.00%
Original target completion date	08/31/24
Revised target completion date	N/A

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

<u>Issue/Project Title</u>	<u>Date Authorized</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Unexpended Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>		
Various Improvements to School Facilities	1/26/2016	\$ 5,121,000	\$ 4,954,888	\$ -	\$ -	\$ 166,112
Various Improvements to School Facilities	1/25/2022	<u>17,833,440</u>	<u> </u>	<u>684,713</u>	<u> </u>	<u>17,148,727</u>
		<u>\$ 22,954,440</u>	<u>\$ 4,954,888</u>	<u>\$ 684,713</u>	<u>\$ -</u>	<u>\$ 17,314,839</u>

Proprietary Funds

LOWER TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Statement of Net Position
as of June 30, 2022

	Food Service	Day Care Program	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 429,419	\$ 119,214	\$ 548,633
Accounts receivable:			
State	1,138	-	1,138
Federal	78,095	-	78,095
Other	6,112	-	6,112
Inventories	19,984	-	19,984
Total current assets	534,748	119,214	653,962
Fixed assets:			
Equipment	285,136	-	285,136
Less accumulated depreciation	(242,039)	-	(242,039)
Total fixed assets	43,097	-	43,097
Total assets	577,845	119,214	697,059
LIABILITIES:			
Current liabilities:			
Accounts payable	4,059	-	4,059
Interfund payable	112,665	-	112,665
Unearned revenue	12,063	6,262	18,325
Total current liabilities	128,787	6,262	135,049
Noncurrent liabilities:			
Compensated absences	55,564	-	55,564
Total Noncurrent Liabilities	55,564	-	55,564
Total Liabilities	184,351	6,262	190,613
NET POSITION:			
Net investment in capital assets	43,097	-	43,097
Unrestricted	350,397	112,952	463,349
Total net position	\$ 393,494	\$ 112,952	\$ 506,446

LOWER TOWNSHIP SCHOOL DISTRICT
Enterprise Funds

Statement of Revenues, Expenses and Changes in Fund Net Position
for the Fiscal Year ended June 30, 2022

	Food Service	Day Care Program	Total
OPERATING REVENUES:			
Local sources:			
Daily sales-reimbursable programs:			
School lunch program	\$ 245	\$ -	\$ 245
Total-daily sales-reimbursable programs	245	-	245
Daily sales non-reimbursable programs:			
Adult and AlaCarte meals	46,470	-	46,470
Registration Fees	-	258,509	258,509
Shared Service Agreement - LCMR	46,525	-	46,525
Miscellaneous	20,570	5,830	26,400
Special Functions	9,438	-	9,438
Total operating revenue	123,248	264,339	387,587
OPERATING EXPENSES:			
Salaries	636,539	258,554	895,093
Employee benefits	131,252	17,998	149,250
Supplies and materials	43,995	2,521	46,516
Depreciation	626	-	626
Cost of sales - reimbursable programs	339,083	-	339,083
Cost of sales - non-reimbursable programs	21,533	-	21,533
Purchased professional services	26,059	-	26,059
Other	2,463	-	2,463
Total operating expenses	1,201,550	279,073	1,480,623
Operating income (loss)	(1,078,302)	(14,734)	(1,093,036)
Non-operating revenues:			
State sources:			
State school lunch program	18,952	-	18,952
Federal sources:			
National school lunch program	699,551	-	699,551
School breakfast program	400,851	-	400,851
After school snack	16,398	-	16,398
Emergency operational cost program - schools	20,497	-	20,497
P-EBT administrative cost	1,242	-	1,242
U.S.D.A. commodities	76,536	-	76,536
Interest revenue	2,378	1,361	3,739
Total non-operating revenues	1,236,405	1,361	1,237,766
Change in net position	158,103	(13,373)	144,730
Total net position - July 1	235,391	126,325	361,716
Total net position - June 30	\$ 393,494	\$ 112,952	\$ 506,446

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

	Food Service	Day Care Program	Total
Cash flows from operating activities:			
Cash receipts from customers	\$ 130,337	\$ 261,431	\$ 391,768
Cash payments to employees for services	(615,054)	(276,552)	(891,606)
Cash payments to suppliers for goods and services	(380,063)	(2,521)	(382,584)
Net cash used by operating activities	(864,780)	(17,642)	(882,422)
Cash flows from noncapital financing activities:			
Board Contribution	-		-
Cash received from state and federal reimbursements	1,142,523	-	1,142,523
Net cash provided by noncapital financing activities	1,142,523	-	1,142,523
Cash flows from capital financing activities:			
Purchases of fixed assets	(33,615)	-	(33,615)
Net cash used by capital financing activities	(33,615)	-	(33,615)
Cash flows from investing activities:			
Interest on investments	2,378	1,361	2,378
Net cash provided by investing activities	2,378	1,361	2,378
Net increase (decrease) in cash and cash equivalents	246,506	(16,281)	230,225
Cash and cash equivalents, July 1	182,913	135,495	318,408
Cash and cash equivalents, June 30	\$ 429,419	\$ 119,214	\$ 548,633
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (1,078,302)	\$ (14,734)	\$ (1,093,036)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation	626	-	626
Commodities	76,536	-	76,536
Change in assets and liabilities:			
(Increase)/decrease in accounts receivable	1,134	7,357	8,491
(Increase)/decrease in interfunds receivable	82,000	-	82,000
(Increase)/decrease in inventory	(5,059)	-	(5,059)
Increase/(decrease) in interfund payable	113,293	-	113,293
Increase/(decrease) in accounts payable	(18,407)	-	(18,407)
Increase/(decrease) in unearned revenue	(1,045)	(10,265)	(11,310)
Increase/(decrease) in compensated absences	(35,556)	-	(35,556)
Net cash used by operating activities	\$ (864,780)	\$ (17,642)	\$ (882,422)

Long-Term Debt Schedules

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

Issue	Date of Issue	Amount of Issue	Annual Maturities		Rate of Interest	Balance July 1, 2021	Issued	Retired	Balance June 30, 2022
			Date	Amount					
2016 School Bonds	04/20/16	\$ 5,121,000	04/01/23	\$ 250,000	2.00%	\$ 4,441,000	\$ -	\$ 225,000	\$ 4,216,000
			04/01/24	250,000	2.00%				
			04/01/25	275,000	2.00%				
			04/01/26	275,000	2.00%				
			04/01/27	300,000	2.00%				
			04/01/28	320,000	2.00%				
			04/01/29	320,000	2.75%				
			04/01/30	320,000	3.00%				
			04/01/31	320,000	3.00%				
			04/01/32	320,000	3.00%				
			04/01/33	320,000	3.00%				
			04/01/34	320,000	3.00%				
			04/01/35	320,000	3.00%				
			04/01/36	306,000	3.00%				
			2022 School Bonds	05/10/22	15,625,000				
05/01/25	600,000	3.625%							
05/01/26	600,000	3.625%							
05/01/27	600,000	3.625%							
05/01/28	600,000	3.625%							
05/01/29	625,000	3.625%							
05/01/30	650,000	3.625%							
05/01/31	675,000	3.625%							
05/01/32	700,000	3.625%							
05/01/33	750,000	3.625%							
05/01/34	775,000	3.625%							
05/01/35	800,000	3.625%							
05/01/36	825,000	3.625%							
05/01/37	1,025,000	3.625%							
05/01/38	1,050,000	3.625%							
05/01/39	1,075,000	3.625%							
05/01/40	1,125,000	3.625%							
05/01/41	1,150,000	3.625%							
05/01/42	1,175,000	3.625%							
						\$ 4,441,000	\$ 15,625,000	\$ 225,000	\$ 19,841,000

