

**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, 2025**

**Annual Comprehensive
Financial Report**

of the

**Township of Lower
Board of Education**

Cape May, New Jersey

For the Fiscal Year Ended June 30, 2025

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

LOWER TOWNSHIP SCHOOL DISTRICT

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Introductory Section

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Maud Abrams School
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Cape May, NJ 08204
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Memorial School
Grades Pre-K - K
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Cape May, NJ 08204
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Carl T. Mitnick
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November 28, 2025

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, 2025 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 2024-2025 fiscal year with an enrollment of 1,370 students (June 2025). 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>
2024-25	1,370	-5.52%
2023-24	1,450	-0.35%
2022-23	1,455	-2.81%
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%

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 2024-2025 school year major initiatives included:

- Continue to deal with the S-2 legislation which has reduced the state aid funding.
- Review of the district’s comprehensive ELA program.
- Updating both ELA and Mathematics curriculum guides to align with the newly revised NJSLs, including the integration of linked resources throughout the curriculum guides.
- 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 fire alarm upgrades.
- 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, 2025.

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.

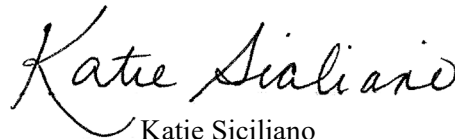
9. ACKNOWLEDGEMENTS:

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,



Van Cathcart
Superintendent



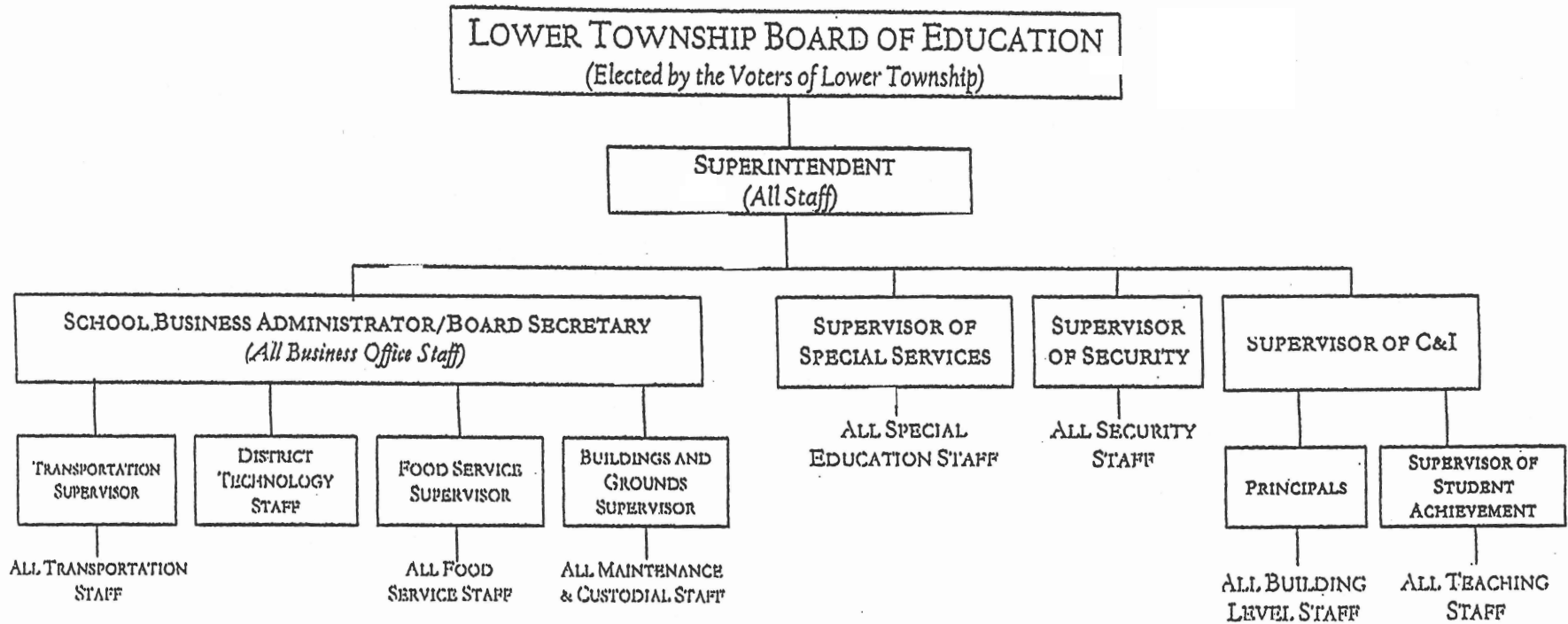
Katie Siciliano
Business Administrator

Lower Township School District
Cape May, New Jersey

file code: 110

ADOPTED:
AUGUST 27, 2013

ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS
JUNE 30, 2025**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Gary Douglass, President	2026
Monica DiVito, Vice President	2027
Cynthia Baldacchini	2026
Lauren Cox	2025
James Morris	2027
Lauren Randle	2025
Patricia Smith	2027
Joseph Thomas	2026
Jonathan Vile	2025

Other Officials

Jeff Samaniego, Superintendent
Patricia Ryan, Business Administrator/Board Secretary
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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E-Mail: rinverso@inversocpa.com

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
of the Board of Education
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, 2025, 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions and other post-employment benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries 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 November 28, 2025, 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
November 28, 2025

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, 2025**

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, 2025. 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 \$7,353,726 (*net position*).
- Governmental activities have an unrestricted net position deficit of \$7,460,381. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, the last two state aid payments, and the state statute that prohibits a school district from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District decreased by \$1,650,390, or an 18.33% decrease from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds decreased by \$2,635,659, resulting in an ending fund balance of \$8,441,506. This decrease is primarily due to the results of operations in the General Fund and Capital Projects Fund.
- Business-type activities have an unrestricted net position of \$210,639.
- The School District's long-term obligations decreased by \$1,278,461 which is primarily due to a decrease in serial bonds payable and a reduction in the net pension liability.

Overview of the Basic Financial Statements

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

District-wide Financial Statements

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

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

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

Both of the district-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover all or most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities 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 2026. 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 2026.

The assets of the primary government activities exceeded liabilities by \$6,999,606 with an unrestricted deficit balance of \$7,460,381. The net position of the primary government does not include internal balances.

Net investment in capital assets totaled \$7,187,415, representing 102.68% of the School District's net position. These assets include land, improvements, buildings, equipment, and vehicles used to provide educational services to the District's 1,370 public school students. Net position of \$7,272,572 has been restricted as follows:

Restricted for:	
Future budget appropriation	\$ 2,690,938
Unemployment compensation	282,103
Emergency	150,000
Student activities	96,362
Debt service	474,875
Capital projects	2,871,438
Maintenance	<u>706,856</u>
Total	<u>\$ 7,272,572</u>

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

**Lower Township School District
Comparative Summary of Net Position
As of June 30, 2025 and 2024**

	Governmental Activities		Business-Type Activities		District-Wide	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current assets	\$ 8,607,968	\$ 11,695,511	\$ 396,917	\$ 365,984	\$ 9,004,885	\$ 12,061,495
Capital assets	26,422,345	26,478,874	143,481	154,700	26,565,826	26,633,574
Total assets	35,030,313	38,174,385	540,398	520,684	35,570,711	36,486,836
Deferred Outflows of Resources	727,982	844,941	-	-	727,982	844,941
LIABILITIES						
Current liabilities	1,921,150	2,225,469	146,230	113,088	2,067,380	2,338,557
Noncurrent liabilities	25,879,049	27,355,087	40,048	46,415	25,919,097	27,401,502
Total liabilities	27,800,199	29,580,556	186,278	159,503	27,986,477	29,740,059
Deferred Inflows of Resources	958,490	795,835	-	-	958,490	795,835
Net Position	<u>\$ 6,999,606</u>	<u>\$ 8,642,935</u>	<u>\$ 354,120</u>	<u>\$ 361,181</u>	<u>\$ 7,353,726</u>	<u>\$ 6,795,883</u>
Net Position Consists of:						
Net investment in						
Capital Assets	\$ 7,187,415	\$ 6,504,874	\$ 143,481	\$ 154,700	\$ 7,330,896	\$ 6,659,574
Restricted Assets	7,272,572	10,009,047			7,272,572	10,009,047
Unrestricted Assets	(7,460,381)	(7,870,986)	210,639	206,481	(7,249,742)	(7,664,505)
Net Position	<u>\$ 6,999,606</u>	<u>\$ 8,642,935</u>	<u>\$ 354,120</u>	<u>\$ 361,181</u>	<u>\$ 7,353,726</u>	<u>\$ 9,004,116</u>

**Lower Township School District
Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2025 and 2024**

	Governmental Activities		Business-Type Activities		District-Wide	
	2025	2024	2025	2024	2025	2024
Revenues:						
Charges for services	\$ -	\$ -	\$ 603,652	\$ 579,473	\$ 603,652	\$ 579,473
Operating Grants and contributions	12,703,070	14,029,693	750,927	765,476	13,453,997	14,795,169
Property taxes	20,519,210	20,201,273			20,519,210	20,201,273
State aid - unrestricted	4,248,839	4,900,538			4,248,839	4,900,538
Loss on disposal of asset	-	-			-	-
Other revenues	203,804	828,070	3,754	4,361	207,558	832,431
Total Revenues	37,674,923	39,959,574	1,358,333	1,349,310	39,033,256	41,308,884
Expenses:						
Governmental Activities:						
Instruction	13,259,555	12,628,423			13,259,555	12,628,423
Tuition	583,654	297,122			583,654	297,122
Related Services	4,080,992	4,099,921			4,080,992	4,099,921
Administrative Services	1,493,342	1,387,410			1,493,342	1,387,410
Central Services	395,374	348,504			395,374	348,504
Operations and Maintenance	3,137,687	2,857,959			3,137,687	2,857,959
Transportation	1,298,445	1,231,272			1,298,445	1,231,272
Employee benefits	14,383,799	14,795,847			14,383,799	14,795,847
Interest on debt	630,480	664,152			630,480	664,152
Other	54,924	58,594			54,924	58,594
Business-Type Activities:						
Food Service			1,070,212	1,159,555	1,070,212	1,159,555
Day Care Program			295,182	294,497	295,182	294,497
Internal Service			-	-	-	-
Total Expenses	39,318,252	38,369,204	1,365,394	1,454,052	40,683,646	39,823,256
Increase (Decrease) in Net Position before transfers	(1,643,329)	1,590,370	(7,061)	(104,742)	(1,650,390)	1,485,628
Contributed capital				12,800		
Transfers	-	-	-	-	-	-
Change in Net Position	(1,643,329)	1,590,370	(7,061)	(91,942)	(1,650,390)	1,498,428
Net Position, July 1	8,642,935	7,052,565	361,181	453,123	9,004,116	7,505,688
Net Position, June 30	\$ 6,999,606	\$ 8,642,935	\$ 354,120	\$ 361,181	\$ 7,353,726	\$ 9,004,116

Governmental Activities

Governmental activities decreased the net position of the School District by \$1,643,329 during the current fiscal year. Key elements of the decrease in net position for governmental activities are as follows:

- Depreciation expense exceeded capital outlay by \$254,000.
- Repayment of bond principal in the amount of \$1,075,000. Debt repayment is recorded as an expenditure in the governmental funds but increases net position on the government-wide statements.
- Results of operations in the Governmental Funds decreased the net position by \$2,635,659.

Business-type Activities

Business-type activities decreased the School District's net position by \$7,061. Key elements of the decrease in net position for business-type activities are as follows:

- The Food Service Fund had a net loss of \$19,459, and the Day Care Program had a net gain of \$12,398.

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$8,441,506, a decrease of \$2,635,659 in comparison with the prior year. This decrease is primarily due to the results of operations in the General Fund and Capital Projects Fund.

The unassigned fund balance for the School District at the end of the fiscal year includes a combination of an unassigned fund balance for the General Fund of \$418,069 and a deficit fund balance of \$374,952 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 as follows:

Future budget appropriation	\$ 2,690,938
Unemployment compensation	282,103
Emergency	150,000
Student activities	96,362
Debt service	474,875
Capital projects	2,871,438
Maintenance	706,856
Fund balance designated for subsequent year	116,679
Open purchase orders	<u>1,009,138</u>
Total	<u>\$ 8,398,389</u>

The General Fund is the School District's primary operating fund. The level of unassigned fund balance primarily reflects the accounting treatment of the final two State aid payments (see Note 17) and New Jersey statutes that limit unrestricted fund balance to 2% of the District's adopted budget.

General Fund Budgetary Highlights

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the General Fund was \$702,078 while total fund balance (budgetary basis) was \$6,463,334. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance (budgetary basis) and total fund balance (budgetary basis) to total General Fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$31,943,018. Unassigned fund balance (budgetary basis) represents 2.20% of expenditures while total fund balance (budgetary basis) represents 20.23% 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, 2025, totaled \$26,565,826 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment, vehicles, and right-to-use assets. The total decrease in the District's investment in capital assets for the current fiscal year was \$67,748 or a 0.25% decrease. The decrease is due primarily to depreciation.

**Capital Asset/Leases (net of accumulated depreciation/amortization)
June 30, 2025 and 2024**

	Governmental Activities		Business-Type Activities		District-Wide	
	2025	2024	2025	2024	2025	2024
Land	\$ 80,045	\$ 80,045	\$ -	\$ -	\$ 80,045	\$ 80,045
Const. in Progress	11,640,184	10,834,692	-	-	11,640,184	10,834,692
Site Improvements	427,562	463,086	-	-	427,562	463,086
Building and Improvement	13,274,311	14,038,516	-	-	13,274,311	14,038,516
Equipment	802,772	1,062,535	143,481	154,700	946,253	1,217,235
Leases	197,471	-	-	-	197,471	-
Net Assets	<u>\$ 26,422,345</u>	<u>\$ 26,478,874</u>	<u>\$ 143,481</u>	<u>\$ 154,700</u>	<u>\$ 26,565,826</u>	<u>\$ 26,633,574</u>

Additional information on the School District’s capital assets can be found in the notes to the basic financial statements (Note 4) of this report.

Long-term debt – During the fiscal year ended June 30, 2025, the School District had \$17,641,000 in serial bonds payable, \$2,438,267 in compensated absences, \$1,393,000 in financed purchases payable, \$200,930 in leases payable, and \$5,401,853 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 \$162,761,679. The available amount as of June 30, 2025 is \$145,120,679.

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 2025-26 fiscal year.

For the 2025-26 fiscal year, the School District is anticipating a 6.44% increase in state aid. The local tax levy in the General Fund increased by \$529,487 or a 2.67% increase. Salaries continue to increase contractually; however, the District has managed to control costs. The 2025-26 General Fund Budget is \$401,510 more than the previous year. The tax rate was \$0.545 in 2024 and increased to \$0.550 in 2025.

For the Future

The Lower Township Public School District is in 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 placed primarily on homeowners.

The Lower Township Public School District has maintained a consistent focus on sound financial management. Its processes for financial planning, budgeting, and internal controls continue to support responsible fiscal operations, and the District intends to sustain these practices moving forward.

