

**SCHOOL DISTRICT
OF**

**LOWER
CAPE MAY
REGIONAL**

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025**

Annual Comprehensive Financial Report

of the

Lower Cape May Regional Board of Education

Cape May, New Jersey

For the Fiscal Year Ended June 30, 2025

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT

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Introductory Section

GREGORY M. LASHER
Superintendent

THOMAS CONNELLY JR.
President

MARK MALLETT
Business Administrator/Board Secretary

GARY DOUGLASS
Vice-President

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

CITY OF CAPE MAY

TOWNSHIP OF LOWER

BOROUGH OF WEST CAPE MAY

November 17, 2025

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

The comprehensive annual financial report of the Lower Cape May Regional School District for the fiscal year ended June 30, 2025 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels 7 through 12. These include regular and vocational, as well as special education for handicapped youngsters. The District completed the 2024-2025 fiscal year with an average daily enrollment of 1,092 students, which is a slightly lower than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2024/25	1,092	(1.89)%
2023/24	1,113	(4.95)%
2022/23	1,171	(0.08)%
2021/22	1,172	(3.06)%
2020/21	1,209	(4.80)%
2019/20	1,270	(0.55)%
2018/19	1,277	(3.11)%
2017/18	1,318	(0.53)%
2016/17	1,325	(2.14)%
2015/16	1,354	(3.70)%

2. ECONOMIC CONDITION AND OUTLOOK:

Lower Township

Description of Governmental Structure:

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

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

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

Population:

The population growth in the Township of Lower for the 1940 to 2020 period is as follows:

1940 Federal Census	1,705
1950 Federal Census	2,737
1960 Federal Census	6,332
1970 Federal Census	10,154
1980 Federal Census	17,037
1990 Federal Census	20,820
2000 Federal Census	22,945
2010 Federal Census	22,866
2020 Federal Census	20,057

Cape May

Governmental Structure:

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

History and Geography:

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

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

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

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

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

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

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

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

West Cape May

West Cape May was incorporated in 1884. The historic core of the Borough was placed on the National Register of Historic Places along with sections of the City of Cape May in 1976. The area has a rich agricultural history which continues to be celebrated each year with a summer farmers' market, and strawberry, tomato and lima bean festivals.

3. MAJOR INITIATIVES:

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

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

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

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2024.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

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

9. OTHER INFORMATION:

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

10. ACKNOWLEDGEMENTS:

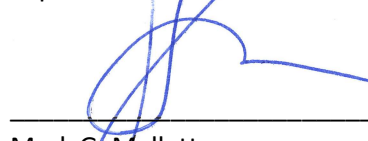
We would like to express our appreciation to the members of the Lower Cape May Regional School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance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

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

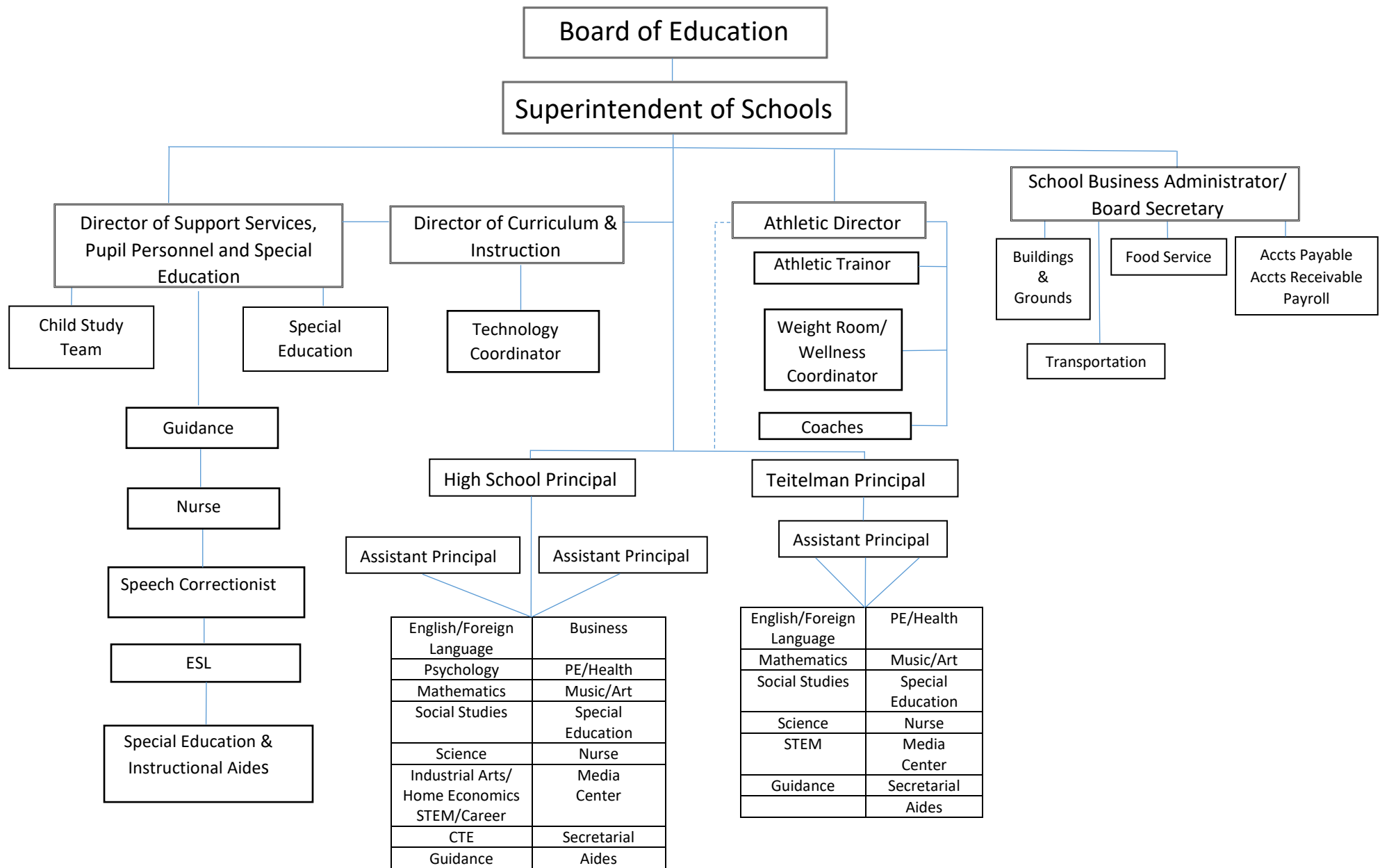
Respectfully submitted,



Gregory M. Lasher
Superintendent



Mark G. Mallett
Business Administrator/Board Secretary



**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
CAPE MAY, NEW JERSEY 08204
ROSTER OF OFFICIALS
JUNE 30, 2025**

Members of the Board of Education	Term Expires
Thomas Connelly, Jr. President	2026
Gary Douglass Vice President	2025
Roy Abrams Jr.	2025
Kelly Cronin	2027
Kathleen Elwell	2026
Glenn Douglass	2027
Retta Matagiese	2025
Frank Onorato	2025
Harry Sundstrom	2027

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

Other Officials

Gregory M. Lasher, Superintendent

Mark Mallett, Business Administrator/Board Secretary

Brett Gorman, Solicitor

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

Architect

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Bellmawr, NJ 08031

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Atlantic City, NJ 08401

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American Institute of CPAs
New Jersey Society of CPAs

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lower Cape May Regional School District (the "District"), in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 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.

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated 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 Cape May Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025**

As management of the Board of Education of the Lower Cape May Regional School District in Cape May New Jersey, we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 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 \$28,801,996 (*net position*).
- Governmental activities have an unrestricted net position deficit of \$6,462,631. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, the June state aid payments, and the state statute that prohibits 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 \$3,400,983 or a 10.56% decrease from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds decreased by \$5,127,215, resulting in an ending fund balance of \$8,283,626. This decrease is largely due to the results of operations in the General Fund.
- Business-type activities have an unrestricted net position of \$39,789 which may be used to meet the School District's ongoing obligations of the food service operations.
- The School District's long-term obligations decreased by \$2,169,892 which is primarily due to decreases in compensated absences, general obligation bonds, financed purchases payable, leases payable, and net pension liability.

Overview of the Basic Financial Statements

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

District-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

Other Information

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

District-wide Financial Analysis

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 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 \$28,604,921 with an unrestricted deficit balance of \$6,462,631. The net position of the primary government does not include internal balances.

A net investment of \$27,805,587 in land, improvements, buildings, equipment, and vehicles provide services to the School District's 1,092 public school students. Net position of \$1,648,597 has been restricted to provide resources for future capital expansion and renovation projects, \$1,020,996 is reserved for maintenance, \$191,467 is reserved for debt service, \$26,240 is reserved for scholarships, \$258,941 is reserved for student activities, \$160,071 is reserved for unemployment compensation, and \$3,955,653 has been restricted for future budget appropriation.

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

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

	Governmental Activities		Business-Type Activities		District-Wide	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current assets	\$ 8,367,227	\$ 13,477,676	\$ 64,467	\$ 89,536	\$ 8,431,694	\$ 13,567,212
Capital assets	45,869,823	37,485,652	157,286	170,315	46,027,109	37,655,967
Total assets	54,237,050	50,963,328	221,753	259,851	54,458,803	51,223,179
Deferred Outflows of Resources	660,326	668,839			660,326	668,839
LIABILITIES						
Current liabilities	2,005,649	1,908,197	12,354	5,461	2,018,003	1,913,658
Noncurrent liabilities	22,830,992	25,087,060	12,324	12,116	22,843,316	25,099,176
Total Liabilities	24,836,641	26,995,257	24,678	17,577	24,861,319	27,012,834
Deferred Inflows of Resources	1,455,814	1,366,045			1,455,814	1,366,045
Net Position	<u>\$ 28,604,921</u>	<u>\$ 23,270,865</u>	<u>\$ 197,075</u>	<u>\$ 242,274</u>	<u>\$ 28,801,996</u>	<u>\$ 23,513,139</u>
Net Position Consists of:						
Net investment in Capital Assets	\$ 27,805,587	\$ 18,333,313	\$ 157,286	\$ 170,315	\$ 27,962,873	\$ 18,503,628
Restricted Assets	7,261,965	10,323,063			7,261,965	10,323,063
Unrestricted Assets	(6,462,631)	(5,385,511)	39,789	71,959	(6,422,842)	(5,313,552)
Net Position	<u>\$ 28,604,921</u>	<u>\$ 23,270,865</u>	<u>\$ 197,075</u>	<u>\$ 242,274</u>	<u>\$ 28,801,996</u>	<u>\$ 23,513,139</u>

Lower Cape May Regional 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	\$ 270,058	\$ 320,026	\$ 297,905	\$ 312,074	\$ 567,963	\$ 632,100
Operating Grants and contributions	10,501,967	9,980,768	433,628	413,662	10,935,595	10,394,430
Capital Grants and contributions	168,962				168,962	
Property taxes	25,140,071	24,674,760			25,140,071	24,674,760
State aid - unrestricted	2,743,666	4,978,137			2,743,666	4,978,137
Tuition					-	-
Loss on disposal of asset					-	-
Other revenues	316,952	445,080	617	8,860	317,569	453,940
Total Revenues	39,141,676	40,398,771	732,150	734,596	39,873,826	41,133,367
Expenses:						
Governmental Activities:						
Instruction	13,623,593	13,404,432			13,623,593	13,404,432
Tuition	2,693,997	2,561,760			2,693,997	2,561,760
Related Services	2,755,473	2,676,211			2,755,473	2,676,211
Administrative Services	1,865,437	1,833,037			1,865,437	1,833,037
Central Services	376,540	398,943			376,540	398,943
Operations and Maintenance	7,105,992	3,657,789			7,105,992	3,657,789
Transportation	1,778,816	1,740,975			1,778,816	1,740,975
Employee benefits	11,586,627	11,961,958			11,586,627	11,961,958
Charter Schools	16,331	15,679			16,331	15,679
Interest on debt	521,362	545,336			521,362	545,336
Other	63,292				63,292	-
Business-Type Activities:						
Food Service			887,349	881,776	887,349	881,776
Total Expenses	42,387,460	38,796,120	887,349	881,776	43,274,809	39,677,896
Increase (Decrease) in Net Position before transfers	(3,245,784)	1,602,651	(155,199)	(147,180)	(3,400,983)	1,455,471
Transfers	(110,000)	(170,000)	110,000	170,000	-	-
Change in Net Position	(3,355,784)	1,432,651	(45,199)	22,820	(3,400,983)	1,455,471
Net Position, July 1	23,270,865	21,838,214	242,274	219,454	32,202,979	22,057,668
Prior Period Adjustment (Note 18)	8,689,840	-	-	-	-	-
Net Position, July 1 (as restated)	31,960,705	-	-	-	-	-
Net Position, June 30	\$ 28,604,921	\$ 23,270,865	\$ 197,075	\$ 242,274	\$ 28,801,996	\$ 23,513,139

Governmental Activities

Governmental activities decreased the net position of the School District by \$3,355,784 during the current fiscal year. Key elements of the decrease in net position for governmental activities are as follows:

- The results of operations in the Governmental Funds of (\$5,127,215).
- Depreciation expense exceeded capital outlay by \$277,216.
- Repayment of bond principal in the amount of \$865,000. Bond principal repayments reduce governmental fund balance but do not reduce net position, as they represent the repayment of long-term debt.

Business-type Activities

Business-type activities decreased the School District's net position by \$45,199. Key elements of the decrease in net position for business-type activities are as follows:

- The results of operations in the Food Service Fund were a net loss of \$45,199.

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 \$8,283,626, a decrease of \$5,127,215 in comparison with the prior year. Most of this decrease is due to the results of operations in the General Fund.

The unassigned fund balance for the School District at the end of the fiscal year includes an unassigned fund balance for the General Fund of \$520,832. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) as restricted cash reserved for future capital outlay expenditures of \$1,648,597, 2) \$3,955,653 reserved for future budget appropriation, 3) \$1,020,996 reserved for maintenance, 4) \$303,233 reserved for encumbrances, 5) \$197,596 assigned for subsequent year's expenditures, 6) \$191,467 reserved for the repayment of debt, 7) \$26,240 reserved for the scholarship fund, 8) \$160,071 reserved for unemployment compensation, 9) \$258,941 reserved for student activities.

The General Fund is the chief operating fund of the School District. The limited unassigned fund balance in the governmental funds is primarily attributable to the accounting treatment of the June state aid payments and New Jersey statutes that restrict a school district's unassigned fund balance to no more than 2% of its adopted budget.

General Fund Budgetary Highlights

There was a budget increase of \$935,220 between the original budget and the final amended budget due to withdrawals from maintenance and capital reserve.

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$794,637 while total fund balance (budgetary basis) was \$7,864,101. 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 \$39,893,621. Unassigned fund balance (budgetary basis) represents 1.99% of expenditures while total fund balance (budgetary basis) represents 19.71% 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 \$46,027,109 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment, and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$318,698 or 0.69%. The decrease is primarily due to depreciation expense.

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

	Governmental Activities 2024		Business-Type Activities		District-Wide 2024	
	2025	(as restated)	2025	2024	2025	(as restated)
Land	\$ 100	\$ 100	\$ -	\$ -	\$ 100	\$ 100
Construction in progress	14,283,318	13,529,785			14,283,318	13,529,785
Site Improvements	30,000	60,000	-	-	30,000	60,000
Building and Building Improvements	25,023,092	25,509,044	-	-	25,023,092	25,509,044
Equipment	6,496,615	7,011,412	157,286	170,315	6,653,901	7,181,727
Leases	36,698	65,151			36,698	65,151
Net Assets	<u>\$ 45,869,823</u>	<u>\$ 46,175,492</u>	<u>\$ 157,286</u>	<u>\$ 170,315</u>	<u>\$ 46,027,109</u>	<u>\$ 46,345,807</u>

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

Long-term debt – During the fiscal year ended June 30, 2025, the School District had \$16,977,000 in serial bonds payable, \$38,978 in leases payable, \$925,866 in compensated absences, \$1,048,258 in financed purchases payable, and \$5,067,904 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 \$435,833,030. The available amount as of June 30, 2025 is \$418,856,030.

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 will be receiving an increase in state aid. The local tax levy in the General Fund increased by \$976,051 or 3.99%. Salaries continue to increase contractually; however, the District has managed to control costs. The 2025-26 General Fund Budget is \$2,554,718 less than the previous year or a 7.19% decrease.

For the Future

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

The Lower Cape May Regional 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 Cape May Regional School District Business Administrator, 687 Route 9, Cape May, New Jersey 08204.