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

Purpose	Interest Rate Payable	Amount of Original Issue	Balance June 30, 2021	Issued	Retired	Balance June 30, 2022
Energy Savings Improvement Program	3.350%	\$ 1,899,000	\$ 1,641,000	-	\$ 59,000	\$ 1,582,000
Total			<u>\$ 1,641,000</u>	<u>-</u>	<u>\$ 59,000</u>	<u>\$ 1,582,000</u>

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

Purpose	Interest Rate Payable	Amount of Original Issue	(Restated) Balance June 30, 2021	Issued	Retired	Balance June 30, 2022
Copiers	4.00%	\$ 69,813	\$ 26,006	-	\$ 18,204	\$ 7,802
Postage Meter	3.00%	1,696	975	-	325	650
Copiers	4.00%	38,260	19,032	-	9,748	9,284
Copiers	4.00%	31,224	16,884	-	7,929	8,955
Copiers	4.00%	76,431	41,191	-	19,344	21,847
Copiers	4.00%	8,976	6,346	-	2,980	3,366
Copiers	4.00%	7,123	4,812	-	3,585	1,227
			<u>\$ 115,246</u>	<u>-</u>	<u>\$ 62,115</u>	<u>\$ 53,131</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 220,761	\$ -	\$ 220,761	\$ 220,761	\$ -
Total revenues - local sources	<u>220,761</u>	<u>-</u>	<u>220,761</u>	<u>220,761</u>	<u>-</u>
State sources:					
Debt service aid type II	115,084		115,084	115,084	
Total revenues - state sources	<u>115,084</u>	<u></u>	<u>115,084</u>	<u>115,084</u>	<u></u>
Total Revenues	<u>335,845</u>	<u></u>	<u>335,845</u>	<u>335,845</u>	<u></u>
EXPENDITURES:					
Regular debt service:					
Interest	114,000		114,000	113,480	520
Redemption of principal	225,000		225,000	225,000	-
Total Expenditures	<u>339,000</u>	<u></u>	<u>339,000</u>	<u>338,480</u>	<u>520</u>
Excess (Deficiency) of revenues over (under) expenditures	(3,155)		(3,155)	(2,635)	520
Other Financing Sources (Uses):					
Operating transfer in				16,538	16,538
Total other financing sources (uses)				<u>16,538</u>	<u>16,538</u>
Net change in fund balance	(3,155)		(3,155)	13,903	17,058
Fund Balances, July 1	<u>6,047</u>	<u></u>	<u>6,047</u>	<u>6,047</u>	<u></u>
Fund Balances, June 30	<u>\$ 2,892</u>	<u>\$ -</u>	<u>\$ 2,892</u>	<u>\$ 19,950</u>	<u>\$ 17,058</u>

Statistical Section

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

EXHIBIT J-1

	Fiscal Year Ending June 30, 2022									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Net Investment in capital assets	\$ 9,820,210	\$ 9,923,902	\$ 9,988,073	\$ 4,859,924	\$ 4,927,155	\$ 3,435,758	\$ 3,787,063	\$ 4,377,767	\$ 4,184,490	\$ (11,804,140)
Restricted for:										
Capital projects	-	-	-	4,807,566	168,438	1,666,128	1,766,801	1,878,195	2,416,554	17,481,803
Special revenue	(36,241)	(37,193)	(37,193)	(37,611)	(33,014)	(35,104)	(208,080)	(172,511)	51,305	70,010
Debt service	-	-	-	-	-	-	-	-	6,047	19,950
Other purposes	1,690,504	1,167,124	1,505,405	2,117,838	2,815,336	2,953,671	3,850,371	5,232,115	5,011,069	5,129,487
Unrestricted	(2,309,716)	(2,210,538)	(13,211,672)	(13,335,362)	(14,733,308)	(14,760,486)	(14,553,593)	(14,310,154)	(12,698,880)	(8,540,280)
Total governmental activities net position	<u>\$ 9,164,757</u>	<u>\$ 8,843,295</u>	<u>\$ (1,755,387)</u>	<u>\$ (1,587,645)</u>	<u>\$ (6,855,393)</u>	<u>\$ (6,740,033)</u>	<u>\$ (5,357,438)</u>	<u>\$ (2,994,588)</u>	<u>\$ (1,029,415)</u>	<u>\$ 2,356,830</u>
Business-type activities:										
Net Investment in capital assets	\$ 11,968	\$ 9,108	\$ 7,056	\$ 5,566	\$ 4,077	\$ 2,525	\$ 1,224	\$ 11,071	\$ 10,108	\$ 43,097
Unrestricted	312,288	278,303	275,131	265,169	288,455	269,557	300,279	403,554	351,608	463,349
Total business-type activities net position	<u>\$ 324,256</u>	<u>\$ 287,411</u>	<u>\$ 282,187</u>	<u>\$ 270,735</u>	<u>\$ 292,532</u>	<u>\$ 272,082</u>	<u>\$ 301,503</u>	<u>\$ 414,625</u>	<u>\$ 361,716</u>	<u>\$ 506,446</u>
District-wide:										
Net Investment in capital assets	\$ 9,832,178	\$ 9,933,010	\$ 9,995,129	\$ 4,865,490	\$ 4,931,232	\$ 3,438,283	\$ 3,788,287	\$ 4,388,838	\$ 4,194,598	\$ (11,761,043)
Restricted:										
Capital projects	-	-	-	4,807,566	168,438	1,666,128	1,766,801	1,878,195	2,416,554	17,481,803
Special revenue	(36,241)	(37,193)	(37,193)	(37,611)	(33,014)	(35,104)	(208,080)	(172,511)	51,305	70,010
Debt service	-	-	-	-	-	-	-	-	6,047	19,950
Other purposes	1,690,504	1,167,124	1,505,405	2,117,838	2,815,336	2,953,671	3,850,371	5,232,115	5,011,069	5,129,487
Unrestricted	(1,997,428)	(1,932,235)	(12,936,541)	(13,070,193)	(14,444,853)	(14,490,929)	(14,253,314)	(13,906,600)	(12,347,272)	(8,076,931)
Total district net position	<u>\$ 9,489,013</u>	<u>\$ 9,130,706</u>	<u>\$ (1,473,200)</u>	<u>\$ (1,316,910)</u>	<u>\$ (6,562,861)</u>	<u>\$ (6,467,951)</u>	<u>\$ (5,055,935)</u>	<u>\$ (2,579,963)</u>	<u>\$ (667,699)</u>	<u>\$ 2,863,276</u>

