

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**East Hanover Township, New Jersey**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**East Hanover Township Board of Education**

**East Hanover Township, New Jersey**

**For The Fiscal Year Ended June 30, 2021**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**

EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
20 School Avenue  
East Hanover, New Jersey 07936  
(973)-887-2112  
(973)887-2773 FAX

Carol Delsandro  
Business Administrator/Board Secretary

Natalee Bartlett  
Superintendent of Schools

January 31, 2022

The Honorable President and Members of the Board of Education  
East Hanover Township School District  
County of Morris, New Jersey

Dear President Sullivan and Board of Education Members:

The comprehensive annual financial report of the East Hanover Township School District for the fiscal year ended June 30, 2021, 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 East Hanover Township 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 of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic 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 Single Audit Act, as amended, Uniform Guidance and the New Jersey Circular 5-08-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid payments." 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:**

The East Hanover Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) in codification section 2100. All funds of the District are included in this report. The East Hanover Township School District Board of Education and all its schools constitute the District's reporting entity.



**1. REPORTING ENTITY AND ITS SERVICES (continued):**

The District provides a full range of educational services appropriate to grade Kindergarten through eighth grade for the students residing in East Hanover Township. These include regular as well as special services for children with special needs. The District’s average enrollment for the 2020-2021 fiscal year was 895 students, which is a decrease of 39 students from the previous year’s average enrollment.

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

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u> <u>Student Enrollment</u>	<u>Percent Change</u>
2020-21	895	-4.18%
2019-20	934	3.66%
2018-19	901	-3.22%
2017-18	931	-4.32%
2016-17	973	0.41%
2015-16	969	-2.81%
2014-15	997	-2.35%
2013-14	1,021	-3.35%
2012-13	1,082	-2.70%
2011-12	1,112	-0.54%

**2. ECONOMIC CONDITION AND OUTLOOK:**

The residential growth of the Township of East Hanover has leveled off from prior years which keeps the student population fairly consistent. There will be a change in student population in a few years in regards to a new real estate project. The 80-acre Mondalez site is under contract for sale with a concept plan of building approximately 600 mixed rate units for sale and rent. This project is in the preliminary stages and will take several years to complete.

**3. MAJOR INTIATIVES:**

The East Hanover Township School District (EHTSD) continues to systematically review and update curricula and resources. During the 2020-2021 school year, curricula revisions focused on further strengthening Math in all grade levels. EHTSD introduced a new Math program for grades K-5. Among the criteria for selection of new materials was the alignment of programs to the New Jersey Student Learning Standards as well as the depth of

### **3. MAJOR INITIATIVES (continued):**

support for a student-centered, differentiated approach to instruction rooted in best practices. Student achievement in these areas will be analyzed and assessed through comprehensive data reviews using information from diagnostic tests, benchmark assessments, and state assessments. This data will guide future revisions to curricula and instructional practices.

For the 2021-2022 school year, curricula revisions will focus on further strengthening Math in all grade levels. EHTSD curricula revisions will focus on Special area programs in all grade levels. Specifically; Art, World Language, Health & Physical Education. The updates will be made in alignment to the New Jersey Student Learning Standards. Looking forward, during the 22-23 the Social Studies program will be evaluated. Piloted programs will be evaluated by teams of teachers and administrators.

Overall, the EHTSD continues to place a strong focus on providing all students with an appropriate academic program and supports students with both intervention and enrichment opportunities. The district has enhanced programming availability for early intervention and targeted support for students in all grade levels. Additionally, there are increased opportunities for enrichment services in Kindergarten through second grade.

The implementation and application of technology continue to be a district priority. The District continues to implement a 1:1 Chromebook initiative in grades one through eight, with take-home devices available to for middle school students. Additionally, developmentally appropriate devices continued to be infused into our Kindergarten classrooms. Technology initiatives focus on providing meaningful, productive, and engaging opportunities for students to accomplish tasks, solve problems, be creative, and work collaboratively.

### **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.

#### **4. INTERNAL ACCOUNTING CONTROLS (continued):**

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

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

#### **5. BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is ensuring 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 debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance at June 30, 2021.

#### **6. ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 1.

#### **7. DEBT ADMINISTRATION:**

As of June 30, 2021, the District's outstanding bonded debt totals \$1,120,000.

#### **8. CASH MANAGEMENT:**

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

**9. RISK MANAGEMENT:**

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

**10. OTHER INFORMATION:**

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board’s finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act, Uniform Guidance and New Jersey Circular Letter 15-08-OMB. The auditor’s report on the basic 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.