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, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 6,793,593	\$ 319,826	\$ 7,113,419
Accounts receivables, net	301,977	58,115	360,092
Inventory		18,976	18,976
Restricted assets:			
Cash and cash equivalents	1,512,398		1,512,398
Capital assets, net	26,224,874	143,481	26,368,355
Right-to-use lease assets, net	197,471		197,471
Total Assets	<u>35,030,313</u>	<u>540,398</u>	<u>35,570,711</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	<u>727,982</u>		<u>727,982</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>35,758,295</u>	<u>540,398</u>	<u>36,298,693</u>
LIABILITIES:			
Accounts payable:			
Other	75,369	13,197	88,566
Related to pensions	489,573		489,573
Internal balances	(97,488)	97,488	
Accrued Arbitrage Rebate Liability	183,198		183,198
Other Accrued liabilities:			
Interest payable	109,162		109,162
Unearned revenue	5,383	35,545	40,928
Noncurrent liabilities:			
Due within one year	1,155,953		1,155,953
Due beyond one year	<u>25,879,049</u>	<u>40,048</u>	<u>25,919,097</u>
Total Liabilities	<u>27,800,199</u>	<u>186,278</u>	<u>27,986,477</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources from pensions	<u>958,490</u>	-	<u>958,490</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>28,758,689</u>	<u>186,278</u>	<u>28,944,967</u>
NET POSITION:			
Net investment in capital assets	7,187,415	143,481	7,330,896
Restricted for:			
Capital projects	2,871,438		2,871,438
Maintenance	706,856		706,856
Emergency	150,000		150,000
Excess surplus	2,690,938		2,690,938
Unemployment compensation	282,103		282,103
Debt service	474,875		474,875
Student activities	96,362		96,362
Unrestricted (Deficit)	<u>(7,460,381)</u>	<u>210,639</u>	<u>(7,249,742)</u>
Total Net Position	<u>\$ 6,999,606</u>	<u>\$ 354,120</u>	<u>\$ 7,353,726</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, 2025

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	\$ 10,653,776	\$ -	\$ 2,508,488	\$ -	\$ (8,145,288)	\$ -	\$ (8,145,288)
Special Education	2,399,179		502,337		(1,896,842)		(1,896,842)
Other instruction	206,600				(206,600)		(206,600)
Support Services:							
Tuition	583,654				(583,654)		(583,654)
Student & instruction related services	4,080,992		1,028,515		(3,052,477)		(3,052,477)
General administrative services	563,571				(563,571)		(563,571)
School administrative services	929,771				(929,771)		(929,771)
Central administrative services	395,374				(395,374)		(395,374)
Plant operations and maintenance	3,137,687				(3,137,687)		(3,137,687)
Pupil transportation	1,298,445				(1,298,445)		(1,298,445)
Unallocated employee benefits	14,383,799		8,663,730		(5,720,069)		(5,720,069)
Interest on long-term debt	630,480				(630,480)		(630,480)
Unallocated depreciation and amortization	54,924				(54,924)		(54,924)
Total Governmental Activities	<u>39,318,252</u>	<u>-</u>	<u>12,703,070</u>	<u>-</u>	<u>(26,615,182)</u>	<u>-</u>	<u>(26,615,182)</u>
Business-Type Activities:							
Food service	1,070,212	296,777	750,927	-	-	(22,508)	(22,508)
Day care program	295,182	306,875				11,693	11,693
Total Business-Type Activities	<u>1,365,394</u>	<u>603,652</u>	<u>750,927</u>	<u>-</u>	<u>-</u>	<u>(10,815)</u>	<u>(10,815)</u>
Total Primary Government	<u>\$ 40,683,646</u>	<u>\$ 603,652</u>	<u>\$ 13,453,997</u>	<u>\$ -</u>	<u>(26,615,182)</u>	<u>(10,815)</u>	<u>(26,625,997)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					19,831,002		19,831,002
Taxes levied for debt service					688,208		688,208
Federal and State aid unrestricted					4,248,839		4,248,839
Investment and Interest earnings - restricted					86,871	3,754	90,625
Miscellaneous					116,933		116,933
Special Items:							
Contributed Capital							-
Total general revenues, special items, extraordinary items and transfers					<u>24,971,853</u>	<u>3,754</u>	<u>24,975,607</u>
Change in Net Position					(1,643,329)	(7,061)	(1,650,390)
Net Position - July 1					<u>8,642,935</u>	<u>361,181</u>	<u>9,004,116</u>
Net Position - June 30					<u>\$ 6,999,606</u>	<u>\$ 354,120</u>	<u>\$ 7,353,726</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, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 6,105,830	\$ 96,362	\$ 2,065,910	\$ 37,889	\$ 8,305,991
Interfund Accounts Receivable:					
Enterprise Fund	97,488				97,488
General Fund		377,811		620,170	997,981
Special Revenue Fund	846,328				846,328
Debt Service Fund			183,198		183,198
Capital Projects Fund				14	14
Intergovernmental Accounts Receivables:					
State	203,029				203,029
Federal		98,948			98,948
Total Assets	<u>\$ 7,252,675</u>	<u>\$ 573,121</u>	<u>\$ 2,249,108</u>	<u>\$ 658,073</u>	<u>\$ 10,732,977</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Accounts Payable:					
General Fund		846,328			846,328
Capital Projects Fund				183,198	183,198
Debt Service Fund	620,170		14		620,184
Special Revenue Fund	377,811				377,811
Accrued Arbitrage Rebate Liability			183,198		183,198
Accounts Payable:					
Payroll Deductions and Withholdings Payable	26,883				26,883
Unemployment Claims Payable	48,486				48,486
Other					
Unearned Revenue		5,383			5,383
Total Liabilities	<u>1,073,350</u>	<u>851,711</u>	<u>183,212</u>	<u>183,198</u>	<u>2,291,471</u>
Fund Balances:					
Restricted:					
Capital Reserve	805,542				805,542
Maintenance Reserve	706,856				706,856
Emergency Reserve	150,000				150,000
Excess Surplus	2,690,938				2,690,938
Unemployment Compensation	282,103				282,103
Capital Projects			347,752		347,752
Debt Service				65,048	65,048
Student Activities		96,362			96,362
Assigned to:					
Other Purposes	1,009,138		1,718,144		2,727,282
Designated for Subsequent Year's Expenditures	116,679			409,827	526,506
Unassigned	418,069	(374,952)			43,117
Total Fund Balances	<u>6,179,325</u>	<u>(278,590)</u>	<u>2,065,896</u>	<u>474,875</u>	<u>8,441,506</u>
Total Liabilities and Fund Balances	<u>\$ 7,252,675</u>	<u>\$ 573,121</u>	<u>\$ 2,249,108</u>	<u>\$ 658,073</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 \$43,177,467, and the accumulated depreciation is \$16,952,593. 26,224,874

Leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$280,184 and the accumulated amortization is \$82,713. 197,471

Accrued interest on debt is not due and payable in the current period and therefore is not reported as a liability in the funds. (109,162)

Accounts payable related to the April 1, 2026 required PERS contribution that is not to be liquidated with current financial resources. (489,573)

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	\$ 727,982	
Net Pension Liability	(5,401,853)	
Deferred Inflows of resources from Pensions	(958,490)	(5,632,361)

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	(2,398,219)	
Financed Purchases Payable	(1,393,000)	
Leases Payable	(200,930)	
General Obligation Bonds	(17,641,000)	(21,633,149)

Net position of governmental activities **\$ 6,999,606**

LOWER TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
for the Fiscal Year Ended June 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local property tax levy	\$ 19,831,002	\$ -	\$ -	\$ 688,208	\$ 20,519,210
Interest earned on maintenance reserve	8,169				8,169
Interest earned on capital reserve	9,309				9,309
Other restricted miscellaneous revenues	4,345		65,048		69,393
Unrestricted miscellaneous revenues	116,933				116,933
Federal sources	32,649	935,929			968,578
State sources	10,376,265	3,724,068		513,563	14,613,896
Local sources		43,886			43,886
Total revenues	<u>30,378,672</u>	<u>4,703,883</u>	<u>65,048</u>	<u>1,201,771</u>	<u>36,349,374</u>
EXPENDITURES:					
Current expense:					
Regular instruction	6,954,793	2,508,488			9,463,281
Special education instruction	1,896,842	502,337			2,399,179
Other instruction	206,600				206,600
Support services and undistributed costs:					
Tuition	583,654				583,654
Student & instruction related services	3,052,477	1,028,515			4,080,992
General administrative services	563,571				563,571
School administrative services	807,516				807,516
Central services	391,238				391,238
Plant operations and maintenance	3,099,477				3,099,477
Pupil transportation	1,298,445				1,298,445
Unallocated employee benefits	12,811,161	907,263			13,718,424
Capital outlay	336,868		805,492		1,142,360
Debt service:					
Principal				875,000	875,000
Interest and other charges				635,480	635,480
Total expenditures	<u>32,002,642</u>	<u>4,946,603</u>	<u>805,492</u>	<u>1,510,480</u>	<u>39,265,217</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,623,970)</u>	<u>(242,720)</u>	<u>(740,444)</u>	<u>(308,709)</u>	<u>(2,915,843)</u>
Other Financing Sources (Uses):					
Proceeds of leases	280,184				280,184
Transfers in		220,560		65,048	285,608
Transfers out	(220,560)		(65,048)		(285,608)
Total other financing sources (uses)	<u>59,624</u>	<u>220,560</u>	<u>(65,048)</u>	<u>65,048</u>	<u>280,184</u>
Net change in fund balance	(1,564,346)	(22,160)	(805,492)	(243,661)	(2,635,659)
Fund balances, July 1	<u>7,743,671</u>	<u>(256,430)</u>	<u>2,871,388</u>	<u>718,536</u>	<u>11,077,165</u>
Fund balances, June 30	<u>\$ 6,179,325</u>	<u>\$ (278,590)</u>	<u>\$ 2,065,896</u>	<u>\$ 474,875</u>	<u>\$ 8,441,506</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, 2025

Total net change in fund balances - governmental funds (from B-2) \$ (2,635,659)

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

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

Capital outlay	\$ 844,485	
Depreciation expense	<u>(1,098,485)</u>	(254,000)

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

Amortization expense	(82,713)	
Lease Asset Additions/(Deletions)	<u>280,184</u>	197,471

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. 875,000

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. 79,254

The proceeds of a lease is an other financing source of revenue in the governmental funds but is not reported in the statement of activities. (280,184)

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. 65,000

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. 5,000

Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities. 660,174

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 (+). (355,385)

Change in net position of governmental activities \$ (1,643,329)

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, 2025

	Food Service Fund	Day Care Program	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 231,356	\$ 88,470	\$ 319,826
Intergovernmental accounts receivable	46,411	-	46,411
Other accounts receivable	10,784	920	11,704
Inventories	18,976	-	18,976
Total current assets	<u>307,527</u>	<u>89,390</u>	<u>396,917</u>
Noncurrent assets:			
Equipment	371,641	-	371,641
Less accumulated depreciation	<u>(228,160)</u>	<u>-</u>	<u>(228,160)</u>
Total noncurrent assets	<u>143,481</u>	<u>-</u>	<u>143,481</u>
Total assets	<u><u>\$ 451,008</u></u>	<u><u>\$ 89,390</u></u>	<u><u>\$ 540,398</u></u>
LIABILITIES:			
Current liabilities:			
Unearned revenue	\$ 11,117	\$ 24,428	\$ 35,545
Accounts payable	13,197	-	13,197
Interfund payable	<u>97,488</u>	<u>-</u>	<u>97,488</u>
Total current liabilities	<u>121,802</u>	<u>24,428</u>	<u>146,230</u>
Noncurrent liabilities:			
Compensated absences	<u>38,788</u>	<u>1,260</u>	<u>40,048</u>
Total noncurrent liabilities	<u>38,788</u>	<u>1,260</u>	<u>40,048</u>
Total liabilities	<u>160,590</u>	<u>25,688</u>	<u>186,278</u>
NET POSITION:			
Net investment in capital assets	143,481	-	143,481
Unrestricted	<u>146,937</u>	<u>63,702</u>	<u>210,639</u>
Total net position	<u><u>\$ 290,418</u></u>	<u><u>\$ 63,702</u></u>	<u><u>\$ 354,120</u></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, 2025

	Food Service Fund	Day Care Program	Total
Operating revenues:			
Charges for services:			
Daily sales-reimbursable programs	\$ 135,338	\$ -	\$ 135,338
Daily sales-non-reimbursable programs	101,599	-	101,599
Registration Fees	-	305,384	305,384
Miscellaneous	59,840	1,491	61,331
Total operating revenue	<u>296,777</u>	<u>306,875</u>	<u>603,652</u>
Operating expenses:			
Salaries	478,978	259,122	738,100
Employee benefits	137,790	19,727	157,517
Supplies and materials	32,532	16,333	48,865
Purchased professional services	14,976	-	14,976
Depreciation	11,219	-	11,219
Cost of sales - reimbursable programs	326,831	-	326,831
Cost of sales - non-reimbursable programs	66,126	-	66,126
Other	1,760	-	1,760
Total operating expenses	<u>1,070,212</u>	<u>295,182</u>	<u>1,365,394</u>
Operating income (loss)	<u>(773,435)</u>	<u>11,693</u>	<u>(761,742)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	11,954	-	11,954
State school breakfast program	2,502	-	2,502
State after bell	12,006	-	12,006
NJEIE lunch	11,064	-	11,064
NJEIE breakfast	6,115	-	6,115
Summer-EBT, state portion	321	-	321
Federal sources:			
National school lunch program	398,173	-	398,173
School breakfast program	220,125	-	220,125
Summer-EBT	322	-	322
U.S.D.A. commodities	88,345	-	88,345
Local sources:			
Interest revenue	3,049	705	3,754
Total nonoperating revenues (expenses)	<u>753,976</u>	<u>705</u>	<u>754,681</u>
Net income (loss)	<u>(19,459)</u>	<u>12,398</u>	<u>(7,061)</u>
Other items:			
Board contribution of capital assets	-	-	-
Change in net position	<u>(19,459)</u>	<u>12,398</u>	<u>(7,061)</u>
Total net position - July 1	<u>309,877</u>	<u>51,304</u>	<u>361,181</u>
Total net position - June 30	<u>\$ 290,418</u>	<u>\$ 63,702</u>	<u>\$ 354,120</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, 2025

	Food Service Fund	Day Care Program	Total
Cash flows from operating activities:			
Receipts from customers	\$ 283,447	\$ 346,761	\$ 630,208
Payments to employees	(624,394)	(277,590)	(901,984)
Payments to suppliers	(336,076)	(16,333)	(352,409)
Net cash used for operating activities	<u>(677,023)</u>	<u>52,838</u>	<u>(624,185)</u>
Cash flows from noncapital financing activities:			
State and Federal reimbursements	645,057	-	645,057
Net cash provided by non-capital financing activities	<u>645,057</u>	<u>-</u>	<u>645,057</u>
Cash flows from capital financing activities:			
Purchase of fixed assets	-	-	-
Net cash provided by capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest and dividends	3,049	705	3,754
Net cash provided by investing activities	<u>3,049</u>	<u>705</u>	<u>3,754</u>
Net increase in cash and cash equivalents	(28,917)	53,543	24,626
Balances - July 1	<u>260,273</u>	<u>34,927</u>	<u>295,200</u>
Balances - June 30	<u>\$ 231,356</u>	<u>\$ 88,470</u>	<u>\$ 319,826</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (773,435)	\$ 11,693	\$ (761,742)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	11,219	-	11,219
Commodities	88,345	-	88,345
(Increase) decrease in accounts receivable	(10,784)	17,394	6,610
(Increase) decrease in interfund receivable	-	-	-
(Increase) decrease in inventories	4,608	-	4,608
Increase/(decrease) in interfund payable	-	-	-
Increase (decrease) in accounts payable	13,197	-	13,197
Increase (decrease) in unearned revenue	(2,546)	22,491	19,945
Increase (decrease) in compensated absences	(7,627)	1,260	(6,367)
Net cash provided by (used for) operating activities	<u>\$ (677,023)</u>	<u>\$ 52,838</u>	<u>\$ (624,185)</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, 2025

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, 2025 of 1,370 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, 2025**

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, 2025**

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 the following:

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, 2025**

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 and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District adopted a resolution to move the annual school board election to the first Tuesday after the first Monday in November, beginning in November 2012, to be held simultaneously with the general election. As a result, voter approval of the School District's general fund tax levy is no longer required for the budget year, except in the case of a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at the line-item level within each fund, consistent with the minimum chart of accounts prescribed by N.J.A.C. 6A: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, 2025**

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. 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, 2025 and 2024 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

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

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

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

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2025.

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.

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.

Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2025.

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.

Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued) -

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.

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 Implemented Accounting Standards

In fiscal year 2025, the District implemented GASB Statement No. 101, Compensated Absences. The Statement updates recognition and measurement requirements for compensated absences by requiring governments to recognize liabilities for leave that has been earned but not yet used, as well as leave that has been used but not yet paid or otherwise settled. The implementation of this Statement did not have a material impact on the District’s financial statements, as the District’s existing accounting practices are consistent with the new requirements.

Recently Issued Accounting Pronouncements Not Yet Implemented

In December 2023, the GASB issued Statement 102, Certain Risk Disclosures. This statement requires government financial statements to disclose risks related to concentrations or constraints that could make a government vulnerable. The requirements of this statement are effective for fiscal years beginning after June 15, 2025. The District is currently evaluating the effect of this pronouncement on financial reporting.

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements Not Yet Implemented (Continued)

In April 2024, GASB issued Statement No. 103, Financial Reporting Model Improvements. This statement aims to improve the financial reporting model to provide more effective information for decision making and assessing a government's accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2025. The District is currently evaluating the effect of this pronouncement on financial reporting.

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 \$9,660,599 as of June 30, 2025, \$250,000 was insured under FDIC, \$7,623,797 was collateralized under GUDPA, and the remaining balance of \$1,786,802 invested through NJ/ARM was 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.

The activity of the capital reserve for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Balance - June 30, 2024		\$ 796,232
Increased by:		
Interest Earned	\$ 9,310	
Unspent Appropriation	-	
Board Resolution	-	9,310
		805,542
Decreased by:		
Budget Withdrawal		-
Balance - June 30, 2025		\$ 805,542

The June 30, 2025 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted capital projects.