Basic Financial Statements

District-Wide Financial Statements

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 5,533,999	\$ 4,343	\$ 5,538,342
Accounts Receivables, net	380,317	20,928	401,245
Inventory		39,196	39,196
Restricted assets:			
Cash and cash equivalents	2,452,911		2,452,911
Capital assets, net	45,833,125	157,286	45,990,411
Right-to-use lease assets, net	36,698		36,698
Total Assets	<u>54,237,050</u>	<u>221,753</u>	<u>54,458,803</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	<u>660,326</u>	<u>-</u>	<u>660,326</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>54,897,376</u>	<u>221,753</u>	<u>55,119,129</u>
LIABILITIES:			
Accounts payable:			
Other	83,115		83,115
Related to pensions	509,918		509,918
Internal Balances	(5,000)	5,000	
Accrued Liabilities:			
Interest payable	185,116		185,116
Unearned revenue	5,486	7,354	12,840
Noncurrent liabilities:			
Due within one year	1,227,014		1,227,014
Due beyond one year	<u>22,830,992</u>	<u>12,324</u>	<u>22,843,316</u>
Total Liabilities	<u>24,836,641</u>	<u>24,678</u>	<u>24,861,319</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources from pensions	<u>1,455,814</u>	<u>-</u>	<u>1,455,814</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>26,292,455</u>	<u>24,678</u>	<u>26,317,133</u>
NET POSITION:			
Net investment in capital assets	27,805,587	157,286	27,962,873
Restricted for:			
Capital projects	1,648,597		1,648,597
Maintenance	1,020,996		1,020,996
Excess Surplus	3,955,653		3,955,653
Unemployment Compensation	160,071		160,071
Debt Service	191,467		191,467
Student Activities	258,941		258,941
Scholarships	26,240		26,240
Unrestricted (Deficit)	<u>(6,462,631)</u>	<u>39,789</u>	<u>(6,422,842)</u>
Total Net Position	<u>\$ 28,604,921</u>	<u>\$ 197,075</u>	<u>\$ 28,801,996</u>

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 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	\$ 10,392,763	\$ 23,249	\$ 707,069	\$ -	\$ (9,662,445)	\$ -	\$ (9,662,445)
Special Education	2,290,832		415,725		(1,875,107)		(1,875,107)
Other instruction	939,998				(939,998)		(939,998)
Support Services:							
Tuition	2,693,997				(2,693,997)		(2,693,997)
Student & instruction related services	2,755,473		730,798		(2,024,675)		(2,024,675)
General administrative services	820,470				(820,470)		(820,470)
School administrative services	1,044,967				(1,044,967)		(1,044,967)
Central administrative services	376,540				(376,540)		(376,540)
Plant operations and maintenance	7,105,992			168,962	(6,937,030)		(6,937,030)
Pupil transportation	1,778,816	246,809			(1,532,007)		(1,532,007)
Unallocated employee benefits	11,586,627		8,648,375		(2,938,252)		(2,938,252)
Transfer of funds to Charter Schools	16,331				(16,331)		(16,331)
Interest on long-term debt	521,362				(521,362)		(521,362)
Unallocated depreciation and amortization	63,292				(63,292)		(63,292)
Total Governmental Activities	<u>42,387,460</u>	<u>270,058</u>	<u>10,501,967</u>	<u>168,962</u>	<u>(31,446,473)</u>	<u>-</u>	<u>(31,446,473)</u>
Business-Type Activities:							
Food service	887,349	297,905	433,628	-	-	(155,816)	(155,816)
Total Business-Type Activities	<u>887,349</u>	<u>297,905</u>	<u>433,628</u>	<u>-</u>	<u>-</u>	<u>(155,816)</u>	<u>(155,816)</u>
Total Primary Government	<u>\$ 43,274,809</u>	<u>\$ 567,963</u>	<u>\$ 10,935,595</u>	<u>\$ 168,962</u>	<u>(31,446,473)</u>	<u>(155,816)</u>	<u>(31,602,289)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					24,485,433		24,485,433
Taxes levied for debt service					654,638		654,638
Federal and State aid unrestricted					2,743,666		2,743,666
Investment and Interest earnings - restricted					65,021	617	65,638
Miscellaneous					251,931		251,931
Special Items:							
Contributed Capital							-
Transfer					(110,000)	110,000	-
Total general revenues, special items, extraordinary items and transfers					<u>28,090,689</u>	<u>110,617</u>	<u>28,201,306</u>
Change in Net Position					(3,355,784)	(45,199)	(3,400,983)
Net Position - July 1 - as restated					31,960,705	242,274	32,202,979
Net Position - June 30					<u>\$ 28,604,921</u>	<u>\$ 197,075</u>	<u>\$ 28,801,996</u>

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

Fund Financial Statements

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
ASSETS						
Assets:						
Cash and Cash Equivalents	\$ 6,618,959	\$ 480,471	\$ 864,851	\$ -	\$ 22,629	\$ 7,986,910
District Tax Receivable	-					-
Interfund Accounts Receivable						
General Fund			62,652			62,652
Special Revenue Fund	266,764					266,764
Capital Projects Fund				710,821		710,821
Debt Service Fund	519,354					519,354
Enterprise Fund		5,000				5,000
Intergovernmental Accounts Receivable:						
State	276,233	11,728				287,961
Federal	12,877	40,230				53,107
Other	39,249					39,249
Total Assets	<u>7,733,436</u>	<u>537,429</u>	<u>927,503</u>	<u>710,821</u>	<u>22,629</u>	<u>9,931,818</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Interfund Accounts Payable						
General Fund		266,764		519,354		786,118
Capital Projects Fund	62,652					62,652
Debt Service Fund			710,821			710,821
Accounts Payable:						
Payroll Deductions and Withholdings Payable	39,640					39,640
Unemployment Claims Payable	40,846					40,846
Scholarships Payable					2,629	2,629
Other						-
Unearned Revenue	2	5,484				5,486
Total Liabilities	<u>143,140</u>	<u>272,248</u>	<u>710,821</u>	<u>519,354</u>	<u>2,629</u>	<u>1,648,192</u>
Fund Balances:						
Restricted:						
Capital Reserve	1,431,915					1,431,915
Maintenance Reserve	1,020,996					1,020,996
Excess Surplus	3,955,653					3,955,653
Unemployment Compensation	160,071					160,071
Capital Projects			216,682			216,682
Debt Service				32,456		32,456
Student Activities		258,941				258,941
Scholarships		6,240			20,000	26,240
Assigned to:						
Other Purposes	303,233					303,233
Designated for Subsequent Year's Expenditures	197,596			159,011		356,607
Unassigned	520,832					520,832
Total Fund Balances	<u>7,590,296</u>	<u>265,181</u>	<u>216,682</u>	<u>191,467</u>	<u>20,000</u>	<u>8,283,626</u>
Total Liabilities and Fund Balances	<u>\$ 7,733,436</u>	<u>\$ 537,429</u>	<u>\$ 927,503</u>	<u>\$ 710,821</u>	<u>\$ 22,629</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 \$64,935,341 and the accumulated depreciation is \$19,102,216. 45,833,125

Leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$138,710 and the accumulated amortization is \$102,012. 36,698

Accrued interest is not due and payable in the current period and therefore, is not reported as a liability in the funds. (185,116)

Accounts payable related to the April 1, 2026 required PERS contribution that is not to be liquidated with current financial resources. (509,918)

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	\$ 660,326	
Net Pension Liability	(5,067,904)	
Deferred Inflows of resources from Pensions	(1,455,814)	(5,863,392)

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

Serial bonds payable	(16,977,000)	
Financed purchases payable	(1,048,258)	
Leases payable	(38,978)	
Compensated absences	(925,866)	(18,990,102)

Net position of governmental activities \$ 28,604,921

LOWER CAPE MAY REGIONAL 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	Permanent Fund	Total Governmental Funds
REVENUES:						
Local property tax levy	\$ 24,485,433	\$ -	\$ -	\$ 654,638	\$ -	\$ 25,140,071
Tuition charges	23,249					23,249
Transportation fees	246,809					246,809
Interest earned on capital reserve funds	18,904					18,904
Interest earned on maintenance reserve funds	11,395					11,395
Other restricted miscellaneous revenue	2,266		32,456			34,722
Unrestricted miscellaneous revenue	251,931					251,931
Federal sources	10,432	1,152,457				1,162,889
State sources	10,531,341	83,728		394,324		11,009,393
Local sources		552,152				552,152
Total revenues	<u>35,581,760</u>	<u>1,788,337</u>	<u>32,456</u>	<u>1,048,962</u>	<u>-</u>	<u>38,451,515</u>
EXPENDITURES:						
Current expense:						
Regular instruction	9,257,736	394,081				9,651,817
Special education instruction	1,889,385	401,447				2,290,832
Other instruction	939,998					939,998
Support services and undistributed costs:						
Tuition	2,693,997					2,693,997
Student & instruction related services	2,139,174	616,299				2,755,473
General administrative services	627,750					627,750
School administrative services	1,044,967					1,044,967
Central services	376,540					376,540
Plant operations and maintenance	3,739,483					3,739,483
Pupil transportation	1,778,816					1,778,816
Unallocated employee benefits	11,427,899	280,342				11,708,241
Transfer to charter schools	16,331					16,331
Capital outlay	3,961,545	72,000	416,680			4,450,225
Debt service:						
Principal				865,000		865,000
Interest and other charges				529,260		529,260
Total expenditures	<u>39,893,621</u>	<u>1,764,169</u>	<u>416,680</u>	<u>1,394,260</u>	<u>-</u>	<u>43,468,730</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,311,861)</u>	<u>24,168</u>	<u>(384,224)</u>	<u>(345,298)</u>	<u>-</u>	<u>(5,017,215)</u>
Other Financing Sources (Uses):						
Transfers in				32,456		32,456
Transfers out	(110,000)		(32,456)			(142,456)
Total other financing sources (uses)	<u>(110,000)</u>	<u>-</u>	<u>(32,456)</u>	<u>32,456</u>	<u>-</u>	<u>(110,000)</u>
Net change in fund balance	<u>(4,421,861)</u>	<u>24,168</u>	<u>(416,680)</u>	<u>(312,842)</u>	<u>-</u>	<u>(5,127,215)</u>
Fund balances, July 1	<u>12,012,157</u>	<u>241,013</u>	<u>633,362</u>	<u>504,309</u>	<u>20,000</u>	<u>13,410,841</u>
Fund balances, June 30	<u>\$ 7,590,296</u>	<u>\$ 265,181</u>	<u>\$ 216,682</u>	<u>\$ 191,467</u>	<u>\$ 20,000</u>	<u>\$ 8,283,626</u>

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
for the Fiscal Year Ended June 30, 2025

Total net change in fund balances - governmental funds (from B-2) \$ (5,127,215)

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

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

Depreciation expense	\$ (1,265,836)	
Capital outlay	<u>988,620</u>	(277,216)

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	(28,453)	
Lease additions	<u>-</u>	(28,453)

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

865,000

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

-

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

193,786

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.

29,317

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

811,775

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

7,898

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 (+).

169,324

Change in net position of governmental activities

\$ (3,355,784)

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
for the Fiscal Year Ended June 30, 2025

	Business-type Activities Enterprise Funds
	Food Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,343
Accounts receivable	20,928
Inventories	39,196
Total current assets	64,467
Noncurrent assets:	
Equipment	287,186
Less accumulated depreciation	(129,900)
Total noncurrent assets	157,286
Total assets	221,753
LIABILITIES	
Current liabilities:	
Due to scholarships	5,000
Compensated absences payable	12,324
Unearned revenue	7,354
Total liabilities	24,678
NET POSITION	
Net investment in capital assets	157,286
Unrestricted	39,789
Total net position	\$ 197,075

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
for the Fiscal Year Ended June 30, 2025

	Business-type Activities Enterprise Funds
	Food Service Fund
Operating revenues:	
Charges for services:	
Daily sales-reimbursable programs	\$ 152,723
Daily sales-non-reimbursable programs	145,182
Total operating revenue	297,905
Operating expenses:	
Salaries	309,870
Employee benefits	169,953
Supplies and materials	27,985
Purchased professional benefits	53,168
Depreciation	13,029
Cost of sales - reimbursable programs	239,398
Cost of sales - nonreimbursable programs	72,406
Miscellaneous	1,540
Total operating expenses	887,349
Operating income (loss)	(589,444)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	10,395
State school breakfast program	5,308
NJEIE lunch	10,354
NJEIE breakfast	2,857
Summer-EBT, state portion	321
Federal sources:	
National school lunch program	243,428
National school breakfast program	83,365
Summer-EBT	322
Local food for schools	4,009
U.S.D.A. commodities	73,269
Local sources:	
Operating transfer in	110,000
Interest revenue	617
Total nonoperating revenues (expenses)	544,245
Net income (loss)	(45,199)
Other Financing sources (uses):	
Board contribution of capital assets	-
Change in net position	(45,199)
Total net position - July 1	242,274
Total net position - June 30	\$ 197,075

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
for the Fiscal Year Ended June 30, 2025

	Business-type Activities Enterprise Funds
	Food Service Fund
Cash flows from operating activities:	
Receipts from customers	\$ 304,797
Payments to employees for services	(479,615)
Payments to suppliers	(321,181)
Net cash used for operating activities	<u>(495,999)</u>
Cash flows from noncapital financing activities:	
Board contribution	110,000
Federal and state sources	350,501
Net cash provided by non-capital financing activities	<u>460,501</u>
Cash flows from capital activities:	
Purchases of fixed assets	-
Net cash provided by capital financing activities	<u>-</u>
Cash flows from investing activities:	
Interest and dividends	617
Net cash provided by investing activities	<u>617</u>
Net increase in cash and cash equivalents	(34,881)
Balances - July 1	<u>39,224</u>
Balances - June 30	<u>\$ 4,343</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (589,444)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	13,029
Federal commodities	73,269
(Increase) / decrease in inventories	47
(Increase) / decrease in accounts receivable	-
Increase / (decrease) in compensated absences payable	208
Increase / (decrease) in unearned revenue	6,892
Total adjustments	<u>93,445</u>
Net cash provided by (used for) operating activities	<u>\$ (495,999)</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity -The Lower Cape May Regional School District (District) is a Type II school district located in Cape May County, New Jersey and covers an area of approximately 34 square miles. As a Type II school district, it functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members' terms expire each year. The purpose of the School District is to provide educational services for all of Lower Cape May Regional's students in grades 7 through 12. The Lower Cape May Regional School District has an approximate enrollment at June 30, 2025 of 1,092 students.

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

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

Basis of Presentation

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Measurement Focus

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

Tuition Payable - Tuition charges for the fiscal years ended June 30, 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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. The School District did not incur non-operating expenses during the fiscal year.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

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 Act (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 \$8,652,573 as of June 30, 2025, \$250,000 was insured under FDIC and \$8,402,573 was collateralized under GUDPA.

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

The NJARM, which is an investment pool managed by Public Financial Management Company. NJARM allows governments within the state to pool their funds for investment purposes and the Security and Exchange Commission (SEC) does not restrict the pool. Earnings are allocated to all participants based upon shares held in the pool and distributed on the last day of each month. In addition, the fair value of the District's portion of the pool is the same as the value of its shares. Agencies that participate in the NJARM typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJARM without penalty. At June 30, 2025, the District's balance was \$187,442 with NJARM. The NJARM Joint Account portfolio is rated AAAM by Standard & Poor's.

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

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		\$ 2,858,232
Increased by:		
Interest Earned	\$ 18,903	
Unspent Appropriation		
Board Resolution	<u>18,903</u>	<u>18,903</u>
		2,877,135
Decreased by:		
Budget Withdrawal	1,200,000	
Resolution Withdrawal	<u>245,220</u>	<u>1,445,220</u>
Balance - June 30, 2025		<u><u>\$ 1,431,915</u></u>

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

4. RECEIVABLES

Receivables at June 30, 2025 consisted of tuition fees charged other governmental units and governmental grants. All receivables are considered collectible in full due to the stable condition of the other governmental units, State programs and the current fiscal year guarantee of federal funds.

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

	General Fund	Special Revenue	Proprietary Fund	Total
Federal Aid	\$ 12,877	\$ 40,230	\$ 19,244	\$ 72,351
State Aid	276,233	11,728	1,684	289,645
Other	<u>39,249</u>	<u>-</u>	<u>-</u>	<u>39,249</u>
	<u><u>\$ 328,359</u></u>	<u><u>\$ 51,958</u></u>	<u><u>\$ 20,928</u></u>	<u><u>\$ 401,245</u></u>

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

5. CAPITAL ASSETS

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

	Balance June 30, 2024	Prior Period Adjustment	Additions	Deletions	Balance June 30, 2025
Governmental Activities:					
Capital Assets, not being Depreciated:					
Land	\$ 100	\$ -	\$ -	\$ -	\$ 100
Construction in Progress	13,529,785		753,533		14,283,318
Total Capital Assets, not being Depreciated	13,529,885	-	753,533	-	14,283,418
Capital Assets, being Depreciated					
Land Improvements	600,000				600,000
Building and Improvements	33,493,225	5,669,066			39,162,291
Equipment	10,675,862	20,091	235,087	(41,408)	10,889,632
Total Capital Assets, being Depreciated	44,769,087	5,689,157	235,087	(41,408)	50,651,923
Total Capital Assets, Cost	58,298,972	5,689,157	988,620	(41,408)	64,935,341
Less Accumulated Depreciation:					
Land Improvements	(540,000)		(30,000)		(570,000)
Building and Improvements	(16,653,930)	3,000,683	(485,952)		(14,139,199)
Equipment	(3,684,541)		(749,884)	41,408	(4,393,017)
Total Accumulated Depreciation	(20,878,471)	3,000,683	(1,265,836)	41,408	(19,102,216)
Total Capital Assets, being Depreciated, net	23,890,616	8,689,840	(1,030,749)	-	31,549,707
Total Capital Assets, net	37,420,501	8,689,840	(277,216)	-	45,833,125
Right-to-Use Lease Assets:					
Equipment	147,951			(9,241)	138,710
Total Lease Assets	147,951	-	-	(9,241)	138,710
Less Accumulated Amortization:					
Right-to-Use Lease Assets					
Equipment	(82,800)		(28,453)	9,241	(102,012)
Total Accumulated Amortization	(82,800)	-	(28,453)	9,241	(102,012)
Total Right-to-Use Lease Assets, net	65,151	-	(28,453)	-	36,698
Governmental Activities Capital Assets, net	\$ 37,485,652	\$ 8,689,840	\$ (305,669)	\$ -	\$ 45,869,823
Business-Type Activities:					
Capital Assets, being Depreciated					
Equipment	\$ 287,186	\$ -	\$ -	\$ -	\$ 287,186
Less - Accumulated Depreciation	(116,871)		(13,029)		(129,900)
Business-Type Activities Capital, net	\$ 170,315	\$ -	\$ (13,029)	\$ -	\$ 157,286

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

5. CAPITAL ASSETS (Continued)

Depreciation expense in the amount of \$1,265,836 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 886,085
Administration	189,875
Plant Operations and Maintenance	126,584
Unallocated	<u>63,292</u>
Total depreciation expense	<u><u>\$ 1,265,836</u></u>

Amortization expense in the amount of \$28,453 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 24,185
Administration	2,845
Central Services	<u>1,423</u>
Total amortization expense	<u><u>\$ 28,453</u></u>

6. INVENTORY

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

	<u>Food Service</u>
Food	\$ 31,483
Supplies	<u>7,713</u>
	<u><u>\$ 39,196</u></u>

Lower Cape May Regional 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	\$ 1,095,190	\$ -	\$ 169,324	\$ 925,866	\$ 113,579
General Obligation Bonds	17,842,000	-	865,000	16,977,000	880,000
Financed Purchases Payable	1,242,044	-	193,786	1,048,258	203,740
Leases Payable	68,295	-	29,317	38,978	29,695
Net Pension Liability	5,980,369	-	912,465	5,067,904	-
	<u>\$ 26,227,898</u>	<u>\$ -</u>	<u>\$ 2,169,892</u>	<u>\$ 24,058,006</u>	<u>\$ 1,227,014</u>

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

2017 School Bonds dated March 15, 2016, with \$4,167,000 outstanding, due in annual installments through March 15, 2036, bearing interest rates ranging from 2.00% - 3.00%.