**11. ACKNOWLEDGEMENTS:**

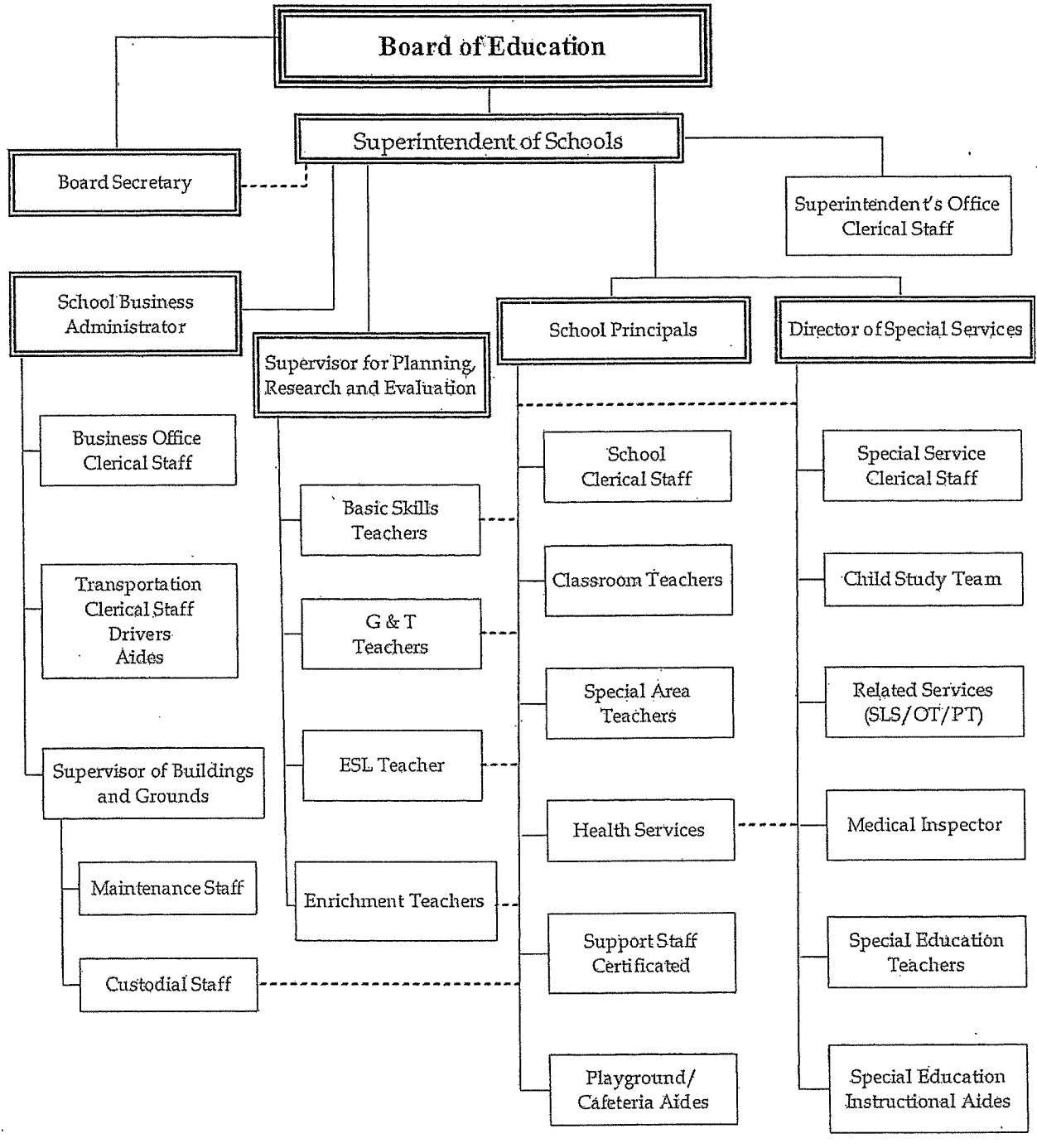
We would like to express our appreciation to the members of the East Hanover Township School District for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial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

Respectfully submitted



Carol Delsandro  
School Business Administrator/Board Secretary

### 1110 ORGANIZATIONAL CHART



Adopted: 29 April 2004  
Revised: 13 September 2010



**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
EAST HANOVER, NEW JERSEY**

**ROSTER OF OFFICIALS**

**JUNE 30, 2021**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
<b>Sean Sullivan, President</b>	<b>2021</b>
<b>Catherine Pfund-Olsen, Vice President</b>	<b>2022</b>
<b>Anthony Barisciano</b>	<b>2022</b>
<b>Michele Pasquale</b>	<b>2021</b>
<b>Stephanie A. Mitchell</b>	<b>2023</b>
<b>Joseph Troise</b>	<b>2022</b>
<b>Vincent Ucci, Jr.</b>	<b>2023</b>

**Other Officials**

**Natalee Bartlett, Superintendent**

**Carol Delsandro, Business Administrator/ Board Secretary**

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**Architect**

Parette Somjen Architects  
439 Route 46 East  
Rockaway, New Jersey 07866

**Attorneys**

Porzio Bromberg & Newman P.C.  
100 Southgate Parkway  
Morristown, NJ 07962

**Audit Firm**

Lerch, Vinci & Higgins, LLP  
17-17 Route 208 North  
Fair Lawn, New Jersey 07410

**Bond Counsel**

McManimon, Scotland & Baumann, LLC  
75 Livingston Avenue  
Roseland, NJ 07068

**Financial Advisor**

Phoenix Advisors, LLC  
4 West Park Street  
Bordentown, NJ 08505

**Official Depository**

TD Bank  
50 River Road  
East Hanover, New Jersey 07936

**FINANCIAL SECTION**





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
RALPH M. PICONE, III, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRISTOPHER M. VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Board of Education  
East Hanover Township Board of Education  
East Hanover, New Jersey

### **Report on the Financial Statements**

We 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 East Hanover Township Board of Education, as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our 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 East Hanover Township Board of Education as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

### ***Adoption of New Accounting Pronouncement***

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2021, the East Hanover Township Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities which provided guidance on identifying fiduciary activities and how they should be reported. The adoption of this standard resulted in a change to how previously reported fiduciary fund activities are currently reported in the financial statements. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits information 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Hanover Township Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the East Hanover Township Board of Education.

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

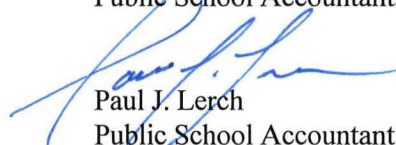
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2022 on our consideration of the East Hanover Township Board of Education’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the East Hanover Township Board of Education’s 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 East Hanover Township Board of Education’s internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
January 31, 2022

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# EAST HANOVER TOWNSHIP BOARD OF EDUCATION

## Management's Discussion and Analysis Year Ended June 30, 2021

This section of East Hanover Township Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

### FINANCIAL HIGHLIGHTS

Key financial highlights for 2021 are as follows:

- District-Wide - Overall revenues were \$29,518,599. General revenues accounted for \$21,452,616 or 77 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$8,065,983 or 23 percent of total revenues of \$29,518,599.
- District-Wide - The School District had \$27,633,805 in expenses; only \$8,065,983 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$21,452,616 were adequate to provide for these programs.
- Fund Financials – As of the close of the current fiscal year, the East Hanover Township Board of Education's governmental funds reported combined ending fund balances of \$5,809,191 an increase of \$1,865,445 in comparison with the restated prior year balance of \$3,943,746.
- Fund Financials - At the end of June 30, 2021, unassigned fund balance (budgetary basis) for the General Fund was \$1,168,047 an increase of \$637,238.