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 80,045	\$ -	\$ -	\$ 80,045
Construction in Progress	10,834,692	805,492		11,640,184
Total Capital Assets, not being Depreciated	<u>10,914,737</u>	<u>805,492</u>	<u>-</u>	<u>11,720,229</u>
Capital Assets, being Depreciated				
Site Improvements	1,174,420			1,174,420
Building and Improvements	26,095,349			26,095,349
Equipment	4,185,505	38,993	(37,029)	4,187,469
Total Capital Assets, being Depreciated	<u>31,455,274</u>	<u>38,993</u>	<u>(37,029)</u>	<u>31,457,238</u>
Total Capital Assets, Cost	<u>42,370,011</u>	<u>844,485</u>	<u>(37,029)</u>	<u>43,177,467</u>
Less Accumulated Depreciation:				
Site Improvements	(711,334)	(35,524)		(746,858)
Building and Improvements	(12,056,833)	(764,205)		(12,821,038)
Equipment	(3,122,970)	(298,756)	37,029	(3,384,697)
Total Accumulated Depreciation	<u>(15,891,137)</u>	<u>(1,098,485)</u>	<u>37,029</u>	<u>(16,952,593)</u>
Total Capital Assets, being Depreciated, net	<u>15,564,137</u>	<u>(1,059,492)</u>	<u>-</u>	<u>14,504,645</u>
Total Capital Assets, net	<u>26,478,874</u>	<u>(254,000)</u>	<u>-</u>	<u>26,224,874</u>
Right-to-Use Lease Assets:				
Equipment	-	280,184		280,184
Total Lease Assets	<u>-</u>	<u>280,184</u>	<u>-</u>	<u>280,184</u>
Less Accumulated Amortization:				
Right-to-Use Lease Assets				
Equipment	-	(82,713)		(82,713)
Total Accumulated Amortization	<u>-</u>	<u>(82,713)</u>	<u>-</u>	<u>(82,713)</u>
Total Right-to-Use Lease Assets, net	<u>-</u>	<u>197,471</u>	<u>-</u>	<u>197,471</u>
Governmental Activities Capital Assets, net	<u>\$ 26,478,874</u>	<u>\$ (56,529)</u>	<u>\$ -</u>	<u>\$ 26,422,345</u>
Business-Type Activities:				
Capital Assets, being Depreciated				
Equipment	\$ 371,641	\$ -	\$ -	\$ 371,641
Less - Accumulated Depreciation	<u>(216,941)</u>	<u>(11,219)</u>		<u>(228,160)</u>
Business-Type Activities Capital, net	<u>\$ 154,700</u>	<u>\$ (11,219)</u>	<u>\$ -</u>	<u>\$ 143,481</u>

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

4. CAPITAL ASSETS (Continued)

Depreciation expense in the amount of \$1,098,485 was charged to governmental functions as follows:

Function	Amount
Instruction	\$ 768,940
School Administration	109,848
Plant operations & maintenance	164,773
Unallocated	54,924
 Total depreciation expense	 \$ 1,098,485

Amortization expense in the amount of \$82,713 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	\$ 66,170
Administration	12,407
Central Services	4,136
 Total amortization expense	 \$ 82,713

5. RECEIVABLES

Accounts receivable at June 30, 2025 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, 2025 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	\$ 203,029	\$ -	\$ 3,082	\$ 206,111
Federal	-	98,948	43,329	142,277
Other	-	-	11,704	11,704
 Total	 \$ 203,029	 \$ 98,948	 \$ 58,115	 \$ 360,092

6. INVENTORY

Inventory in the Proprietary Funds at June 30, 2025 consisted of the following:

Food	\$ 15,089
Supplies	3,887
	 \$ 18,976

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

7. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2025, the following changes occurred in long-term obligations:

	Principal Outstanding June 30, 2024	Additions	Reductions	Principal Outstanding June 30, 2025	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 2,042,834	\$ 355,385	\$ -	\$ 2,398,219	\$ 118,033
Financed Purchases Payable	1,458,000	-	65,000	1,393,000	70,000
Leases Payable	-	280,184	79,254	200,930	92,920
Serial Bonds Payable	18,516,000	-	875,000	17,641,000	875,000
Net Pension Liability	6,290,262	-	888,409	5,401,853	-
	<u>\$ 28,307,096</u>	<u>\$ 635,569</u>	<u>\$ 1,907,663</u>	<u>\$ 27,035,002</u>	<u>\$ 1,155,953</u>
Business-Type Activities:					
Compensated Absences	\$ 46,415	\$ -	\$ 6,367	\$ 40,048	\$ -
	<u>\$ 46,415</u>	<u>\$ -</u>	<u>\$ 6,367</u>	<u>\$ 40,048</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 \$5,121,000, with \$3,441,000 outstanding, 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, with \$14,200,000 outstanding, due in annual installments through May 1, 2042, bearing an interest rate of 3.625%

As of June 30, 2025, principal and interest due on bonds outstanding is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 875,000	\$ 608,230	\$ 1,483,230
2027	900,000	580,980	1,480,980
2028	920,000	553,230	1,473,230
2029	945,000	525,080	1,470,080
2030	970,000	493,624	1,463,624
2031-2035	5,300,000	1,949,837	7,249,837
2036-2040	5,406,000	1,008,774	6,414,774
2041-2042	2,325,000	126,875	2,451,875
	<u>\$ 17,641,000</u>	<u>\$ 5,846,630</u>	<u>\$ 23,487,630</u>

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

7. LONG-TERM OBLIGATIONS (Continued)

Financed Purchases Payable

As of June 30, 2025, 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	3.350%	\$ 1,393,000

The following is a schedule of the future minimum payments under these financed purchases, and the present value of the net minimum payments at June 30, 2025:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 70,000	\$ 46,079	\$ 116,079
2027	75,000	43,734	118,734
2028	80,000	41,138	121,138
2029	86,000	38,374	124,374
2030	93,000	35,510	128,510
2031-2035	562,000	125,558	687,558
2036-2038	427,000	24,405	451,405
	<u>\$ 1,393,000</u>	<u>\$ 354,798</u>	<u>\$ 1,747,798</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 August 1, 2024, the School District entered a 36-month lease as lessee for the use of copiers. An initial lease liability was recorded in the amount of \$175,848. As of June 30, 2025, the lease liability was \$124,334. The School District is required to make monthly payments of \$5,174. The lease has an interest rate of 4.00%. The value of the right to use asset as of June 30, 2025, was \$175,848 with accumulated amortization of \$53,731, resulting in a net book value of \$122,117.

On September 1, 2024, the School District entered a 36-month lease as lessee for the use of copiers. An initial lease liability was recorded in the amount of \$104,336. As of June 30, 2025, the lease liability was \$76,596. The School District is required to make monthly payments of \$3,070. The lease has an interest rate of 4.00%. The value of the right to use asset as of June 30, 2025, was \$104,336 with accumulated amortization of \$28,982, resulting in a net book value of \$75,354.

As of June 30, 2025, 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	August 1, 2024	July 31, 2027	4.00%	\$ 124,334
Copiers	September 1, 2024	August 31, 2027	4.00%	76,596
Total				<u>\$ 200,930</u>

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

7. LONG-TERM OBLIGATIONS (Continued)

The future annual lease obligations as of June 30, 2025, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 92,920	\$ 6,016	\$ 98,936
2027	96,705	2,231	98,936
2028	<u>11,305</u>	<u>10</u>	<u>11,315</u>
Total	<u>\$ 200,930</u>	<u>\$ 8,257</u>	<u>\$ 209,187</u>

8. PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

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.

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

8. PENSION PLANS (Continued)

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

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 2024. 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, 2025 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, 2024, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2025 was \$4,685,875 and was paid by April 1, 2025. School District employee contributions to the pension plan during the fiscal year ended June 30, 2025 were \$933,088.

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, 2025, 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, 2025, the School District recognized pension expense of (\$195,460) and revenue of (\$195,460) 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.

	6/30/2024	6/30/2023
Collective deferred outflows of resources	\$ 1,108,112,477	\$ 2,413,548,676
Collective deferred inflows of resources	10,545,101,790	14,741,373,312
Collective net pension liability (Non-Employer – State of New Jersey)	49,492,072,325	51,109,961,824
State's portion of the net pension liability that was associated with the School District	53,582,194	56,134,941
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	0.1084108813%	0.1099980488%

Actuarial assumptions – The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

8. PENSION PLANS (Continued)

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

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

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

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) 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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	28.00%	8.63%
Non-U.S. Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
	100.00%	

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

8. PENSION PLANS (Continued)

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

Discount rate. The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2024. 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, 2024, the pension plan's measurement date, attributable to the School District is \$0.00, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 7.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) that the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	63,690,023	53,582,194	45,069,491
	\$ 63,690,023	\$ 53,582,194	\$ 45,069,491

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.

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

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

Contributions - The contribution requirements of plan members are determined by N.J.S.A 43:15A and require 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, 2024, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2025 was \$540,952 and was paid by April 1, 2025. School District employee contributions to the pension plan during the fiscal year ended June 30, 2025 were \$236,316.

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

Fiscal Year	Normal Contributions	Accrued Liability	Non Contributory Life	Long-Term Disability	Total Liability Paid by District
2025	\$ 93,736	\$ 424,037	\$ 23,179	-	\$ 540,952
2024	103,014	452,908	24,504	-	580,426
2023	86,574	457,218	24,612	-	568,404

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.

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

At June 30, 2025, the School District reported a liability of \$5,401,853 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2025, the School District recognized pension expense of (\$236,947). At June 30, 2025, the School District reported a liability of \$5,401,853 for its proportionate share of the PERS net pension liability and had deferred outflows and inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 108,209	\$ 14,381
Changes of assumptions	6,711	61,461
Net Difference between projected and actual earnings on pension plan investments	-	250,469
Changes in proportion	123,489	632,179
District contributions subsequent to the measurement date	489,573	
Total	\$ 727,982	\$ 958,490

\$489,573 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ended June 30, 2026.

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
2026	\$ (293,311)
2027	154,218
2028	(320,184)
2029	(129,908)
2030	(130,896)
Total	\$ (720,081)

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

8. 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, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
June 30, 2023	5.08	-
June 30, 2024	5.08	-
Changes of assumptions		
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
June 30, 2023	-	-
June 30, 2024	-	-
Differences between projected and actual investment earnings on pension plan investments		
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	-	5.00
June 30, 2022	-	5.00
June 30, 2023	-	5.00
June 30, 2024	-	5.00

Additional Information

Collective balances at June 30, 2024 and 2023 are as follows:

	<u>6/30/2024</u>	<u>6/30/2023</u>
Collective deferred outflows of resources	\$ 1,079,580,780	\$ 1,080,204,730
Collective deferred inflows of resources	1,611,322,898	1,780,216,457
Collective net pension liability	13,588,045,796	14,484,374,047
 School District's Proportion	 0.0397544545%	 0.0434279208%

Actuarial assumptions - The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

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

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) 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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
Total	100.00%	

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

8. 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, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and nonemployer contributing entity will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied all projected benefit payments to determining the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. The following presents the School District's proportionate share of the net pension liability measured as of June 30, 2024, 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	\$ 7,177,735	\$ 5,401,853	\$ 3,890,588

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

Defined Contribution Retirement Program (DCRP)

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

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

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

Fiscal Year	Total Liability	Paid by School District
2025	\$ 106,070	\$ 106,070
2024	88,332	88,332
2023	85,689	85,689

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

The State Health Benefits 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, 2024, the program membership consisted of the following:

Active Plan Members	219,185
Retirees	153,556
	372,741

Total Non-Employer OPEB Liability

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The 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. The following OPEB liability note information is reported at the State’s level and is not specific to the Board of Education. Note that actual numbers will be published in the NJ State ACFR on the Office of Management and Budget webpage: nj.gov/treasury/omb/fr.shtml. The State, as a nonemployer contributing entity, reported a Fiscal Year 2024 total OPEB liability of \$59,650,630,530 for this special funding situation.

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial assumptions and other imputes - The total OPEB liability in the June 30, 2024 actuarial valuation reported by the State in the State’s most recently issued ACFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

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

	TPAF/ABP	PERS	PFRS
Salary Increases	2.75 – 5.65% based on service years	2.75 – 6.55% based on service years	3.25 – 16.25% based on service years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disables 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, 2023 valuation were based on the results of the TPAF, PERS, and PFRS actuarial experience studies prepared for July 1, 2018 to June 30, 2021.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% 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%.

Total Non-Employer OPEB Liability (Continued)

Discount Rate - The discount rate used to measure the total OPEB liability was 3.93%. 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, 2025**

9. 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:

	Total OPEB Liability
Balance as of June 30, 2023	\$ 80,959,063
Changes for the Year	
Service Cost	2,685,440
Interest	3,053,790
Changes of benefit terms	-
Differences between expected and actual experience	1,384,240
Changes in assumptions	6,940,478
Gross Benefit Payments	(2,332,229)
Contributions from the Non-employer	N/A
Contributions from the Member	79,858
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	11,811,577
Balance at 06/30/2024	\$ 92,770,640

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, 2024, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 108,654,288	\$ 92,770,640	\$ 79,996,890

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, 2024 calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 77,278,619	\$ 92,770,640	\$ 112,950,020

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

For the year ended June 30, 2025, the School District recognized \$1,757,956 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, 2024 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, 2025, the State’s proportionate share of the total nonemployer OPEB liability associated with the School District is based on a June 30, 2024 measurement date. The resulting deferred outflows of resources and deferred inflows of resources from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion	\$ 1,790,206	\$ (3,889,874)
Differences between expected and actual experience	9,920,727	(17,324,842)
Changes of assumptions	15,560,074	(18,138,075)
Total	\$ 27,271,007	\$ (39,352,791)

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:	
2026	\$ (3,982,855)
2027	(3,339,647)
2028	(1,586,226)
2029	416,888
2030	(2,894,562)
Thereafter	(695,382)
Total	\$ (12,081,784)

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

10. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2025, 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 \$4,290,691, \$1,253,743, and \$1,893, respectively. In addition, \$884,591 in on-behalf payments were made by the state for the employer’s share of social security contributions for TPAF members, as calculated on their base salaries.

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

11. 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>Employee Contributions</u>	<u>Board Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024-2025	\$ 41,299	\$ 16,600	\$ 4,345	\$ 67,348	\$ 330,589
2023-2024	39,793	-	3,680	42,549	335,693
2022-2023	39,174	-	3,183	56,447	334,769

12. DEFERRED COMPENSATION

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

13. COMPENSATED ABSENCES

The School District provides vacation and sick leave to its employees in accordance with collective bargaining agreements and School District policies. Unused leave may be carried forward, and certain amounts are paid upon separation or retirement.

Effective for the year ended June 30, 2025, the School District implemented GASB Statement No. 101, Compensated Absences, which requires recognition of a liability for leave that has been used but not yet paid and for unused leave that is more likely than not to be used or paid. The liability is measured at current pay rates and includes applicable salary-related amounts.

A liability for compensated absences is reported in the government-wide financial statements. Expenditures are recognized in governmental funds when the liability is due and payable.

As of June 30, 2025, the liability for compensated absences in the governmental activities and proprietary fund types was \$2,398,219 and \$40,048 respectively.

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

14. 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, 2026. The following interfund balances were recorded on the various balance sheets as of June 30, 2025:

Fund	Interfunds Receivable	Interfunds Payable
General	\$ 943,816	\$ 997,981
Special Revenue	377,811	846,328
Capital Projects	183,198	14
Debt Service Fund	620,184	183,198
Proprietary Fund	-	97,488
Total	\$ 2,125,009	\$ 2,125,009

15. CONTINGENCIES

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

At June 30, 2025, 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.

16. TAX ABATEMENTS

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

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

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 \$143,567 from the annual service charge in lieu of payment of taxes in 2024. The assessed value on these tax exemption properties amounted to \$38,250,000 which would have resulted in 2024 taxes billed in full of \$777,108. The amount that would have been allocated to the School District under full taxation is indeterminable.

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

17. DEFICIT UNASSIGNED FUND BALANCE

The School District has a deficit unassigned fund balance of \$374,952 in the Special Revenue Fund as of June 30, 2025 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 \$374,952 in the Special Revenue Fund is equal to or less than the June state aid payments.

18. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2025, a deficit of \$7,460,381 existed in the Unrestricted Net Position of the Governmental Activities. A reconciliation of Unassigned Fund Balance reported on Exhibit B-1 to Unrestricted Net Position reported on Exhibited A-1 is as follows:

Balances, June 30, 2025:	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds):	
Fund Balance - Unassigned	\$ 43,117
Fund Balance - Assigned	1,125,817
Liabilities:	
Accrued Interest Payable	(109,162)
Net Pension Differences	(6,121,934)
Compensated Absences	(2,398,219)
Unrestricted Net Position (Deficit)	\$ (7,460,381)

19. FUND BALANCES

RESTRICTED

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

General Fund:

Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance as of June 30, 2025, is \$325,646 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$2,365,292 of excess fund balance generated during the 2023-2024 fiscal year has been restricted and designated for utilization in the 2025-2026 budget.

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

19. FUND BALANCES (Continued)

Capital Reserve – As of June 30, 2025, the balance in the capital reserve account is \$805,542. Of this amount, \$150,000 has been appropriated in the 2025-2026 Budget. The remaining amount is restricted for future capital outlay expenditures for capital projects in the School District’s approved Long-Range Facilities Plan.