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

EXHIBIT J-2

	Fiscal Year Ending June 30, 2022									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 8,876,911	\$ 9,095,023	\$ 9,803,439	\$ 9,924,274	\$ 9,841,467	\$ 9,855,187	\$ 10,438,907	\$ 10,823,478	\$ 11,371,808	\$ 10,617,587
Special education	3,157,611	1,811,033	1,638,485	2,254,597	2,127,188	1,959,179	1,979,440	2,055,202	2,175,695	2,173,031
Other instruction	96,038	51,977	65,696	56,246	160,031	240,045	251,537	216,668	180,695	178,967
Support Services:										
Tuition	466,502	1,049,973	1,154,510	897,749	922,182	703,106	930,604	1,122,960	921,920	806,808
Student & instruction related services	2,908,876	3,062,601	2,976,379	3,025,692	3,063,764	3,090,764	3,865,596	3,719,654	3,859,555	4,153,607
School administrative services	932,592	897,008	882,873	895,451	754,045	713,344	847,779	806,686	860,703	777,034
General and business administrative services	726,870	801,466	770,720	821,459	836,568	846,063	784,381	830,394	768,146	941,417
Plant operations and maintenance	2,310,239	2,306,566	2,410,716	2,633,408	6,947,278	4,623,372	2,834,531	2,423,969	3,382,634	4,141,844
Pupil transportation	1,276,545	1,261,876	1,191,733	1,189,906	1,198,539	1,093,784	1,217,779	1,127,366	1,086,710	1,212,231
Unallocated employee benefits	9,362,514	9,044,216	8,956,103	9,002,976	10,848,731	19,735,507	16,684,728	13,203,347	18,121,199	15,716,990
Interest on long-term debt				28,417	123,726	126,280	123,080	119,880	117,480	210,864
Unallocated depreciation	22,968	23,315	27,234	30,413	34,917	36,533	39,117	42,832	44,127	41,574
Total governmental activities expenses	<u>\$ 30,137,666</u>	<u>\$ 29,405,054</u>	<u>\$ 29,877,888</u>	<u>\$ 30,760,588</u>	<u>\$ 36,858,436</u>	<u>\$ 43,023,164</u>	<u>\$ 39,997,479</u>	<u>\$ 36,492,436</u>	<u>\$ 42,890,672</u>	<u>\$ 40,971,954</u>
Business-type activities:										
After-school program	\$ 280,687	\$ 306,728	\$ 338,318	\$ 371,862	\$ 395,856	\$ 386,705	\$ 338,463	\$ 295,342	\$ 261,753	\$ -
Food service	1,171,089	1,108,597	1,111,891	1,045,665	1,006,919	1,017,055	885,567	766,521	842,071	1,201,550
Internal service fund	-	-	-	5,874,547	6,581,757	5,525,058	5,083,272	3,729,268	1,755,000	279,073
Total business-type activities expense	<u>1,451,776</u>	<u>1,415,325</u>	<u>1,450,209</u>	<u>7,292,074</u>	<u>7,984,532</u>	<u>6,928,818</u>	<u>6,307,302</u>	<u>4,791,131</u>	<u>2,858,824</u>	<u>1,480,623</u>
Total district expenses	<u>\$ 31,589,442</u>	<u>\$ 30,820,379</u>	<u>\$ 31,328,097</u>	<u>\$ 38,052,662</u>	<u>\$ 44,842,968</u>	<u>\$ 49,951,982</u>	<u>\$ 46,304,781</u>	<u>\$ 41,283,567</u>	<u>\$ 45,749,496</u>	<u>\$ 42,452,577</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 97,018	\$ 72,516	\$ 58,912	\$ -	\$ -	\$ -	\$ 5,150	\$ -	\$ -	\$ -
Transportation fees	-	-	-	-	-	-	-	-	28,660	-
Operating grants and contributions	3,996,950	3,524,208	3,891,899	4,175,177	4,422,074	15,668,092	13,885,452	11,291,597	17,956,399	15,818,446
Total governmental activities program revenues	<u>\$ 4,093,968</u>	<u>\$ 3,596,724</u>	<u>\$ 3,950,811</u>	<u>\$ 4,175,177</u>	<u>\$ 4,422,074</u>	<u>\$ 15,668,092</u>	<u>\$ 13,890,602</u>	<u>\$ 11,291,597</u>	<u>\$ 17,985,059</u>	<u>\$ 15,818,446</u>

(Continued)

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

EXHIBIT J-2

	Fiscal Year Ending June 30, 2022									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type activities:										
Charges for services:										
After-school program	\$ 309,628	\$ 327,699	\$ 395,383	\$ 388,785	\$ 412,910	\$ 428,299	\$ 342,642	\$ 259,209	\$ 35,030	\$ -
Food service	325,893	255,770	261,627	241,342	249,714	243,296	231,868	206,324	178,664	123,248
Internal service fund	-	-	-	5,874,547	6,581,757	5,525,058	5,083,272	3,729,268	1,755,000	264,339
Operating grants and contributions	774,807	794,911	787,875	775,868	761,743	711,546	675,230	650,412	831,573	1,234,027
Total business type activities program revenues	<u>1,410,328</u>	<u>1,378,380</u>	<u>1,444,885</u>	<u>7,280,542</u>	<u>8,006,124</u>	<u>6,908,199</u>	<u>6,333,012</u>	<u>4,845,213</u>	<u>2,800,267</u>	<u>1,621,614</u>
Total district program revenues	<u>\$ 5,504,296</u>	<u>\$ 4,975,104</u>	<u>\$ 5,395,696</u>	<u>\$ 11,455,719</u>	<u>\$ 12,428,198</u>	<u>\$ 22,576,291</u>	<u>\$ 20,223,614</u>	<u>\$ 16,136,810</u>	<u>\$ 20,785,326</u>	<u>\$ 17,440,060</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (26,043,698)	\$ (25,808,330)	\$ (25,927,077)	\$ (26,585,411)	\$ (32,436,362)	\$ (27,355,072)	\$ (26,106,877)	\$ (25,200,839)	\$ (24,905,613)	\$ (25,153,508)
Business-type activities	(41,448)	(36,945)	(5,324)	(11,532)	21,592	(20,619)	25,710	54,082	(58,557)	140,991
Total district-wide net expense	<u>\$ (26,085,146)</u>	<u>\$ (25,845,275)</u>	<u>\$ (25,932,401)</u>	<u>\$ (26,596,943)</u>	<u>\$ (32,414,770)</u>	<u>\$ (27,375,691)</u>	<u>\$ (26,081,167)</u>	<u>\$ (25,146,757)</u>	<u>\$ (24,964,170)</u>	<u>\$ (25,012,517)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 14,952,514	\$ 15,251,564	\$ 15,806,595	\$ 16,317,286	\$ 16,643,631	\$ 16,812,338	\$ 17,148,584	\$ 17,655,724	\$ 18,008,838	\$ 18,369,015
Taxes levied for debt service	-	-	-	-	129,114	148,227	177,363	185,049	207,902	220,761
Unrestricted grants and contributions	9,864,381	10,148,809	10,276,148	10,307,539	10,366,506	10,181,719	9,876,869	9,475,084	8,242,674	9,835,915
Tuition	-	-	-	34,062	15,593	63,462	-	-	-	-
Miscellaneous income	75,262	86,495	6,417	94,266	13,770	274,686	276,656	299,682	194,728	104,846
Interest	-	-	-	-	-	-	-	-	-	39,718
Loss on Disposal of Assets	-	-	-	-	-	-	-	-	-	(30,502)
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>\$ 24,892,157</u>	<u>\$ 25,486,868</u>	<u>\$ 26,089,160</u>	<u>\$ 26,753,153</u>	<u>\$ 27,168,614</u>	<u>\$ 27,480,432</u>	<u>\$ 27,479,472</u>	<u>\$ 27,615,539</u>	<u>\$ 26,654,142</u>	<u>\$ 28,539,753</u>
Business-type activities:										
Investment earnings	\$ 133	\$ 100	\$ 100	\$ 80	\$ 205	\$ 169	\$ 3,711	\$ 7,190	\$ 5,648	\$ 3,739
Transfers	-	-	-	-	-	-	-	51,850	-	-
Total business-type activities	<u>133</u>	<u>100</u>	<u>100</u>	<u>80</u>	<u>205</u>	<u>169</u>	<u>3,711</u>	<u>59,040</u>	<u>5,648</u>	<u>3,739</u>
Total district-wide	<u>\$ 24,892,290</u>	<u>\$ 25,486,968</u>	<u>\$ 26,089,260</u>	<u>\$ 26,753,233</u>	<u>\$ 27,168,819</u>	<u>\$ 27,480,601</u>	<u>\$ 27,483,183</u>	<u>\$ 27,674,579</u>	<u>\$ 26,659,790</u>	<u>\$ 28,543,492</u>
Change in Net Position:										
Governmental activities	\$ (1,151,541)	\$ (321,462)	\$ 162,083	\$ 167,742	\$ (5,267,748)	\$ 125,360	\$ 1,372,595	\$ 2,414,700	\$ 1,748,529	\$ 3,386,245
Business-type activities	(41,315)	(36,845)	(5,224)	(11,452)	21,797	(20,450)	29,421	113,122	(52,909)	144,730
Total district-wide	<u>\$ (1,192,856)</u>	<u>\$ (358,307)</u>	<u>\$ 156,859</u>	<u>\$ 156,290</u>	<u>\$ (5,245,951)</u>	<u>\$ 104,910</u>	<u>\$ 1,402,016</u>	<u>\$ 2,527,822</u>	<u>\$ 1,695,620</u>	<u>\$ 3,530,975</u>