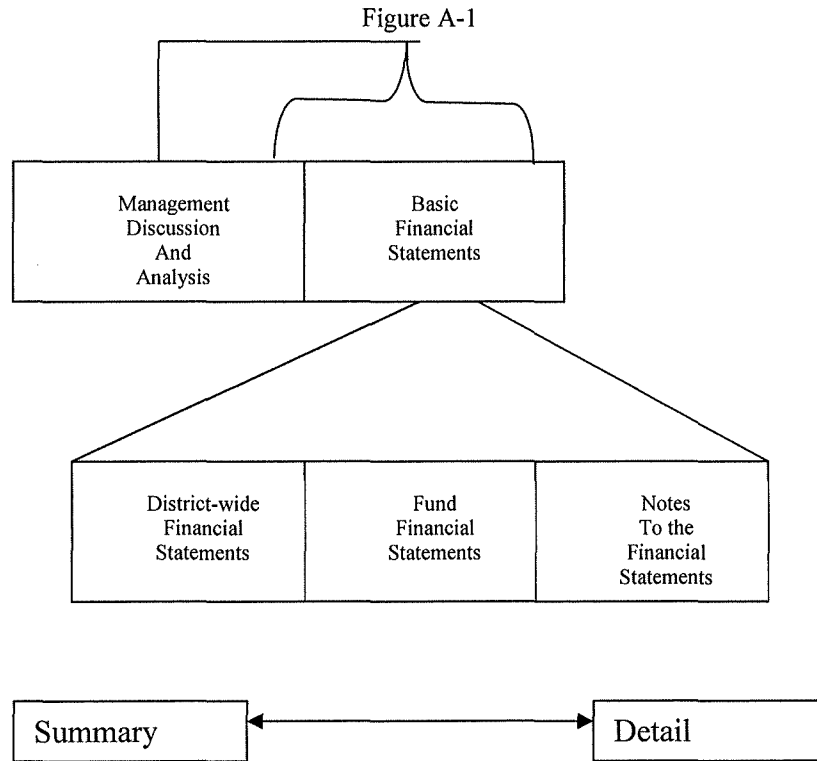
EAST HANOVER TOWNSHIP BOARD OF EDUCATION

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of four parts – Independent Auditor’s Report, required supplementary information which includes the management’s discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the District, reporting the District’s operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities the district operated like *businesses*.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this Annual Report are arranged and related to one another.



## EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund	Financial	Statements
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district(except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, building maintenance, transportation, and administration.	Activities the district operates similar to private businesses: Enterprise Funds	Instances in which the district administers resources on behalf of someone else, such as payroll deduction.
Required financial Statements	Statements of net position Statement of activities	Balance Sheet Statement of Revenue, expenditures and changes in fund balances	Statement of Net Position Statement of revenue, expenses, and changes in fund net position, Statement of cash flows	Statements of Fiduciary net position.
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources Focus
Type of asset, deferred outflows/inflows of Resources and liability information	All assets, deferred outflows of resources, deferred inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets and liabilities that come due from the year or soon thereafter; no capital assets or long-term liabilities included.	All assets, deferred inflows/ outflows of resources and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

## EAST HANOVER TOWNSHIP BOARD OF EDUCATION

### **District-wide Statements**

**District-wide.** The *District-wide financial statements* are designed to provide readers with a broad overview of the East Hanover Township Board of Education's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the East Hanover Township Board of Education's assets, deferred outflows/inflows of resources and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing the overall health of the District, one must consider additional non-financial factors, such as changes in the District's property tax base and the condition of the school buildings and other facilities.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, maintenance and administration services. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of the District's Milk and After School Child Care Programs.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or “major” funds – not the district as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).



## EAST HANOVER TOWNSHIP BOARD OF EDUCATION

### **Fund Financial Statements (Continued)**

The District has two kinds of funds:

**Governmental Funds.** The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund statements provide a detailed short-term view that help to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and Debt Service Fund. A budgetary comparison statement has been provided for the General Fund, Special Revenue Fund and Debt Service Fund.

**Proprietary Funds.** The District maintains one type of Proprietary Fund, Enterprise Funds, which is used to report the activities of the Milk and After School Child Care Programs. Proprietary Funds provide the same type of information as the district-wide financial statements and is presented as business-type activities in the district-wide financial statements.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE EAST HANOVER BOARD OF EDUCATION AS A WHOLE**

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table A-1 provides a summary of the school district's net position for fiscal years 2021 and 2020 which for 2021 and 2020 were \$10,248,323 and \$8,363,529, respectively (see Table A-1).

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services.

**Table A-1**  
**Statement of Net Position**  
**as of June 30, 2021 and 2020**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Assets</b>						
Current and Other Assets	\$ 6,079,582	\$ 3,970,353	\$ 381,667	\$ 310,275	\$ 6,461,249	\$ 4,280,628
Capital Assets	<u>11,947,970</u>	<u>12,653,229</u>	<u>3,637</u>	<u>4,121</u>	<u>11,951,607</u>	<u>12,657,350</u>
<b>Total Assets</b>	<u>18,027,552</u>	<u>16,623,582</u>	<u>385,304</u>	<u>314,396</u>	<u>18,412,856</u>	<u>16,937,978</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amounts on Net Pension Liability	373,972	598,469			373,972	598,469
Deferred Amounts on Refunding of Debt	<u>1,361</u>	<u>2,734</u>	<u>-</u>	<u>-</u>	<u>1,361</u>	<u>2,734</u>
<b>Total Deferred Outflows of Resources</b>	<u>375,333</u>	<u>601,203</u>	<u>-</u>	<u>-</u>	<u>375,333</u>	<u>601,203</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>18,402,885</u>	<u>17,224,785</u>	<u>385,304</u>	<u>314,396</u>	<u>18,788,189</u>	<u>17,539,181</u>
<b>Liabilities</b>						
Current Liabilities	289,593	58,384	166,333	25,265	455,926	83,649
Noncurrent Liabilities	<u>6,397,739</u>	<u>7,337,449</u>	<u>-</u>	<u>-</u>	<u>6,397,739</u>	<u>7,337,449</u>
<b>Total Liabilities</b>	<u>6,687,332</u>	<u>7,395,833</u>	<u>166,333</u>	<u>25,265</u>	<u>6,853,665</u>	<u>7,421,098</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amounts of Net Pension Liability	<u>1,686,201</u>	<u>1,754,554</u>	<u>-</u>	<u>-</u>	<u>1,686,201</u>	<u>1,754,554</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>8,373,533</u>	<u>9,150,387</u>	<u>166,333</u>	<u>25,265</u>	<u>8,539,866</u>	<u>9,175,652</u>
<b>Net Position</b>						
Net Investment in Capital Assets	9,417,450	9,683,384	3,637	4,121	9,421,087	9,687,505
Restricted	3,510,398	3,185,017			3,510,398	3,185,017
Unrestricted	<u>(2,898,496)</u>	<u>(4,794,003)</u>	<u>215,334</u>	<u>285,010</u>	<u>(2,683,162)</u>	<u>(4,508,993)</u>
<b>Total Net Position</b>	<u>\$ 10,029,352</u>	<u>\$ 8,074,398</u>	<u>\$ 218,971</u>	<u>\$ 289,131</u>	<u>\$ 10,248,323</u>	<u>\$ 8,363,529</u>

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE EAST HANOVER BOARD OF EDUCATION AS A WHOLE**

**Governmental activities.** Governmental activities increased the District's net position by \$1,954,954. Key elements of this increase are as follows: (see Table A-2).