Maintenance Reserve Account – As of June 30, 2025, the balance in the maintenance reserve account is \$706,856. 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). Of this amount, \$175,000 has been appropriated in the 2025-26 budget.

Emergency Reserve – As of June 30, 2025, the balance in the emergency reserve is \$150,000. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S.A. 18A:7F-41c(1).

Unemployment Compensation – As of June 30, 2025, the balance of the unemployment compensation is \$282,103. These funds are restricted for the purpose of financing unemployment claims.

Special Revenue Fund:

Student Activities – As of June 30, 2025, the balance of student activities is \$96,362.

Capital Projects Fund:

Capital Projects – As of June 30, 2025, the balance of capital projects is \$347,752.

Debt Service Fund:

Debt Service – As of June 30, 2025, the balance of debt service fund is \$65,048.

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, 2025, the School District has \$1,009,138 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 \$116,679 as an anticipated revenue for the fiscal year ending June 30, 2025.

Capital Projects Fund:

Other Purposes – As of June 30, 2025, the School District has \$1,718,144 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 \$409,827 as an anticipated revenue for the fiscal year ending June 30, 2025.

**Lower Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

19. 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, 2025, \$418,069 of general fund was unassigned.

Special Revenue Fund – As of June 30, 2025, the fund balance of the special revenue fund was a deficit of \$374,952. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 17).

20. ARBITRAGE REBATE LIABILITY

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income at yields that exceed the issuer's tax-exempt borrowing rates. The Treasury requires that rebatable arbitrage be calculated for tax purposes every fifth year that a debt issue is outstanding and at maturity. In the District's government-wide statements, a liability must be recognized as soon as rebatable arbitrage occurs. However, in the fund financial statements, consistent with the modified accrual basis of accounting, no liability is recognized until due and payable. The District estimates and updates its liability annually for all tax-exempt issuances. As of June 30, 2025, the District has an arbitrage rebate liability in the amount of \$183,198.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

LOWER TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 19,831,002	\$ -	\$ 19,831,002	\$ 19,831,002	\$ -
Interest earned on emergency reserve	100	-	100	-	(100)
Interest earned on maintenance reserve	100	-	100	8,169	8,069
Interest earned on capital reserve	100	-	100	9,309	9,209
Other restricted miscellaneous revenue	-	-	-	4,345	4,345
Unrestricted miscellaneous revenue	50,000	-	50,000	116,933	66,933
Total local sources	19,881,302	-	19,881,302	19,969,758	88,456
State sources:					
School choice aid	1,235,376	-	1,235,376	1,235,376	-
Special education aid	912,905	-	912,905	912,905	-
Equalization aid	184,386	-	184,386	184,386	-
Security aid	492,388	-	492,388	492,388	-
Transportation aid	836,392	-	836,392	836,392	-
Stabilized School Budget Aid	-	61,245	61,245	61,245	-
Extraordinary Aid	-	-	-	172,222	172,222
Additional Non Public Transportation Aid	-	-	-	19,614	19,614
Homeless Tuition Aid	-	-	-	9,114	9,114
Menstrual products reimbursement	-	2,079	2,079	2,079	-
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	4,290,691	4,290,691
On-behalf TPAF Medical (non-budgeted)	-	-	-	1,253,743	1,253,743
On-behalf TPAF LTDI (non-budgeted)	-	-	-	1,893	1,893
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	884,591	884,591
Total state sources	3,661,447	63,324	3,724,771	10,356,639	6,631,868
Federal sources:					
Medicaid reimbursement	55,562	-	55,562	32,649	(22,913)
Total federal sources	55,562	-	55,562	32,649	(22,913)
TOTAL REVENUES	23,598,311	63,324	23,661,635	30,359,046	6,697,411
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Kindergarten	869,549	(113,158)	756,391	756,248	143
Grades 1-5	4,518,813	(217,176)	4,301,637	4,293,539	8,098
Grades 6-8	849,558	(54,644)	794,914	794,407	507
Total Instruction	6,237,920	(384,978)	5,852,942	5,844,194	8,748
Regular Programs - Home Instruction:					
Salaries of teachers	12,000	-	12,000	11,017	983
Other purchased services	-	-	-	-	-
Total Home Instruction	12,000	-	12,000	11,017	983
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	543,085	86,800	629,885	622,844	7,041
Purchased technical services	17,000	-	17,000	12,836	4,164
Other purchased services	99,000	18,000	117,000	102,519	14,481
General supplies	376,831	(16,880)	359,951	350,387	9,564
Textbooks	80,000	(67,920)	12,080	10,357	1,723
Other objects	2,500	-	2,500	639	1,861
Total Undistributed Instruction	1,118,416	20,000	1,138,416	1,099,582	38,834
Total - Regular Programs - Instruction	7,368,336	(364,978)	7,003,358	6,954,793	48,565

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, 2025

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Educ Instruction: Learning/Lang. Disabilities					
Salaries of teachers	\$ 518,384	\$ 101,829	\$ 620,213	\$ 619,982	\$ 231
General Supplies	800	-	800		800
Total Learning/Lang. Disabilities	<u>519,184</u>	<u>101,829</u>	<u>621,013</u>	<u>619,982</u>	<u>1,031</u>
Special Educ Instruction: Res. Room/Res. Center					
Salaries of teachers	878,963	89,934	968,897	968,494	403
General supplies	1,000	-	1,000	328	672
Total Resource Room/Resource Center	<u>879,963</u>	<u>89,934</u>	<u>969,897</u>	<u>968,822</u>	<u>1,075</u>
Special Educ Instruction: Preschool Disabilities Full Time					
Salaries of teachers	154,190	153,976	308,166	308,038	128
Total Preschool Disabilities Full Time	<u>154,190</u>	<u>153,976</u>	<u>308,166</u>	<u>308,038</u>	<u>128</u>
Special Educ Instruction: Home Instruction					
Salaries of teachers	15,000	(15,000)		-	-
Total Home Instruction	<u>15,000</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Education - Instruction	<u>1,568,337</u>	<u>330,739</u>	<u>1,899,076</u>	<u>1,896,842</u>	<u>2,234</u>
Bilingual Education - Instruction					
Salaries of teachers	120,000	22,232	142,232	141,062	1,170
General supplies	1,500	-	1,500		1,500
Total Bilingual Education - Instruction	<u>121,500</u>	<u>22,232</u>	<u>143,732</u>	<u>141,062</u>	<u>2,670</u>
Before/after school programs - Instruction					
Salaries of teachers	80,000	(6,600)	73,400	65,538	7,862
Total Before/after school - Instruction	<u>80,000</u>	<u>(6,600)</u>	<u>73,400</u>	<u>65,538</u>	<u>7,862</u>
Other Supplemental/At-Risk Program - Instruction					
Salaries of teacher tutors	16,000	(2,600)	13,400		13,400
Total Other Supplemental/At-Risk Program - Instruction	<u>16,000</u>	<u>(2,600)</u>	<u>13,400</u>	<u>-</u>	<u>13,400</u>
Undistributed Expenditures - Instruction					
Tuition to other LEA's w/in state/regular	21,396	(18,000)	3,396		3,396
Tuition to other LEA's w/in state/special		-			-
Tuition to CSSD & reg. day schools	687,589	(92,900)	594,689	529,636	65,053
Tuition to priv. sch. for the disabled in state	53,750	(29,372)	24,378	12,121	12,257
Tuition - state facilities	60,000	(15,000)	45,000	41,897	3,103
Total Undistributed Expenditures - Instruction	<u>822,735</u>	<u>(155,272)</u>	<u>667,463</u>	<u>583,654</u>	<u>83,809</u>
Undistributed Expenditures - Attendance & Social Work					
Salaries		19,000	19,000	19,000	-
Purchased professional and technical services	23,505	6,100	29,605	29,605	-
Supplies and materials	200	-	200		200
Total Undistributed Expenditures - Attendance & Soc.	<u>23,705</u>	<u>25,100</u>	<u>48,805</u>	<u>48,605</u>	<u>200</u>
Undistributed Expenditures - Health Services					
Salaries	331,000	11,925	342,925	342,743	182
Purchased professional and technical services	18,030	(388)	17,642	16,800	842
Other purchased services (400-500)	2,700	10,715	13,415	11,478	1,937
Supplies and materials	11,500	3,735	15,235	14,869	366
Supplies - menstrual products		2,500	2,500	2,079	421
Total Undistributed Expenditures - Health Svcs.	<u>363,230</u>	<u>28,487</u>	<u>391,717</u>	<u>387,969</u>	<u>3,748</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, 2025

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	\$ 361,111	\$ 7,001	\$ 368,112	\$ 367,661	\$ 451
Purchased professional - educ services	2,000	11,772	13,772	12,866	906
Supplies and materials	2,300	350	2,650	1,828	822
Total Undst. Expend. - Speech, OT, PT & Related Services	365,411	19,123	384,534	382,355	2,179
Undist. Expend. - Oth Supp Services STD-Extra Services					
Purchased professional - educ services	-	-	-	-	-
Total Other Support Services STD-Extra Services	-	-	-	-	-
Undist. Expend. - Guidance					
Salaries of other professional staff	294,467	(18,001)	276,466	276,421	45
Supplies and materials	970	2	972	905	67
Other objects	-	-	-	-	-
Total Undst. Expend. - Guidance	295,437	(17,999)	277,438	277,326	112
Undist. Expend. - Child Study Teams					
Salaries of other professional staff	531,199	160,806	692,005	691,518	487
Salaries of secretarial and clerical assistants	128,373	(6,000)	122,373	122,366	7
Purchased professional - educ services	255,000	51,465	306,465	303,901	2,564
Other purchased professional - tech services	78,000	16,686	94,686	94,158	528
Other purchased services (400-500)	13,000	5,190	5,190	4,100	1,090
Supplies and materials	1,000	(3,076)	9,924	9,734	190
Other objects	1,000	(550)	450	376	74
Total Undst. Expend. - Child Study Teams	1,006,572	224,521	1,231,093	1,226,153	4,940
Undist. Expend. - Improvement of Instr. Services					
Salaries of supervisor of instruction	80,509	(100)	80,409	80,392	17
Salaries of other professional staff	-	-	-	-	-
Salaries of Secr and Clerical Assist.	-	-	-	-	-
Other purchased services (400-500)	475	(215)	260	234	26
Supplies and materials	900	515	1,415	1,240	175
Other objects	900	300	1,200	1,014	186
Total Undst. Expend. - Improvement of Instr. Services	82,784	500	83,284	82,880	404
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	486,832	7,299	494,131	493,914	217
Other purchased services (400-500)	500	(125)	375	375	375
Supplies and materials	34,000	410	34,410	33,315	1,095
Other objects	800	(285)	515	200	315
Total Undst. Expend. - Educ. Media Serv./Sch. Library	522,132	7,299	529,431	527,429	2,002
Undist. Expend. - Instructional Staff Training Services					
Salaries of supervisor of instruction	80,509	(115)	80,394	80,392	2
Salaries of secretarial and clerical assistants	23,585	3,615	27,200	27,194	6
Other salaries	4,800	980	5,780	4,800	980
Purchased professional - educ services	1,000	(30)	970	717	253
Other purchased services	900	-	900	900	900
Supplies and materials	1,600	(175)	1,425	587	838
Other objects	6,600	25	6,625	6,070	555
Total Undst. Expend. - Instructional Staff Training Svcs.	118,994	4,300	123,294	119,760	3,534

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, 2025

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	\$ 257,409	\$ 4,900	\$ 262,309	\$ 262,114	\$ 195
Legal services	60,000	6,770	66,770	66,545	225
Audit fees	28,000	(100)	27,900	27,900	-
Other purchased professional services	30,000	(6,312)	23,688	23,687	1
Communications / telephone	74,000	4,743	78,743	78,633	110
BOE Other purchases services	250	(250)	-	-	-
Misc. purchased services	78,000	4,674	82,674	82,297	377
General supplies	3,000	(9)	2,991	2,721	270
BOE in-house training/meeting supplies	500	(500)	-	-	-
Miscellaneous expenditures	3,000	2,569	5,569	5,560	9
BOE membership dues and fees	15,100	(985)	14,115	14,114	1
Total Undst. Expend. - Supp. Serv. General Admin.	549,259	15,500	564,759	563,571	1,188
Undist. Expend. - Supp. Serv. School Admin.					
Salaries of principals/assist. principals	367,854	72,700	440,554	440,299	255
Salaries of secretarial and clerical assistants	336,905	16,001	352,906	352,484	422
Purchased professional and technical services	8,500	(8,250)	250	-	250
Other purchased services (400-500)	5,000	3,193	8,193	6,996	1,197
Supplies and materials	2,000	40	2,040	1,835	205
Other objects	5,000	1,497	6,497	5,902	595
Total Undst. Expend. - Supp. Serv. School Admin.	725,259	85,181	810,440	807,516	2,924
Undist. Expend. - Central Services					
Salaries	305,689	11,000	316,689	316,195	494
Purchased professional services	42,500	1,130	43,630	43,493	137
Miscellaneous purchased services	16,000	400	16,400	15,278	1,122
Supplies and materials	5,000	2,475	7,475	7,139	336
Miscellaneous expenditures	10,000	(5,605)	4,395	2,841	1,554
Total Undst. Expend. - Central Services	379,189	9,400	388,589	384,946	3,643
Undist. Expend. - Admin. Info Technology					
Other purchased services	5,699	(2,080)	3,619	1,471	2,148
Supplies and materials	3,000	2,080	5,080	4,821	259
Total-Admin. Info Technology	8,699	-	8,699	6,292	2,407
Undist. Expend. - Required Maint. Sch. Facilities					
Salaries	272,745	47,400	320,145	320,082	63
Cleaning, Repair and Maintenance Services	119,245	(28,900)	90,345	85,305	5,040
Supplies and materials	54,825	(18,300)	36,525	34,191	2,334
Other objects	1,000	8,800	9,800	9,121	679
Total Undst. Expend. - Required Maint. Sch. Facilities	447,815	9,000	456,815	448,699	8,116
Undist. Expend. - Custodial Services					
Salaries	822,374	17,014	839,388	839,255	133
Salaries of Non-Instructional Aides	477,463	174,700	652,163	652,090	73
Purchased professional & tech. services	15,000	(3,772)	11,228	10,628	600
Cleaning, repair and maintenance services	500	-	500	-	500
Rental of land & buildings other than lease	3,000	-	3,000	2,578	422
Other purchased property services	41,000	(2,070)	38,930	38,925	5
Insurance	170,706	-	170,706	170,395	311
Miscellaneous purchased services	30,000	2,700	32,700	32,639	61
General supplies	110,000	11,100	121,100	120,228	872
Energy (natural gas)	135,995	8,500	144,495	138,332	6,163
Energy (electricity)	361,221	(15,958)	345,263	345,263	-
Other objects	500	(300)	200	45	155
Interest - Energy Savings Impr Prog	36,850	-	36,850	36,815	35
Principal - Energy Savings Impr Prog	67,250	-	67,250	67,211	39
Total Undst. Expend. - Custodial Services	2,271,859	191,914	2,463,773	2,454,404	9,369

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, 2025

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Care & Upkeep of Grounds					
Salaries	\$ 10,000	\$ (10,000)	\$ -	\$ -	\$ -
Purchased professional & tech. services	2,000	(2,000)			-
Cleaning, repair and maintenance services	1,000	-	1,000		1,000
General supplies	5,000	(3,500)	1,500	1,309	191
Total Undst. Expend. - Care & Upkeep of Grounds	18,000	(15,500)	2,500	1,309	1,191
Undist. Expend. - Security					
Salaries	221,336	-	221,336	187,277	34,059
Cleaning, repair and maintenance services	1,000	-	1,000		1,000
General supplies	8,000	-	8,000	7,788	212
Total Undst. Expend. - Security	230,336	-	230,336	195,065	35,271
Total Undst. Expend. - Oper. & Maint. of Plant Services	2,968,010	185,414	3,153,424	3,099,477	53,947
Undist. Expend. - Student Transportation Services					
Salaries for pupil trans. (bet home & sch) - regular	769,698	181,977	951,675	951,206	469
Salaries for pupil trans. (bet home & sch) - special	34,619	(1,298)	33,321	33,234	87
Salaries for pupil trans. (other than bet home & sch)		-			-
Rental payments - school buses	2,850	-	2,850	2,337	513
Contr. serv. - Aide in lieu Pymts - Nonpublic Schools	5,000	(5,000)		-	-
Contr. serv. - Aide in lieu Pymts - Charter Schools	65,236	(36,483)	28,753		28,753
Contr. serv. (Sp Ed Stds) - Joint Agrmnts	90,200	(41,400)	48,800	39,028	9,772
Miscellaneous purchased services - transportation	76,444	(5,517)	70,927	69,003	1,924
General Supplies	55,591	25,521	81,112	77,957	3,155
Transportation supplies	145,000	(27,350)	117,650	116,492	1,158
Other objects	1,500	8,550	10,050	9,188	862
Total Undst. Expend. - Student Transportation Services	1,246,138	99,000	1,345,138	1,298,445	46,693
Unallocated Benefits - Employee Benefits					
Social security contributions	495,901	18,860	514,761	506,385	8,376
Other retirement contributions - PERS	600,000	(58,000)	542,000	541,498	502
Other retirement contributions - Regular	85,000	21,100	106,100	106,077	23
Unemployment compensation	36,600	(22,000)	14,600	9,299	5,301
Workers' compensation	226,495	(4,000)	222,495	221,542	953
Health benefits	4,912,857	(414,100)	4,498,757	4,491,840	6,917
Tuition reimbursement	40,000	8,000	48,000	41,867	6,133
Other employee benefits	406,000	57,219	463,219	461,735	1,484
Total Unallocated Benefits - Employee Benefits	6,802,853	(392,921)	6,409,932	6,380,243	29,689
On-behalf TPAF pension (non-budgeted)	-	-	-	4,290,691	(4,290,691)
On-behalf TPAF medical (non-budgeted)				1,253,743	(1,253,743)
On-behalf TPAF LTDI (non-budgeted)				1,893	(1,893)
Reimbursed TPAF social security contributions (non-budgeted)				884,591	(884,591)
Total Undistributed Expenditures - TPAF	-	-	-	6,430,918	(6,430,918)
Total Undistributed Expenditures	16,296,407	135,033	16,431,440	22,607,539	(6,176,099)
Total General Current Expense	25,434,580	116,426	25,551,006	31,665,774	(6,114,768)