2022 School Bonds dated March 23, 2022, with \$12,810,000 outstanding, due in annual installments through March 15, 2042, bearing an interest rate of 3.00%.

Debt Service Requirements

Principal and interest due on bonds outstanding is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 880,000	\$ 507,310	\$ 1,387,310
2027	910,000	482,910	1,392,910
2028	940,000	455,610	1,395,610
2029	970,000	427,410	1,397,410
2030	1,000,000	398,310	1,398,310
2031-2035	5,550,000	1,519,800	7,069,800
2036-2040	4,867,000	704,010	5,571,010
2041-2042	1,860,000	83,700	1,943,700
	<u>\$ 16,977,000</u>	<u>\$ 4,579,060</u>	<u>\$ 21,556,060</u>

Lower Cape May Regional 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	January 15, 2030	2.330%	\$ 1,048,258

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>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 203,739	\$ 23,245	\$ 226,984
2027	214,049	18,438	232,487
2028	224,725	13,388	238,113
2029	235,778	8,088	243,866
2030	169,967	2,529	172,496
	<u>\$ 1,048,258</u>	<u>\$ 65,688</u>	<u>\$ 1,113,946</u>

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, 2021, the School District entered a 60-month lease as lessee for the use of copiers. As of June 30, 2025, the lease liability was \$27,266. The School District is required to make monthly payments of \$2,140. The lease has an interest rate of 4.00%. The value of the right to use asset as of June 30, 2025, was \$116,562 with accumulated amortization of \$91,307, resulting in a net book value of \$25,255.

On February 1, 2023, the School District entered a 60-month lease as lessee for the use of a postage meter. As of June 30, 2025, the lease liability was \$7,959. The School District is required to make monthly payments of \$275. The lease has an interest rate of 3.00%. The value of the right to use asset as of June 30, 2025, was \$15,105 with accumulated amortization of \$7,301, resulting in a net book value of \$7,804.

On February 1, 2023, the School District entered a 60-month lease as lessee for the use of a copier. As of June 30, 2025, the lease liability was \$3,753. The School District is required to make monthly payments of \$131. The lease has an interest rate of 4.00%. The value of the right to use asset as of June 30, 2025, was \$7,043 with accumulated amortization of \$3,404, resulting in a net book value of \$3,639.

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, 2021	July 1, 2026	4.00%	\$ 27,266
Postage Meter	February 1, 2023	January 1, 2028	3.00%	7,959
Copier	February 1, 2023	January 1, 2028	4.00%	3,753
Total				<u>\$ 38,978</u>

**Lower Cape May Regional 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	\$ 29,695	\$ 854	\$ 30,549
2027	6,862	152	7,014
2028	<u>2,421</u>	<u>17</u>	<u>2,438</u>
Total	<u>\$ 38,978</u>	<u>\$ 1,023</u>	<u>\$ 40,001</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

Lower Cape May Regional 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)

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

Contributions - The contribution requirements of plan members are determined by N.J.S.A.18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the member contribution rate was 7.50% in State fiscal year 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, 2024 was \$4,327,502 and was paid by April 1, 2025. School District employee contributions to the pension plan during the fiscal year ended June 30, 2025 were \$911,799.

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 (\$180,511) and revenue of (\$180,511) for support provided by the State. Although the School District does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the School District.

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

8. PENSION PLANS (Continued)

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

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

	<u>6/30/2024</u>	<u>6/30/2023</u>
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	49,484,262	53,229,569
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	0.1001196866%	0.1043048874%

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.

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.

Lower Cape May Regional 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)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 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	<u>58,819,051</u>	<u>49,484,262</u>	<u>41,622,605</u>
	<u>\$ 58,819,051</u>	<u>\$ 49,484,262</u>	<u>\$ 41,622,605</u>

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

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

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

Contributions - The contribution requirements of plan members are determined by N.J.S.A 43:15A and 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 \$507,510 and was paid by April 1, 2025. School District employee contributions to the pension plan during the fiscal year ended June 30, 2025 were \$236,141.

Lower Cape May Regional 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 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	\$ 87,941	\$ 397,823	\$ 21,746	\$ -	\$ 507,510
2024	97,939	430,596	23,297	-	551,832
2023	90,464	477,762	25,718	-	593,944

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

At June 30, 2025, the School District reported a liability of \$5,067,904 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 (\$294,386). At June 30, 2025, the School District reported a liability of \$5,067,904 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	\$ 101,519	\$ 13,492
Changes of assumptions	6,296	57,661
Net Difference between projected and actual earnings on pension plan investments	-	234,985
Changes in proportion	42,593	1,149,676
District contributions subsequent to the measurement date	509,918	
Total	\$ 660,326	\$ 1,455,814

\$509,918 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.

Lower Cape May Regional 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)

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	\$ (573,426)
2027	(36,345)
2028	(387,897)
2029	(156,803)
2030	(150,935)
Total	\$ (1,305,406)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 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

Lower Cape May Regional 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)

Additional Information

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

	6/30/2024	6/30/2023
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	 0.0372967858%	 0.0412884209%

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.

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.

Lower Cape May Regional 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)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%	

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:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net pension liability	\$ 6,733,998	\$ 5,067,904	\$ 3,650,067

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

Defined Contribution Retirement Program (DCRP)

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

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

8. PENSION PLANS (Continued)

Defined Contribution Retirement Program (DCRP) (Continued)

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

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

Fiscal Year	Total Liability	Paid by School District
2025	\$ 9,718	\$ 9,718
2024	10,148	10,148
2023	9,145	9,145

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.

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

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Plan Membership

As of June 30, 2024, the program membership consisted of the following:

Active Plan Members	219,185
Retirees	<u>153,556</u>
	<u><u>372,741</u></u>

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.

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:

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

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

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

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (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.

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	\$ 70,805,596
Changes for the Year	
Service Cost	2,143,874
Interest	2,618,855
Changes of benefit terms	-
Differences between expected and actual experience	(30,918)
Changes in assumptions	5,951,982
Gross Benefit Payments	(2,000,062)
Contributions from the Non-employer	N/A
Contributions from the Member	68,484
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	8,752,215
Balance at 06/30/2024	<u>\$ 79,557,811</u>

Sensitivity of the total nonemployer OPEB liability to changes in the discount rate - The following presents the total nonemployer OPEB liability as of June 30, 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	\$ 93,179,235	\$ 79,557,811	\$ 68,603,359

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	\$ 66,272,236	\$ 79,557,811	\$ 96,863,149

**Lower Cape May Regional 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 \$1,165,058 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	\$ 232,969	\$ (3,673,796)
Differences between expected and actual experience	8,507,771	(14,857,357)
Changes of assumptions	13,343,935	(15,554,765)
Total	\$ 22,084,675	\$ (34,085,918)

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	\$ (3,956,304)
2027	(3,317,384)
2028	(1,575,652)
2029	414,109
2030	(2,875,266)
Thereafter	(690,746)
Total	\$ (12,001,243)

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 \$4,205,129, \$1,228,742, and \$999, respectively. In addition, \$865,144 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 Cape May Regional 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, including employee health, accident insurance and public official surety bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

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

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

Fiscal Year	Employee Contributions	Board Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2024-2025	\$ 29,566	\$ -	\$ 2,266	\$ 22,953	\$ 200,917
2023-2024	29,282	-	2,554	34,918	192,038
2022-2023	29,041	-	1,780	34,512	195,120

12. DEFERRED COMPENSATION

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

13. COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2025, the liability for compensated absences in the governmental activities and proprietary fund types was \$925,866 and \$12,324, respectively.

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

14. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General Fund	\$ 786,118	\$ 62,652
Special Revenue Fund	5,000	266,764
Capital Projects Fund	62,652	710,821
Debt Service Fund	710,821	519,354
Proprietary Fund	-	5,000
	<u>\$ 1,564,591</u>	<u>\$ 1,564,591</u>

15. CONTINGENCIES

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

At June 30, 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. Additionally, deferred revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

16. TAX ABATEMENTS

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

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

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

The Borough of West Cape May and City of Cape May had no tax abatements. The Township of Lower 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 Municipalities are for affordable housing and other permitted purposes. Taxes abated include municipal, local school, and county taxes.

The Township of Lower 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 Cape May Regional School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

17. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2025, a deficit of \$6,462,631 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	\$ 520,832
Fund Balance - Assigned	500,829
Liabilities:	
Accrued Interest Payable	(185,116)
Net Pension Differences	(6,373,310)
Compensated Absences	(925,866)
	<u>(925,866)</u>
Unrestricted Net Position (Deficit)	<u><u>\$ (6,462,631)</u></u>

18. PRIOR PERIOD ADJUSTMENT – CAPITAL ASSETS

During the fiscal year ended June 30, 2025, the School District identified errors in the previously reported capital asset records maintained by a third-party fixed asset management provider. Upon review, it was determined that certain building and equipment assets were omitted from prior-year financial statements and that accumulated depreciation was overstated.

As a result, beginning capital assets were increased by \$5,669,066 for Buildings and Improvements and \$20,092 for Equipment. In addition, accumulated depreciation decreased by \$3,000,863. These corrections resulted in a net increase to beginning net position of \$8,689,840 and have been reported as a prior period adjustment to beginning net position.

The effects of these corrections on governmental activities are as follows:

	June 30, 2024 as Previously Reported	Adjustment	June 30, 2024 as Restated
Capital Assets, being depreciated:			
Buildings and Improvements	\$ 33,493,225	\$ 5,669,066	\$ 39,162,291
Equipment	10,675,862	20,091	10,695,953
Accumulated Depreciation	(20,878,471)	3,000,683	(17,877,788)
	<u>(20,878,471)</u>	<u>3,000,683</u>	<u>(17,877,788)</u>
Total Capital Assets, being depreciated, net (as restated)	<u><u>\$ 23,290,616</u></u>	<u><u>\$ 8,689,840</u></u>	<u><u>\$ 31,980,456</u></u>

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

19. FUND BALANCES

RESTRICTED

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

General Fund:

Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2025 is \$1,755,858 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$2,199,795 of excess fund balance generated during the 2023-2024 fiscal year has been restricted and designated for utilization in the 2025-2026 budget.

Capital Reserve – As of June 30, 2025, the balance in the capital reserve account is \$1,431,915. Of this amount, \$350,000 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 \$1,020,996. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

RESTRICTED

Unemployment Compensation Reserve – As of June 30, 2025, the balance in the unemployment compensation reserve is \$160,071. These funds are restricted for the purpose of financing unemployment claims.

Permanent Fund – As of June 30, 2025, the permanent fund had a restricted fund balance of \$20,000, which is restricted for future scholarships.

RESTRICTED

Special Revenue Fund:

Student Activities – As of June 30, 2025, the balance in student activities is \$258,941.

Scholarships – As of June 30, 2025, the balance in scholarships is \$6,240.

Capital Projects Fund – As of June 30, 2025, the fund balance of the capital projects fund was \$216,682.

Debt Service Fund – As of June 30, 2025, the fund balance of the debt service fund was \$32,456.

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 had \$303,233 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

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

19. FUND BALANCES (Continued)

ASSIGNED (Continued)

Designated for Subsequent Year's Expenditures – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2025, \$197,596 of general fund balance.

Debt Service Fund:

Designated for Subsequent Year's Expenditures – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2025, \$159,011 of debt service fund balance.

UNASSIGNED

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

General Fund – As of June 30, 2025, the fund balance of the general fund was \$520,832.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

LOWER CAPE MAY REGIONAL 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	\$ 24,485,433	\$ -	\$ 24,485,433	\$ 24,485,433	\$ -
Tuition from other LEAs	23,249		23,249	23,249	
Transportation fees from other LEAs	125,000		125,000	246,809	121,809
Interest earned on Capital Reserve	100		100	18,904	18,804
Interest earned on Maintenance Reserve	100		100	11,395	11,295
Other restricted miscellaneous revenue				2,266	2,266
Unrestricted miscellaneous revenue	225,000		225,000	251,931	26,931
Total local sources	24,858,882		24,858,882	25,039,987	181,105
State sources:					
School Choice Aid	1,547,611		1,547,611	1,547,611	
Categorical Special Education Aid	862,052		862,052	862,052	
Equalization Aid	14,856		14,856	14,856	
Categorical Security Aid	350,566		350,566	350,566	
Categorical Transportation Aid	1,178,704		1,178,704	1,178,704	
Extraordinary Aid	100,000		100,000	202,217	102,217
Stabilized School Budget Aid		46,427	46,427	46,427	
State Reimbursement for Menstrual Products		8,368	8,368	8,368	
State Reimbursement for Lead Testing of Drinking Water		3,100	3,100	3,100	
Nonpublic Transportation Aid				20,548	20,548
On-behalf TPAF Pension (non-budgeted)				4,205,129	4,205,129
On-behalf TPAF Post Retirement Medical contributions (non-budgeted)				1,228,742	1,228,742
On-behalf TPAF Pension LTDI (non-budgeted)				999	999
Reimbursed TPAF social security contributions (non-budgeted)				865,144	865,144
Total state sources	4,053,789	57,895	4,111,684	10,534,463	6,422,779
Federal sources:					
Medicaid Reimbursement	32,001		32,001	10,432	(21,569)
Total federal sources	32,001		32,001	10,432	(21,569)
TOTAL REVENUES	28,944,672	57,895	29,002,567	35,584,882	6,582,315
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Grades 6-8	2,999,905	(67,300)	2,932,605	2,898,319	34,286
Grades 9-12	5,276,463	67,300	5,343,763	5,339,025	4,738
Total Instruction	8,276,368		8,276,368	8,237,344	39,024
Regular Programs - Home Instruction:					
Salaries of teachers	70,000		70,000	32,189	37,811
Total Home Instruction	70,000		70,000	32,189	37,811

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

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LOWER CAPE MAY REGIONAL 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
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	\$ 730,081	\$ 1	\$ 730,082	\$ 668,778	\$ 61,304
Purchased professional - educ services	1,000	(250)	750	707	43
Purchased technical services	20,000	1,550	21,550	21,200	350
Other purchased services	40,250	(7,800)	32,450	5,876	26,574
General supplies	275,000	52,927	327,927	280,447	47,480
Textbooks	30,000		30,000	11,195	18,805
Total Undistributed Instruction	<u>1,096,331</u>	<u>46,428</u>	<u>1,142,759</u>	<u>988,203</u>	<u>154,556</u>
Total - Regular Programs - Instruction	<u>9,442,699</u>	<u>46,428</u>	<u>9,489,127</u>	<u>9,257,736</u>	<u>231,391</u>
Special Educ Instruction: Res. Room/Res. Center					
Salaries of teachers	1,890,595	(36,920)	1,853,675	1,850,661	3,014
Other salaries for instruction					
Purchased professional - educ services	15,000	2,600	17,600	16,498	1,102
General supplies	25,000	(3,000)	22,000	21,939	61
Textbooks		400	400	287	113
Total Resource Room/Resource Center	<u>1,930,595</u>	<u>(36,920)</u>	<u>1,893,675</u>	<u>1,889,385</u>	<u>4,290</u>
Total Special Education - Instruction	<u>1,930,595</u>	<u>(36,920)</u>	<u>1,893,675</u>	<u>1,889,385</u>	<u>4,290</u>
School-Sponsored Cocurricular Act - Inst.					
Salaries	157,945	(23,300)	134,645	127,255	7,390
Supplies and materials	12,000	300	12,300	3,734	8,566
Total School-Sponsored Cocurr. Act. - Inst	<u>169,945</u>	<u>(23,000)</u>	<u>146,945</u>	<u>130,989</u>	<u>15,956</u>
School-Sponsored Athletics - Inst.					
Salaries	529,475	2,000	531,475	531,212	263
Purchased services	4,000	(1,000)	3,000	348	2,652
Supplies and materials	141,746	5,500	147,246	125,950	21,296
Other objects	85,000	3,500	88,500	88,499	1
Transfers to cover deficit (custodial funds)	50,000	13,000	63,000	63,000	
Total School-Sponsored Athletics - Inst	<u>810,221</u>	<u>23,000</u>	<u>833,221</u>	<u>809,009</u>	<u>24,212</u>