**Table A-2**  
**Change in Net Position**  
**For The Fiscal Years Ended June 30, 2021 and 2020**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 35,000	\$ 68,434	\$ 156,271	\$ 515,306	\$ 191,271	\$ 583,740
Grants and Contributions	7,874,712	5,656,817			7,874,712	5,656,817
General Revenues						
Property Taxes	21,390,239	20,650,692			21,390,239	20,650,692
Other	62,377	37,907	-	-	62,377	37,907
<b>Total Revenues</b>	<u>29,362,328</u>	<u>26,413,850</u>	<u>156,271</u>	<u>515,306</u>	<u>29,518,599</u>	<u>26,929,156</u>
<b>Expenses</b>						
Instruction						
Regular	10,386,524	9,577,100			10,386,524	9,577,100
Special Education	4,412,459	4,184,729			4,412,459	4,184,729
Other Instruction	1,333,203	1,405,316			1,333,203	1,405,316
School Sponsored Activities and Athletics	202,501	226,335			202,501	226,335
Support Services					-	
Student and Instruction Related Services	4,373,893	3,921,968			4,373,893	3,921,968
General Administrative Services	719,216	584,467			719,216	584,467
School Administrative Services	1,804,626	1,656,709			1,804,626	1,656,709
Central Services	547,680	453,648			547,680	453,648
Plant Operations and Maintenance	2,374,161	1,988,414			2,374,161	1,988,414
Pupil Transportation	1,129,202	1,255,265			1,129,202	1,255,265
Interest and Other Charges	116,909	139,173			116,909	139,173
Food Services			484	10,275	484	10,275
After School Child Care	-	-	232,947	560,527	232,947	560,527
<b>Total Expenses</b>	<u>27,400,374</u>	<u>25,393,124</u>	<u>233,431</u>	<u>570,802</u>	<u>27,633,805</u>	<u>25,963,926</u>
Change in Net Position Before Transfers	1,961,954	1,020,726	(77,160)	(55,496)	1,884,794	965,230
Transfers	(7,000)	(2,310)	7,000	2,310	-	-
<b>Net Position, Beginning of Year</b>	8,074,398	6,803,373	289,131	342,317	8,363,529	7,145,690
<b>Prior Period Adjustment</b>	-	252,609	-	-	-	252,609
<b>Net Position, End of Year</b>	<u>\$ 10,029,352</u>	<u>\$ 8,074,398</u>	<u>\$ 218,971</u>	<u>\$ 289,131</u>	<u>\$ 10,248,323</u>	<u>\$ 8,363,529</u>

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

**Governmental activities.** The District’s total governmental revenues were \$29,362,328. The local share of the revenues that included property taxes, unrestricted state aid, miscellaneous revenue amounted to \$21,452,616 or 77% of total revenues. Funding from state sources and contributions amounted to \$7,874,712 or 23% and charges for services were \$35,000 (less than 1%). (see Table A-2)

The District’s total governmental expenses were \$27,400,374, which are predominantly related to instruction and support services. Instruction totaled \$16,334,687 (60%); support services totaled \$10,948,778 (39%). Interest Charges totaled \$116,909 less than (1%).

**Table A-3**  
**Total and Net Cost of Governmental Activities**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Governmental Activities				
Instruction				
Regular	\$ 10,386,524	\$ 9,577,100	\$ 7,466,464	\$ 7,575,976
Special Education	4,412,459	4,184,729	2,128,479	2,270,700
Other Instruction	1,333,203	1,405,316	920,678	1,053,283
School Sponsored Activities and Athletics	202,501	226,335	141,955	180,192
Support Services				
Student and Instruction Related Services	4,373,893	3,921,968	3,214,286	2,195,891
General Administrative Services	719,216	584,467	556,997	491,317
School Administrative Services	1,804,626	1,656,709	1,278,233	1,301,036
Central Services	547,680	453,648	508,430	455,615
Plant Operations and Maintenance	2,374,161	1,988,414	2,236,899	1,977,413
Pupil Transportation	1,129,202	1,255,265	921,332	1,072,410
Interest and Other Charges	116,909	139,173	116,909	139,173
Total	<u>\$ 27,400,374</u>	<u>\$ 25,393,124</u>	<u>\$ 19,490,662</u>	<u>\$ 18,713,006</u>

**Business-Type Activities** – The District’s total business-type activities revenues were \$156,271 for the fiscal year ended June 30, 2021. Charges for services accounted for 100% of total revenues.

Total cost of all business-type activities programs and services was \$233,431. The District’s expenses are related to the milk and the after school child care program.

Total business-type activities revenues were less than their expenses before transfers resulting in a net loss after transfers in of \$70,160.

# EAST HANOVER TOWNSHIP BOARD OF EDUCATION

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

**Governmental Funds.** The focus of the 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 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 the District completed the year, its governmental funds reported a combined fund balance of \$5,809,191. At June 30, 2020, the restated fund balance was \$3,943,746. The increase in fund balance is due to favorable budget results.

### The District's Funds

All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$26,864,201 and expenditures were \$25,154,488.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2021 and 2020.