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, 2025

(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	\$ 40,000	\$ 41,010	\$ 81,010	\$ 19,158	\$ 61,852
Undist. Exp - security	50,000	(50,000)			-
Total Equipment	90,000	(8,990)	81,010	19,158	61,852
Facilities Acquisition and Construction Services:					
Construction services	931,180	-	931,180	31,180	900,000
Assessment on SDA Funding	6,346	-	6,346	6,346	-
Total Facilities Acquisition and Construction Services	937,526	-	937,526	37,526	900,000
Assets acquired under leases (non-budgeted):					
Equipment				280,184	(280,184)
Total assets acquired under leases				280,184	(280,184)
Total Capital Outlay	1,027,526	(8,990)	1,018,536	336,868	681,668
Total Expenditures	26,462,106	107,436	26,569,542	32,002,642	(5,433,100)
Excess (Deficiency) of Revenues					
Over (Under) Expenditures:	(2,863,795)	(44,112)	(2,907,907)	(1,643,596)	1,264,311
Other Financing Sources (Uses):					
Proceeds of Leases				280,184	280,184
Operating Transfer Out - Special Revenue Fund	(264,672)	44,112	(220,560)	(220,560)	
Total Other Financing Sources (Uses)	(264,672)	44,112	(220,560)	59,624	280,184
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):					
	(3,128,467)		(3,128,467)	(1,583,972)	1,544,495
Fund Balance, July 1	8,047,306		8,047,306	8,047,306	
Fund Balance, June 30	\$ 4,918,839	\$ -	\$ 4,918,839	\$ 6,463,334	\$ 1,544,495
Recapitulation:					
Restricted:					
Capital Reserve:					
Designated for Subsequent Year's Expenditures				\$ 150,000	
Capital Reserve				655,542	
Maintenance Reserve:					
Designated for Subsequent Year's Expenditures				175,000	
Maintenance Reserve				531,856	
Emergency Reserve				150,000	
Excess Surplus:					
Designated for Subsequent Year's Expenditures				2,365,292	
Current Year				325,646	
Unemployment Compensation				282,103	
Assigned:					
Year-end encumbrances				1,009,138	
Designated for Subsequent Year's Expenditures				116,679	
Unassigned				702,078	
				6,463,334	
Reconciliation on Governmental Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				(284,009)	
Fund Balance per Government Fund (GAAP)				\$ 6,179,325	

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, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual
REVENUES:					
Local sources	\$ -	\$ -	\$ -	\$ 43,886	\$ 43,886
State sources	3,965,080	679,916	4,644,996	4,423,757	(221,239)
Federal sources	1,031,823	135,347	1,167,170	1,089,639	(77,531)
Total revenues	<u>4,996,903</u>	<u>815,263</u>	<u>5,812,166</u>	<u>5,557,282</u>	<u>(254,884)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	1,700,815	44,074	1,744,889	1,740,117	4,772
Other salaries for instruction	587,409	117,232	704,641	704,639	2
Purchased prof. and tech. services		12,306	12,306	12,306	-
General supplies	25,185	34,773	59,958	51,426	8,532
Tuition	502,337		502,337	502,337	-
Total instruction	<u>2,815,746</u>	<u>208,385</u>	<u>3,024,131</u>	<u>3,010,825</u>	<u>13,306</u>
Support services:					
Salaries of supervisor of instruction	81,103	(118)	80,985	80,985	-
Salaries of program director	89,197	6,499	95,696	95,696	-
Salaries of other professionals	205,834	194,153	399,987	399,987	-
Salaries of secretaries	65,151	3,246	68,397	68,397	-
Salaries of other staff	177,428	(968)	176,460	176,460	-
Salaries of community parent involvement spec.	91,159	(90,826)	333	333	-
Salaries of master teachers	306,465	(234,181)	72,284	72,284	-
Personal services-employee benefits	1,081,510	15,830	1,097,340	1,059,259	38,081
Purchased prof. and tech. services	42,934	22,529	65,463	40,616	24,847
Other purchased prof. and educ. services	10,000	(7,973)	2,027	2,027	-
Cleaning, repair, and maintenance	20,000	(20,000)			-
Other purchased services		5,500	5,500	5,500	-
Supplies and Materials	10,376	38,271	48,647	46,671	1,976
Student Activities				41,273	(41,273)
Total support services	<u>2,181,157</u>	<u>(68,038)</u>	<u>2,113,119</u>	<u>2,089,488</u>	<u>23,631</u>
Facilities acquisition and construction services:					
Building		674,916	674,916	674,916	-
Total facilities acq. and const. services		<u>674,916</u>	<u>674,916</u>	<u>674,916</u>	
Total expenditures	<u>4,996,903</u>	<u>815,263</u>	<u>5,812,166</u>	<u>5,775,229</u>	<u>36,937</u>
Other financing sources (uses)					
Transfer from General Fund				220,560	220,560
Total other financing sources (uses)				<u>220,560</u>	<u>220,560</u>
Total outflows	<u>4,996,903</u>	<u>815,263</u>	<u>5,812,166</u>	<u>5,554,669</u>	<u>257,497</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	2,613	<u>\$ 2,613</u>
Fund Balance, July 1				<u>93,749</u>	
Fund Balance, June 30				<u>\$ 96,362</u>	
Recapitulation:					
Restricted:					
Student Activities				<u>\$ 96,362</u>	
Total Fund Balance				<u>\$ 96,362</u>	

Lower Township School District
Notes to Required Supplementary Information
Budgetary Comparison
Fiscal Year Ended June 30, 2025

**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	\$ 30,359,046	\$ 5,557,282
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related related revenue is recognized.		(828,626)
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	303,635	350,179
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(284,009)	(374,952)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 30,378,672	\$ 4,703,883
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 32,002,642	\$ 5,554,669
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-	(828,626)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	-	220,560
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 32,002,642	\$ 4,946,603

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 Ten Fiscal Years

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's proportion of the net pension liability (asset)	0.0397544545%	0.0434279208%	0.0450739377%	0.0440305573%	0.0431321531%	0.0456900911%	0.0509456880%	0.0502902007%	0.0515799603%	0.0527994891%
District's proportionate share of the net pension liability (asset)	\$ 5,401,853	\$ 6,290,262	\$ 6,802,278	\$ 5,216,080	\$ 7,033,726	\$ 8,232,661	\$ 9,839,437	\$ 11,706,755	\$ 15,276,505	\$ 11,852,427
District's covered-employee payroll	3,100,745	2,987,397	3,134,089	3,301,861	3,249,300	3,181,055	3,182,488	3,185,716	3,374,844	3,423,955
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	174.21%	210.56%	217.04%	157.97%	216.47%	258.80%	309.17%	367.48%	452.66%	346.16%
Plan fiduciary net position as a percentage of the total pension liability	68.22%	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%

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

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually required contribution	\$ 489,573	\$ 540,952	\$ 580,426	\$ 568,404	\$ 515,649	\$ 471,844	\$ 638,748	\$ 497,070	\$ 468,671	\$ 458,229
Contributions in relation to the contractually required contributions	<u>(489,573)</u>	<u>(540,952)</u>	<u>(580,426)</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	3,100,745	2,987,397	3,134,089	3,301,861	3,249,300	3,181,055	3,182,488	3,185,716	3,374,844	3,423,955
Contributions as a percentage of covered-employee payroll	15.79%	18.11%	18.52%	17.21%	15.87%	14.83%	20.07%	15.60%	13.89%	13.38%

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 Ten Fiscal Years

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 53,582,194</u>	<u>\$ 56,134,941</u>	<u>\$ 56,796,133</u>	<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>
Total	<u><u>\$ 53,582,194</u></u>	<u><u>\$ 56,134,941</u></u>	<u><u>\$ 56,796,133</u></u>	<u><u>\$ 53,083,635</u></u>	<u><u>\$ 70,871,055</u></u>	<u><u>\$ 64,538,524</u></u>	<u><u>\$ 70,497,280</u></u>	<u><u>\$ 75,882,790</u></u>	<u><u>\$ 84,644,187</u></u>	<u><u>\$ 73,356,882</u></u>
District's covered-employee payroll	12,390,848	12,266,546	12,388,111	12,727,339	12,442,064	12,344,744	12,173,089	11,591,719	11,159,801	11,359,918
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	37.99%	34.68%	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%

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 Employees' Retirement System and Teachers' Pension and Annuity Fund
Last Eight Fiscal Years

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability Associated with the School District								
Service Cost	\$ 2,685,440	\$ 2,703,932	\$ 3,485,581	\$ 4,139,863	\$ 2,206,478	\$ 2,191,113	\$ 2,522,741	\$ 3,046,909
Interest	3,053,790	2,851,279	2,124,288	2,437,451	2,311,100	2,872,437	3,226,742	2,803,118
Changes in benefit terms				(100,010)				
Differences between expected and actual experiences	1,384,240	(2,768,258)	4,127,361	(17,170,693)	19,543,803	(12,372,027)	(11,046,485)	
Changes of assumptions	6,940,478	163,180	(21,503,232)	92,700	19,439,196	964,913	(8,375,595)	(11,620,005)
Member Contributions	79,858	73,068	67,503	62,314	56,155	58,888	67,452	75,518
Benefit payments	(2,332,229)	(2,222,619)	(2,104,170)	(1,920,029)	(1,852,677)	(1,986,573)	(1,951,640)	(2,050,856)
Net Change in total OPEB Liability	\$ 11,811,577	\$ 800,582	\$ (13,802,669)	\$ (12,458,404)	\$ 41,704,055	\$ (8,271,249)	\$ (15,556,785)	\$ (7,745,316)
Total Non-Employer OPEB Liability - beginning	\$ 80,959,063	\$ 80,158,481	\$ 93,961,150	\$ 106,419,554	\$ 64,715,499	\$ 72,986,748	\$ 88,543,533	\$ 96,288,849
Total Non-Employer OPEB Liability - ending	\$ 92,770,640	\$ 80,959,063	\$ 80,158,481	\$ 93,961,150	\$ 106,419,554	\$ 64,715,499	\$ 72,986,748	\$ 88,543,533
District's covered-employee payroll	15,491,593	15,253,943	15,522,200	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	598.85%	530.74%	516.41%	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, 2025

Teacher’s Pension and Annuity Fund (TPAF)

Changes of benefit term: There were none.

Changes of assumptions: There were none.

Public Employees’ Retirement System (PERS)

Changes of benefit term: There were none.

Changes of assumptions: There were none.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed from 3.65% as of June 30, 2023 to 3.93% as of June 30, 2024.

Health care trend rates – June 30, 2024: For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long term rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Health care trend rates – June 30, 2023: For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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, 2025

	Preschool Education Aid	Preschool Expansion Grant	Local Recreation Improvement Grant	No Child Left Behind (N.C.L.B.)			Individuals with Disabilities Act		New Jersey High Impact Tutoring	ARP Accelerated Learning	Student Activities	Totals
				Title I	Title II - Part A	Title III	IDEA - Part B Basic	IDEA - Part B Preschool				
				Current Yr.	Current Yr.	Current Yr.	Current Yr.	Current Yr.				
REVENUES:												
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,886	\$ 43,886
State sources	3,748,841	600,000	74,916	-	-	-	-	-	-	-	-	4,423,757
Federal sources	-	-	-	469,525	50,710	8,340	474,972	27,365	49,013	9,714	-	1,089,639
Total Revenues	3,748,841	600,000	74,916	469,525	50,710	8,340	474,972	27,365	49,013	9,714	43,886	5,557,282
EXPENDITURES:												
Instruction:												
Salaries of teachers	1,401,940			311,826	11,188	1,685			13,478			1,740,117
Other salaries for instruction	704,639											704,639
Purchased prof. and technical services									12,306			12,306
General supplies	22,572					6,655			22,199			51,426
Tuition							474,972	27,365				502,337
Total instruction	2,129,151			311,826	11,188	8,340	474,972	27,365	47,983			3,010,825
Support services:												
Salaries of supervisor of instruction	80,985											80,985
Salaries of program director	95,696											95,696
Salaries of other professional staff	392,223									7,764		399,987
Salaries of secretaries and clerical assistants	68,397											68,397
Salaries of other staff	176,460											176,460
Salaries of community parent involvement spec.	333											333
Salaries of master teachers	72,284											72,284
Personal services-employee benefits	904,152			153,221	856				1,030			1,059,259
Purchased prof. and technical services					38,666						1,950	40,616
Other purchased prof. and educ. services	2,027											2,027
Cleaning, repairs, and maintenance												
Other purchased services	5,500											5,500
Supplies and materials	42,193			4,478								46,671
Student activities											41,273	41,273
Total support services	1,840,250			157,699	39,522				1,030	9,714	41,273	2,089,488
Facilities acquisition and const. serv.:												
Building		600,000	74,916									674,916
Instructional equipment												
Non-instructional equipment												
Total facilities acquisition and const. serv.:		600,000	74,916									674,916
Total Expenditures	3,969,401	600,000	74,916	469,525	50,710	8,340	474,972	27,365	49,013	9,714	41,273	5,775,229
Other financing sources (uses)												
Transfer from General Fund	220,560											220,560
Total other financing sources (uses)	220,560											220,560
Total outflows	3,748,841	600,000	74,916	469,525	50,710	8,340	474,972	27,365	49,013	9,714	41,273	5,554,669
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	2,613	2,613
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	93,749	93,749
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,362	\$ 96,362

**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, 2025**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 1,399,972	\$ 2,044	\$ 1,402,016	\$ 1,401,940	\$ 76
Other Salaries for Instruction	587,409	117,232	704,641	704,639	2
Purchased Professional Services	-	-	-	-	-
General Supplies	22,210	362	22,572	22,572	-
Total instruction	2,009,591	119,638	2,129,229	2,129,151	78
Support services:					
Salaries of Supervisor of Instruction	81,103	(118)	80,985	80,985	-
Salaries of Program Directors	89,197	6,499	95,696	95,696	-
Salaries of Other Professional Staff	205,834	186,389	392,223	392,223	-
Salaries of Secretaries	65,151	3,246	68,397	68,397	-
Salaries Other	177,428	(968)	176,460	176,460	-
Salaries of Parent Involvement	91,159	(90,826)	333	333	-
Salaries of Master Teachers	306,465	(234,181)	72,284	72,284	-
Personal Services - Employee Benefits	904,152	-	904,152	904,152	-
Purchased Professional Education Services	10,000	(7,973)	2,027	2,027	-
Cleaning Repair and Maintenance	20,000	(20,000)	-	-	-
Contracted Services	5,000	(5,000)	-	-	-
Other Purchased Services	-	5,500	5,500	5,500	-
Supplies & Materials	5,000	37,794	42,794	42,193	601
Total support services	1,960,489	(119,638)	1,840,851	1,840,250	601
Facilities acquisition and cont. serv:					
Instructional equipment	-	-	-	-	-
Total Facilities acquisition and cont. serv.	-	-	-	-	-
Total Expenditures	\$ 3,970,080	\$ -	\$ 3,970,080	\$ 3,969,401	\$ 679

CALCULATION OF BUDGET & CARRYOVER

Total 2024-25 PreK Aid Allocation	\$ 3,749,520
Add: Actual PreK/ECPA Aid Carryover June 30, 2024	4,419
Add: Budgeted Transfer From General Fund	220,560
Total Funds Available for 2024-25 Budget	3,974,499
Less: 2024-25 Budgeted PreK/ECPA (Including prior year budgeted carryover)	(3,970,079)
Available & Unbudgeted Funds as of June 30, 2025	4,420
Add: June 30, 2025 Unexpended PreK Aid	679
2025 - Actual Carryover - PreK Aid	<u>\$ 5,099</u>
2024-25 PreK Aid Carryover Budgeted in 2025-26	<u>\$ 4,419</u>