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

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LOWER CAPE MAY REGIONAL 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
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - regular	\$ 19,000	\$ 35,250	\$ 54,250	\$ 49,620	\$ 4,630
Tuition county voc. school dist. - regular	735,688		735,688	735,688	
Tuition county voc. school dist. - special	331,800		331,800	331,800	
Tuition to CSSD & reg. day schools	920,192	70,000	990,192	982,021	8,171
Tuition to priv. sch. for the disabled w/i state	684,804	(102,000)	582,804	427,280	155,524
Tuition - state facilities	167,588		167,588	167,588	
Tuition - other	3,500	(3,250)	250		250
Total Undistributed Expenditures - Instruction	2,862,572		2,862,572	2,693,997	168,575
Undistributed Expenditures - Health Services					
Salaries	199,643	(390)	199,253	199,229	24
Purchased Professional Technical Services	40,000	(14,820)	25,180	25,171	9
Supplies and materials	10,000	(2,041)	7,959	7,559	400
Supplies - menstrual products		8,368	8,368	8,368	
Total Undistributed Expenditures - Health Svcs.	249,643	(8,883)	240,760	240,327	433
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	62,827	900	63,727	63,726	1
Purchased prof. ed. services		2,420	2,420	2,420	
Supplies and materials		600	600	594	6
Total Undst. Expend. - Speech, OT, PT & Related Services	62,827	3,920	66,747	66,740	7
Undist. Expend. - Guidance					
Salaries of other professional staff	534,754	(32,600)	502,154	502,084	70
Salaries of secretarial and clerical assistants	96,633	(3,000)	93,633	93,633	
Other purchased prof. and tech. services	500	(500)			
Supplies and materials	10,000	(7,630)	2,370	2,253	117
Total Undst. Expend. - Guidance	641,887	(43,730)	598,157	597,970	187
Undist. Expend. - Child Study Team					
Salaries of other professional staff	408,532	9,000	417,532	417,284	248
Salaries of secretarial and clerical assistants	93,664	(5,950)	87,714	87,674	40
Purchased professional - educ services	90,000	64,610	154,610	154,404	206
Other purchased professional and technical services	30,000	49,900	79,900	79,880	20
Supplies and materials	10,000	(4,750)	5,250	5,153	97
Other objects		100	100	99	1
Total Undst. Expend. - Child Study Team	632,196	112,910	745,106	744,494	612

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

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LOWER CAPE MAY REGIONAL 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. - Improvement of Instr. Services					
Salaries of supervisor of instruction	\$ 272,962	\$ 1,400	\$ 274,362	\$ 274,113	\$ 249
Salaries of secretarial and clerical assistants	75,568	(8,950)	66,618	62,079	4,539
Purchased professional - educational services		50	50	50	
Total Undst. Expend. - Improvement of Instr. Services	348,530	(7,500)	341,030	336,242	4,788
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	117,947	(1,500)	116,447	116,363	84
Purchased professional and technical services		500	500	500	
Supplies and materials	45,000	(10,430)	34,570	34,543	27
Total Undst. Expend. - Educ. Media Serv./Sch. Library	162,947	(11,430)	151,517	151,406	111
Undist. Expend. - Instructional Staff Training Services					
Salaries of supervisor of instruction	2,000	(500)	1,500		1,500
Purchased professional - educ services	2,000	500	2,500	1,995	505
Total Undst. Expend. - Instructional Staff Training Svcs.	4,000		4,000	1,995	2,005
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	221,209		221,209	191,661	29,548
Legal services	95,000		95,000	56,063	38,937
Audit Fees	30,000	27,209	57,209	38,247	18,962
Architectural/Engineering Fees	27,209	(27,209)			
Purchased technical services	45,000	(4,600)	40,400	36,145	4,255
Communications / telephone	95,000	9,400	104,400	101,189	3,211
Misc. Purchased Services	160,000		160,000	159,074	926
General Supplies	20,000	(4,800)	15,200	9,703	5,497
Miscellaneous expenditures	15,000		15,000	6,499	8,501
BOE Membership Dues and Fees	32,000		32,000	29,169	2,831
Total Undst. Expend. - Supp. Serv. General Admin.	740,418		740,418	627,750	112,668
Undist. Expend. - Supp. Serv. School Admin.					
Salaries of principals/assist. principals	737,963		737,963	732,962	5,001
Salaries of secretarial and clerical assistants	294,966		294,966	282,459	12,507
Purchased professional and technical services	5,000		5,000	2,400	2,600
Supplies and materials	35,000		35,000	25,047	9,953
Other objects	5,000		5,000	2,099	2,901
Total Undst. Expend. - Supp. Serv. School Admin.	1,077,929		1,077,929	1,044,967	32,962
Undist. Expend. - Central Services					
Salaries	298,445		298,445	287,213	11,232
Supplies and materials	2,000		2,000	1,241	759
Total Undst. Expend. - Central Services	300,445		300,445	288,454	11,991
Undist. Expend. - Admin. Info. Tech.					
Purchased technical services	145,000		145,000	86,889	58,111
Supplies and materials	5,000		5,000	1,197	3,803
Total Undst. Expend. - Admin. Info. Tech.	150,000		150,000	88,086	61,914

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

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LOWER CAPE MAY REGIONAL 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. - Required Maint. Sch. Facilities					
Salaries	\$ 249,759	\$ (27,500)	\$ 222,259	\$ 202,511	\$ 19,748
General supplies	656,185	27,500	683,685	679,700	3,985
Other objects	52,091	690,000	742,091	358,050	384,041
Total Undst. Expend. - Required Maint. Sch. Facilities	958,035	690,000	1,648,035	1,240,261	407,774
Undist. Expend. - Custodial Services					
Salaries	945,249		945,249	917,572	27,677
Purchased professional & tech. services	30,000	6,900	36,900	31,168	5,732
Lease purchase pymts-energy savings impr prog	221,603		221,603	221,603	
Other purchased property services	1,025,000	(56,900)	968,100	767,241	200,859
Insurance	135,000		135,000	129,700	5,300
General supplies	80,000	3,100	83,100	66,394	16,706
Other objects					
Total Undst. Expend. - Custodial Services	2,436,852	(46,900)	2,389,952	2,133,678	256,274
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	158,332	(3,000)	155,332	136,291	19,041
General supplies	3,000	3,000	6,000	4,343	1,657
Total Undst. Expend. - Care and Upkeep of Grounds	161,332		161,332	140,634	20,698
Undist. Expend. - Security					
Salaries	50,000		50,000	31,362	18,638
Purchased professional & tech. services	200,000		200,000	193,548	6,452
Total Undst. Expend. - Security	250,000		250,000	224,910	25,090
Total Undst. Expend. - Oper. & Maint. of Plant Services	3,806,219	643,100	4,449,319	3,739,483	709,836
Undist. Expend. - Student Transportation Services					
Salaries of Non-Instructional Aides	323,353	99,000	422,353	422,263	90
Salaries for pupil trans. (bet home & sch) - regular	657,013	(35,000)	622,013	621,904	109
Salaries for pupil trans. (bet home & sch) - spec ed.	126,490	63,000	189,490	188,982	508
Salaries for pupil trans. (other than bet home & sch)	50,000	(16,200)	33,800	33,786	14
Aide in Lieu - NonPublic Schools					
Aide in Lieu - Charter Schools	2,000	(2,000)			
Contr. serv. (bet. home & sch.) - vendors	50,000	8,500	58,500	57,076	1,424
Contr. serv. (sp ed stds) - vendors	100,000	100,750	200,750	200,271	479
Miscellaneous purchased services - transportation	45,000	100	45,100	45,068	32
General supplies	275,000	(64,150)	210,850	209,466	1,384
Other objects					
Total Undst. Expend. - Student Transportation Services	1,628,856	154,000	1,782,856	1,778,816	4,040

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

(CONTINUED TO NEXT PAGE)

LOWER CAPE MAY REGIONAL 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
Unallocated Benefits - Employee Benefits					
Social security contributions	\$ 450,000	\$ -	\$ 450,000	\$ 421,304	\$ 28,696
Other retirement contributions - PERS	625,000	(75,000)	550,000	517,241	32,759
Unemployment compensation					
Health benefits	4,082,853	(171,700)	3,911,153	3,745,038	166,115
Tuition reimbursement	40,000	10,000	50,000	48,809	1,191
Other employee benefits	275,000	12,500	287,500	285,304	2,196
Unused sick payments to terminated/retired staff	100,180	10,200	110,380	110,189	191
Total Unallocated Benefits - Employee Benefits	5,573,033	(214,000)	5,359,033	5,127,885	231,148
On-behalf TPAF NCGI pension contributions (non-budgeted)				4,205,129	(4,205,129)
On-behalf TPAF Post Retirement Medical contributions (non-budgeted)				1,228,742	(1,228,742)
On-behalf TPAF Pension LTDI (non-budgeted)				999	(999)
Reimbursed TPAF social security contributions (non-bud.)				865,144	(865,144)
Total Undistributed Expenditures - TPAF				6,300,014	(6,300,014)
Total Undistributed Expenditures	18,241,502	628,387	18,869,889	23,828,626	(4,958,737)
Interest Earned on Maintenance Reserve	100		100		100
Total General Current Expense	30,595,062	637,895	31,232,957	35,915,745	(4,682,788)
EXPENDITURES:					
CAPITAL OUTLAY:					
Equipment:					
Undist. expenditures - instruction	125,000	(83,000)	42,000	39,648	2,352
Undist. expenditures - admin info tech	100,000	7,500	107,500	36,858	70,642
Undist. expenditures - required maint for school fac	20,000		20,000	20,000	
Undist. expenditures - care and upkeep of grounds		23,000	23,000	22,211	789
Undist. expenditures - security		60,000	60,000	57,931	2,069
School buses - regular	175,000	(7,500)	167,500	155,080	12,420
Total equipment	420,000		420,000	331,728	88,272
Facilities acquisition and construction services:					
Architectural and engineering services	164,902		164,902	120,268	44,634
Other purchased prof. and tech. services	7,271		7,271	4,877	2,394
Construction services	3,389,912	245,220	3,635,132	3,445,824	189,308
Assessment for debt service on SDA funding	58,848		58,848	58,848	
Total Facilities acquisition and construction services	3,620,933	245,220	3,866,153	3,629,817	236,336
Interest Deposit to Capital Reserve	100		100		100
Assets acquired under financed purchases (non-budgeted):					
Instructional equipment					
Total facilities acquisition and construction services					
Total Capital Outlay	4,041,033	245,220	4,286,253	3,961,545	324,708
Transfer of funds to Charter Schools	16,331		16,331	16,331	
Total Expenditures	34,652,426	883,115	35,535,541	39,893,621	(4,358,080)

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

(CONTINUED TO NEXT PAGE)

LOWER CAPE MAY REGIONAL 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
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>\$ (5,707,754)</u>	<u>\$ (825,220)</u>	<u>\$ (6,532,974)</u>	<u>\$ (4,308,739)</u>	<u>\$ 2,224,235</u>
Other Financing Sources (Uses):					
Operating transfer out - Enterprise Fund	<u> </u>	<u>(110,000)</u>	<u>(110,000)</u>	<u>(110,000)</u>	<u> </u>
Total Other Financing Sources (Uses):	<u> </u>	<u>(110,000)</u>	<u>(110,000)</u>	<u>(110,000)</u>	<u> </u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(5,707,754)	(935,220)	(6,642,974)	(4,418,739)	2,224,235
Fund Balance, July 1	<u>12,282,840</u>	<u> </u>	<u>12,282,840</u>	<u>12,282,840</u>	<u> </u>
Fund Balance, June 30	<u><u>\$ 6,575,086</u></u>	<u><u>\$ (935,220)</u></u>	<u><u>\$ 5,639,866</u></u>	<u><u>\$ 7,864,101</u></u>	<u><u>\$ 2,224,235</u></u>
Recapitulation:					
Restricted:					
Capital Reserve:					
Designated for Subsequent Year's Expenditures				\$ 350,000	
Capital Reserve				1,081,915	
Maintenance Reserve				1,020,996	
Excess Surplus:					
Designated for Subsequent Year's Expenditures				2,199,795	
Current Year				1,755,858	
Unemployment Compensation				160,071	
Assigned:					
Year-end encumbrances				303,233	
Designated for Subsequent Year's Expenditures				197,596	
Unassigned				<u>794,637</u>	
				7,864,101	
Reconciliation on Governmental Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				<u>(273,805)</u>	
Fund Balance per Government Fund (GAAP)				<u><u>\$ 7,590,296</u></u>	

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual
REVENUES:					
State sources	\$ -	\$ 90,752	\$ 90,752	\$ 83,728	(7,024)
Federal sources	795,038	574,471	1,369,509	1,152,457	(217,052)
Local sources		6,734	6,734	552,152	545,418
Total revenues	795,038	671,957	1,466,995	1,788,337	321,342
EXPENDITURES:					
Instruction:					
Salaries of teachers	403,125	(128,177)	274,948	272,216	2,732
Purchased professional - tech. services		455	455	455	
Other purchased services		1,650	1,650	1,650	
Tuition	311,794	89,653	401,447	401,447	
General supplies		125,164	125,164	118,525	6,639
Other objects		1,235	1,235	1,235	
Total instruction	714,919	89,980	804,899	795,528	9,371
Support services:					
Other salaries	80,119	43,103	123,222	69,045	54,177
Personal services - employee benefits		440,472	440,472	280,342	160,130
Purchased professional and technical services		23,110	23,110	23,109	1
Other purchased services		1,216	1,216	1,216	
Supplies and materials		2,076	2,076	1,514	562
Other objects					
Student activities/athletics				521,415	(521,415)
Scholarships awarded					
Total support services	80,119	509,977	590,096	896,641	(306,545)
Facilities acquisition and construction services:					
Building					
Non-Instructional equipment		72,000	72,000	72,000	
Total facilities acq. and const. services		72,000	72,000	72,000	
Total expenditures	795,038	671,957	1,466,995	1,764,169	(297,174)
Total outflows	795,038	671,957	1,466,995	1,764,169	(297,174)
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	24,168	\$ 24,168
Fund Balance, July 1				241,013	
Fund Balance, June 30				\$ 265,181	
Recapitulation:					
Restricted:					
Scholarships				\$ 6,240	
Student Activities				258,941	
Total Fund Balance				\$ 265,181	

Lower Cape May Regional School District
Notes to Required Supplementary Information
Budgetary Comparison
For the 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	\$ 35,584,882	\$ 1,788,337
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	270,683	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(273,805)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 35,581,760</u></u>	<u><u>\$ 1,788,337</u></u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 39,893,621	\$ 1,764,169
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 39,893,621</u></u>	<u><u>\$ 1,764,169</u></u>

Required Supplementary Information - Part III

Schedules Related to Accounting and Reporting

For Pensions and

Other Post Employment Benefits

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

	June 30, 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)	0.0372967858%	0.0412884209%	0.0470992373%	0.0465460207%	0.0479605292%	0.0490690174%	0.0509456880%	0.0521983537%	0.0521558363%	0.0515344434%
District's proportionate share of the net pension liability (asset)	\$ 5,067,904	\$ 5,980,369	\$ 7,107,923	\$ 5,514,074	\$ 7,821,108	\$ 8,841,493	\$ 10,030,852	\$ 12,150,942	\$ 15,447,063	\$ 11,568,450
District's covered-employee payroll	3,132,433	3,034,059	2,999,522	3,117,842	3,421,367	3,472,867	3,451,162	3,495,477	3,508,347	3,044,487
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	161.79%	197.11%	236.97%	176.86%	228.60%	254.59%	290.65%	347.62%	440.29%	379.98%
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 CAPE MAY REGIONAL 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	\$ 509,918	\$ 507,510	\$ 551,832	\$ 593,944	\$ 545,108	\$ 524,665	\$ 479,087	\$ 508,855	\$ 488,996	\$ 463,345
Contributions in relation to the contractually required contributions	(509,918)	(507,510)	(551,832)	(593,944)	(545,108)	(524,665)	(479,087)	(508,855)	(488,996)	(463,345)
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	3,132,433	3,034,059	2,999,522	3,117,842	3,421,367	3,472,867	3,451,162	3,495,477	3,508,347	3,044,487
Contributions as a percentage of covered-employee payroll	16.28%	16.73%	18.40%	19.05%	15.93%	15.11%	13.88%	14.56%	13.94%	15.22%

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

	June 30, 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>\$ 49,484,262</u>	<u>\$ 53,229,569</u>	<u>\$ 55,085,349</u>	<u>\$ 52,694,146</u>	<u>\$ 73,731,083</u>	<u>\$ 70,440,693</u>	<u>\$ 73,078,501</u>	<u>\$ 78,151,793</u>	<u>\$ 91,341,640</u>	<u>\$ 72,054,654</u>
Total	<u>\$ 49,484,262</u>	<u>\$ 53,229,569</u>	<u>\$ 55,085,349</u>	<u>\$ 52,694,146</u>	<u>\$ 73,731,083</u>	<u>\$ 70,440,693</u>	<u>\$ 73,078,501</u>	<u>\$ 78,151,793</u>	<u>\$ 91,341,640</u>	<u>\$ 72,054,654</u>
District's covered-employee payroll	12,105,237	11,961,395	11,981,332	11,894,121	11,883,729	11,972,316	12,033,255	12,109,799	12,165,694	11,902,621
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 CAPE MAY REGIONAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the District
and Changes in the Total OPEB Liability and Related Ratios
Public 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	\$ 2,143,874	\$ 2,224,192	\$ 2,940,539	\$ 3,440,664	\$ 1,950,814	\$ 2,009,465	\$ 2,338,255	\$ 2,812,991
Interest	2,618,855	2,493,687	1,832,244	2,116,747	2,065,266	2,552,163	2,835,098	2,449,434
Changes in benefit terms				(86,852)				
Differences between expected and actual experiences	(30,918)	(1,313,448)	3,070,961	(15,129,240)	15,557,384	(10,659,055)	(8,957,932)	-
Changes of assumptions	5,951,982	142,715	(18,547,000)	80,503	16,949,509	862,299	(7,435,100)	(9,838,497)
Member Contributions	68,484	63,904	58,223	54,115	48,963	52,625	59,878	66,255
Benefit payments	<u>(2,000,062)</u>	<u>(1,943,869)</u>	<u>(1,814,892)</u>	<u>(1,667,404)</u>	<u>(1,615,394)</u>	<u>(1,775,309)</u>	<u>(1,732,490)</u>	<u>(1,799,312)</u>
Net Change in total OPEB Liability	8,752,215	1,667,181	(12,459,925)	(11,191,467)	34,956,542	(6,957,812)	(12,892,291)	(6,309,129)
Total Non-Employer OPEB Liability - beginning	<u>70,805,596</u>	<u>69,138,415</u>	<u>81,598,340</u>	<u>92,789,807</u>	<u>57,833,265</u>	<u>64,791,077</u>	<u>77,683,368</u>	<u>83,992,497</u>
Total Non-Employer OPEB Liability - ending	<u><u>\$ 79,557,811</u></u>	<u><u>\$ 70,805,596</u></u>	<u><u>\$ 69,138,415</u></u>	<u><u>\$ 81,598,340</u></u>	<u><u>\$ 92,789,807</u></u>	<u><u>\$ 57,833,265</u></u>	<u><u>\$ 64,791,077</u></u>	<u><u>\$ 77,683,368</u></u>
District's covered-employee payroll	15,237,670	14,995,454	14,980,854	15,011,963	15,305,096	15,445,183	15,484,417	15,605,276
Total OPEB Liability as a percentage of covered-employee payroll	522.11%	472.18%	461.51%	543.56%	606.27%	374.44%	418.43%	497.80%