#### Governmental Funds Revenues

	<b>Fiscal Year Ended 6/30/2021</b>	<b>Fiscal Year Ended 6/30/2020</b>	<b>Amount of Increase (Decrease)</b>	<b>Percent Change</b>
Local Sources:				
Property Taxes	\$ 21,390,239	\$ 20,650,692	\$ 739,547	4%
Other	97,377	164,312	(66,935)	-41%
Federal Sources	465,101	370,704	94,397	25%
State Sources	4,888,701	4,176,180	712,521	17%
Local Sources	<u>22,783</u>	<u>-</u>	<u>22,783</u>	100%
Total Revenues	<u>\$ 26,864,201</u>	<u>\$ 25,361,888</u>	<u>\$ 1,502,313</u>	6%

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

**The District's Funds (Continued)**

The following schedule represents a summary of governmental Fund expenditures for the fiscal years ended June 30, 2021 and 2020.

**Governmental Funds Expenditures**

	<b>Fiscal Year Ended <u>6/30/2021</u></b>	<b>Fiscal Year Ended <u>6/30/2020</u></b>	<b>Amount of Increase (Decrease)</b>	<b>Percent Change</b>
Instruction	\$ 14,208,547	\$ 14,073,348	\$ 135,199	1%
Support Services	9,876,538	9,297,925	578,613	6%
Capital Outlay	205,605	792,341	(586,736)	-74%
Debt Service	<u>863,798</u>	<u>833,306</u>	<u>30,492</u>	<u>4%</u>
 Total Expenditures	 <u>\$ 25,154,488</u>	 <u>\$ 24,996,920</u>	 <u>\$ 157,568</u>	 0.18%

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories.

- Implementing budgets for specially funded projects, which include both federal and state grants, reinstating prior year purchase orders being carried over, and budgeting for clearing, resale, and gifts.
- Increases in appropriations for significant unbudgeted costs.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

**Capital Assets.** At the end of the fiscal years 2021 and 2020, the school district had invested in land, land improvements, construction in progress, buildings, furniture, machinery and equipment as stated in Table A-4 as follows:

**Table A-4**

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Land	\$ 139,675	\$ 139,675
Construction in Progress	31,250	26,750
Land Improvements	1,018,734	1,018,734
Building and Building Improvements	23,007,542	22,918,770
Machinery and Equipment	<u>1,831,899</u>	<u>1,715,997</u>
 Total	 26,029,100	 25,819,926
 Less: Accumulated Depreciation	 <u>(14,081,130)</u>	 <u>(13,166,697)</u>
 Total	 <u>\$ 11,947,970</u>	 <u>\$ 12,653,229</u>

Additional information on the District's capital assets can be found in Note 3 of this report.

**Debt Administration.** As of June 30, 2021 and 2020, the School District had outstanding long-term liabilities as stated in Table A-5 as follows:

**Long-Term Liabilities**

**Table A-5  
Long-Term Debt  
Outstanding Long-Term Liabilities**

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
General Obligation Bonds, Net	\$ 1,120,244	\$ 1,695,492
Capital Lease/Lease Purchase Agreements	1,411,637	1,409,344
Compensated Absences Payable	417,090	400,442
Net Pension Liability	<u>3,448,768</u>	<u>3,832,171</u>
 Total	 <u>\$ 6,397,739</u>	 <u>\$ 7,337,449</u>

Additional information on the District's outstanding long-term liabilities can be found in Note 3 of this report.

## EAST HANOVER TOWNSHIP BOARD OF EDUCATION

### **FACTORS BEARING ON THE DISTRICT'S FUTURE**

While many factors influence the District's future, the availability of funding for special education needs and the economy will have the most impact on educational and fiscal decision making in the future. The additional housing units will also have a large impact on the fiscal decisions made for the future.

Many factors were considered by the District's administration during the process of developing the fiscal year 2020-2021 budget. The primary factors were the District's projected student population, anticipated state and federal aid, as well, as increasing salaries and related benefit costs.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, East Hanover Township Board of Education, 20 School Avenue, East Hanover, NJ 07936.



## **BASIC FINANCIAL STATEMENTS**

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2021**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 5,995,561	\$ 351,212	\$ 6,346,773
Accounts Receivables, net	84,021		84,021
Prepaid Expense		30,455	30,455
Capital Assets, net			
Not Being Depreciated	170,925		170,925
Being Depreciated	<u>11,777,045</u>	<u>3,637</u>	<u>11,780,682</u>
Total Assets	<u>18,027,552</u>	<u>385,304</u>	<u>18,412,856</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Amounts on Net Pension Liability	373,972		373,972
Deferred Amounts on Refunding of Debt	<u>1,361</u>	<u>-</u>	<u>1,361</u>
Total Deferred Outflows of Resources	<u>375,333</u>	<u>-</u>	<u>375,333</u>
Total Assets and Deferred Outflows of Resources	<u>18,402,885</u>	<u>385,304</u>	<u>18,788,189</u>
<b>LIABILITIES:</b>			
Accounts Payable:			
Intergovernmental	32,599		32,599
Other	211,396	8	211,404
Unearned Revenue	26,396	166,325	192,721
Accrued Liabilities:			
Interest Payable	19,202		19,202
Noncurrent Liabilities			
Due Within One Year	754,585		754,585
Due Beyond One Year	<u>5,643,154</u>	<u>-</u>	<u>5,643,154</u>
Total Liabilities	<u>6,687,332</u>	<u>166,333</u>	<u>6,853,665</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Amounts on Net Pension Liability	<u>1,686,201</u>	<u>-</u>	<u>1,686,201</u>
Total Liabilities and Deferred Inflows of Resources	<u>8,373,533</u>	<u>166,333</u>	<u>8,539,866</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	9,417,450	3,637	9,421,087
Restricted for			
Capital Projects	2,645,957		2,645,957
Maintenance	600,000		600,000
Other Purposes	264,441		264,441
Unrestricted (Deficit)	<u>(2,898,496)</u>	<u>215,334</u>	<u>(2,683,162)</u>
Total Net Position	<u>\$ 10,029,352</u>	<u>\$ 218,971</u>	<u>\$ 10,248,323</u>