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, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 1,399,972	\$ 2,044	\$ 1,402,016	\$ 1,401,940	\$ 76
Other Salaries for Instruction	587,409	117,232	704,641	704,639	2
Purchased Professional Services	-	-	-	-	-
General Supplies	22,210	362	22,572	22,572	-
Total instruction	2,009,591	119,638	2,129,229	2,129,151	78
Support services:					
Salaries of Supervisor of Instruction	81,103	(118)	80,985	80,985	-
Salaries of Program Directors	89,197	6,499	95,696	95,696	-
Salaries of Other Professional Staff	205,834	186,389	392,223	392,223	-
Salaries of Secretaries	65,151	3,246	68,397	68,397	-
Salaries Other	177,428	(968)	176,460	176,460	-
Salaries of Parent Involvement	91,159	(90,826)	333	333	-
Salaries of Master Teachers	306,465	(234,181)	72,284	72,284	-
Personal Services - Employee Benefits	904,152	-	904,152	904,152	-
Purchased Professional Education Services	10,000	(7,973)	2,027	2,027	-
Cleaning Repair and Maintenance	20,000	(20,000)	-	-	-
Contracted Services	5,000	(5,000)	-	-	-
Other Purchased Services	-	5,500	5,500	5,500	-
Supplies & Materials	5,000	37,794	42,794	42,193	601
Total support services	1,960,489	(119,638)	1,840,851	1,840,250	601
Facilities acquisition and cont. serv.:					
Instructional equipment	-	-	-	-	-
Total Facilities acquisition and cont. serv.	-	-	-	-	-
Total Expenditures	\$ 3,970,080	\$ -	\$ 3,970,080	\$ 3,969,401	\$ 679

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, 2025**

Revenues and Other Financing Sources:

Proceeds of Serial Bonds	\$	-
Transfer from Capital Projects Fund		
Interest Earned on Investments		65,048
		65,048
Total revenues and other financing sources		65,048

Expenditures and Other Financing (Uses):

Purchased Professional Services		211,846
Construction Services		593,646
Transfer to Debt Service Fund		65,048
		870,540
Total expenditures and other financing (uses)		870,540

Excess (deficiency) or revenues over (under) expenditures		(805,492)
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Fund Balance - July 1		2,871,388
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Fund Balance - June 30	\$	2,065,896
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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, 2025

	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, 2025

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
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	<u>17,833,440</u>	<u>-</u>	<u>17,833,440</u>	<u>17,833,440</u>
Expenditures and Other Financing Uses:				
Purchased professional services	1,914,384	211,846	2,126,230	2,126,230
Construction services	<u>13,213,780</u>	<u>593,646</u>	<u>13,807,426</u>	<u>13,807,426</u>
Total expenditures	<u>15,128,164</u>	<u>805,492</u>	<u>15,933,656</u>	<u>15,933,656</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 2,705,276</u>	<u>\$ (805,492)</u>	<u>\$ 1,899,784</u>	<u>\$ 1,899,784</u>
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	09/30/25			

LOWER TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
 Summary Statement of Project Expenditures
 Year Ended June 30, 2025

<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>15,128,164</u>	<u>805,492</u>		<u>1,899,784</u>
		<u>\$ 22,954,440</u>	<u>\$ 20,083,052</u>	<u>\$ 805,492</u>	<u>\$ -</u>	<u>\$ 2,065,896</u>

Proprietary Funds

LOWER TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Statement of Net Position
as of June 30, 2025

	Food Service	Day Care Program	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 231,356	\$ 88,470	\$ 319,826
Accounts receivable:			
State	3,082	-	3,082
Federal	43,329	-	43,329
Other	10,784	920	11,704
Inventories	18,976	-	18,976
Total current assets	<u>307,527</u>	<u>89,390</u>	<u>396,917</u>
Fixed assets:			
Equipment	371,641	-	371,641
Less accumulated depreciation	<u>(228,160)</u>	<u>-</u>	<u>(228,160)</u>
Total fixed assets	<u>143,481</u>	<u>-</u>	<u>143,481</u>
Total assets	<u>451,008</u>	<u>89,390</u>	<u>540,398</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	13,197	-	13,197
Interfund payable	97,488	-	97,488
Unearned revenue	11,117	24,428	35,545
Total current liabilities	<u>121,802</u>	<u>24,428</u>	<u>146,230</u>
Noncurrent liabilities:			
Compensated absences	38,788	1,260	40,048
Total Noncurrent Liabilities	<u>38,788</u>	<u>1,260</u>	<u>40,048</u>
Total Liabilities	<u>160,590</u>	<u>25,688</u>	<u>186,278</u>
NET POSITION:			
Net investment in capital assets	143,481	-	143,481
Unrestricted	146,937	63,702	210,639
Total net position	<u>\$ 290,418</u>	<u>\$ 63,702</u>	<u>\$ 354,120</u>

LOWER TOWNSHIP SCHOOL DISTRICT

Enterprise Funds

Statement of Revenues, Expenses and Changes in Fund Net Position
for the Fiscal Year ended June 30, 2025

	Food Service	Day Care Program	Total
OPERATING REVENUES:			
Local sources:			
Daily sales-reimbursable programs:			
School lunch program	\$ 135,338	\$ -	\$ 135,338
Total-daily sales-reimbursable programs	135,338	-	135,338
Daily sales non-reimbursable programs:			
Adult and AlaCarte meals	47,482	-	47,482
Registration Fees	-	305,384	305,384
Shared Service Agreement - LCMR	52,514	-	52,514
Miscellaneous	7,326	1,491	8,817
Special Functions	54,117	-	54,117
Total operating revenue	296,777	306,875	603,652
OPERATING EXPENSES:			
Salaries	478,978	259,122	738,100
Employee benefits	137,790	19,727	157,517
Supplies and materials	32,532	16,333	48,865
Depreciation	11,219	-	11,219
Cost of sales - reimbursable programs	326,831	-	326,831
Cost of sales - non-reimbursable programs	66,126	-	66,126
Purchased professional services	14,976	-	14,976
Other	1,760	-	1,760
Total operating expenses	1,070,212	295,182	1,365,394
Operating income (loss)	(773,435)	11,693	(761,742)
Non-operating revenues:			
State sources:			
State school lunch program	11,954	-	11,954
State school breakfast program	2,502	-	2,502
State after bell	12,006	-	12,006
NJEIE lunch	11,064	-	11,064
NJEIE breakfast	6,115	-	6,115
Summer-EBT, state portion	321	-	321
Federal sources:			
National school lunch program	398,173	-	398,173
School breakfast program	220,125	-	220,125
Supply chain assistance	-	-	-
Summer-EBT	322	-	322
Local food for schools	-	-	-
School equipment grant	-	-	-
U.S.D.A. commodities	88,345	-	88,345
Interest revenue	3,049	705	3,754
Total non-operating revenues	753,976	705	754,681
Net income (loss)	(19,459)	12,398	(7,061)
Other Items:			
Board contribution of capital assets	-	-	-
Change in net position	(19,459)	12,398	(7,061)
Total net position - July 1	309,877	51,304	361,181
Total net position - June 30	\$ 290,418	\$ 63,702	\$ 354,120

LOWER TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
for the Fiscal Year ended June 30, 2025

	Food Service	Day Care Program	Total
Cash flows from operating activities:			
Cash receipts from customers	\$ 283,447	\$ 346,761	\$ 630,208
Cash payments to employees for services	(624,394)	(277,590)	(901,984)
Cash payments to suppliers for goods and services	(336,076)	(16,333)	(352,409)
Net cash used by operating activities	(677,023)	52,838	(624,185)
Cash flows from noncapital financing activities:			
Board Contribution	-	-	-
Cash received from state and federal reimbursements	645,057	-	645,057
Net cash provided by noncapital financing activities	645,057	-	645,057
Cash flows from capital financing activities:			
Purchases of fixed assets	-	-	-
Net cash used by capital financing activities	-	-	-
Cash flows from investing activities:			
Interest on investments	3,049	705	3,049
Net cash provided by investing activities	3,049	705	3,049
Net increase (decrease) in cash and cash equivalents	(28,917)	53,543	24,626
Cash and cash equivalents, July 1	260,273	34,927	295,200
Cash and cash equivalents, June 30	\$ 231,356	\$ 88,470	\$ 319,826
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (773,435)	\$ 11,693	\$ (761,742)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation	11,219	-	11,219
Commodities	88,345	-	88,345
Change in assets and liabilities:			
(Increase)/decrease in accounts receivable	(10,784)	17,394	6,610
(Increase)/decrease in interfunds receivable	-	-	-
(Increase)/decrease in inventory	4,608	-	4,608
Increase/(decrease) in interfund payable	-	-	-
Increase/(decrease) in accounts payable	13,197	-	13,197
Increase/(decrease) in unearned revenue	(2,546)	22,491	19,945
Increase/(decrease) in compensated absences	(7,627)	1,260	(6,367)
Net cash used by operating activities	\$ (677,023)	\$ 52,838	\$ (624,185)

Long-Term Debt Schedules

LOWER TOWNSHIP SCHOOL DISTRICT
General Long-Term Debt Account Group
 Schedule of Serial Bonds
 June 30, 2025

Issue	Date of Issue	Amount of Issue	Annual Maturities		Rate of Interest	Balance July 1, 2024	Issued	Retired	Balance June 30, 2025
			Date	Amount					
2016 School Bonds	04/20/16	\$ 5,121,000	04/01/26	\$ 275,000	2.00%	\$ 3,716,000	\$ -	\$ 275,000	\$ 3,441,000
			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%				
				<u>\$ 3,441,000</u>					
			2022 School Bonds	05/10/22	15,625,000				
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%							
	<u>\$ 14,200,000</u>								
						<u>\$ 18,516,000</u>	<u>\$ -</u>	<u>\$ 875,000</u>	<u>\$ 17,641,000</u>

LOWER TOWNSHIP SCHOOL DISTRICT
General Long-Term Debt Account Group
 Schedule of Obligations Under Leases
 June 30, 2025

Purpose	Interest Rate Payable	Amount of Original Issue	Balance June 30, 2024	Issued	Retired	Balance June 30, 2025
Copiers	4.00%	\$ 175,848	\$ -	\$ 175,848	\$ 51,514	\$ 124,334
Copiers	4.00%	104,336	-	104,336	27,740	76,596
			<u>\$ -</u>	<u>\$ 280,184</u>	<u>\$ 79,254</u>	<u>\$ 200,930</u>

LOWER TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 688,208	\$ -	\$ 688,208	\$ 688,208	\$ -
Total revenues - local sources	<u>688,208</u>	<u>-</u>	<u>688,208</u>	<u>688,208</u>	<u>-</u>
State sources:					
Debt service aid type II	513,563		513,563	513,563	
Total revenues - state sources	<u>513,563</u>		<u>513,563</u>	<u>513,563</u>	
Total Revenues	<u>1,201,771</u>		<u>1,201,771</u>	<u>1,201,771</u>	
EXPENDITURES:					
Regular debt service:					
Interest	635,480		635,480	635,480	-
Redemption of principal	875,000		875,000	875,000	-
Total Expenditures	<u>1,510,480</u>		<u>1,510,480</u>	<u>1,510,480</u>	<u>-</u>
Excess (Deficiency) of revenues over (under) expenditures	(308,709)		(308,709)	(308,709)	-
Other Financing Sources (Uses):					
Operating transfer in				65,048	65,048
Total other financing sources (uses)				<u>65,048</u>	<u>65,048</u>
Net change in fund balance	(308,709)		(308,709)	(243,661)	65,048
Fund Balances, July 1	<u>718,536</u>		<u>718,536</u>	<u>718,536</u>	
Fund Balances, June 30	<u>\$ 409,827</u>	<u>\$ -</u>	<u>\$ 409,827</u>	<u>\$ 474,875</u>	<u>\$ 65,048</u>

LOWER TOWNSHIP SCHOOL DISTRICT
General Long-Term Debt Account Group
 Schedule of Obligations Under Financed Purchases
 June 30, 2025