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

EXHIBIT J-3

	Fiscal Year Ending June 30, 2022									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Reserved for:										
Encumbrances	\$ 7,090	\$ 36,944	\$ 140,792	\$ 10,544	\$ 454,505	\$ 52,292	\$ 79,087	\$ 671,641	\$ 300,565	\$ 1,240,977
Maintenance reserve	1,092,246	792,246	992,246	1,299,000	1,156,000	1,299,137	1,299,137	1,299,021	1,299,021	1,010,119
Capital reserve	1	1	1	1	1	1,500,000	1,600,689	1,712,083	2,250,442	166,964
Emergency reserve	-	-	-	-	-	-	-	250,000	250,000	250,000
Unemployment compensation	-	-	-	-	-	-	-	-	219,137	254,294
Excess surplus	183,633	154,300	164,441	604,902	575,089	1,008,403	1,461,869	1,490,505	1,752,406	1,862,668
Excess surplus - designated for subsequent years expenditures	407,534	183,633	154,300	164,441	604,902	575,089	1,008,403	1,461,869	1,490,505	1,752,406
Unreserved - designated for subsequent years expenditures	-	-	53,625	38,611	14,483	18,513	-	54,269	93,106	200,001
Unreserved	(422,587)	(382,627)	(400,563)	(361,376)	(350,134)	(343,952)	(269,803)	(130,993)	524,718	1,853,129
Total general fund	<u>\$ 1,267,917</u>	<u>\$ 784,497</u>	<u>\$ 1,104,842</u>	<u>\$ 1,756,123</u>	<u>\$ 2,454,846</u>	<u>\$ 4,109,482</u>	<u>\$ 5,179,382</u>	<u>\$ 6,808,395</u>	<u>\$ 8,179,900</u>	<u>\$ 8,590,558</u>
All Other Governmental Funds										
Reserved:										
Encumbrances	\$ -	\$ -	\$ -	\$ 4,261,640	\$ 28,798	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	(36,241)	(37,193)	(37,193)	(37,611)	(33,014)	(35,104)	(208,080)	(172,511)	(226,279)	(227,541)
Capital projects fund	-	-	-	545,925	139,639	166,128	166,112	166,112	166,112	17,314,839
Debt service fund	-	-	-	340	10,357	10,237	1,875	4,810	6,047	19,950
Total all other governmental funds	<u>\$ (36,241)</u>	<u>\$ (37,193)</u>	<u>\$ (37,193)</u>	<u>\$ 4,770,294</u>	<u>\$ 145,780</u>	<u>\$ 141,261</u>	<u>\$ (40,093)</u>	<u>\$ (1,589)</u>	<u>\$ (54,120)</u>	<u>\$ 17,107,248</u>

Lower Township 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, 2022

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Tax levy	\$ 14,952,514	\$ 15,251,564	\$ 15,806,595	\$ 16,317,286	\$ 16,772,745	\$ 16,960,565	\$ 17,325,947	\$ 17,840,773	\$ 18,216,740	\$ 18,589,776
Tuition charges	52,286	39,381	58,912	34,062	15,593	63,462	5,150	-	-	-
Transportation charges	44,732	33,135	-	-	-	-	39,849	23,763	28,660	-
Interest Earned	-	-	-	-	-	-	-	-	-	36,061
Other restricted miscellaneous	-	-	-	-	-	-	-	-	5,455	3,657
Miscellaneous	75,761	86,995	7,399	94,691	13,770	276,464	236,807	275,919	189,273	104,846
Local sources	-	-	-	-	-	-	-	-	20,365	34,563
State sources	12,762,644	12,581,833	12,990,692	13,307,047	13,698,355	14,202,231	15,965,362	15,530,282	16,278,993	19,241,806
Federal sources	1,098,188	1,090,684	1,176,373	1,175,244	1,090,225	1,274,506	1,185,952	1,172,890	1,822,696	2,263,053
Total revenue	\$ 28,986,125	\$ 29,083,592	\$ 30,039,971	\$ 30,928,330	\$ 31,590,688	\$ 32,777,228	\$ 34,759,067	\$ 34,843,627	\$ 36,562,182	\$ 40,273,762
Expenditures										
Instruction										
Regular Instruction	\$ 8,612,786	\$ 8,827,839	\$ 9,225,303	\$ 9,514,376	\$ 9,168,499	\$ 9,399,936	\$ 9,770,753	\$ 9,777,873	\$ 10,735,172	\$ 10,371,004
Special education instruction	3,157,611	1,811,033	1,638,485	2,254,597	2,127,188	1,959,179	1,979,440	2,055,202	2,175,695	2,173,031
Other instruction	96,038	51,977	65,696	56,246	160,031	240,045	251,537	216,668	180,695	178,967
Support Services:										
Tuition	466,502	1,049,973	1,154,510	897,749	922,182	703,106	930,604	1,122,960	921,920	806,808
Student & instruction related services	2,908,876	3,062,601	2,976,379	3,025,692	3,063,764	3,090,764	3,865,596	3,719,654	3,859,555	4,153,607
School administrative services	886,656	850,379	828,405	834,626	754,045	713,344	769,544	721,023	677,892	693,887
General and business admin.services	726,870	801,466	770,720	821,459	766,735	772,995	784,381	830,394	860,703	928,787
Plant operations and maintenance	2,264,255	2,626,991	2,713,581	2,663,832	2,737,570	3,198,569	2,936,945	2,780,195	2,940,963	2,603,125
Pupil transportation	1,276,545	1,261,876	1,191,733	1,189,906	1,198,539	1,093,784	1,217,779	1,127,366	1,086,710	1,212,231
Unallocated employee benefits	9,362,514	9,044,216	8,930,529	8,852,642	9,627,036	9,273,929	10,326,172	9,689,627	10,887,514	13,178,430
Capital outlay	52,754	179,613	323,862	479,437	4,870,517	2,293,480	753,890	802,618	815,553	1,688,379
Debt service:										
Principal	-	-	-	-	-	160,000	160,000	160,000	200,000	225,000
Interest and other charges	-	-	-	-	120,373	127,080	123,880	120,680	117,480	113,480
Total expenditures	29,811,407	29,567,964	29,819,203	30,590,562	35,516,479	33,026,211	33,870,521	33,124,260	35,459,852	38,326,736
Excess (Deficiency) of revenues over (under) expenditures	(825,282)	(484,372)	220,768	337,768	(3,925,791)	(248,983)	888,546	1,719,367	1,102,330	1,947,026
Other Financing sources (uses)										
Cancelled SDA Grant	-	-	-	-	-	1,899,000	-	-	-	-
Proceeds of Borrowing	-	-	99,577	5,121,000	-	-	-	-	-	15,625,000
Transfers in	-	-	-	340	1,276	200	1,635	3,135	301,792	2,534,122
Transfers out	-	-	-	(340)	(1,276)	(200)	(1,635)	(54,985)	(301,792)	(2,534,122)
Total other financing sources (uses)	-	-	99,577	5,121,000	-	1,899,000	-	(51,850)	-	15,625,000
Net change in fund balances	\$ (825,282)	\$ (484,372)	\$ 320,345	\$ 5,458,768	\$ (3,925,791)	\$ 1,650,017	\$ 888,546	\$ 1,667,517	\$ 1,102,330	\$ 17,572,026
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.39%	0.93%	0.86%	0.87%	0.92%	0.92%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Lower Township 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 of Prior Years Expenditures</u>	<u>Refunds</u>	<u>Rentals</u>	<u>Transportation</u>	<u>Sale of Equipment</u>	<u>Outside Services</u>	<u>Miscellaneous</u>	<u>Total</u>
2013	\$ 1,571	\$ 44,732	\$ -	\$ -	\$ 71,000	\$ 52,286	\$ -	\$ -	\$ 3,191	\$ 172,780
2014	1,046	39,381	-	80,691	-	33,135	-	-	4,758	159,011
2015	1,536	58,912	2,106	-	-	-	2,775	-	-	65,329
2016	1,763	34,062	83,654	540	-	-	-	-	7,969	127,988
2017	6,403	15,593	135	807	-	4,366	-	-	2,059	29,363
2018	7,147	63,462	184,989	1,609	-	5,645	74,990	-	106	337,948
2019	47,221	5,150	75,831	725	-	39,849	5,276	61,802	34	235,888
2020	110,047	-	68,538	4,730	-	-	11,045	33,062	85	227,507
2021	180,349	-	671	3,531	-	28,660	1,850	-	5,455	220,516
2022	122,556	-	-	-	-	-	1,503	-	3,967	128,026
	<u>\$ 479,639</u>	<u>\$ 261,292</u>	<u>\$ 415,924</u>	<u>\$ 92,633</u>	<u>\$ 71,000</u>	<u>\$ 163,941</u>	<u>\$ 97,439</u>	<u>\$ 94,864</u>	<u>\$ 27,624</u>	<u>\$ 1,704,356</u>