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>							
Instruction:							
Regular	\$ 10,386,524	\$ 35,000	2,868,465	\$ 16,595	\$ (7,466,464)		\$ (7,466,464)
Special Education	4,412,459		2,283,980		(2,128,479)		(2,128,479)
Other Instruction	1,333,203		412,525		(920,678)		(920,678)
School Sponsored Activities and Athletics	202,501		60,546		(141,955)		(141,955)
Support Services:							
Student and Instruction Related Services	4,373,893		1,159,607		(3,214,286)		(3,214,286)
General Administrative Services	719,216		162,219		(556,997)		(556,997)
School Administrative Services	1,804,626		526,393		(1,278,233)		(1,278,233)
Central Services	547,680		39,250		(508,430)		(508,430)
Plant Operations and Maintenance	2,374,161		137,262		(2,236,899)		(2,236,899)
Pupil Transportation	1,129,202		207,870		(921,332)		(921,332)
Interest on Long-Term Debt	116,909	-	-	-	(116,909)	-	(116,909)
Total Governmental Activities	<u>27,400,374</u>	<u>35,000</u>	<u>7,858,117</u>	<u>16,595</u>	<u>(19,490,662)</u>	<u>-</u>	<u>(19,490,662)</u>
<b>Business-Type Activities:</b>							
Food Service	484					\$ (484)	(484)
After School Child Care Program	232,947	156,271	-	-	-	(76,676)	(76,676)
Total Business-Type Activities	<u>233,431</u>	<u>156,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(77,160)</u>	<u>(77,160)</u>
Total Government	<u>\$ 27,633,805</u>	<u>\$ 191,271</u>	<u>\$ 7,858,117</u>	<u>\$ 16,595</u>	<u>(19,490,662)</u>	<u>(77,160)</u>	<u>(19,567,822)</u>
<b>General Revenues:</b>							
Property Taxes:							
Levied for General Purpose							
					20,764,389		20,764,389
Levied for Debt Service							
					625,850		625,850
Miscellaneous							
					62,377		62,377
Transfers							
					(7,000)	7,000	-
Total General Revenues					<u>21,445,616</u>	<u>7,000</u>	<u>21,452,616</u>
Change in Net Position					1,954,954	(70,160)	1,884,794
Net Position, July 1 (Restated)					<u>8,074,398</u>	<u>289,131</u>	<u>8,363,529</u>
Net Position, June 30					<u>\$ 10,029,352</u>	<u>\$ 218,971</u>	<u>\$ 10,248,323</u>

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

**FUND FINANCIAL STATEMENTS**

EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 5,978,267	\$ 17,294		\$ 5,995,561
Interfunds Accounts Receivable:				
General Fund	40,683			40,683
Intergovernmental Accounts Receivable:				
Federal		69,521		69,521
State	14,500	-	-	14,500
	<u>6,033,450</u>	<u>86,815</u>	<u>-</u>	<u>6,120,265</u>
Total Assets	<u>\$ 6,033,450</u>	<u>\$ 86,815</u>	<u>\$ -</u>	<u>\$ 6,120,265</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
Interfunds Accounts Payable:				
Special Revenue Fund		\$ 40,683		\$ 40,683
Intergovernment Accounts Payable:				
Federal		5,001		5,001
State	\$ 27,598			27,598
Accounts Payable:				
Accrued Salaries and Wages	3,718			3,718
Payroll Deductions and Withholdings Payable	161,607			161,607
Other	42,265	3,806		46,071
Unearned Revenue	6,365	20,031	-	26,396
	<u>241,553</u>	<u>69,521</u>	<u>-</u>	<u>311,074</u>
Total Liabilities	<u>241,553</u>	<u>69,521</u>	<u>-</u>	<u>311,074</u>
Fund Balances:				
Restricted:				
Capital Reserve	2,645,957			2,645,957
Maintenance Reserve	600,000			600,000
Excess Surplus	717,878			717,878
Excess Surplus - Designated for Subsequent Year's Expenditures	294,132			294,132
Unemployment Compensation	247,147			247,147
Student Activities		17,294		17,294
Assigned:				
Year-End Encumbrances	542,306			542,306
Unassigned (Deficit)	744,477	-	-	744,477
	<u>5,791,897</u>	<u>17,294</u>	<u>-</u>	<u>5,809,191</u>
Total Fund Balances	<u>5,791,897</u>	<u>17,294</u>	<u>-</u>	<u>5,809,191</u>
Total Liabilities and Fund Balances	<u>\$ 6,033,450</u>	<u>\$ 86,815</u>	<u>\$ -</u>	

EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2021

**Total Governmental Fund Balances (Exhibit B-1)** \$ 5,809,191

*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 capital assets is \$26,029,100 and the accumulated depreciation is \$14,081,130. 11,947,970

Deferred outflows and deferred inflows related to pensions represent the consumption and acquisition, respectively, of resources that relate to future periods; therefore, such amounts are not reported in the fund financial statements

	\$	373,972	
Deferred Outflows of Resources		(1,686,201)	
Deferred Inflows of Resources			(1,312,229)

Accounts payable related to pensions are not liquidated with current financial resources; therefore, such amounts are not recorded in the fund financial statements (3,448,768)

Accrued interest payable on long-term debt is not due and payable in the current period and therefore is not reported in the funds (19,202)

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

Long-term liabilities at year end consist of:

Bonds Payable, Including Premium	(1,120,244)		
Capital Leases Payable	(1,411,637)		
Compensated Absences	(417,090)		
Deferred Amounts on Refunding of Debt	1,361		
			(2,947,610)

**Net Position of Governmental Activities (Exhibit A-1)** \$ 10,029,352

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>				
Local Property Tax Levy	\$ 20,764,389		\$ 625,850	\$ 21,390,239
Tuition Charges	35,000			35,000
Unrestricted Miscellaneous Revenues	62,377			62,377
Federal Sources		\$ 465,101		465,101
State Sources	4,888,701	-		4,888,701
Local Sources	-	22,783	-	22,783
	<u>25,750,467</u>	<u>487,884</u>	<u>625,850</u>	<u>26,864,201</u>
Total Revenues				
<b>EXPENDITURES:</b>				
Current:				
Regular Instruction	8,977,472	48,864		9,026,336
Special Education Instruction	3,623,705	233,181		3,856,886
Other Instruction	1,117,567	30,823		1,148,390
School-Sponsored Activities and Athletics	172,328	4,607		176,935
Support Services and Undistributed Costs:				
Student and Instruction Related Services	3,761,049	119,329		3,880,378
General Administrative Services	640,672			640,672
School Administrative Services	1,549,758			1,549,758
Central Services	509,015			509,015
Plant Operations and Maintenance	2,188,485			2,188,485
Pupil Transportation	1,108,230			1,108,230
Capital Outlay	157,662	47,943		205,605
Debt Service:				
Principal	160,439		575,000	735,439
Interest and Other Charges	77,509	-	50,850	128,359
	<u>24,043,891</u>	<u>484,747</u>	<u>625,850</u>	<u>25,154,488</u>
Total Expenditures				
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>1,706,576</u>	<u>3,137</u>	<u>-</u>	<u>1,709,713</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Capital Lease Proceeds	162,732			162,732
Transfers Out	(7,000)	-	-	(7,000)
	<u>155,732</u>	<u>-</u>	<u>-</u>	<u>155,732</u>
Total Other Financing Sources and Uses				
Net Change in Fund Balances	1,862,308	3,137	-	1,865,445
Fund Balance, July 1 (Restated)	<u>3,929,589</u>	<u>14,157</u>	<u>-</u>	<u>3,943,746</u>
Fund Balance, June 30	<u>\$ 5,791,897</u>	<u>\$ 17,294</u>	<u>\$ -</u>	<u>\$ 5,809,191</u>