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

**Lower Cape May Regional School District
Notes to Required Supplementary Information – Part III
For the Fiscal Year Ended June 30, 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 CAPE MAY REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2025

	Brought Forward (Exh. E-1a)	Brought Forward (Exh. E-1b)	Totals
REVENUES:			
State sources	\$ -	\$ 83,728	\$ 83,728
Federal sources	1,062,511	89,946	1,152,457
Local sources		552,152	552,152
Total Revenues	1,062,511	725,826	1,788,337
EXPENDITURES:			
Instruction:			
Salaries of teachers	250,953	21,263	272,216
Purchased professional and technical services	455	-	455
Other purchased services	-	1,650	1,650
General supplies	43,071	75,454	118,525
Tuition	401,447	-	401,447
Other objects	-	1,235	1,235
Total instruction	695,926	99,602	795,528
Support services:			
Other salaries	64,362	4,683	69,045
Personal services-employee benefits	278,714	1,628	280,342
Purchased professional and technical services	23,109	-	23,109
Other purchased services	-	1,216	1,216
Supplies and materials	400	1,114	1,514
Other objects	-	-	-
Student Activities/Athletics	-	521,415	521,415
Scholarships awarded	-	-	-
Total support services	366,585	530,056	896,641
Facilities acquisition and const. serv.:			
Building	-	-	-
Instructional Equipment	-	-	-
Non-Instructional equipment		72,000	72,000
Total facilities acquisition and const. serv.:	-	72,000	72,000
Total Expenditures	1,062,511	701,658	1,764,169
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	24,168	24,168
Fund Balance, July 1		241,013	241,013
Fund Balance, June 30	\$ -	\$ 265,181	\$ 265,181

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2025

	No Child Left Behind (N.C.L.B.)						IDEA Basic Current Yr.	ARP ESSER III	ARP Accelerated Learning	ARP Beyond the School Day	Page Totals
	Title I Current Yr.	Title I Prior Yr.	Title I-SIA Current Yr.	Title I-SIA Prior Yr.	Title II - Part A Current Yr.	Title IV Current Yr.					
REVENUES:											
Federal sources	\$ 260,245	\$ 147,685	\$ 35,423	\$ 108	\$ 23,887	\$ 40,551	\$ 401,447	\$ 138,385	\$ 7,725	\$ 7,055	\$ 1,062,511
Total Revenues	260,245	147,685	35,423	108	23,887	40,551	401,447	138,385	7,725	7,055	1,062,511
EXPENDITURES:											
Instruction:											
Salaries of teachers	240,953					10,000					250,953
Purchased professional and technical services						455					455
Other purchased services											
General supplies	318	17,069	15,779	108		9,797					43,071
Tuition							401,447				401,447
Other Objects											
Total instruction	241,271	17,069	15,779	108		20,252	401,447				695,926
Support services:											
Other salaries	17,254	3,735			9,368	9,500		10,776	7,176	6,553	64,362
Personal services-employee benefits	1,320	126,881	19,644		717	1,492		127,609	549	502	278,714
Purchased professional and technical serv.					13,802	9,307					23,109
Other purchased serv.											
Supplies and materials	400										400
Other objects											
Student Activities/Athletics											
Scholarships awarded											
Total support services	18,974	130,616	19,644		23,887	20,299		138,385	7,725	7,055	366,585
Facilities acquisition and const. serv.:											
Buildings											
Instructional equipment											
Total facilities acquisition and const. serv.:											
Total Expenditures	260,245	147,685	35,423	108	23,887	40,551	401,447	138,385	7,725	7,055	1,062,511
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)											
Fund Balance, July 1											
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2025

	Carl Perkins Federal	Carl Perkins Reserve	New Jersey Climate Change Education (CCERIL)	NJSSAB 2024 Innovation Grant Greenhouse	Student Activities & Athletics	Scholarships	Page Totals
REVENUES:							
State sources	\$ -	\$ -	\$ 83,728	\$ -	\$ -	\$ -	\$ 83,728
Federal sources	26,376	63,570			-	-	89,946
Local sources				6,569	545,569	14	552,152
Total Revenues	26,376	63,570	83,728	6,569	545,569	14	725,826
EXPENDITURES:							
Instruction:							
Salaries of teachers	10,000	11,263					21,263
Tuition							
Other purchased services		1,650					1,650
Supplies and materials	14,395	48,559	6,820	5,680			75,454
Other objects		1,235					1,235
Total instruction	24,395	62,707	6,820	5,680			99,602
Support services:							
Other salaries			4,683				4,683
Personal services-employee benefits	765	863					1,628
Other purchased services	1,216						1,216
Supplies and materials			225	889			1,114
Other objects							
Student Activities/Athletics					521,415		521,415
Scholarships awarded							
Total support services	1,981	863	4,908	889	521,415		530,056
Facilities and acquisition							
Instructional equipment							
Non-Instructional equipment			72,000				72,000
Buildings							
Total facilities and acquisition			72,000				72,000
Total Expenditures	26,376	63,570	83,728	6,569	521,415		701,658
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)					24,154	14	24,168
Fund Balance, July 1					234,787	6,226	241,013
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ 258,941	\$ 6,240	\$ 265,181

Capital Projects Fund
Detail Statements

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year ended June 30, 2025

Revenues and Other Financing Sources:

Transfer from Capital Reserve	\$ -
Earnings on Investments	<u>32,456</u>
Total revenues and other financing sources	<u>32,456</u>

Expenditures and Other Financing (Uses):

Purchased Professional Services	4,878
Construction Services	411,802
Equipment	
Transfer to Debt Service Fund	<u>32,456</u>

Total expenditures and other financing (uses)	<u>449,136</u>
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Excess (deficiency) or revenues over (under) expenditures	(416,680)
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Fund Balance - July 1	<u>633,362</u>
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Fund Balance - June 30	<u><u>\$ 216,682</u></u>
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LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Construction and Various Improvements to the District's Facilities
From Inception and for the Fiscal Year ended June 30, 2025

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
Bond proceeds	\$ 13,900,000	\$ -	\$ 13,900,000	\$ 13,900,000
Transfer from Capital Reserve	600,000		600,000	600,000
Total revenues	<u>14,500,000</u>	<u>-</u>	<u>14,500,000</u>	<u>14,500,000</u>
Expenditures and Other Financing Uses:				
Purchased professional services	1,199,684	4,878	1,204,562	1,204,562
Construction services	12,666,954	411,802	13,078,756	13,078,756
Equipment			-	-
Transfer to Debt Service Fund			-	-
Total expenditures	<u>13,866,638</u>	<u>416,680</u>	<u>14,283,318</u>	<u>14,283,318</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 633,362</u>	<u>\$ (416,680)</u>	<u>\$ 216,682</u>	<u>\$ 216,682</u>
Additional project information:				
Bond Authorization Date	01/25/22			
Bonds Authorized	\$ 13,900,000			
Bonds Issued	\$ 13,900,000			
Original Authorized Cost	\$ 13,900,000			
Additional Authorized Cost	\$ 600,000			
Revised Authorized Cost	\$ 14,500,000			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	98.00%			
Original target completion date	06/01/24			
Revised target completion date	12/31/25			

LOWER CAPE MAY REGIONAL 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>Transfer to Debt Service Fund</u>	<u>Unexpended Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>		
Various Improvements to School Facilities	1/25/2022	\$ 14,500,000	\$ 13,866,638	\$ 416,680	\$ -	\$ 216,682
		<u>\$ 14,500,000</u>	<u>\$ 13,866,638</u>	<u>\$ 416,680</u>	<u>\$ -</u>	<u>\$ 216,682</u>

Proprietary Funds

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT

Enterprise Funds

Statement of Net Position

as of June 30, 2025

	<u>Total</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 4,343
Accounts receivable:	
State	1,684
Federal	19,244
Other	
Inventories	<u>39,196</u>
Total current assets	<u>64,467</u>
Fixed assets:	
Equipment	287,186
Less Accumulated depreciation	<u>(129,900)</u>
Total fixed assets	<u>157,286</u>
Total assets	<u>221,753</u>
 LIABILITIES:	
Current liabilities:	
Due to scholarships	5,000
Compensated absences payable	12,324
Unearned revenue	<u>7,354</u>
Total current liabilities	<u>24,678</u>
 NET POSITION:	
Net investment in capital assets	157,286
Unrestricted	<u>39,789</u>
Total net position	<u><u>\$ 197,075</u></u>

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Enterprise Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
for the Fiscal Year ended June 30, 2025

	Total
OPERATING REVENUES:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	\$ 152,723
Total-daily sales-reimbursable programs	152,723
Daily sales non-reimbursable programs:	
Adult and AlaCarte meals	128,031
Special events and miscellaneous	17,151
Total operating revenue	297,905
OPERATING EXPENSES:	
Salaries	309,870
Employee benefits	169,953
Supplies and materials	27,985
Purchased professional services	53,168
Depreciation	13,029
Cost of sales - reimbursable programs	239,398
Cost of sales - nonreimbursable programs	72,406
Miscellaneous	1,540
Total operating expenses	887,349
Operating income (loss)	(589,444)
Non-operating revenues:	
State sources:	
State school lunch program	10,395
State school breakfast program	1,424
State breakfast after bell	3,884
NJEIE lunch	10,354
NJEIE breakfast	2,857
Summer-EBT, state portion	321
Federal sources:	
National school lunch program	243,428
National school breakfast program	83,365
Summer-EBT	322
Local food for schools	4,009
U.S.D.A. commodities	73,269
Operating transfer in	110,000
Interest revenue	617
Total non-operating revenues	544,245
Net income (loss)	(45,199)
Other Items:	
Board contribution of capital assets	-
Change in net position	(45,199)
Total net position - July 1	242,274
Total net position - June 30	\$ 197,075

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

	<u>Total</u>
Cash flows from operating activities:	
Cash receipts from customers	\$ 304,797
Cash payments to employees for services	(479,615)
Cash payments to suppliers for goods and services	<u>(321,181)</u>
Net cash used by operating activities	<u>(495,999)</u>
Cash flows from noncapital financing activities:	
Board contribution	110,000
Cash received from state and federal reimbursements	<u>350,501</u>
Net cash provided by noncapital financing activities	<u>460,501</u>
Cash flows from capital financing activities:	
Purchases of fixed assets	<u>-</u>
Net cash used by capital financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>617</u>
Net cash provided by investing activities	<u>617</u>
Net increase (decrease) in cash and cash equivalents	(34,881)
Cash and cash equivalents, July 1	<u>39,224</u>
Cash and cash equivalents, June 30	<u><u>\$ 4,343</u></u>
Reconciliation of operating income (loss) to net cash provided	
(used) by operating activities:	
Operating income (loss)	\$ (589,444)
Adjustments to reconcile operating income (loss)	
to cash provided (used) by operating activities:	
Depreciation	13,029
Federal commodities	73,269
Change in assets and liabilities:	
(Increase) / decrease in inventory	47
(Increase) / decrease in accounts receivable	-
Increase / (decrease) in compensated absences payable	208
Increase / (decrease) in unearned revenue	<u>6,892</u>
Net cash used by operating activities	<u><u>\$ (495,999)</u></u>

Long-Term Debt Schedules

LOWER CAPE MAY REGIONAL 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							
School Bonds	3/15/2016	\$ 6,367,000	03/01/2026	\$ 400,000	2.50%	\$ 4,567,000	\$ -	\$ 400,000	\$ 4,167,000		
			03/01/2027	400,000	3.00%						
			03/01/2028	400,000	3.00%						
			03/01/2029	400,000	3.00%						
			03/01/2030	400,000	3.00%						
			03/01/2031	400,000	3.00%						
			03/01/2032	400,000	3.00%						
			03/01/2033	400,000	3.00%						
			03/01/2034	400,000	3.00%						
			03/01/2035	350,000	3.00%						
			03/01/2036	217,000	3.00%						
	<u>\$ 4,167,000</u>										
School Bonds	3/23/2022	13,900,000	2/15/2026	\$ 480,000	3.00%	13,275,000		465,000	12,810,000		
			2/15/2027	510,000	3.00%						
			2/15/2028	540,000	3.00%						
			2/15/2029	570,000	3.00%						
			2/15/2030	600,000	3.00%						
			2/15/2031	640,000	3.00%						
			2/15/2032	670,000	3.00%						
			2/15/2033	705,000	3.00%						
			2/15/2034	745,000	3.00%						
			2/15/2035	840,000	3.00%						
			2/15/2036	930,000	3.00%						
			2/15/2037	930,000	3.00%						
			2/15/2038	930,000	3.00%						
			2/15/2039	930,000	3.00%						
			2/15/2040	930,000	3.00%						
			2/15/2041	930,000	3.00%						
			2/15/2042	930,000	3.00%						
				<u>\$ 12,810,000</u>							
			Total							<u>\$ 17,842,000</u>	<u>\$ -</u>

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

<u>Purpose</u>	<u>Interest Rate Payable</u>	<u>Original Issue</u>	<u>Balance June 30, 2024</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2025</u>
Copiers	4.00%	\$ 9,241	\$ 754	\$ -	\$ 754	\$ -
Copiers	4.00%	116,562	51,409		24,143	27,266
Copiers	4.00%	7,043	5,153		1,400	3,753
Postage Meter	3.00%	15,105	10,979		3,020	7,959
			<u>\$ 68,295</u>	<u>\$ -</u>	<u>\$ 29,317</u>	<u>\$ 38,978</u>

LOWER CAPE MAY REGIONAL 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	\$ 654,638	\$ -	\$ 654,638	\$ 654,638	\$ -
Miscellaneous					-
Total revenues - local sources	654,638	-	654,638	654,638	-
State sources:					
Debt service aid type II	394,324		394,324	394,324	
Total revenues - state sources	394,324	-	394,324	394,324	-
Total Revenues	1,048,962		1,048,962	1,048,962	-
EXPENDITURES:					
Regular debt service:					
Interest	529,260		529,260	529,260	-
Redemption of principal	865,000		865,000	865,000	
Total Expenditures	1,394,260		1,394,260	1,394,260	-
Excess (Deficiency) of revenues over (under) expenditures	(345,298)		(345,298)	(345,298)	-
Other Financing Sources (Uses):					
Operating transfer in				32,456	32,456
Total Other Financing Sources (Uses)	-	-	-	32,456	32,456
Excess (Deficiency) of revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(345,298)		(345,298)	(312,842)	32,456
Fund Balances, July 1	504,309		504,309	504,309	-
Fund Balances, June 30	\$ 159,011	\$ -	\$ 159,011	\$ 191,467	\$ 32,456

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

<u>Purpose</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance June 30, 2024</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2025</u>
Energy Savings Improvement Program	2.33%	\$ 2,931,725	<u>\$ 1,242,044</u>	<u>\$ -</u>	<u>\$ 193,786</u>	<u>\$ 1,048,258</u>
			<u><u>\$ 1,242,044</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 193,786</u></u>	<u><u>\$ 1,048,258</u></u>

Statistical Section

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

EXHIBIT J-1

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Net investment in capital assets	\$ 3,689,154	\$ 4,285,902	\$ 11,333,298	\$ 11,739,758	\$ 12,232,679	\$ 13,131,918	\$ 1,197,842	\$ 10,202,201	\$ 18,333,313	\$ 27,805,587
Restricted for:										
Capital projects	7,702,751	5,040,940	4,964,177	4,395,136	6,271,982	8,078,859	21,198,714	11,051,226	3,491,594	1,648,597
Special revenue	-	-	-	-	-	282,765	256,494	281,744	261,013	285,181
Debt service	7,729	4,838	4,401	2,647	65,277	66,282	170,888	513,074	504,309	191,467
Other purposes	4,854,574	5,905,708	5,875,371	6,040,091	6,778,794	6,233,194	6,108,678	5,769,592	6,066,147	5,136,720
Unrestricted	(12,154,051)	(13,561,376)	(13,880,364)	(13,550,438)	(13,516,311)	(11,663,015)	(7,991,423)	(5,979,623)	(5,385,511)	(6,462,631)
Total governmental activities net position	<u>\$ 4,100,157</u>	<u>\$ 1,676,012</u>	<u>\$ 8,296,883</u>	<u>\$ 8,627,194</u>	<u>\$ 11,832,421</u>	<u>\$ 16,130,003</u>	<u>\$ 20,941,193</u>	<u>\$ 21,838,214</u>	<u>\$ 23,270,865</u>	<u>\$ 28,604,921</u>
Business-type activities:										
Net investment in capital assets	\$ 23,029	\$ 19,214	\$ 17,840	\$ 52,200	\$ 29,744	\$ 35,732	\$ 132,160	\$ 174,410	\$ 170,315	\$ 157,286
Unrestricted	50,576	55,605	56,760	69,515	73,866	59,096	100,088	45,044	71,959	39,789
Total business-type activities net position	<u>\$ 73,605</u>	<u>\$ 74,819</u>	<u>\$ 74,600</u>	<u>\$ 121,715</u>	<u>\$ 103,610</u>	<u>\$ 94,828</u>	<u>\$ 232,248</u>	<u>\$ 219,454</u>	<u>\$ 242,274</u>	<u>\$ 197,075</u>
District-wide:										
Net investment in capital assets	\$ 3,712,183	\$ 4,305,116	\$ 11,351,138	\$ 11,791,958	\$ 12,262,423	\$ 13,167,650	\$ 1,330,002	\$ 10,376,611	\$ 18,503,628	\$ 27,962,873
Restricted:										
Capital projects	7,702,751	5,040,940	4,964,177	4,395,136	6,271,982	8,078,859	21,198,714	11,051,226	3,491,594	1,648,597
Special revenue	-	-	-	-	-	282,765	256,494	281,744	261,013	285,181
Debt service	7,729	4,838	4,401	2,647	65,277	66,282	170,888	513,074	504,309	191,467
Other purposes	4,854,574	5,905,708	5,875,371	6,040,091	6,778,794	6,233,194	6,108,678	5,769,592	6,066,147	5,136,720
Unrestricted	(12,103,475)	(13,505,771)	(13,823,604)	(13,480,923)	(13,442,445)	(11,603,919)	(7,891,335)	(5,934,579)	(5,313,552)	(6,422,842)
Total district net position	<u>\$ 4,173,762</u>	<u>\$ 1,750,831</u>	<u>\$ 8,371,483</u>	<u>\$ 8,748,909</u>	<u>\$ 11,936,031</u>	<u>\$ 16,224,831</u>	<u>\$ 21,173,441</u>	<u>\$ 22,057,668</u>	<u>\$ 23,513,139</u>	<u>\$ 28,801,996</u>