Source: District records

Lower Township School District
 Assessed Value and Actual Value of Taxable Property,
 Last Ten Fiscal Years

Township of Lower

Fiscal Year Ended 30-Jun-22	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2013	\$ 86,948,300	\$ 3,684,519,500	\$ 5,236,800	\$ 953,300	\$ 275,766,100	\$ 13,161,400	\$ 4,066,585,400	\$ 5,339,934	\$ 4,071,925,334	\$ 270,144,600	0.371	\$ 3,773,894,430
2014	70,784,000	3,247,623,400	4,914,400	953,300	258,806,900	11,332,200	3,594,414,200	4,337,206	3,598,751,406	232,262,300	0.432	3,725,002,834
2015	70,254,400	3,254,393,300	4,914,400	927,600	259,130,000	11,432,200	3,601,051,900	4,347,721	3,605,399,621	234,835,200	0.446	3,719,358,459
2016	68,016,300	3,261,711,400	5,052,600	577,600	263,588,800	11,432,200	3,610,378,900	4,212,178	3,614,591,078	232,698,600	0.458	3,781,566,024
2017	64,279,700	3,274,539,000	5,413,000	595,500	264,828,800	11,432,200	3,621,088,200	4,172,271	3,625,260,471	233,773,100	0.466	3,802,011,213
2018	64,779,300	3,283,120,000	6,360,900	567,200	264,001,400	11,432,200	3,630,261,000	4,178,452	3,634,439,452	237,688,000	0.472	3,908,079,119
2019	63,692,900	3,290,370,000	6,554,900	602,400	264,731,700	11,432,200	3,637,384,100	4,107,346	3,641,491,446	240,525,100	0.483	4,056,420,781
2020	65,057,300	3,304,009,400	6,600,500	586,300	263,951,400	11,432,200	3,651,637,100	4,075,029	3,655,712,129	241,944,200	0.494	4,212,338,290
2021	61,620,600	3,327,438,300	6,600,500	586,300	262,396,200	11,432,200	3,670,074,100	4,234,601	3,674,308,701	246,048,000	0.501	4,350,457,177
2022	63,196,600	3,351,246,100	6,600,500	585,400	263,578,800	11,432,200	3,696,639,600	3,959,309	3,700,598,909	247,832,300	0.513	4,794,640,027

Source: Municipal Tax Assessor

Note:

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

c Information not available.

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

Source: Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other

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

**Lower Township School District
Principal Property Tax Payers,
Current Year and Nine Years Ago**

EXHIBIT J-8

Taxpayer	2022		Taxpayer	2013	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Sun Lake Laurie RV, Inc.	\$ 21,506,800	0.58%	Jenlo Corp. & Harlo Inc.	\$ 10,408,800	0.25%
Achristavest Pier 6600, LLC	14,330,200	0.39%	Achristavest Pier 6600, LLC	9,350,000	0.23%
Harbortown Resort Marina, Inc	13,054,700	0.35%	Bayshore Mall 1A, LLC	8,795,000	0.21%
Jenlo Corp. & Harlo Inc	11,700,000	0.32%	Lake Laurie RV Resort, LLC	7,133,800	0.17%
Shaw Limited Partnership	10,101,400	0.27%	Seashore Campsites Inc.	6,500,000	0.16%
Bayshore Mall, LLC	9,744,700	0.26%	Channels Apartments	6,242,600	0.15%
Beachcomber Campground, Inc	6,749,100	0.18%	Victoria Health Corp.	6,203,800	0.15%
Cold Spring Fish & Supply Co	6,302,900	0.17%	Verison - New Jersey	6,112,592	0.15%
Cape Island Associates	6,000,000	0.16%	Beachcomber Campground Inc.	5,932,800	0.14%
FC-GEN Real Estate, LLC	6,000,000	0.16%	North Cape Convalescent Center	5,890,000	0.14%
Total	\$ 105,489,800	2.85%	Total	\$ 72,569,392	1.77%

Source: Municipal Tax Assessor

**Lower Township School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

EXHIBIT J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 14,952,514	\$ 14,952,514	100.00%	\$ -
2014	15,251,564	15,251,564	100.00%	-
2015	15,806,595	15,806,595	100.00%	-
2016	16,317,286	16,317,286	100.00%	-
2017	16,772,745	16,772,745	100.00%	-
2018	16,960,565	16,960,565	100.00%	-
2019	17,325,947	17,325,947	100.00%	-
2020	17,840,773	17,840,773	100.00%	-
2021	18,216,740	18,216,740	100.00%	-
2022	18,589,776	18,589,776	100.00%	-

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

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

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

EXHIBIT J-10

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^b
	General Obligation Bonds	Financed Purchases/ Leases			
2013	\$ -	\$ -	\$ -	-	\$ -
2014	-	-	-	-	-
2015	-	78,708	78,708	0.01%	4
2016	5,121,000	59,724	5,180,724	0.43%	237
2017	5,121,000	40,285	5,161,285	0.41%	238
2018	4,961,000	1,919,381	6,880,381	0.53%	320
2019	4,801,000	1,805,000	6,606,000	0.49%	304
2020	4,641,000	1,705,000	6,346,000	0.44%	299
2021	4,441,000	1,641,000	6,082,000	c	275
2022	19,841,000	1,582,000	21,423,000	c	c

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

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

Lower Township 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		
2013	\$ -	\$ -	\$ -	-	\$ -
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	5,121,000	-	5,121,000	0.14%	234
2017	5,121,000	-	5,121,000	0.14%	236
2018	4,961,000	-	4,961,000	0.14%	231
2019	4,801,000	-	4,801,000	0.13%	221
2020	4,641,000	-	4,641,000	0.13%	219
2021	4,441,000	-	4,441,000	0.12%	201
2022	19,841,000	-	19,841,000	0.54%	c

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

a See Exhibit J-6 for property tax data.