Purpose	Interest Rate Payable	Amount of Original Issue	Balance June 30, 2024	Issued	Retired	Balance June 30, 2025
Energy Savings Improvement Program	3.350%	\$ 1,899,000	\$ 1,458,000	-	\$ 65,000	\$ 1,393,000
Total			<u>\$ 1,458,000</u>	<u>-</u>	<u>\$ 65,000</u>	<u>\$ 1,393,000</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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Net Investment in capital assets	\$ 4,859,924	\$ 4,927,155	\$ 3,435,758	\$ 3,787,063	\$ 4,377,767	\$ 4,184,490	\$ (11,804,140)	\$ (4,602,832)	\$ 6,504,874	\$ 7,187,415
Restricted for:										
Capital projects	4,807,566	168,438	1,666,128	1,766,801	1,878,195	2,416,554	17,481,803	13,999,271	3,667,620	2,871,438
Special revenue	(37,611)	(33,014)	(35,104)	(208,080)	(172,511)	51,305	70,010	91,029	93,749	96,362
Debt service	-	-	-	-	-	6,047	19,950	325,767	718,536	474,875
Other purposes	2,117,838	2,815,336	2,953,671	3,850,371	5,232,115	5,011,069	5,129,487	4,715,406	5,529,142	3,829,897
Unrestricted	(13,335,362)	(14,733,308)	(14,760,486)	(14,553,593)	(14,310,154)	(12,698,880)	(8,540,280)	(7,476,076)	(7,870,986)	(7,460,381)
Total governmental activities net position	<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>	<u>\$ 7,052,565</u>	<u>\$ 8,642,935</u>	<u>\$ 6,999,606</u>
Business-type activities:										
Net Investment in capital assets	\$ 5,566	\$ 4,077	\$ 2,525	\$ 1,224	\$ 11,071	\$ 10,108	\$ 43,097	\$ 41,805	\$ 154,700	\$ 143,481
Unrestricted	265,169	288,455	269,557	300,279	403,554	351,608	463,349	411,318	206,481	210,639
Total business-type activities net position	<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>	<u>\$ 453,123</u>	<u>\$ 361,181</u>	<u>\$ 354,120</u>
District-wide:										
Net Investment in capital assets	\$ 4,865,490	\$ 4,931,232	\$ 3,438,283	\$ 3,788,287	\$ 4,388,838	\$ 4,194,598	\$ (11,761,043)	\$ (4,561,027)	\$ 6,659,574	\$ 7,330,896
Restricted:										
Capital projects	4,807,566	168,438	1,666,128	1,766,801	1,878,195	2,416,554	17,481,803	13,999,271	3,667,620	2,871,438
Special revenue	(37,611)	(33,014)	(35,104)	(208,080)	(172,511)	51,305	70,010	91,029	93,749	96,362
Debt service	-	-	-	-	-	6,047	19,950	325,767	718,536	474,875
Other purposes	2,117,838	2,815,336	2,953,671	3,850,371	5,232,115	5,011,069	5,129,487	4,715,406	5,529,142	3,829,897
Unrestricted	(13,070,193)	(14,444,853)	(14,490,929)	(14,253,314)	(13,906,600)	(12,347,272)	(8,076,931)	(7,064,758)	(7,664,505)	(7,249,742)
Total district net position	<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>	<u>\$ 7,505,688</u>	<u>\$ 9,004,116</u>	<u>\$ 7,353,726</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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 9,924,274	\$ 9,841,467	\$ 9,855,187	\$ 10,438,907	\$ 10,823,478	\$ 11,371,808	\$ 10,617,587	\$ 10,555,187	\$ 10,300,110	\$ 10,653,776
Special education	2,254,597	2,127,188	1,959,179	1,979,440	2,055,202	2,175,695	2,173,031	2,101,079	2,101,375	2,399,179
Other instruction	56,246	160,031	240,045	251,537	216,668	180,695	178,967	181,918	226,938	206,600
Support Services:										
Tuition	897,749	922,182	703,106	930,604	1,122,960	921,920	806,808	645,981	297,122	583,654
Student & instruction related services	3,025,692	3,063,764	3,090,764	3,865,596	3,719,654	3,859,555	4,153,607	4,073,834	4,099,921	4,080,992
School administrative services	895,451	754,045	713,344	847,779	806,686	860,703	777,034	785,223	845,345	929,771
General and business administrative services	821,459	836,568	846,063	784,381	830,394	768,146	941,417	901,691	890,569	958,945
Plant operations and maintenance	2,633,408	6,947,278	4,623,372	2,834,531	2,423,969	3,382,634	4,141,844	3,003,426	2,857,959	3,137,687
Pupil transportation	1,189,906	1,198,539	1,093,784	1,217,779	1,127,366	1,086,710	1,212,231	1,247,753	1,231,272	1,298,445
Unallocated employee benefits	9,002,976	10,848,731	19,735,507	16,684,728	13,203,347	18,121,199	15,716,990	14,240,291	14,795,847	14,383,799
Interest on long-term debt	28,417	123,726	126,280	123,080	119,880	117,480	210,864	655,868	664,152	630,480
Unallocated depreciation	30,413	34,917	36,533	39,117	42,832	44,127	41,574	41,590	58,594	54,924
Total governmental activities expenses	<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>	<u>\$ 38,433,841</u>	<u>\$ 38,369,204</u>	<u>\$ 39,318,252</u>
Business-type activities:										
After-school program	\$ 371,862	\$ 395,856	\$ 386,705	\$ 338,463	\$ 295,342	\$ 261,753	\$ 279,073	\$ 299,080	\$ 294,497	\$ 295,182
Food service	1,045,665	1,006,919	1,017,055	885,567	766,521	842,071	1,201,550	1,101,767	1,159,555	1,070,212
Internal service fund	5,874,547	6,581,757	5,525,058	5,083,272	3,729,268	1,755,000	-	-	-	-
Total business-type activities expense	<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>	<u>1,400,847</u>	<u>1,454,052</u>	<u>1,365,394</u>
Total district expenses	<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>	<u>\$ 39,834,688</u>	<u>\$ 39,823,256</u>	<u>\$ 40,683,646</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ -	\$ 5,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation fees	-	-	-	-	-	28,660	-	-	-	-
Operating grants and contributions	4,175,177	4,422,074	15,668,092	13,885,452	11,291,597	17,956,399	15,818,446	14,336,298	14,029,693	12,703,070
Total governmental activities program revenues	<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>	<u>\$ 14,336,298</u>	<u>\$ 14,029,693</u>	<u>\$ 12,703,070</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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business-type activities:										
Charges for services:										
After-school program	\$ 388,785	\$ 412,910	\$ 428,299	\$ 342,642	\$ 259,209	\$ 35,030	\$ 264,339	\$ 279,280	\$ 251,104	\$ 306,875
Food service	241,342	249,714	243,296	231,868	206,324	178,664	123,248	300,022	328,369	296,777
Internal service fund	5,874,547	6,581,757	5,525,058	5,083,272	3,729,268	1,755,000	-	-	-	-
Operating grants and contributions	775,868	761,743	711,546	675,230	650,412	831,573	1,234,027	763,727	765,476	750,927
Total business type activities program revenues	7,280,542	8,006,124	6,908,199	6,333,012	4,845,213	2,800,267	1,621,614	1,343,029	1,344,949	1,354,579
Total district program revenues	\$ 11,455,719	\$ 12,428,198	\$ 22,576,291	\$ 20,223,614	\$ 16,136,810	\$ 20,785,326	\$ 17,440,060	\$ 15,679,327	\$ 15,374,642	\$ 14,057,649
Net (Expense)/Revenue:										
Governmental activities	\$ (26,585,411)	\$ (32,436,362)	\$ (27,355,072)	\$ (26,106,877)	\$ (25,200,839)	\$ (24,905,613)	\$ (25,153,508)	\$ (24,097,543)	\$ (24,339,511)	\$ (26,615,182)
Business-type activities	(11,532)	21,592	(20,619)	25,710	54,082	(58,557)	140,991	(57,818)	(109,103)	(10,815)
Total district-wide net expense	\$ (26,596,943)	\$ (32,414,770)	\$ (27,375,691)	\$ (26,081,167)	\$ (25,146,757)	\$ (24,964,170)	\$ (25,012,517)	\$ (24,155,361)	\$ (24,448,614)	\$ (26,625,997)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 16,317,286	\$ 16,643,631	\$ 16,812,338	\$ 17,148,584	\$ 17,655,724	\$ 18,008,838	\$ 18,369,015	\$ 18,736,395	\$ 19,254,139	\$ 19,831,002
Taxes levied for debt service	-	129,114	148,227	177,363	185,049	207,902	220,761	620,170	947,134	688,208
Unrestricted grants and contributions	10,307,539	10,366,506	10,181,719	9,876,869	9,475,084	8,242,674	9,835,915	8,688,206	4,900,538	4,248,839
Tuition	34,062	15,593	63,462	-	-	-	-	-	-	-
Miscellaneous income	94,266	13,770	274,686	276,656	299,682	194,728	104,846	263,141	404,090	116,933
Interest	-	-	-	-	-	-	39,718	485,366	423,980	86,871
Loss on Disposal of Assets	-	-	-	-	-	-	(30,502)	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	\$ 26,753,153	\$ 27,168,614	\$ 27,480,432	\$ 27,479,472	\$ 27,615,539	\$ 26,654,142	\$ 28,539,753	\$ 28,793,278	\$ 25,929,881	\$ 24,971,853
Business-type activities:										
Investment earnings	\$ 80	\$ 205	\$ 169	\$ 3,711	\$ 7,190	\$ 5,648	\$ 3,739	\$ 4,495	\$ 4,361	\$ 3,754
Contributed capital	-	-	-	-	-	-	-	-	12,800	-
Transfers	-	-	-	-	51,850	-	-	-	-	-
Total business-type activities	80	205	169	3,711	59,040	5,648	3,739	4,495	17,161	3,754
Total district-wide	\$ 26,753,233	\$ 27,168,819	\$ 27,480,601	\$ 27,483,183	\$ 27,674,579	\$ 26,659,790	\$ 28,543,492	\$ 28,797,773	\$ 25,947,042	\$ 24,975,607
Change in Net Position:										
Governmental activities	\$ 167,742	\$ (5,267,748)	\$ 125,360	\$ 1,372,595	\$ 2,414,700	\$ 1,748,529	\$ 3,386,245	\$ 4,695,735	\$ 1,590,370	\$ (1,643,329)
Business-type activities	(11,452)	21,797	(20,450)	29,421	113,122	(52,909)	144,730	(53,323)	(91,942)	(7,061)
Total district-wide	\$ 156,290	\$ (5,245,951)	\$ 104,910	\$ 1,402,016	\$ 2,527,822	\$ 1,695,620	\$ 3,530,975	\$ 4,642,412	\$ 1,498,428	\$ (1,650,390)

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Reserved for:										
Encumbrances	\$ 10,544	\$ 454,505	\$ 52,292	\$ 79,087	\$ 671,641	\$ 300,565	\$ 1,240,977	\$ 172,656	\$ 266,258	\$ 1,009,138
Maintenance reserve	1,299,000	1,156,000	1,299,137	1,299,137	1,299,021	1,299,021	1,010,119	716,256	1,023,687	706,856
Capital reserve	1	1	1,500,000	1,600,689	1,712,083	2,250,442	166,964	293,191	796,232	805,542
Emergency reserve	-	-	-	-	250,000	250,000	250,000	150,000	150,000	150,000
Unemployment compensation	-	-	-	-	-	219,137	254,294	257,477	261,158	282,103
Excess surplus	604,902	575,089	1,008,403	1,461,869	1,490,505	1,752,406	1,862,668	1,729,005	2,365,292	325,646
Excess surplus - designated for subsequent years expenditures	164,441	604,902	575,089	1,008,403	1,461,869	1,490,505	1,752,406	1,862,668	1,729,005	2,365,292
Unassigned - designated for subsequent years expenditures	38,611	14,483	18,513	-	54,269	93,106	200,001	1,814,429	808,504	116,679
Unassigned	(361,376)	(350,134)	(343,952)	(269,803)	(130,993)	524,718	1,853,129	944,477	343,535	418,069
Total general fund	<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>	<u>\$ 7,940,159</u>	<u>\$ 7,743,671</u>	<u>\$ 6,179,325</u>
All Other Governmental Funds										
Reserved:										
Encumbrances	\$ 4,261,640	\$ 28,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,643,638	\$ 884,319	\$ 1,718,144
Unreserved, reported in:										
Special revenue fund	(37,611)	(33,014)	(35,104)	(208,080)	(172,511)	(226,279)	(227,541)	(239,771)	(256,430)	(278,590)
Capital projects fund	545,925	139,639	166,128	166,112	166,112	166,112	17,314,839	2,062,442	1,987,069	347,752
Debt service fund	340	10,357	10,237	1,875	4,810	6,047	19,950	325,767	718,536	474,875
Total all other governmental funds	<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>	<u>\$ 13,792,076</u>	<u>\$ 3,333,494</u>	<u>\$ 2,262,181</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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Tax levy	\$ 16,317,286	\$ 16,772,745	\$ 16,960,565	\$ 17,325,947	\$ 17,840,773	\$ 18,216,740	\$ 18,589,776	\$ 19,356,565	\$ 20,201,273	\$ 20,519,210
Tuition charges	34,062	15,593	63,462	5,150	-	-	-	-	-	-
Transportation charges	-	-	-	39,849	23,763	28,660	-	-	-	-
Interest Earned	-	-	-	-	-	-	36,061	7,364	10,473	17,478
Other restricted miscellaneous	-	-	-	-	-	5,455	3,657	478,002	413,507	69,393
Miscellaneous	94,691	13,770	276,464	236,807	275,919	189,273	104,846	263,141	404,090	116,933
Local sources	-	-	-	-	-	20,365	34,563	65,160	40,865	43,886
State sources	13,307,047	13,698,355	14,202,231	15,965,362	15,530,282	16,278,993	19,241,806	15,750,136	15,263,056	14,613,896
Federal sources	1,175,244	1,090,225	1,274,506	1,185,952	1,172,890	1,822,696	2,263,053	5,283,506	1,830,398	968,578
Total revenue	\$ 30,928,330	\$ 31,590,688	\$ 32,777,228	\$ 34,759,067	\$ 34,843,627	\$ 36,562,182	\$ 40,273,762	\$ 41,203,874	\$ 38,163,662	\$ 36,349,374
Expenditures										
Instruction										
Regular Instruction	\$ 9,514,376	\$ 9,168,499	\$ 9,399,936	\$ 9,770,753	\$ 9,777,873	\$ 10,735,172	\$ 10,371,004	\$ 10,057,175	\$ 9,684,969	\$ 9,463,281
Special education instruction	2,254,597	2,127,188	1,959,179	1,979,440	2,055,202	2,175,695	2,173,031	2,101,079	2,101,375	2,399,179
Other instruction	56,246	160,031	240,045	251,537	216,668	180,695	178,967	181,918	226,938	206,600
Support Services:										
Tuition	897,749	922,182	703,106	930,604	1,122,960	921,920	806,808	645,981	297,122	583,654
Student & instruction related services	3,025,692	3,063,764	3,090,764	3,865,596	3,719,654	3,859,555	4,153,607	4,073,834	4,099,921	4,080,992
School administrative services	834,626	754,045	713,344	769,544	721,023	677,892	693,887	702,043	728,111	807,516
General and business admin.services	821,459	766,735	772,995	784,381	830,394	860,703	928,787	901,691	890,554	954,809
Plant operations and maintenance	2,663,832	2,737,570	3,198,569	2,936,945	2,780,195	2,940,963	2,603,125	2,890,492	2,866,458	3,099,477
Pupil transportation	1,189,906	1,198,539	1,093,784	1,217,779	1,127,366	1,086,710	1,212,231	1,247,753	1,231,272	1,298,445
Unallocated employee benefits	8,852,642	9,627,036	9,273,929	10,326,172	9,689,627	10,887,514	13,178,430	13,633,198	13,926,015	13,718,424
Capital outlay	479,437	4,870,517	2,293,480	753,890	802,618	815,553	1,688,379	7,823,055	11,020,611	1,142,360
Debt service:										
Principal	-	-	160,000	160,000	160,000	200,000	225,000	250,000	1,075,000	875,000
Interest and other charges	-	120,373	127,080	123,880	120,680	117,480	113,480	661,226	670,386	635,480
Total expenditures	30,590,562	35,516,479	33,026,211	33,870,521	33,124,260	35,459,852	38,326,736	45,169,445	48,818,732	39,265,217
Excess (Deficiency) of revenues over (under) expenditures	337,768	(3,925,791)	(248,983)	888,546	1,719,367	1,102,330	1,947,026	(3,965,571)	(10,655,070)	(2,915,843)
Other Financing sources (uses)										
Cancelled SDA Grant	-	-	1,899,000	-	-	-	-	-	-	-
Proceeds of Borrowing	5,121,000	-	-	-	-	-	15,625,000	-	-	280,184
Transfers in	340	1,276	200	1,635	3,135	301,792	2,534,122	1,026,164	548,787	285,608
Transfers out	(340)	(1,276)	(200)	(1,635)	(54,985)	(301,792)	(2,534,122)	(1,026,164)	(548,787)	(285,608)
Total other financing sources (uses)	5,121,000	-	1,899,000	-	(51,850)	-	15,625,000	-	-	280,184
Net change in fund balances	\$ 5,458,768	\$ (3,925,791)	\$ 1,650,017	\$ 888,546	\$ 1,667,517	\$ 1,102,330	\$ 17,572,026	\$ (3,965,571)	\$(10,655,070)	\$ (2,635,659)
Debt service as a percentage of noncapital expenditures	0.00%	0.39%	0.93%	0.86%	0.87%	0.92%	0.92%	2.44%	4.62%	3.96%

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>
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
2023	71,328	-	182,713	-	-	-	7,875	-	1,225	263,141
2024	68,900	-	30,644	-	-	-	300,500	-	4,046	404,090
2025	103,050	-	-	526	-	-	13,357	-	-	116,933
	<u>\$ 718,764</u>	<u>\$ 118,267</u>	<u>\$ 627,175</u>	<u>\$ 12,468</u>	<u>\$ -</u>	<u>\$ 78,520</u>	<u>\$ 416,396</u>	<u>\$ 94,864</u>	<u>\$ 24,946</u>	<u>\$ 2,091,400</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 June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
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
2023	60,959,300	3,379,936,100	6,402,500	591,200	263,310,000	11,432,200	3,722,631,300	3,601,363	3,726,232,663	251,652,600	0.531	5,727,842,830
2024	60,107,000	3,390,563,700	7,356,400	621,200	262,623,400	11,432,200	3,732,703,900	3,195,622	3,735,899,522	255,601,200	0.545	6,471,890,720
2025	59,612,000	3,424,942,600	7,915,900	632,700	261,804,100	11,432,200	3,766,339,500	2,781,590	3,769,121,090	261,724,300	0.550	7,500,704,928

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				
2016	\$ 0.456	\$ 0.002	\$ 0.458	\$ 0.556	\$ 0.389	\$ 0.270	\$ 1.673
2017	0.462	0.004	0.466	0.574	0.381	0.276	1.697
2018	0.468	0.004	0.472	0.575	0.360	0.289	1.696
2019	0.478	0.005	0.483	0.584	0.368	0.303	1.738
2020	0.489	0.005	0.494	0.584	0.390	0.315	1.783
2021	0.495	0.006	0.501	0.595	0.385	0.331	1.812
2022	0.507	0.006	0.513	0.596	0.400	0.362	1.871
2023	0.510	0.021	0.531	0.618	0.392	0.390	1.931
2024	0.523	0.022	0.545	0.618	0.407	0.391	1.961
2025	0.533	0.017	0.550	0.633	0.424	0.411	2.018

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	2025		Taxpayer	2016	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Sun Lake Laurie RV, Inc.	\$ 27,506,800	0.73%	Harbortown Resort Marina	\$ 14,292,900	0.42%
Achristavest Pier 6600, LLC	14,330,200	0.38%	Jenlo Corp	11,700,000	0.29%
Jenlo Corp. & Harlo Inc	11,700,000	0.31%	FC-Gen Real Estate, LLC	10,500,000	0.28%
LGC Shaw LLC	10,101,400	0.27%	Achristavest Pier 6600, LLC	10,367,000	0.28%
Bayshore Mall 1A, LLC	9,744,200	0.26%	Shaw Limited partnership	10,101,400	0.24%
Harbortown Resort Marine, Inc.	8,035,100	0.21%	Sun Lake Laurie RV Resort, LLC	8,800,000	0.24%
Beachcomber Campground, Inc	6,749,100	0.18%	Bayshore Mall, LLC	8,512,700	0.21%
Cold Spring Fish & Supply Co	6,302,900	0.17%	Seashore Campsites, Inc.	8,500,000	0.18%
Victoria Commons Reality, LLC	6,000,000	0.16%	Beachcomber Campground, Inc	6,436,200	0.18%
Channels Apts @ NY Comm	6,000,000	0.16%	Cape Island Associates	6,021,400	0.17%
Total	\$ 106,469,700	2.82%	Total	\$ 95,231,600	2.48%

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	
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%	-
2023	19,356,565	19,356,565	100.00%	-
2024	20,201,273	20,201,273	100.00%	-
2025	20,519,210	20,519,210	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			
2016	\$ 5,121,000	\$ 59,724	\$ 5,180,724	0.45%	\$ 237
2017	5,121,000	40,285	5,161,285	0.43%	238
2018	4,961,000	1,919,381	6,880,381	0.55%	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	0.38%	275
2022	19,841,000	1,635,131	21,476,131	1.33%	970
2023	19,591,000	1,518,316	21,109,316	1.30%	965
2024	18,516,000	1,458,000	19,974,000	c	920
2025	17,641,000	1,593,930	19,234,930	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		
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%	897
2023	19,591,000	-	19,591,000	0.53%	895
2024	18,516,000	-	18,516,000	0.50%	c
2025	17,641,000	-	17,641,000	0.47%	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, 2024**