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

EXHIBIT J-2

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 10,096,876	\$ 9,936,892	\$ 10,482,239	\$ 10,294,527	\$ 10,074,641	\$ 9,720,465	\$ 10,181,276	\$ 10,673,830	\$ 10,237,208	\$ 10,392,763
Special education	2,552,234	2,496,784	2,385,277	2,417,440	2,477,619	2,412,594	2,473,553	2,358,412	2,264,984	2,290,832
Other instruction	816,489	872,375	925,136	930,884	786,995	778,312	954,057	874,231	902,240	939,998
Support Services:										
Tuition	2,370,107	2,475,403	2,259,197	2,493,725	1,883,961	2,289,989	2,130,166	1,981,948	2,561,760	2,693,997
Student & instruction related services	2,045,574	2,098,765	2,070,005	2,105,990	2,115,399	2,545,118	2,589,078	2,632,620	2,676,211	2,755,473
School administrative services	1,125,975	1,039,111	1,024,419	957,221	964,004	996,546	1,008,010	1,003,765	1,231,624	1,044,967
General and business administrative serv	861,056	1,036,641	1,200,649	1,312,336	1,190,161	1,165,195	1,232,726	1,238,811	1,000,356	1,197,010
Plant operations and maintenance	3,023,197	6,796,009	(512,570)	5,557,719	4,370,945	4,390,663	5,615,328	9,007,335	3,657,789	7,105,992
Pupil transportation	1,339,556	1,358,762	1,471,180	1,510,251	1,397,976	1,247,593	1,474,159	1,511,586	1,740,975	1,778,816
Unallocated employee benefits	7,480,247	9,146,323	18,437,912	15,709,586	13,661,372	16,996,561	12,652,245	9,614,236	11,961,958	11,586,627
Special schools	23,644	-	-	-	-	-	-	-	-	-
Charter schools	-	62,856	28,141	52,895	42,831	27,497	-	14,372	15,679	16,331
Interest on long-term debt	232,501	324,326	303,327	273,460	242,626	209,244	279,859	567,936	545,336	521,362
Unallocated depreciation	34,053	33,089	46,938	66,593	47,788	42,964	51,711	57,121	-	63,292
Total governmental activities expenses	<u>32,001,509</u>	<u>37,677,336</u>	<u>40,121,850</u>	<u>43,682,627</u>	<u>39,256,318</u>	<u>42,822,741</u>	<u>40,642,168</u>	<u>41,536,203</u>	<u>38,796,120</u>	<u>42,387,460</u>
Business-type activities:										
Food service	953,238	928,012	941,884	917,900	834,846	625,570	852,404	848,560	881,776	887,349
Total business-type activities expense	<u>953,238</u>	<u>928,012</u>	<u>941,884</u>	<u>917,900</u>	<u>834,846</u>	<u>625,570</u>	<u>852,404</u>	<u>848,560</u>	<u>881,776</u>	<u>887,349</u>
Total district expenses	<u>\$ 32,954,747</u>	<u>\$ 38,605,348</u>	<u>\$ 41,063,734</u>	<u>\$ 44,600,527</u>	<u>\$ 40,091,164</u>	<u>\$ 43,448,311</u>	<u>\$ 41,494,572</u>	<u>\$ 42,384,763</u>	<u>\$ 39,677,896</u>	<u>\$ 43,274,809</u>
Program Revenues:										
Governmental activities:										
Operating grants and contributions	\$ 3,795,741	\$ 4,141,326	\$ 15,155,551	\$ 12,162,677	\$ 10,139,718	\$ 14,717,617	\$ 11,989,343	\$ 10,580,923	\$ 9,980,768	\$ 10,670,929
Tuition	-	-	-	-	-	129,215	-	110,300	68,187	23,249
Transportation fees	-	-	-	-	-	79,297	-	209,521	251,839	246,809
Total governmental activities program revenues	<u>3,795,741</u>	<u>4,141,326</u>	<u>15,155,551</u>	<u>12,162,677</u>	<u>10,139,718</u>	<u>14,926,129</u>	<u>11,989,343</u>	<u>10,900,744</u>	<u>10,300,794</u>	<u>10,940,987</u>

(Continued)

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

EXHIBIT J-2

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business-type activities:										
Charges for services:										
Food service	\$ 344,221	\$ 352,828	\$ 327,743	\$ 312,369	\$ 218,188	\$ 33,727	\$ 140,564	\$ 300,672	\$ 312,074	\$ 297,905
Operating grants and contributions	429,320	442,666	466,056	494,855	391,514	514,800	757,138	433,809	413,662	433,628
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>773,541</u>	<u>795,494</u>	<u>793,799</u>	<u>807,224</u>	<u>609,702</u>	<u>548,527</u>	<u>897,702</u>	<u>734,481</u>	<u>725,736</u>	<u>731,533</u>
Total district program revenues	<u>\$ 4,569,282</u>	<u>\$ 4,936,820</u>	<u>\$ 15,949,350</u>	<u>\$ 12,969,901</u>	<u>\$ 10,749,420</u>	<u>\$ 15,474,656</u>	<u>\$ 12,887,045</u>	<u>\$ 11,635,225</u>	<u>\$ 11,026,530</u>	<u>\$ 11,672,520</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (28,205,768)	\$ (33,536,010)	\$ (24,966,299)	\$ (31,519,950)	\$ (29,116,600)	\$ (27,896,612)	\$ (28,652,825)	\$ (30,635,459)	\$ (28,495,326)	\$ (31,446,473)
Business-type activities	(179,697)	(132,518)	(148,085)	(110,676)	(225,144)	(77,043)	45,298	(114,079)	(156,040)	(155,816)
Total district-wide net expense	<u>\$ (28,385,465)</u>	<u>\$ (33,668,528)</u>	<u>\$ (25,114,384)</u>	<u>\$ (31,630,626)</u>	<u>\$ (29,341,744)</u>	<u>\$ (27,973,655)</u>	<u>\$ (28,607,527)</u>	<u>\$ (30,749,538)</u>	<u>\$ (28,651,366)</u>	<u>\$ (31,602,289)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 19,551,199	\$ 19,942,222	\$ 20,341,066	\$ 20,747,887	\$ 21,792,882	\$ 22,228,740	\$ 22,673,315	\$ 23,126,781	\$ 23,845,513	\$ 24,485,433
Taxes levied for debt service	787,800	910,605	1,051,998	1,069,227	1,172,708	1,073,500	969,997	811,627	829,247	654,638
Unrestricted grants and contributions	9,833,476	10,032,655	9,922,931	9,681,620	8,859,228	8,114,479	9,538,373	6,954,633	4,978,137	2,743,666
Miscellaneous income	592,313	360,068	419,000	508,557	722,009	413,406	444,784	690,039	445,080	316,952
Transfers	(204,612)	(133,685)	(147,825)	(157,030)	(225,000)	(54,000)	-	(50,000)	(170,000)	(110,000)
Disposal of fixed assets	-	-	-	-	-	-	(162,454)	-	-	-
Total governmental activities	<u>30,560,176</u>	<u>31,111,865</u>	<u>31,587,170</u>	<u>31,850,261</u>	<u>32,321,827</u>	<u>31,776,125</u>	<u>33,464,015</u>	<u>31,533,080</u>	<u>29,927,977</u>	<u>28,090,689</u>
Business-type activities:										
Investment earnings	25	47	41	761	1,140	1,605	804	893	613	617
Disposal of fixed assets	-	-	-	-	(19,101)	-	-	-	-	-
Contributed capital	-	-	-	-	-	12,656	91,318	50,392	8,247	-
Transfers	204,612	133,685	147,825	157,030	225,000	54,000	-	50,000	170,000	110,000
Total business-type activities	<u>204,637</u>	<u>133,732</u>	<u>147,866</u>	<u>157,791</u>	<u>207,039</u>	<u>68,261</u>	<u>92,122</u>	<u>101,285</u>	<u>178,860</u>	<u>110,617</u>
Total district-wide	<u>\$ 30,764,813</u>	<u>\$ 31,245,597</u>	<u>\$ 31,735,036</u>	<u>\$ 32,008,052</u>	<u>\$ 32,528,866</u>	<u>\$ 31,844,386</u>	<u>\$ 33,556,137</u>	<u>\$ 31,634,365</u>	<u>\$ 30,106,837</u>	<u>\$ 28,201,306</u>
Change in Net Position:										
Governmental activities	\$ 2,354,408	\$ (2,424,145)	\$ 6,620,871	\$ 330,311	\$ 3,205,227	\$ 3,879,513	\$ 4,811,190	\$ 897,621	\$ 1,432,651	\$ (3,355,784)
Business-type activities	24,940	1,214	(219)	47,115	(18,105)	(8,782)	137,420	(12,794)	22,820	(45,199)
Total district-wide	<u>\$ 2,379,348</u>	<u>\$ (2,422,931)</u>	<u>\$ 6,620,652</u>	<u>\$ 377,426</u>	<u>\$ 3,187,122</u>	<u>\$ 3,870,731</u>	<u>\$ 4,948,610</u>	<u>\$ 884,827</u>	<u>\$ 1,455,471</u>	<u>\$ (3,400,983)</u>

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

EXHIBIT J-3

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Reserved for:										
Encumbrances	\$ 104,232	\$ 245,034	\$ 220,593	\$ 268,800	\$ 668,294	\$ 278,022	\$ 1,326,855	\$ 327,444	\$ 2,449,566	\$ 303,233
Capital reserve	1,616,020	3,016,989	4,796,480	4,227,439	6,107,338	7,914,215	7,635,567	6,331,772	2,858,232	1,431,915
Maintenance reserve	1,650,000	1,800,000	1,887,565	1,894,946	1,894,946	1,894,946	1,894,946	1,581,632	1,699,601	1,020,996
Unemployment compensation	-	-	-	-	-	151,465	153,471	155,250	157,804	160,071
Excess surplus	1,924,537	1,916,137	1,831,076	2,025,269	2,170,285	2,016,498	2,023,763	4,032,710	4,208,742	3,955,653
Designated for Subsequent Years Expd.	1,155,805	1,924,537	1,916,137	1,831,076	2,025,269	2,170,285	2,016,498	1,680,172	49,241	197,596
Unreserved	(250,391)	(293,715)	(255,852)	(119,025)	(193,409)	732,893	1,826,981	2,024,157	588,971	520,832
Total general fund	<u>\$ 6,200,203</u>	<u>\$ 8,608,982</u>	<u>\$ 10,395,999</u>	<u>\$ 10,128,505</u>	<u>\$ 12,672,723</u>	<u>\$ 15,158,324</u>	<u>\$ 16,878,081</u>	<u>\$ 16,133,137</u>	<u>\$ 12,012,157</u>	<u>\$ 7,590,296</u>
All Other Governmental Funds										
Reserved:										
Encumbrances	\$ -	\$ 1,859,307	\$ 3,053	\$ 3,053	\$ -	\$ -	\$ -	\$ 4,703,826	\$ 665,942	\$ -
Debt service reserve	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	262,765	256,494	261,744	241,013	265,181
Capital projects fund	6,086,731	164,644	164,644	164,644	164,644	164,644	13,563,147	15,628	312,718	216,682
Permanent fund	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Debt service fund	7,729	4,838	4,401	2,647	65,277	66,282	170,888	513,074	159,011	191,467
Total all other governmental funds	<u>\$ 6,114,460</u>	<u>\$ 2,048,789</u>	<u>\$ 192,098</u>	<u>\$ 190,344</u>	<u>\$ 249,921</u>	<u>\$ 513,691</u>	<u>\$ 14,010,529</u>	<u>\$ 5,514,272</u>	<u>\$ 1,398,684</u>	<u>\$ 693,330</u>

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

EXHIBIT J-4

	Fiscal Year Ending June 30,										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues											
Tax levy	\$ 20,256,082	\$ 20,338,999	\$ 20,852,827	\$ 21,393,064	\$ 21,817,114	\$ 22,965,590	\$ 23,302,240	\$ 23,643,312	\$ 23,938,408	\$ 24,674,760	\$ 25,140,071
Tuition charges	128,816	239,397	129,265	131,629	152,996	159,544	129,215	126,354	110,300	68,187	23,249
Transportation fees	75,219	93,678	104,755	110,700	150,751	125,802	79,297	118,544	209,521	251,839	246,809
Interest earnings	306	4,652	4,062	4,636	70,840	79,899	83,211	51,352	64,575	189,871	166,703
Miscellaneous	121,646	254,586	121,986	172,035	139,001	361,543	330,195	201,891	625,464	255,209	150,249
Local sources	-	-	-	-	-	-	198,416	337,657	390,457	402,159	552,152
State sources	12,223,126	12,701,205	13,267,135	13,713,429	13,943,759	13,140,673	13,204,240	15,851,737	13,274,978	11,347,086	11,009,393
Federal sources	901,961	928,012	906,846	940,944	927,651	875,052	1,307,437	1,890,210	3,870,121	1,812,562	1,162,889
Total revenue	33,707,156	34,560,529	35,386,876	36,466,437	37,202,112	37,708,103	38,634,251	42,221,057	42,483,824	39,001,673	38,451,515
Expenditures											
Instruction											
Regular Instruction	9,432,757	9,620,128	9,541,811	9,540,476	9,503,008	9,263,265	9,243,736	9,563,880	9,692,537	9,892,851	9,651,817
Special education instruction	2,578,098	2,552,234	2,496,784	2,385,277	2,417,440	2,477,619	2,412,594	2,473,553	2,358,412	2,265,029	2,290,832
Other special instruction	812,076	816,489	872,375	925,136	930,884	786,995	778,312	954,057	874,231	902,240	939,998
Support Services:											
Tuition	3,038,667	2,370,107	2,475,403	2,259,197	2,493,725	1,883,961	2,289,989	2,130,166	1,981,948	2,561,760	2,693,997
Student & instruction related services	2,101,476	2,045,574	2,098,765	2,070,005	2,105,990	2,115,399	2,545,118	2,589,078	2,632,620	2,676,211	2,755,473
School administrative services	966,060	1,023,815	1,039,111	1,024,419	957,221	964,004	996,546	1,008,010	1,003,765	1,000,356	1,044,967
General and business admin.services	872,897	861,056	937,375	1,059,834	1,112,557	1,046,797	1,036,306	1,073,460	1,065,649	1,047,757	1,004,290
Plant operations and maintenance	2,560,888	2,704,963	2,736,722	2,969,141	3,051,827	3,027,479	2,927,510	3,018,938	3,463,751	3,159,560	3,739,483
Pupil transportation	1,376,761	1,339,556	1,358,762	1,471,180	1,510,251	1,397,976	1,247,593	1,474,159	1,511,586	1,740,975	1,778,816
Other support services	6,802,209	7,266,221	7,721,130	8,358,764	8,790,496	8,930,002	9,395,010	10,781,552	10,941,532	11,508,132	11,708,241
Charter Schools	32,644	23,644	62,856	28,141	52,895	42,831	27,497	-	14,372	15,679	16,331
Capital outlay	3,504,705	855,856	4,837,151	3,248,132	3,319,772	1,850,315	2,205,728	4,737,799	15,216,026	8,718,243	4,450,225
Debt service:											
Principal	930,000	600,000	600,000	845,000	865,000	935,000	930,000	920,000	400,000	1,025,000	865,000
Interest and other charges	215,024	187,800	317,357	306,810	277,010	246,410	213,010	179,810	518,596	554,448	529,260
Total expenditures	35,224,262	32,267,443	37,095,602	36,491,512	37,388,076	34,968,053	36,248,949	40,904,462	51,675,025	47,068,241	43,468,730
Excess (Deficiency) of revenues over (under) expenditures	(1,517,106)	2,293,086	(1,708,726)	(25,075)	(185,964)	2,740,050	2,385,302	1,316,595	(9,191,201)	(8,066,568)	(5,017,215)
Other Financing sources (uses)											
Proceeds from borrowing	3,131,725	96,999	185,519	103,226	73,746	88,745	-	-	-	-	-
Proceeds from Serial Bonds	-	6,367,000	-	-	-	-	-	13,900,000	-	-	-
Transfers in	-	977	3,861	540	2,107	3,169	3,112	167,776	345,298	759,011	32,456
Transfers out	(184,140)	(205,589)	(137,546)	(148,365)	(159,137)	(228,169)	(57,112)	(167,776)	(395,298)	(929,011)	(142,456)
Total other financing sources (uses)	2,947,585	6,259,387	51,834	(44,599)	(83,284)	(136,255)	(54,000)	13,900,000	(50,000)	(170,000)	(110,000)
Net change in fund balances	\$ 1,430,479	\$ 8,552,473	\$ (1,656,892)	\$ (69,674)	\$ (269,248)	\$ 2,603,795	\$ 2,331,302	\$ 15,216,595	\$ (9,241,201)	\$ (8,236,568)	\$ (5,127,215)
Debt service as a percentage of noncapital expenditures											
	3.61%	2.51%	2.84%	3.46%	3.35%	3.57%	3.36%	3.04%	2.52%	4.12%	3.57%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