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

c Not available.

**Lower Township School District
Ratios of Overlapping Governmental Activities Debt
As of December 31, 2021**

EXHIBIT J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Township of Lower	\$ 28,422,502	100.000%	\$ 28,422,502
Cape May County General Obligation Debt	305,544,409	7.558%	23,093,046
Lower Cape May Regional School District Debt	20,187,000	52.831%	<u>10,665,055</u>
Subtotal, overlapping debt			62,180,603
Lower Township School District Direct Debt			<u>4,441,000</u>
Total direct and overlapping debt			<u><u>\$ 66,621,603</u></u>

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

Note: Debt outstanding data provided by each governmental unit.
Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Lower Township. 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.

**Lower Township School District
Legal Debt Margin Information,
Last Ten Fiscal Years**
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2022

	Equalized valuation basis	
	2019	4,182,343,452
	2020	4,314,825,830
	2021	4,746,603,854
	[A]	<u>\$ 13,243,773,136</u>
Average equalized valuation of taxable property	[A/3]	\$ 4,414,591,045
Debt limit (2.5% of average equalized valuation)	[B]	110,364,776
Net bonded school debt	[C]	19,841,000
Legal debt margin	[B-C]	<u>\$ 90,523,776</u>

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 100,034,146	\$ 95,777,627	\$ 93,166,941	\$ 87,877,105	\$ 93,615,145	\$ 95,169,587	\$ 97,476,471	\$ 100,851,523	\$ 104,434,480	\$ 110,364,776
Total net debt applicable to limit	-	-	-	5,121,000	5,121,000	4,961,000	4,801,000	4,641,000	4,441,000	19,841,000
Legal debt margin	<u>\$ 100,034,146</u>	<u>\$ 95,777,627</u>	<u>\$ 93,166,941</u>	<u>\$ 82,756,105</u>	<u>\$ 88,494,145</u>	<u>\$ 90,208,587</u>	<u>\$ 92,675,471</u>	<u>\$ 96,210,523</u>	<u>\$ 99,993,480</u>	<u>\$ 90,523,776</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	5.83%	5.47%	5.21%	4.93%	4.60%	4.25%	17.98%

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 12 district; other % limits would be applicable for other districts

**Lower Township School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

EXHIBIT J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2013	22,354	\$ 1,089,176,296	\$ 48,724	11.90%
2014	22,173	1,127,297,493	50,841	12.60%
2015	22,016	1,164,668,416	52,901	11.10%
2016	21,854	1,196,987,288	54,772	10.10%
2017	21,698	1,247,135,946	57,477	9.80%
2018	21,485	1,294,385,310	60,246	8.90%
2019	21,372	1,350,774,516	63,203	7.70%
2020	21,202	1,438,258,872	67,836	14.60%
2021	22,094	e	e	9.20%
2022	e	e	e	e

Source:

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

**Lower Township 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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction										
Regular	114	114	114	114	116	116	119	122	137	132
Special education	25	25	25	25	27	27	27	27	26	25
Other special education										
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	36	36	36	36	40	40	46	57	69	76
School administrative services	8	9	9	9	15	15	15	15	15	15
General and business administrative services	2	2	2	2	2	2	2	2	3	2
Plant operations and maintenance	24	22	22	22	26	26	26	26	26	26
Pupil transportation	17	18	18	18	18	18	18	17	18	18
Business and other support services	4	4	4	4	4	3	3	3	3	3
Special Schools										
Food Service	11	11	11	11	12	12	11	11	11	12
Child Care	2	2	2	2	2	2	2	2	1	1
Total	243	243	243	243	262	261	269	282	309	310

Source: District Personnel Records

Lower Township 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	Attendance (ADA) ^c	Average Daily Enrollment	Attendance Percentage
						Elementary				
2013	1,804	\$ 29,758,653	\$ 16,496	13.03%	139	1:13	1,811	1,702	-1.08%	93.98%
2014	1,822	29,388,351	16,130	-2.22%	139	1:13	1,826	1,722	0.82%	94.30%
2015	1,806	29,495,341	16,332	1.25%	139	1:13	1,788	1,699	-2.08%	95.02%
2016	1,732	30,111,125	17,385	6.45%	139	1:12	1,725	1,640	-3.52%	95.07%
2017	1,697	30,525,589	17,988	3.47%	143	1:12	1,666	1,585	-3.42%	95.14%
2018	1,676	30,445,651	18,166	0.99%	143	1:12	1,657	1,577	-0.54%	95.17%
2019	1,646	32,832,751	19,947	9.80%	146	1:11	1,713	1,624	3.38%	94.80%
2020	1,607	32,040,962	19,938	-0.04%	149	1:11	1,606	1,541	-6.25%	95.95%
2021	1,496	34,326,819	22,946	-0.04%	163	1:09	1,502	1,373	-6.48%	91.41%
2022	1,314	36,299,877	27,625	0.00%	157	0:00	1,496	1,358	-0.40%	90.78%

Sources: District records

Note: Enrollment based on annual October district count.

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

**Lower Township School District
School Building Information
Last Ten Fiscal Years**

EXHIBIT J-18

	Fiscal Year Ending June 30, 2022									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>District Building</u>										
<u>Elementary</u>										
Charles W Sandman Consolidated (1929)										
Square Feet	61,711	61,711	61,711	61,711	61,711	61,711	61,711	61,711	61,711	61,711
Capacity (students)	581	581	581	581	581	581	581	581	581	581
Enrollment	479	474	443	455	431	443	485	434	385	352
Maud Abrams (1966)										
Square Feet	58,639	58,639	58,639	58,639	58,639	58,639	58,639	58,639	58,639	58,639
Capacity (students)	593	593	593	593	593	593	593	593	593	593
Enrollment	436	448	439	439	452	433	432	385	355	356
David C Douglass Veterans Memorial (1979)										
Square Feet	39,303	39,303	39,303	39,303	39,303	39,303	39,303	39,303	39,303	39,303
Capacity (students)	395	395	395	395	395	395	395	395	395	395
Enrollment	456	447	424	387	375	390	342	338	318	320
Carl T Mitnick (1989)										
Square Feet	67,481	67,481	67,481	67,481	67,481	67,481	67,481	67,481	67,481	67,481
Capacity (students)	527	527	527	527	527	527	527	527	527	527
Enrollment	440	456	482	444	409	391	454	450	444	468
<u>Other</u>										
Central Administration (1938)										
Square Feet	3,469	3,469	-	-	-	-	-	-	-	-
Maintenance (1930)										
Square Feet	3,848	3,848	3,848	-	-	-	-	-	-	-
Transportation(1999)										
Square Feet	2,880	2,880	2,880	-	-	-	-	-	-	-
Number of Schools at June 30, 2022										
Elementary = 4										
Middle School = 0										
Senior High School = 0										
Other = 0										