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	\$ 33,623,862	100.000%	\$ 33,623,862
Cape May County General Obligation Debt	344,761,536	7.366%	25,395,135
Lower Cape May Regional School District Debt	17,842,000	52.287%	<u>9,329,052</u>
Subtotal, overlapping debt			68,348,049
Lower Township School District Direct Debt			<u>18,516,000</u>
Total direct and overlapping debt			<u><u>\$ 86,864,049</u></u>

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

Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of 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 2025

	Equalized valuation basis	
	2022	5,674,043,899
	2023	6,439,424,494
	2024	<u>7,417,933,029</u>
	[A]	<u>\$ 19,531,401,422</u>
Average equalized valuation of taxable property	[A/3]	\$ 6,510,467,141
Debt limit (2.5% of average equalized valuation)	[B]	162,761,679
Net bonded school debt	[C]	<u>17,641,000</u>
Legal debt margin	[B-C]	<u>\$ 145,120,679</u>

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	\$ 87,877,105	\$ 93,615,145	\$ 95,169,587	\$ 97,476,471	\$ 100,851,523	\$ 104,434,480	\$ 110,364,776	\$ 122,795,613	\$ 140,500,602	\$ 162,761,679
Total net debt applicable to limit	<u>5,121,000</u>	<u>5,121,000</u>	<u>4,961,000</u>	<u>4,801,000</u>	<u>4,641,000</u>	<u>4,441,000</u>	<u>19,841,000</u>	<u>19,591,000</u>	<u>18,516,000</u>	<u>17,641,000</u>
Legal debt margin	<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>	<u>\$ 103,204,613</u>	<u>\$ 121,984,602</u>	<u>\$ 145,120,679</u>
Total net debt applicable to the limit as a percentage of debt limit	5.83%	5.47%	5.21%	4.93%	4.60%	4.25%	17.98%	15.95%	13.18%	10.84%

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>
2016	21,854	\$ 1,154,503,112	\$ 52,828	10.90%
2017	21,698	1,204,152,208	55,496	10.60%
2018	21,485	1,247,225,735	58,051	9.50%
2019	21,732	1,351,382,688	62,184	8.20%
2020	21,202	1,441,545,182	67,991	16.10%
2021	22,094	1,619,114,602	73,283	10.90%
2022	22,129	1,620,727,960	73,240	7.80%
2023	21,886	1,728,184,218	78,963	8.50%
2024	21,705	e	e	8.60%
2025	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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Instruction										
Regular	114	116	116	119	122	137	132	129	128	127
Special education	25	27	27	27	27	26	25	23	20	20
Other special education										
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	36	40	40	46	57	69	76	76	77	77
School administrative services	9	15	15	15	15	15	15	15	14	14
General and business administrative services	2	2	2	2	2	3	2	2	2	2
Plant operations and maintenance	22	26	26	26	26	26	26	26	25	25
Pupil transportation	18	18	18	18	17	18	18	16	26	32
Business and other support services	4	4	3	3	3	3	3	3	3	3
Special Schools										
Food Service	11	12	12	11	11	11	12	13	12	12
Child Care	2	2	2	2	2	1	1	1	1	2
Total	243	262	261	269	282	309	310	304	308	314

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 Elementary	Average Daily Enrollment (ADE) ^c	Attendance (ADA) ^c	Average Daily Enrollment	Attendance Percentage
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	20.30%	157	1:09	1,496	1,358	-0.40%	90.78%
2023	1,235	36,435,164	29,502	6.80%	152	1:09	1,449	1,339	-3.10%	92.41%
2024	1,232	36,052,735	29,264	-0.81%	148	1:09	1,534	1,440	5.87%	93.87%
2025	1,206	36,612,377	30,359	-0.81%	148	1:09	1,370	1,285	5.87%	93.80%

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**

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<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	455	431	443	485	434	385	352	320	357	335
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	439	452	433	432	385	355	356	310	378	326
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	387	375	390	342	338	318	320	282	315	277
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	444	409	391	454	450	444	468	427	484	432

Number of Schools at June 30, 2025
Elementary = 4

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

* School Facilities	Fiscal Year Ending June 30,										Total
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Sandman Consolidated School	\$ 172,866	\$ 212,553	\$ 274,392	\$ 162,366	\$ 143,031	\$ 174,569	\$ 139,463	\$ 121,257	\$ 126,815	\$ 121,149	\$ 1,648,461
Maud Abrams School	166,463	204,681	264,229	156,352	137,734	168,104	134,298	116,766	122,119	116,662	1,587,408
Carl T. Mitnick School	192,073	236,171	304,880	180,406	158,923	193,966	154,959	134,730	140,906	134,610	1,831,624
Memorial School	108,841	133,830	172,766	102,230	90,057	109,914	87,810	76,347	79,847	76,278	1,037,920
Total School Facilities	<u>\$ 640,243</u>	<u>\$ 787,235</u>	<u>\$ 1,016,267</u>	<u>\$ 601,354</u>	<u>\$ 529,745</u>	<u>\$ 646,553</u>	<u>\$ 516,530</u>	<u>\$ 449,100</u>	<u>\$ 469,687</u>	<u>\$ 448,699</u>	<u>\$ 6,105,413</u>

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

Source: District records

**Lower Township School District
Insurance Schedule
June 30, 2025**

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
Educators Legal Liability	27,000,000	250,000	None
General and Automobile Liability	27,000,000	250,000	None
Workers' Compensation	Statutory	250,000	None
Employer's Liability	10,000,000		
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
Certified Public Accountants

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

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

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
of the Board of Education
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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated November 28, 2025.

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
November 28, 2025

INVERSO & STEWART, LLC
Certified Public Accountants

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 New Jersey Society of CPAs

**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, 2025. 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, 2025.

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
November 28, 2025

LOWER TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2025

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, 2024			Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2025									
						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 Human Services:																						
General Fund:																						
Medicaid Assistance Program (SEMI)	93.778	2405NJ5MAP	N/A	\$ 32,649	7/1/24 - 6/30/25	\$ -	\$ -	\$ -	\$ -	\$ 32,649	\$ (32,649)	\$ -	\$ -	\$ -	\$ -							
Total General Fund																						
U.S. Department of Education																						
Passed-through State Department of Education:																						
Special Revenue Fund:																						
Every Student Succeeds Act (ESSA)																						
Title I	84.010	S010A240030	ESSA-2840-25	512,954	7/1/24 - 9/30/25					278,633	(469,525)		(190,892)									
Title I	84.010	S010A230030	ESSA-2840-24	545,455	7/1/23 - 9/30/24	(273,581)				273,581												
Title II - Part A	84.367A	S367A240029	ESSA-2840-25	76,344	7/1/24 - 9/30/25					48,198	(50,710)		(2,512)									
Title II - Part A	84.367A	S367A230029	ESSA-2840-24	59,269	7/1/23 - 9/30/24	(15,403)				15,403												
Title III	84.365	S365A240030	ESSA-2840-25	16,214	7/1/24 - 9/30/25					5,039	(8,340)		(3,301)									
Title III	84.365	S365A230030	ESSA-2840-24	18,200	7/1/23 - 9/30/24	(3,620)				3,620												
Individuals With Disabilities Act (I.D.E.A.)																						
Part B - Basic	84.027A	H027A240100	IDEA-2840-25	474,972	7/1/24 - 9/30/25					427,475	(474,972)		(47,497)									
Part B - Basic	84.027A	H027A230100	IDEA-2840-24	489,162	7/1/23 - 9/30/24	(86,499)				86,499												
Preschool	84.173A	H173A240114	IDEA-2840-25	27,365	7/1/24 - 9/30/25					24,629	(27,365)		(2,736)									
Preschool	84.173A	H173A230114	IDEA-2840-24	28,090	7/1/23 - 9/30/24	(5,618)				5,618												
American Rescue Plan:																						
ARP - ESSER III	84.425U	S425U210027	N/A	3,542,208	3/13/20 - 9/30/24	(682,107)				682,107												
ARP - Accelerated Learning	84.425U	S425U210027	N/A	145,666	3/13/20 - 9/30/24	(116,678)				126,392	(9,714)											
ARP - Mental Health	84.425U	S425U210027	N/A	45,000	3/13/20 - 9/30/24	(37,955)				37,955												
ARP - Homeless	84.425W	S425W210027	N/A	19,548	3/13/20 - 9/30/24	(1,017)				1,017												
ARP - New Jersey High Impact Tutoring	84.425V	S425V210031	N/A	166,513	10/11/23 - 8/31/24	(117,500)				160,793	(49,013)		(5,720)									
Total Special Revenue Fund																						
						(1,339,978)				2,176,959	(1,089,639)		(252,658)									
U.S. Department of Agriculture																						
Passed-through State Department of Agriculture:																						
Enterprise Fund:																						
Food Distribution Program	10.555	251NJ304N1099	N/A	88,345	10/1/24 - 9/30/25					88,345	(88,345)											
National School Lunch Program	10.555	251NJ304N1099	N/A	350,175	10/1/24 - 9/30/25					369,457	(398,173)		(28,716)									
National School Lunch Program	10.555	241NJ304N1099	N/A	350,175	10/1/23 - 9/30/24	(18,344)				18,344												
School Breakfast Program	10.553	251NJ304N1099	N/A	186,493	10/1/24 - 9/30/25					205,512	(220,125)		(14,613)									
School Breakfast Program	10.553	241NJ304N1099	N/A	186,493	10/1/23 - 9/30/24	(8,703)				8,703												
Summer-EBT Administrative Cost	10.646	202424N180341	N/A	322	10/1/24 - 9/30/25					322	(322)											
Total Enterprise Fund																						
						(27,047)				690,683	(706,965)		(43,329)									
Total Federal Awards						\$ (1,367,025)	\$ -	\$ -	\$ -	\$ 2,900,291	\$ (1,829,253)	\$ -	\$ (295,987)	\$ -	\$ -							

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, 2025

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Local Share	Grant Period	June 30, 2024			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	June 30, 2025									
					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	25-495-034-5120-078	\$ 184,386	\$ -	7/1/24 - 6/30/25	\$ -	\$ -	\$ -	\$ -	\$ 170,084	\$ (184,386)	\$ -	\$ -	\$ (14,302)	\$ -	\$ -							
Equalization Aid	24-495-034-5120-078	415,022	-	7/1/23 - 6/30/24	(33,183)				33,183													
School Choice Aid	25-495-034-5120-068	1,235,376		7/1/24 - 6/30/25				1,139,551	(1,235,376)				(95,825)									
School Choice Aid	24-495-034-5120-068	1,140,840		7/1/23 - 6/30/24	(91,246)			91,246														
Transportation Aid	25-495-034-5120-014	836,392		7/1/24 - 6/30/25				771,515	(836,392)				(64,877)									
Transportation Aid	24-495-034-5120-014	836,392		7/1/23 - 6/30/24	(66,874)			66,874														
Special Education Categorical Aid	25-495-034-5120-089	912,905		7/1/24 - 6/30/25				842,093	(912,905)				(70,812)									
Special Education Categorical Aid	24-495-034-5120-089	912,905		7/1/23 - 6/30/24	(72,992)			72,992														
Security Aid	25-495-034-5120-084	492,388		7/1/24 - 6/30/25				454,195	(492,388)				(38,193)									
Security Aid	24-495-034-5120-084	492,388		7/1/23 - 6/30/24	(39,369)			39,369														
Non Public Transportation Aid	25-495-034-5120-014	19,614		7/1/24 - 6/30/25					(19,614)				(19,614)									
Non Public Transportation Aid	24-495-034-5120-014	25,935		7/1/23 - 6/30/24	(25,935)			25,935														
Homeless Tuition Aid	25-495-034-5120-005	9,114		7/1/24 - 6/30/25					(9,114)				(9,114)									
Homeless Tuition Aid	24-495-034-5120-005	4,489		7/1/23 - 6/30/24	(4,489)			4,489														
Extraordinary Aid	25-495-034-5120-044	172,222		7/1/24 - 6/30/25					(172,222)				(172,222)									
Extraordinary Aid	24-495-034-5120-044	141,471		7/1/23 - 6/30/24	(141,471)			141,471														
Stabilized School Budget Aid	25-100-034-5120-494	61,245		7/1/24 - 6/30/25				61,245	(61,245)													
Menstrual Product Reimbursement	N/A	2,079							(2,079)				(2,079)									
On Behalf TPAF Pension	25-495-034-5094-002	4,290,691		7/1/24 - 6/30/25				4,290,691	(4,290,691)													
On Behalf TPAF Post Retirement Medical	25-495-034-5094-001	1,253,743		7/1/24 - 6/30/25				1,253,743	(1,253,743)													
On Behalf TPAF LTDI	25-495-034-5094-004	1,893		7/1/24 - 6/30/25				1,893	(1,893)													
Reimbursed TPAF Social Security Contributions	25-495-034-5094-003	884,591		7/1/24 - 6/30/25				884,591	(884,591)													
Reimbursed TPAF Social Security Contributions	24-495-034-5094-003	879,966		7/1/23 - 6/30/24	(43,450)			43,450														
Total General Fund					(519,009)			10,388,610	(10,356,639)				(487,038)									
<u>Special Revenue Fund:</u>																						
Preschool Education Aid	25-495-034-5120-086	3,749,520	220,560	7/1/24 - 6/30/25				3,595,128	(3,969,401)				(374,952)	679								
Preschool Education Aid	24-495-034-5120-086	3,308,004	138,960	7/1/23 - 6/30/24	(350,179)	4,419		350,179					4,419									
Preschool Expansion Grant	N/A	600,000		7/24/23 - 8/31/24					(600,000)				(600,000)									
Local Recreation Improvement Grant	25-495-022-8030-668	74,916		4/25/25 - 4/30/27					(74,916)				(74,916)									
Total Special Revenue Fund					(350,179)	4,419		3,945,307	(4,644,317)				(1,049,868)	5,098								
<u>Debt Service Fund</u>																						
Debt Service Aid Type II	25-495-034-5120-017	513,563		7/1/24 - 6/30/25				513,563	(513,563)													
State Department of Agriculture																						
<u>Enterprise Fund:</u>																						
State School Breakfast Program	25-100-010-3350-023	20,624		7/1/24 - 6/30/25				19,259	(20,623)				(1,364)									
State School Breakfast Program	24-100-010-3350-023	18,569		7/1/23 - 6/30/24	(801)			801														
State School Lunch Program	25-100-010-3350-023	23,018		7/1/24 - 6/30/25				21,300	(23,018)				(1,718)									
State School Lunch Program	24-100-010-3350-023	21,192		7/1/23 - 6/30/24	(1,038)			1,038														
Summer-EBT Administrative Cost	N/A	321		7/1/24 - 6/30/25				321	(321)													
Total Enterprise Fund					(1,839)			42,719	(43,962)				(3,082)									
Total State Financial Assistance					\$ (871,027)	\$ 4,419	\$ -	\$ -	\$ 14,890,199	(15,558,481)	\$ -	\$ -	\$ (1,539,988)	\$ 5,098	\$ -							
Less: State Financial Assistance Not Subject to Major Program Determination:																						
On Behalf TPAF Pension	25-495-034-5094-002	4,290,691		7/1/24 - 6/30/25					(4,290,691)													
On Behalf TPAF Post Retirement Medical	25-495-034-5094-001	1,253,743		7/1/24 - 6/30/25					(1,253,743)													
On Behalf TPAF LTDI	25-495-034-5094-004	1,893		7/1/24 - 6/30/25					(1,893)													
Total State Financial Assistance Subject to Major Program Determination									\$ (10,012,154)													

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, 2025**

1. 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 \$19,626 in the general fund and (\$1,073,959) 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	\$ 32,649	\$ 10,376,265	\$ 10,408,914
Special Revenue Fund	935,929	3,724,068	4,659,997
Debt Service Fund	-	513,563	513,563
Food Service Fund	706,965	43,962	750,927
	<u>1,675,543</u>	<u>14,657,858</u>	<u>16,333,401</u>
Total Awards & Financial Assistance	<u>\$ 1,675,543</u>	<u>\$ 14,657,858</u>	<u>\$ 16,333,401</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, 2025**

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, 2025. 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, 2025.

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, 2025**

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>10.555</u>	<u>251NJ304N1199</u>	<u>Child Nutrition Cluster: Food Distribution Program</u>
<u>10.553</u>	<u>251NJ304N1199</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>251NJ304N1199</u>	<u>National School Lunch Program</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
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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, 2024**

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 identified.

**LOWER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**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

Finding No. 2024-01

That detailed cash receipt records be maintained for the Day Care Program.

Current Status

Correction action has been taken on the prior year's finding.

FEDERAL AWARDS

There were no prior year audit findings.

STATE AWARDS

There were no prior year audit findings.