EXHIBIT J-5

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Insurance Refunds	Transportaion	Other Refunds	Use of Facilities	Sale of Assets	Energy Reimbursements	Miscellaneous	Total
2016	\$ 3,675	\$ 239,397	\$ 3,889	\$ 93,678	\$ 32,331	\$ 30,390	\$ 12,428	\$ 170,658	\$ 4,890	\$ 591,336
2017	4,062	129,265	1,000	104,755	54,133	45,264	12,393	1,250	4,085	356,207
2018	7,186	131,629	1,000	110,700	59,285	63,552	8,288	26,003	10,817	418,460
2019	110,224	152,996	-	150,751	6,643	47,195	5,815	23,715	9,111	506,450
2020	247,955	159,544	-	125,802	97,862	41,628	12,077	22,833	11,138	718,839
2021	293,321	129,215	-	79,297	40,996	57,585	14,267	-	4,125	618,806
2022	189,208	126,354	-	118,544	713	33,375	3,893	-	22,922	495,009
2023	88,868	110,300	-	209,521	79,288	77,363	16,147	-	18,500	599,987
2024	178,123	68,187	-	251,839	1,341	68,230	7,515	-	-	575,235
2025	136,404	23,249	-	246,809	13,877	79,811	19,293	-	2,546	521,989
	<u>\$ 1,259,026</u>	<u>\$ 1,270,136</u>	<u>\$ 5,889</u>	<u>\$ 1,491,696</u>	<u>\$ 386,469</u>	<u>\$ 544,393</u>	<u>\$ 112,116</u>	<u>\$ 244,459</u>	<u>\$ 88,134</u>	<u>\$ 5,402,318</u>

Source: District records

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

EXHIBIT J-6

Fiscal Year Ended June 30,	Borough of West Cape May							Public Utilities a	Net Valuation Taxable	Tax- Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
	Vacant Land	Residential	Farm Reg.	QFarm	Commercial	Apartment	Total Assessed Value					
2016	\$ 18,128,200	\$ 399,794,400	\$ 3,301,300	\$ 210,200	\$ 35,069,100	\$ 1,066,100	\$ 457,569,300	\$ 146,736	\$ 457,716,036	\$ 10,094,500	0.229	439,244,856
2017	19,378,700	409,260,600	3,301,300	210,200	35,234,100	1,066,100	468,451,000	142,823	468,593,823	10,454,600	0.229	483,309,561
2018	15,962,500	424,392,600	3,301,300	220,500	35,969,500	1,066,100	480,912,500	150,824	481,063,324	10,454,600	0.247	499,169,212
2019	16,152,100	433,582,500	3,301,300	220,500	36,753,700	1,066,100	491,076,200	-	491,076,200	10,829,500	0.242	536,795,884
2020	14,884,100	447,337,200	3,301,300	220,500	36,967,500	1,066,100	503,776,700	-	503,776,700	10,848,900	0.241	581,676,862
2021	14,222,700	457,848,600	3,301,300	190,500	36,314,200	1,066,100	512,943,400	-	512,943,400	10,848,900	0.245	623,832,196
2022	13,715,400	468,865,300	3,301,300	190,500	35,969,900	1,066,100	523,108,500	-	523,108,500	10,900,700	0.257	719,209,185
2023	12,936,800	476,656,300	3,301,300	190,500	35,969,900	1,066,100	530,120,900	-	530,120,900	11,804,300	0.259	919,081,611
2024	10,642,900	483,565,400	3,301,300	173,100	36,187,700	1,066,100	534,936,500	-	534,936,500	13,200,200	0.256	1,075,580,399
2025	12,259,400	489,313,800	3,354,600	177,100	35,617,700	1,066,100	541,788,700	-	541,788,700	13,210,400	0.257	1,133,853,935

Source: Municipal Tax Assessor

Note:

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

Continued

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

EXHIBIT J-6

Fiscal Year Ended June 30,	City of Cape May							Public Utilities a	Net Valuation Taxable	Tax- Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
	Vacant Land	Residential	Farm Reg.	QFarm	Commercial	Apartment	Total Assessed Value					
2016	\$ 62,194,300	\$ 2,187,231,000	\$ -	\$ -	\$ 429,579,600	\$ 133,420,700	\$ 2,812,425,600	\$ 625,355	\$ 2,813,050,955	\$ 433,758,300	\$ 0.066	\$ 2,711,154,162
2017	61,236,100	2,193,506,400	-	-	427,044,200	131,838,600	2,813,625,300	612,446	2,814,237,746	433,571,800	0.066	2,814,237,746
2018	66,574,600	2,214,046,300	-	-	431,678,400	130,479,000	2,842,778,300	62,831	2,842,841,131	432,997,700	0.066	2,871,036,576
2019	69,618,400	2,230,627,200	-	-	432,392,700	127,325,200	2,859,963,500	-	2,859,963,500	431,388,400	0.066	2,964,429,051
2020	66,588,800	2,253,648,100	-	-	441,592,700	125,058,100	2,886,887,700	-	2,886,887,700	431,388,400	0.066	2,886,887,700
2021	57,306,100	2,290,501,500	-	-	441,823,000	123,147,200	2,912,777,800	-	2,912,777,800	427,666,100	0.065	3,284,890,675
2022	63,825,900	2,321,983,200	-	-	439,622,300	123,147,200	2,948,578,600	-	2,948,578,600	430,051,900	0.066	3,667,123,166
2023	57,872,800	2,356,032,600	-	-	434,609,400	123,499,300	2,972,014,100	-	2,972,014,100	429,950,000	0.067	4,426,517,364
2024	46,632,900	2,394,312,800	-	-	441,018,700	122,511,500	3,004,475,900	-	3,004,475,900	430,188,100	0.065	4,845,557,839
2025	44,223,300	2,419,553,500	-	-	443,946,100	120,437,900	3,028,160,800	-	3,028,160,800	430,800,100	0.065	5,637,774,543

Source: Municipal Tax Assessor

Note:

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

Continued

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

EXHIBIT J-6

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

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

EXHIBIT J-7

Borough of West Cape May

Fiscal Year Ended June 30,	West Cape May School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of West Cape May	Regional School	Cape May County	
2016	\$ 0.210	\$ 0.010	\$ 0.220	\$ 0.350	\$ 0.397	\$ 0.247	\$ 1.214
2017	0.220	0.009	0.229	0.356	0.365	0.272	1.222
2018	0.239	0.008	0.247	0.357	0.382	0.279	1.265
2019	0.242	-	0.242	0.359	0.356	0.297	1.254
2020	0.241	-	0.241	0.372	0.390	0.316	1.319
2021	0.245	-	0.245	0.390	0.304	0.341	1.280
2022	0.257	-	0.257	0.408	0.307	0.383	1.355
2023	0.259	-	0.259	0.426	0.398	0.438	1.521
2024	0.256	-	0.256	0.431	0.366	0.451	1.504
2025	0.257	-	0.257	0.431	0.324	0.432	1.444

City of Cape May

Fiscal Year Ended June 30,	Cape May City School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	City of Cape May	Regional School	Cape May County	
2016	\$ 0.065	\$ -	\$ 0.065	\$ 0.340	\$ 0.178	\$ 0.249	\$ 0.832
2017	0.066	-	0.066	0.210	0.340	0.268	0.884
2018	0.066	-	0.066	0.243	0.350	0.272	0.931
2019	0.066	-	0.066	0.363	0.275	0.283	0.987
2020	0.066	-	0.066	0.246	0.363	0.295	0.970
2021	0.065	-	0.065	0.274	0.363	0.316	1.018
2022	0.066	-	0.066	0.361	0.257	0.348	1.032
2023	0.067	-	0.067	0.361	0.269	0.377	1.074
2024	0.065	-	0.065	0.361	0.266	0.365	1.057
2025	0.065	-	0.065	0.361	0.283	0.384	1.093

Township of Lower

Fiscal Year Ended June 30,	Lower Township School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Township of Lower	Regional School	Cape May County	
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 components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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

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

Borough of West Cape May

Taxpayer	2025		Taxpayer	2016	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Cape May Lumber Company	\$ 2,138,900	0.39%	Rayson Property Management	\$ 2,929,400	0.64%
Rayson Property Management	1,750,000	0.32%	Wilbraham Mansion, LLC	2,854,600	0.62%
Individual #1	1,360,900	0.25%	The Depot Travel Park, Inc.	2,729,900	0.60%
Wilbraham Mansion, LLC	3,242,100	0.60%	Cape May Lumber Company	2,412,100	0.53%
CVS, Inc.	1,950,000	0.36%	CVS, Inc.	2,300,000	0.50%
Individual #2	1,460,400	0.27%	Individual #1	2,058,200	0.45%
Cape West Assoc. Inc.	1,862,800	0.34%	Cape West Associates, Inc.	1,862,800	0.41%
The Depot Travel Park, Inc.	2,729,900	0.50%	Individual #2	1,594,300	0.35%
Westwood Mobile Estates, Inc.	2,058,200	0.38%	SPE Labrusciano, LLC	1,114,800	0.24%
Individual #3	1,594,300	0.29%	Individual #3	998,800	0.22%
Total	<u>\$ 20,147,500</u>	<u>3.72%</u>	Total	<u>\$ 20,854,900</u>	<u>4.56%</u>

City of Cape May

Taxpayer	2025		Taxpayer	2016	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Congress Hall, LLC	\$ 27,401,100	0.90%	Congress Hall LLC	\$ 28,418,200	1.01%
ADIS Inc.	26,016,800	0.86%	Oceanfront Properties LLC	25,310,200	0.90%
Oceanfront Properties, LLC	25,310,200	0.84%	ADIS Inc.	21,787,600	0.77%
Cape Coachman Realty, LLC	16,048,300	0.53%	Ocean Club Hotel CM, LLC	13,000,000	0.46%
Ocean Club Hotel CM, LLC	13,000,000	0.43%	Cape Coachman Realty, LLC	11,989,500	0.43%
Kejzman Hospitality, LLC	10,400,000	0.34%	Kejzman Hospitality, LLC	11,473,100	0.41%
Madison Cape May Re LLC	10,089,700	0.33%	Montreal Inn	10,089,700	0.36%
Individual #1	8,812,600	0.29%	Osprey Landing Development Co. LLC	9,223,900	0.33%
Mahalo Cape May LLC	8,475,100	0.28%	Individual #1	8,812,600	0.31%
Palavest LLC	8,292,800	0.27%	Bogle Investment Properties, LLC	7,768,300	0.28%
Total	<u>\$ 153,846,600</u>	<u>5.08%</u>	Total	<u>\$147,873,100</u>	<u>5.26%</u>

Township of Lower

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	<u>\$ 106,469,700</u>	<u>2.82%</u>	Total	<u>\$ 95,231,600</u>	<u>2.48%</u>

Source: Municipal Tax Assessors

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

EXHIBIT J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	\$ 20,338,999	\$ 20,338,999	100.00%	-
2017	20,852,827	20,852,827	100.00%	-
2018	21,393,064	21,393,064	100.00%	-
2019	21,817,114	21,817,114	100.00%	-
2020	22,965,590	22,965,590	100.00%	-
2021	23,302,240	23,302,240	100.00%	-
2022	23,643,312	23,643,312	100.00%	-
2023	23,938,408	23,938,408	100.00%	-
2024	24,674,760	23,878,234	96.77%	796,526
2025	25,140,071	25,140,071	100.00%	-

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

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

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

EXHIBIT J-10

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Personal Income (a)			Per Capita (b)		
	General Obligation Bonds	Financed Purchases/ Leases	Total District	Borough of West Cape May	City of Cape May	Township of Lower	Borough of West Cape May	City of Cape May	Township of Lower
2016	\$ 10,462,000	\$ 2,827,608	\$ 13,289,608	25.11%	7.21%	1.15%	\$ 13,263	\$ 3,807	\$ 608
2017	9,862,000	2,627,685	12,489,685	22.39%	6.47%	1.04%	12,428	3,591	576
2018	9,017,000	2,401,307	11,418,307	19.61%	5.70%	0.92%	11,384	3,312	531
2019	8,152,000	2,217,359	10,369,359	16.64%	4.87%	0.77%	10,349	3,030	477
2020	7,217,000	2,006,533	9,223,533	13.69%	3.99%	0.64%	9,307	2,710	435
2021	6,287,000	1,796,619	8,083,619	11.09%	3.89%	0.50%	8,124	2,852	366
2022	19,267,000	1,601,118	20,868,118	28.21%	10.26%	1.29%	20,662	7,512	943
2023	18,867,000	1,524,931	20,391,931	25.75%	9.37%	1.18%	20,331	7,396	932
2024	17,842,000	1,310,339	19,152,339	(c)	(c)	(c)	19,249	6,985	882
2025	16,977,000	1,087,236	18,064,236	(c)	(c)	(c)	(c)	(c)	(c)

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

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

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

(c) Not available

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

EXHIBIT J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property(a)			Per Capita(b)		
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Borough of West Cape May	City of Cape May	Township of Lower	Borough of West Cape May	City of Cape May	Township of Lower
2016	\$ 10,462,000	\$ -	\$ 10,462,000	2.29%	0.37%	0.29%	\$ 10,441	\$ 2,997	\$ 478
2017	9,862,000	-	9,862,000	2.10%	0.35%	0.27%	9,813	2,836	455
2018	9,017,000	-	9,017,000	1.87%	0.32%	0.25%	8,990	2,615	420
2019	8,152,000	-	8,152,000	1.66%	0.29%	0.22%	8,136	2,382	375
2020	7,217,000	-	7,217,000	1.43%	0.25%	0.20%	7,283	2,120	34
2021	6,287,000	-	6,287,000	1.23%	0.22%	0.17%	6,319	2,218	285
2022	19,267,000	-	19,267,000	3.68%	0.65%	0.52%	19,076	6,936	871
2023	18,867,000	-	18,867,000	3.56%	0.63%	0.51%	18,811	6,843	862
2024	17,842,000	-	17,842,000	3.34%	0.59%	0.48%	17,932	6,507	822
2025	16,977,000	-	16,977,000	3.13%	0.56%	0.45%	(c)	(c)	(c)

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

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

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

(c) Not available.

**Lower Cape May Regional School District
Ratios of Overlapping Governmental Activities Debt
As of December 31, 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:			
Borough of West Cape May	\$ 3,680,000	100.000%	\$ 3,680,000
Township of Lower	33,623,862	100.000%	33,623,862
City of Cape May	43,992,654	100.000%	43,992,654
Cape May County General Obligation Debt	344,761,536	14.105%	<u>48,628,615</u>
Subtotal, overlapping debt			126,245,131
Lower Cape May Regional School District Direct Debt			<u>17,842,000</u>
Total direct and overlapping debt			<u><u>\$ 144,087,131</u></u>

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

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

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

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

EXHIBIT J-13

Legal Debt Margin Calculation for Fiscal Year 2025

	Equalized valuation basis	
	2022	10,959,130,923
	2023	12,278,333,004
	2024	14,119,652,955
	[A]	\$ 37,357,116,882
Average equalized valuation of taxable property	[A/3]	\$ 12,452,372,294
Debt limit (3.5% of average equalized valuation)	[B]	435,833,030 a
Net bonded school debt	[C]	16,977,000
Legal debt margin	[B-C]	\$ 418,856,030

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	\$ 240,306,913	\$ 243,022,210	\$ 247,177,017	\$ 254,275,903	\$ 262,844,325	\$ 274,179,775	\$ 292,460,490	\$ 328,907,184	\$ 376,828,507	\$ 435,833,030
Total net debt applicable to limit	10,462,000	9,862,000	9,017,000	8,152,000	7,217,000	6,287,000	19,267,000	18,867,000	17,842,000	16,977,000
Legal debt margin	<u>\$ 229,844,913</u>	<u>\$ 233,160,210</u>	<u>\$ 238,160,017</u>	<u>\$ 246,123,903</u>	<u>\$ 255,627,325</u>	<u>\$ 267,892,775</u>	<u>\$ 273,193,490</u>	<u>\$ 310,040,184</u>	<u>\$ 358,986,507</u>	<u>\$ 418,856,030</u>
Total net debt applicable to the limit as a percentage of debt limit	4.35%	4.06%	3.65%	3.21%	2.75%	2.29%	6.59%	5.74%	4.73%	3.90%

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

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

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

EXHIBIT J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
<u>Borough of West Cape May</u>				
2016	1,002	\$ 52,933,656	\$ 52,828	9.1%
2017	1,005	55,773,480	55,496	7.9%
2018	1,003	58,225,153	58,051	7.0%
2019	1,002	62,308,368	62,184	6.2%
2020	991	67,379,081	67,991	13.0%
2021	995	72,916,585	73,283	8.1%
2022	1,010	73,972,400	73,240	6.7%
2023	1,003	79,199,889	78,963	5.6%
2024	995	e	e	6.9%
2025	e	e	e	e
<u>City of Cape May</u>				
2016	3,491	\$ 184,422,548	\$ 52,828	9.3%
2017	3,478	193,015,088	55,496	8.6%
2018	3,448	200,159,848	58,051	8.0%
2019	3,422	212,793,648	62,184	7.1%
2020	3,404	231,441,364	67,991	13.2%
2021	2,834	207,684,022	73,283	9.2%
2022	2,778	203,460,720	73,240	6.8%
2023	2,757	217,700,991	78,963	7.1%
2024	2,742	e	e	7.3%
2025	e	e	e	e
<u>Township of Lower</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 has been estimated based upon the municipal population and per capita income.
- c Per Capita for Cape May County.
- d Unemployment data provided by the NJ Dept of Labor and Workforce Development.
- e Not available.