Source: District Facilities Office

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

**Lower Township School District
Schedule of Required Maintenance
Last Ten Fiscal Years**

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

Fiscal Year Ending June 30, 2022											
* School Facilities	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Sandman Consolidated School	\$ 142,682	\$ 168,227	\$ 176,157	\$ 172,866	\$ 212,553	\$ 274,392	\$ 162,366	\$ 143,031	\$ 174,569	\$ 139,463	\$ 1,766,306
Maud Abrams School	137,397	161,996	169,633	166,463	204,681	264,229	156,352	137,734	168,104	134,298	1,700,887
Carl T. Mitnick School	158,535	186,919	195,731	192,073	236,171	304,880	180,406	158,923	193,966	154,959	1,962,563
Memorial School	89,837	105,920	110,914	108,841	133,830	172,765	102,230	90,057	109,914	87,810	1,112,119
Total School Facilities	\$ 528,451	\$ 623,062	\$ 652,435	\$ 640,243	\$ 787,235	\$ 1,016,267	\$ 601,354	\$ 529,745	\$ 646,553	\$ 516,530	\$ 6,541,875

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

Source: District records

**Lower Township School District
Insurance Schedule
June 30, 2022**

EXHIBIT J-20

	<u>Coverage</u>	<u>Self-insured Retention</u>	<u>Deductible</u>
School Package Policy (1)			
Building and Contents (All Locations)			
Limits of Liability Per Occurrence	\$ 175,000,000	\$ 250,000	\$ 500
Boiler and Machinery	125,000,000	None	1,000
Crime Coverage	500,000	250,000	500
Public Employee Dishonesty	500,000	250,000	500
General and Automobile Liability	20,000,000	250,000	None
Workers' Compensation	Statutory	250,000	None
Educator's Legal Liability	20,000,000	250,000	None
Pollution Legal Liability	3,000,000	None	25,000 Pollution 100,000-250,000 Mold
Cyber Liability	2,000,000	None	50,000-100,000
Crisis Protection & Disaster Management Services	1,000,000	None	10,000
Surety Bonds (2)			
Treasurer	275,000		
Board Secretary	100,000		

(1) Atlantic & Cape May Counties Joint Insurance Fund

(2) RLI Insurance Company

Source: District records

Single Audit Section

INVERSO & STEWART, LLC
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 New Jersey Society of CPAs

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

INDEPENDENT AUDITOR'S REPORT

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

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

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

INVERSO & STEWART, LLC
Certified Public Accountants



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

Marlton, New Jersey
January 30, 2023

INVERSO & STEWART, LLC

Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

INVERSO & STEWART, LLC
Certified Public Accountants



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

Marlton, New Jersey
January 30, 2023

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

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period	June 30, 2021			Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2022											
						Accounts Receivable	Deferred Revenue	Due to Grantor at					Receivable	Deferred Revenue	Due to Grantor at									
U.S. Department of Health & Human Services																								
Passed-through State Department of Education:																								
General Fund:																								
Medical Assistance Program (SEMI)	93.778	2105NJ5MAP	N/A	\$ 58,422	7/1/21 - 6/30/22	\$ -	\$ -	\$ -	\$ -	\$ 58,422	\$ (58,422)	\$ -	\$ -	\$ -	\$ -									
Total General Fund										58,422	(58,422)													
U.S. Department of Education																								
Passed-through State Department of Education:																								
Special Revenue Fund:																								
Every Student Succeeds Act (ESSA)																								
Title I	84.010	S010A210030	ESSA-2840-22	495,710	7/1/21 - 9/30/22				(4,154)	345,852	(494,167)		(152,469)											
Title I	84.010	S010A200030	ESSA-2840-21	542,136	7/1/20 - 9/30/21	(216,252)			4,154	212,098														
Title II - Part A	84.367A	S367A210029	ESSA-2840-22	82,094	7/1/21 - 9/30/22					57,807	(82,094)		(24,287)											
Title II - Part A	84.367A	S367A200029	ESSA-2840-21	98,817	7/1/20 - 9/30/21	(3,730)				3,730														
Title III	84.365	S365A210030	ESSA-2840-22	17,243	7/1/21 - 9/30/22					10,849	(17,243)		(6,394)											
Title III	84.365	S365A200030	ESSA-2840-21	19,490	7/1/20 - 9/30/21	(11,914)				11,914														
Individuals With Disabilities Act (I.D.E.A.)																								
Part B - Basic	84.027A	H027A210100	IDEA-2840-22	462,486	7/1/21 - 9/30/22					416,235	(462,486)		(46,251)											
Part B - Basic	84.027A	H027A200100	IDEA-2840-21	489,850	7/1/20 - 9/30/21	(48,985)				48,985														
ARP Part B - Basic	84.027X	H027X210100	IDEA-2840-22	78,446	7/1/21 - 9/30/22					70,597	(78,446)		(7,849)											
Preschool	84.173A	H173A210114	IDEA-2840-22	26,668	7/1/21 - 9/30/22					24,002	(26,668)		(2,666)											
Preschool	84.173A	H173A200114	IDEA-2840-21	26,721	7/1/20 - 9/30/21	(3,167)				3,167														
ARP Preschool	84.173X	H173X210114	IDEA-2840-22	6,662	7/1/21 - 9/30/22					5,995	(6,662)		(667)											
Coronavirus Response and Relief Supplemental Act:																								
CRRSA - ESSER II	84.425D	S425D210027	N/A	1,576,111	3/13/20 - 9/30/23					482,300	(781,526)		(299,226)											
CRRSA - Learning Acceleration	84.425D	S425D210027	N/A	101,147	3/13/20 - 9/30/23					101,147	(101,147)													
American Rescue Plan:																								
ARP - Beyond the School Day	84.425U	S425U210027	N/A	40,000	3/13/20 - 9/30/24					37,152	(40,000)		(2,848)											
ARP - Mental Health	84.425U	S425U210027	N/A	45,000	3/13/20 - 9/30/24					7,045	(7,045)													
CARES Act - ESSER	84.425D	S425D200027	N/A	384,719	3/13/20 - 9/30/22	(21,497)				96,505	(107,147)		(32,139)											
U.S. Department of Treasury																								
Passed-through State Department of Education:																								
Coronavirus Relief Fund	21.019	C8220COVID19	N/A	138,279	3/13/20 - 9/30/22				48						48									
Total Special Revenue Fund										(305,545)	48		1,935,380	(2,204,631)	(574,796)	48								
U.S. Department of Agriculture																								
Passed-through State Department of Education:																								
Enterprise Fund:																								
Food Distribution Program	10.555	221NJ304N1099	N/A	76,536	7/1/21 - 6/30/22					76,536	(76,536)													
National School Lunch Program	10.555	221NJ304N1099	N/A	699,550	7/1/21 - 6/30/22					650,084	(699,551)		(49,467)											
National School Lunch Program	10.555	211NJ304N1099	N/A	429,919	7/1/20 - 6/30/21	(36,432)				36,432														
School Breakfast Program	10.553	221NJ304N1099	N/A	400,851	7/1/21 - 6/30/22					373,405	(400,851)		(27,446)											
School Breakfast Program	10.553	211NJ304N1099	N/A	306,912	7/1/20 - 6/30/21	(25,881)				25,881														
After School Snack Program	10.555	221NJ304N1099	N/A	16,398	7/1/21 - 6/30/22					15,216	(16,398)		(1,182)											
Emergency Operational Cost Program	10.555	202121H170341	N/A	20,497	7/1/21 - 6/30/22					20,497	(20,497)													
P-EBT-21 Administrative Cost	10.649	2022225900941	N/A	614	7/1/21 - 6/30/22					614	(614)													
P-EBT-22 Administrative Cost	10.649	2022225900941	N/A	628	7/1/21 - 6/30/22					628	(628)													
Total Enterprise Fund										(62,313)		1,199,293	(1,215,075)	(78,095)										
Total Federal Awards						\$ (367,858)	\$ 48	\$ -	\$ -	\$ 3,193,095	\$ (3,478,128)	\$ -	\$ (652,891)	\$ 48	\$ -									