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
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, 2021**

Amount reported for governmental activities in the statement of activities are different because:

**Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** **\$ 1,865,445**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period

Depreciation Expense	\$ (915,031)	
Capital Outlays	<u>205,605</u>	(709,426)

Issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Repayments		
Bond Principal	575,000	
Lease Principal	160,439	
Amortization of Bond Premium	248	
Lease Purchase Agreement Issues	(162,732)	
Amortization of Deferred Amounts on Refunding	(1,373)	
Accrued Interest	<u>12,575</u>	584,157

The net effect of various miscellaneous transaction involving capital asset (i.e. sales, disposal, donations) is to increase net position. These transactions are not reported in the governmental fund financial statements.

Loss on Disposal of Capital Assets	(915)	
Abandonment of Capital Assets	(13,500)	
Donated Capital Assets	<u>18,582</u>	4,167

In the statement of activities, certain operating expenses, (e.g., pensions, compensated absence and interest on debt), are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). This amount is the net effect of these differences in the treatment of these items.

Decrease in Net Pension Liability	227,259	
Increase Compensated Absences	<u>(16,648)</u>	<u>210,611</u>

**Change in net position of governmental activities (Exhibit A-2)**

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

**\$ 1,954,954**



**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2021**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Non-Major Food Service</b>	<b>After School Child Care Program</b>	<b>Total</b>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 10,055	\$ 341,157	\$ 351,212
Prepaid Expense	<u>-</u>	<u>30,455</u>	<u>30,455</u>
Total Current Assets	<u>10,055</u>	<u>371,612</u>	<u>381,667</u>
Noncurrent Assets:			
Capital Assets	74,665		74,665
Less: Accumulated Depreciation	<u>(71,028)</u>	<u>-</u>	<u>(71,028)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>3,637</u>	<u>-</u>	<u>3,637</u>
Total Noncurrent Assets	<u>3,637</u>	<u>-</u>	<u>3,637</u>
Total Assets	<u>13,692</u>	<u>371,612</u>	<u>385,304</u>
<b>LIABILITIES:</b>			
Current Liabilities			
Accounts Payable		8	8
Unearned Revenue	<u>-</u>	<u>166,325</u>	<u>166,325</u>
Total Current Liabilities	<u>-</u>	<u>166,333</u>	<u>166,333</u>
Total Liabilities	<u>-</u>	<u>166,333</u>	<u>166,333</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	3,637		3,637
Unrestricted	<u>10,055</u>	<u>205,279</u>	<u>215,334</u>
Total Net Position	<u>\$ 13,692</u>	<u>\$ 205,279</u>	<u>\$ 218,971</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Non-Major Food Service</u>	<u>After School Child Care Program</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for Services			
Program Fee	-	\$ 156,271	\$ 156,271
Total Operating Revenues	-	156,271	156,271
<b>OPERATING EXPENSES:</b>			
Employee Salaries		170,578	170,578
Employee Benefits		42,460	42,460
Other Purchased Services		2,790	2,790
Supplies and Materials		11,832	11,832
Depreciation	\$ 484		484
Miscellaneous	-	5,287	5,287
Total Operating Expenses	484	232,947	233,431
Operating Income (Loss)	(484)	(76,676)	(77,160)
Other Financing Sources (Uses):			
Transfer from General Fund	7,000	-	7,000
Change in Net Position	6,516	(76,676)	(70,160)
Net Position, July 1	7,176	281,955	289,131
Net Position, June 30	\$ 13,692	\$ 205,279	\$ 218,971

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Non-Major Food Service</u>	<u>After School Child Care Program</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers and Other Funds		\$ 298,091	\$ 298,091
Payments to employees		(170,570)	(170,570)
Payments for employee benefits		(42,460)	(42,460)
Payments to Suppliers	-	(47,703)	(47,703)
Net Cash Provided by (Used for) Operating Activities	-	37,358	37,358
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Transfer from General Fund	\$ 7,000	-	7,000
Net Cash Provided by (Used for) Noncapital and Related Financing Activities	7,000	-	7,000
Net Increase (Decrease) in Cash and Cash Equivalents	7,000	37,358	44,358
Cash and Cash Equivalents, Beginning of Year	3,055	303,799	306,854
Cash and Cash Equivalents, End of Year	\$ 10,055	\$ 341,157	\$ 351,212
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (484)	\$ (76,676)	\$ (77,160)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation and Net Amortization	484		484
(Increase) Decrease in Accounts Receivable, net		760	760
(Increase) Decrease in Prepaid Expense		(27,794)	(27,794)
Increase (Decrease) in Accounts Payable		8	8
Increase (Decrease) in Unearned Revenue	-	141,060	141,060
Total Adjustments	484	114,034	114,518
Net Cash Provided by (Used for) Operating Activities	\$ -	\$ 37,358	\$ 37,358

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

**NOTES TO THE FINANCIAL STATEMENTS**

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The East Hanover Township Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of seven elected officials and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Pre-Kindergarten through grade eight (8) school district.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Superintendent is the Chief Administrative Officer of the District who is responsible for planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the East Hanover Township Board of Education this includes general operations, food service, before and after school child care and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

**B. New Accounting Standards**

During fiscal year 2021, the District adopted the following GASB statement:

- GASB No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements**

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements. Currently the District does not have any fiduciary funds.