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

EXHIBIT J-16

Function/Program	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Instruction										
Regular	130	126	122	117	114	112	111	110	108	103
Special education	31	30	29	28	25	25	25	25	24	24
Other special education	7	7	7	7	7	7	7	7	7	7
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	28	27	27	27	26	25	25	25	25	24
School administrative services	12	12	11	11	11	11	10	10	10	10
General and business administrative services	6	6	6	6	6	6	6	6	6	6
Plant operations and maintenance	22	24	24	24	24	24	24	24	23	23
Pupil transportation	21	21	21	21	21	21	21	21	20	20
Special Schools		17	17	17	17	16	16	16	16	16
Food Service	17									
Total	<u>274</u>	<u>270</u>	<u>264</u>	<u>258</u>	<u>251</u>	<u>247</u>	<u>245</u>	<u>244</u>	<u>239</u>	<u>233</u>

Source: District Personnel Records

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

EXHIBIT J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2016	1,354	30,623,787	22,617	5.71%	168	10.8	1,354	1,276	-3.70%	94.23%
2017	1,357	31,341,094	23,096	2.12%	163	10.8	1,325	1,248	-2.14%	94.19%
2018	1,411	32,091,570	22,744	-1.52%	158	11.6	1,318	1,241	-0.53%	94.16%
2019	1,296	32,926,294	25,406	11.70%	152	11.6	1,277	1,202	-3.11%	94.13%
2020	1,298	31,936,328	24,604	-2.88%	146	11.6	1,270	1,218	-0.55%	95.91%
2021	1,227	32,900,211	26,814	8.89%	144	11.6	1,209	1,131	-4.80%	93.55%
2022	1,199	35,066,853	29,247	9.07%	143	11.6	1,172	1,080	-3.06%	92.15%
2023	1,175	35,540,403	30,247	3.41%	142	11.6	1,171	1,090	-0.80%	93.08%
2024	1,156	36,770,370	31,808	5.16%	139	11.0	1,113	1,040	-4.95%	93.44%
2025	1,146	37,624,245	32,831	3.22%	134	11.0	1,092	1,012	-2.69%	92.67%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

EXHIBIT J-18

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District Building										
Tietleman School (1973)										
Square Feet	99,638	99,638	99,638	99,638	99,638	99,638	99,638	99,638	99,638	99,638
Capacity (students)	796	796	796	796	796	796	796	796	796	796
Enrollment	480	467	458	471	480	475	433	427	403	387
High School (1960)										
Square Feet	231,944	231,944	231,944	231,944	231,944	231,944	231,944	231,944	231,944	231,944
Capacity (students)	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016
Enrollment	874	858	860	806	790	734	739	744	710	705
Other										
Central Administration (1989)										
Square Feet	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Number of Schools at June 30, 2025										
Middle School = 1										
Senior High School = 1										

Source: District Facilities Office

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

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

EXHIBIT J-19

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

	Fiscal Year Ending June 30,										Total
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
* School Facilities											
High School	\$ 418,474	\$ 447,054	\$ 695,064	\$ 725,988	\$ 592,305	\$ 587,207	\$ 536,986	\$ 800,015	\$ 554,443	\$ 853,424	\$ 6,210,960
Tietleman School	179,771	192,049	298,591	311,876	254,447	252,257	230,684	343,677	238,182	366,621	2,668,155
Other facilities	9,913	10,590	16,464	17,197	14,031	13,910	12,720	18,951	13,134	20,216	147,126
Total School Facilities	<u>\$ 608,158</u>	<u>\$ 649,693</u>	<u>\$ 1,010,119</u>	<u>\$ 1,055,061</u>	<u>\$ 860,783</u>	<u>\$ 853,374</u>	<u>\$ 780,390</u>	<u>\$ 1,162,643</u>	<u>\$ 805,759</u>	<u>\$ 1,240,261</u>	<u>\$ 9,026,241</u>

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

Source: District records

**Lower Cape May Regional School District
Insurance Schedule
June 30, 2025**

EXHIBIT J-20

	<u>Coverage</u>	<u>Self-Insured Retention</u>	<u>Deductible</u>
School Package Policy (1)			
Property, Inland Marine and Automobile Physical Damages			
Limits of liability per occurrence	\$ 175,000,000	\$ 250,500	\$ 500
Boiler and Machinery	125,000,000	250,000	1,000
General and Automobile Liability	27,000,000	250,000	
Worker's Compensation	Statutory	250,000	
Educators Legal Liability	27,000,000	250,000	
Employee Benefit Liability	27,000,000	250,000	
Crime coverage:			
Employee Dishonesty	500,000	250,000	500
Commercial Umbrella Liability	50,000,000		
Employer's Liability and Disease	1,000,000		
Pollution Legal Liability	3,000,000		25,000-250,000
Cyber Liability	2,000,000		50000-100000
Disaster Management Services	1,000,000		10,000
Surety Bonds (2)			
Board Secretary	250,000		
Student Accident (3)	25,000		
Athletic Blanket (3)	5,000,000	25,000	

- (1) Atlantic and Cape May Counties Joint Insurance Fund
- (2) RLI Insurance Company
- (3) United States Fire Ins Company

Source: District records

Single Audit Section

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

INDEPENDENT AUDITOR'S REPORT

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lower Cape May Regional School District (the "District"), in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 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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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND STATE OF NEW JERSEY CIRCULAR 15-08-OMB

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

I have audited Lower Cape May Regional School District's (the "District"), in the County of Cape, State of New Jersey, compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and the New Jersey State Grant Compliance Supplement that could have a direct and material effect on the District's major federal and state programs for the year ended June 30, 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 CAPE MAY REGIONAL 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			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	June 30, 2025		
						Accounts Receivable	Deferred Revenue	Due to Grantor					Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Health & Human Services															
Passed-through State Department of Human Services:															
General Fund:															
Medical Assistance Program - SEMI	93.778	2405NJ5MAP	N/A	\$ 10,432	7/1/24 - 6/30/25	\$ -	\$ -	\$ -	\$ -	\$ 10,432	\$ (10,432)	\$ -	\$ -	\$ -	\$ -
Total General Fund						-	-	-	-	10,432	(10,432)	-	-	-	-
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Every Student Succeeds Act (ESSA)															
Title I - Current Year	84.010	S010A240030	ESSA-2820-25	458,150	7/1/24 - 9/30/25					229,153	(260,245)		(31,092)		
Title I - Prior Year	84.010	S010A230030	ESSA-2820-24	447,532	7/1/23 - 9/30/24	(35,983)				183,668	(147,685)		-		
Title I-SIA - Current Year	84.010	S010A240030	ESSA-2820-25	120	7/1/24 - 9/30/25					108	(108)		-		
Title I-SIA - Prior Year	84.010	S010A230030	ESSA-2820-24	201,200	7/1/23 - 9/30/24	(882)				36,305	(35,423)		-		
Title II - Part A - Current Year	84.367A	S367A240029	ESSA-2820-25	43,021	7/1/24 - 9/30/25					22,721	(23,887)		(1,166)		
Title II - Part A - Prior Year	84.367A	S367A230029	ESSA-2820-24	73,507	7/1/23 - 9/30/24	(6,607)				6,607			-		
Title IV - Part A - Current Year	84.424	S424A240031	ESSA-2820-25	40,551	7/1/24 - 9/30/25					34,143	(40,551)		(6,408)		
Title IV - Part A - Current Year	84.424	S424A230031	ESSA-2820-24	33,295	7/1/23 - 9/30/24	(1,936)				1,936			-		
Individuals With Disabilities Act (I.D.E.A.)															
Part B - Basic - Current Year	84.027A	H027A240100	IDEA-2820-25	401,447	7/1/24 - 9/30/25					401,447	(401,447)		-		
Carl D. Perkins - Federal	84.048	VO48A240030	PERK-2820-25	26,376	7/1/24 - 9/30/25					25,310	(26,376)		(1,066)		
Carl D. Perkins - Reserve	84.048	VO48A240030	PERK-2820-25	63,570	7/1/24 - 9/30/25					63,072	(63,570)		(498)		
American Rescue Plan:															
ARP - ESSER III	84.425U	S425U210027	N/A	2,356,534	3/13/20 - 9/30/24	(28,719)				167,104	(138,385)		-		
ARP - Accelerated Learning	84.425U	S425U210027	N/A	113,902	3/13/20 - 9/30/24	(516)				8,241	(7,725)		-		
ARP - Beyond the School Day	84.425U	S425U210027	N/A	40,000	3/13/20 - 9/30/24	(4,479)				11,534	(7,055)		-		
ARP - Mental Health	84.425U	S425U210027	N/A	88,501	3/13/20 - 9/30/24	(6,621)				6,621			-		
Middle Grades Career Awareness	84.048	V048A230030	N/A	73,066	7/1/23 - 6/30/24	(21,890)				21,890			-		
U.S. Department of Treasury															
Passed-through State Department of Education:															
Additional or Compensatory Special Education and Related Services (ACSERS)	21.027	SLFRFDOE1SES	N/A	155,472	7/1/23 - 6/30/24	(77,736)				77,736			-		
Total Special Revenue Fund						(185,369)	-	-	-	1,297,596	(1,152,457)	-	(40,230)	-	-
U.S. Department of Agriculture															
Passed-through State Department of Agriculture:															
Enterprise Fund:															
Food Distribution Program	10.555	251NJ304N1099	N/A	73,269	10/1/24 - 9/30/25					73,269	(73,269)				
National School Lunch Program	10.555	251NJ304N1099	N/A	243,428	10/1/24 - 9/30/25					229,734	(243,428)		(13,694)		
National School Lunch Program	10.555	241NJ304N1099	N/A	219,000	10/1/23 - 9/30/24	(8,401)				8,401					
School Breakfast Program	10.553	251NJ304N1099	N/A	83,365	10/1/24 - 9/30/25					77,815	(83,365)		(5,550)		
School Breakfast Program	10.553	241NJ304N1099	N/A	54,701	10/1/23 - 9/30/24	(2,056)				2,056					
Summer-EBT Administrative Cost	10.646	202424N180341	N/A	322	10/1/24 - 9/30/25					322	(322)		-		
Local Food for Schools	10.185	AM25CPLFS000C034	N/A	4,009	10/1/24 - 9/30/25					4,009	(4,009)				
Total Enterprise Fund						(10,457)	-	-	-	395,606	(404,393)	-	(19,244)	-	-
Total Federal Awards						\$ (195,826)	\$ -	\$ -	\$ -	\$ 1,703,634	\$ (1,567,282)	\$ -	\$ (59,474)	\$ -	\$ -

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

LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2025

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2024			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Canceled	June 30, 2025			
				Accounts Receivable	Deferred Revenue	Due to Grantor					Accounts Receivable	Deferred Revenue	Due to Grantor	
State Department of Education														
<u>General Fund:</u>														
Equalization Aid	25-495-034-5120-078	\$ 14,856	7/1/24 - 6/30/25	\$ -	\$ -	\$ -	\$ -	\$ 13,827	\$ (14,856)	\$ -	\$ (1,029)	\$ -	\$ -	
Equalization Aid	24-495-034-5120-078	95,936	7/1/23 - 6/30/24	(6,401)				6,401						
Transportation Aid	25-495-034-5120-014	1,178,704	7/1/24 - 6/30/25					1,097,077	(1,178,704)		(81,627)			
Transportation Aid	24-495-034-5120-014	1,178,704	7/1/23 - 6/30/24	(78,644)				78,644						
Special Education Aid	25-495-034-5120-089	862,052	7/1/24 - 6/30/25					802,354	(862,052)		(59,698)			
Special Education Aid	24-495-034-5120-089	862,052	7/1/23 - 6/30/24	(57,516)				57,516						
Security Aid	25-495-034-5120-084	350,566	7/1/24 - 6/30/25					326,289	(350,566)		(24,277)			
Security Aid	24-495-034-5120-084	350,566	7/1/23 - 6/30/24	(23,390)				23,390						
Adjustment Aid	24-495-034-5120-085	110,368	7/1/23 - 6/30/24	(7,364)				7,364						
Extraordinary Aid	25-495-034-5120-044	202,217	7/1/24 - 6/30/25						(202,217)		(202,217)			
Extraordinary Aid	24-495-034-5120-044	180,938	7/1/23 - 6/30/24	(180,938)				180,938						
Stabilized School Budget Aid	25-100-034-5120-494	46,427	7/1/24 - 6/30/25					46,427	(46,427)					
School Choice Aid	25-495-034-5120-068	1,547,611	7/1/24 - 6/30/25					1,440,437	(1,547,611)		(107,174)			
School Choice Aid	24-495-034-5120-068	1,459,333	7/1/23 - 6/30/24	(97,368)				97,368						
Additional Transportation Aid	25-495-034-5120-014	20,548	7/1/24 - 6/30/25						(20,548)		(20,548)			
Additional Transportation Aid	24-495-034-5120-014	22,750	7/1/23 - 6/30/24	(22,750)				22,750						
Homeless Tuition Aid	24-495-034-5120-005	29,622	7/1/23 - 6/30/24	(29,622)				29,622						
Lead Testing of Drinking Water	N/A	3,100	7/1/24 - 6/30/25						(3,100)		(3,100)			
Menstrual Products Reimbursement	N/A	8,368	7/1/24 - 6/30/25						(8,368)		(8,368)			
On Behalf TPAF Pension Contributions	25-495-034-5094-002	4,205,129	7/1/24 - 6/30/25					4,205,129	(4,205,129)					
On Behalf TPAF Post Retirement Medical	25-495-034-5094-001	1,228,742	7/1/24 - 6/30/25					1,228,742	(1,228,742)					
On Behalf TPAF Pension LTDI Contributions	25-495-034-5094-004	999	7/1/24 - 6/30/25					999	(999)					
Reimbursed TPAF Social Security Contributions	25-495-034-5094-003	865,144	7/1/24 - 6/30/25					823,144	(865,144)		(42,000)			
Reimbursed TPAF Social Security Contributions	24-495-034-5094-003	859,681	7/1/23 - 6/30/24	(41,930)				41,930						
Total General Fund				(545,923)	-	-	-	10,530,348	(10,534,463)	-	(550,038)	-	-	
<u>Special Revenue Fund</u>														
Climate Change Education and Resilience (CCERIL)	24-WB05-G02	75,752	6/1/24 - 05/31/25						(83,728)		(83,728)			
Total Special Revenue Fund				-	-	-	-	-	(83,728)	-	(83,728)	-	-	
<u>Debt Service Fund</u>														
Debt Service Aid Type II	25-100-034-5120-017	394,324	7/1/24 - 6/30/25	-	-	-	-	394,324	(394,324)	-	-	-	-	
Total Debt Service				-	-	-	-	394,324	(394,324)	-	-	-	-	
State Department of Agriculture														
<u>Enterprise Fund:</u>														
State School Breakfast Program	25-100-010-3350-023	8,165	7/1/24 - 6/30/25					7,649	(8,165)		(516)			
State School Breakfast Program	24-100-010-3350-023	2,214	7/1/23 - 6/30/24	(67)				67			-			
State School Lunch Program	25-100-010-3350-023	20,749	7/1/24 - 6/30/25					19,581	(20,749)		(1,168)			
State School Lunch Program	24-100-010-3350-023	13,917	7/1/23 - 6/30/24	(545)				545						
Summer-EBT Administrative Cost	N/A	321	7/1/24 - 6/30/25					321	(321)					
Total Enterprise Fund				(612)	-	-	-	28,163	(29,235)	-	(1,684)	-	-	
Total State Financial Assistance				\$ (546,535)	\$ -	\$ -	\$ -	\$ 10,952,835	(11,041,750)	\$ -	\$ (635,450)	\$ -	\$ -	
Less: State Financial Assistance Not Subject to Major Program Determination:														
On Behalf TPAF Pension Contributions	25-495-034-5094-002	4,205,129	7/1/24 - 6/30/25						(4,205,129)					
On Behalf TPAF Post Retirement Medical	25-495-034-5094-001	1,228,742	7/1/24 - 6/30/25						(1,228,742)					
On Behalf TPAF Pension LTDI Contributions	25-495-034-5094-004	999	7/1/24 - 6/30/25						(999)					
Total State Financial Assistance Subject to Major Program Determination									\$ (5,606,880)					

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

**Lower Cape May Regional School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2025**

1. GENERAL

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

2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is (\$3,122) in the general fund and \$0- in the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 10,432	\$ 10,531,341	\$ 10,541,773
Special Revenue Fund	1,152,457	83,728	1,236,185
Debt Service Fund		394,324	394,324
Food Service Fund	<u>404,393</u>	<u>29,235</u>	<u>433,628</u>
Total Awards & Financial Assistance	<u><u>\$ 1,567,282</u></u>	<u><u>\$ 11,038,628</u></u>	<u><u>\$ 12,605,910</u></u>

**Lower Cape May Regional School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2025
(Continued)**

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 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 CAPE MAY REGIONAL 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>84.027A</u>	<u>H027A240100</u>	<u>I.D.E.A. Part B Basic</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? X yes no

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

State Awards Section

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

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

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

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

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

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

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>25-495-034-5120-068</u>	State Aid Public Cluster: <u>School Choice Aid</u>
<u>25-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>25-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>25-495-034-5120-084</u>	<u>Security Aid</u>
<u>25-495-034-5120-014</u>	<u>Transportation Aid</u>
<u>25-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security Contributions</u>
<u> </u>	<u> </u>

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

Section 2 -- Schedule of Financial Statement Findings

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

No findings and/or questioned costs identified.

**LOWER CAPE MAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 CAPE MAY REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

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

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings.

FEDERAL AWARDS

There were no prior year audit findings.

STATE AWARDS

There were no prior year audit findings.