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

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

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Local Share	Grant Period	June 30, 2021			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	June 30, 2022		
					Accounts Receivable	Unearned Revenue	Due to Grantor at						Accounts Receivable	Unearned Revenue	Due to Grantor at
State Department of Education															
<u>General Fund:</u>															
Equalization Aid	22-495-034-5120-078	\$ 2,974,090	\$ -	7/1/21 - 6/30/22	\$ -	\$ -	\$ -	\$ -	\$ 2,729,436	\$ (2,974,090)	\$ -	\$ -	\$ (244,654)	\$ -	\$ -
Equalization Aid	21-495-034-5120-078	4,628,915		7/1/20 - 6/30/21	(399,422)				399,422						
School Choice Aid	22-495-034-5120-068	862,592		7/1/21 - 6/30/22					791,633	(862,592)			(70,959)		
School Choice Aid	21-495-034-5120-068	877,248		7/1/20 - 6/30/21	(75,696)				75,696						
Transportation Aid	22-495-034-5120-014	836,392		7/1/21 - 6/30/22					767,589	(836,392)			(68,803)		
Transportation Aid	21-495-034-5120-014	836,392		7/1/20 - 6/30/21	(72,171)				72,171						
Special Education Categorical Aid	22-495-034-5120-089	912,905		7/1/21 - 6/30/22					837,808	(912,905)			(75,097)		
Special Education Categorical Aid	21-495-034-5120-089	912,905		7/1/20 - 6/30/21	(78,773)				78,773						
Security Aid	22-495-034-5120-084	492,388		7/1/21 - 6/30/22					451,883	(492,388)			(40,505)		
Security Aid	21-495-034-5120-084	492,388		7/1/20 - 6/30/21	(42,487)				42,487						
Stabilization Aid	22-100-034-5120-494	2,114,525		7/1/21 - 6/30/22					2,114,525	(2,114,525)					
Non Public Transportation Aid	22-04103190	14,210		7/1/21 - 6/30/22						(14,210)			(14,210)		
Non Public Transportation Aid	21-04103190	15,660		7/1/20 - 6/30/21	(15,660)				15,660						
Homeless Tuition Aid	22-495-034-5120-005	12,915		7/1/21 - 6/30/22						(12,915)			(12,915)		
Homeless Tuition Aid	21-495-034-5120-005	12,898		7/1/20 - 6/30/21	(12,898)				12,898						
Extraordinary Aid	22-495-034-5120-044	150,482		7/1/21 - 6/30/22						(150,482)			(150,482)		
Extraordinary Aid	21-495-034-5120-044	160,617		7/1/20 - 6/30/21	(160,617)				160,617						
School Security - Alyssa's Law	20E00395	57,213		4/1/21 - 3/31/23					14,303	(57,213)			(42,910)		
Maintenance of Equity Aid	22-495-034-5120-128	1,076,166		7/1/21 - 6/30/22						(1,076,166)			(1,076,166)		
On Behalf TPAF Pension	22-495-034-5094-002	4,595,631		7/1/21 - 6/30/22					4,595,631	(4,595,631)					
On Behalf TPAF Medical	22-495-034-5094-001	1,073,725		7/1/21 - 6/30/22					1,073,725	(1,073,725)					
On Behalf TPAF LTDI	22-495-034-5094-004	1,565		7/1/21 - 6/30/22					1,565	(1,565)					
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	922,499		7/1/21 - 6/30/22					876,850	(922,499)			(45,649)		
Total General Fund					(857,724)				15,112,672	(16,097,298)			(1,842,350)		
<u>Special Revenue Fund:</u>															
Preschool Education Aid	22-495-034-5120-086	2,975,511	309,144	7/1/21 - 6/30/22					2,987,104	(3,200,004)			(297,551)	84,651	
Preschool Education Aid	21-495-034-5120-086	3,014,746	298,920	7/1/20 - 6/30/21	(301,475)	23,891			301,475				23,891		
Total Special Revenue Fund					(301,475)	23,891			3,288,579	(3,200,004)			(297,551)	108,542	
<u>Debt Service Fund</u>															
Debt Service Aid Type II	22-495-034-5120-017	115,084		7/1/21 - 6/30/22					115,084	(115,084)					
State Department of Agriculture															
<u>Enterprise Fund:</u>															
State School Lunch Program	22-100-010-3350-023	18,952		7/1/21 - 6/30/22					17,814	(18,952)			(1,138)		
State School Lunch Program	21-100-010-3350-023	21,627		7/1/20 - 6/30/21	(2,581)				2,581						
Total Enterprise Fund					(2,581)				20,395	(18,952)			(1,138)		
Total State Financial Assistance					\$ (1,161,780)	\$ 23,891	\$ -	\$ -	\$ 18,536,730	(19,431,338)	\$ -	\$ -	\$ (2,141,039)	\$ 108,542	\$ -
Less: State Financial Assistance Not Subject to Major Program Determination:															
On-Behalf TPAF Contribution - Pension (Non-Budgeted)										(4,595,631)					
On-Behalf TPAF Contribution - Post Retirement Medical (Non-Budgeted)										(1,073,725)					
On-Behalf TPAF Contribution - Long Term Disability (Non-Budgeted)										(1,565)					
Total State Financial Assistance Subject to Major Program Determination										\$ (13,760,417)					

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

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

I. GENERAL

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

2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$158,531 in the general fund and (\$329,111) in the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 58,422	\$ 16,255,829	\$ 16,314,251
Special Revenue Fund	2,204,631	2,870,893	5,075,524
Debt Service Fund		115,084	115,084
Food Service Fund	1,215,075	18,952	1,234,027
	<u>\$ 3,478,128</u>	<u>\$ 19,260,758</u>	<u>\$ 22,738,886</u>
Total Awards & Financial Assistance	<u>\$ 3,478,128</u>	<u>\$ 19,260,758</u>	<u>\$ 22,738,886</u>

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

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2022. TPAF Social Security Contributions represents the amount reimbursed by the State for the School District's share of social security contributions for TPAF members for the year ended June 30, 2022.

6. MAJOR PROGRAMS

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

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

Section I --Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weaknesses identified? yes X no

2) Significant deficiencies identified? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal Control over major programs:

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

2) Significant deficiencies identified? yes X none reported

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? X yes no

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

Section 2 -- Schedule of Financial Statement Findings

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

No findings and/or questioned costs identified.

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

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

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

FEDERAL AWARDS:

No findings and/or questioned costs identified.

STATE AWARDS:

No findings and/or questioned costs identified.

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

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

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings.

FEDERAL AWARDS

There were no prior year audit findings.

STATE AWARDS

There were no prior year audit findings.