**District-Wide Financial Statements**

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Fund Financial Statements**

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and the before and after school child care program enterprise fund to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs, student activity funds derived from athletic events or other activities of pupil organizations and private donations for scholarship awards.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *after school child care program fund* accounts for the activities of the District's enrichment based child care program which provides high quality service to the students and parents.

The District reports the following non-major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides milk to students.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

**Reclassifications**

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.



**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***1. Cash, Cash Equivalents and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

***2. Receivables***

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

***3. Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

***4. Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. *Capital Assets (Continued)*

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings and Building Improvements	50
Machinery and Equipment	5-10

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial 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. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount on refunding of debt which results from a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the difference on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial 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. The Board has one type of item. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**7. Pensions**

In the district-wide financial statements and proprietary fund types in the fund financial statements, 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 retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. 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.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

**8. Long-Term Obligations**

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Differences resulting from debt refundings are classified as deferred inflows of resources or as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Differences resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported with the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**9. Net Position/Fund Balance**

**District-Wide Statements**

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2).

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 2).

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2020 audited excess surplus that is required to be appropriated in the 2021/2022 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2019 audited excess surplus that was appropriated in the 2020/2021 original budget certified for taxes.

Unemployment Compensation – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District's election for payment in lieu of contributions (benefit reimbursement method). (See Note 4).

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

In the general operating fund and other governmental funds (special revenue, capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**10. *Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**F. Revenues and Expenditures/Expenses**

**1. *Program Revenues***

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

**2. *Property Taxes***

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

**3. *Tuition Revenues and Expenditures***

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. .

Tuition Expenditures - Tuition charges for the fiscal years 2019-2020 and 2020-2021 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses***

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund and after school child care program enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 12, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. 6:20-2A.2(m)1. The Board approved several budget transfers during 2020/2021. Also, during 2020/2021 the Board increased the original budget by \$936,580. The increase was funded by the additional appropriation of capital reserve, grant awards, student activity revenues and the reappropriation of prior year general fund encumbrances.

Formal budgetary integration into the accounting system is employed as a management control device during the 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 certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve**

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

Funds placed in the capital reserve are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a 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 year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A 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 reserve 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 fiscal year ended June 30, 2021 is as follows:

Balance, July 1, 2020		\$	2,300,257
Increased By:			
Unexpended Withdrawals	\$	181,820	
Deposits Approved by Board Resolution		<u>895,800</u>	
Total Increases			<u>1,077,620</u>
Withdrawals:			
Withdrawals Approved in District Budget		248,500	
Withdrawals Approved by Board Resolution		<u>483,420</u>	
			<u>731,920</u>
Balance, June 30, 2021		\$	<u>2,645,957</u>

The June 30, 2021 LRFP balance of local support costs of uncompleted capital projects is \$7,225,000. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district’s Long Range Facilities Plan.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Maintenance Reserve**

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2021 is as follows:

Balance, July 1, 2020	\$ 632,151
Increased by	
Deposits Approved by Board Resolution	300,000
Withdrawals:	932,151
Withdrawals Approved in District Budget	332,151
Balance, June 30, 2021	\$ 600,000

The June 30, 2021 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$914,834. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

**D. Transfers to Capital Outlay**

During the 2020/2021 school year, the district transferred \$483,420 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to supplement a capital project previously approved for costs related to various project for the 2020/21 and 2021/22 school years.

**E. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is 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 in excess of 4% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2021 is \$1,012,010. Of this amount, \$294,132 was designated and appropriated in the 2021/2022 original budget certified for taxes and the remaining amount of \$717,878 will be appropriated in the 2022/2023 original budget certified for taxes.



**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC and NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2021, the book value of the Board's deposits were \$6,346,773 and bank and brokerage firm balances of the Board's deposits amounted to \$6,753,167. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ <u>6,753,167</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2021 none of the Board's bank balances were exposed to custodial credit risk.

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Investments (Continued)**

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increase interest rates.

Credit Risk - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 18A20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Board’s investment in a single issuer. The Board places no limit in the amount the District may invest in any on issuer.

As of June 30, 2021, the Board had no outstanding investments.

**B. Receivables**

Receivables as of June 30, 2021 for the district’s individual major funds are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receivables:			
Intergovernmental			
Federal		\$ 69,521	\$ 69,521
State	\$ 14,500	-	14,500
Total Net Receivables	<u>\$ 14,500</u>	<u>\$ 69,521</u>	<u>\$ 84,021</u>

**C. Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

General Fund	
Preschool Tuition	\$ 6,365
Special Revenue Fund	
Unencumbered Grant Draw Downs	20,031
Total Unearned Revenue for Governmental Funds	<u>\$ 26,396</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Balance, <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	Balance <u>June 30, 2021</u>
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 139,675				\$ 139,675
Construction in Progress	<u>26,750</u>	<u>\$ 67,422</u>	<u>-</u>	<u>\$ (62,922)</u>	<u>31,250</u>
Total Capital Assets, Not Being Depreciated	<u>166,425</u>	<u>67,422</u>	<u>-</u>	<u>(62,922)</u>	<u>170,925</u>
Capital Assets, Being Depreciated:					
Land Improvements	1,018,734				1,018,734
Building and Building Improvements	22,918,770	39,350		49,422	23,007,542
Machinery and Equipment	<u>1,715,997</u>	<u>98,833</u>	<u>\$ (2,288)</u>	<u>19,357</u>	<u>1,831,899</u>
Total Capital Assets Being Depreciated	<u>25,653,501</u>	<u>138,183</u>	<u>(2,288)</u>	<u>68,779</u>	<u>25,858,175</u>
Less Accumulated Depreciation for:					
Land Improvements	(238,205)	(48,639)			(286,844)
Building and Building Improvements	(11,623,251)	(782,269)		(583)	(12,406,103)
Machinery and Equipment	<u>(1,305,241)</u>	<u>(84,123)</u>	<u>1,373</u>	<u>(192)</u>	<u>(1,388,183)</u>
Total Accumulated Depreciation	<u>(13,166,697)</u>	<u>(915,031)</u>	<u>1,373</u>	<u>-</u>	<u>(14,081,130)</u>
Total Capital Assets, Being Depreciated, Net	<u>12,486,804</u>	<u>(776,848)</u>	<u>(915)</u>	<u>68,779</u>	<u>11,777,045</u>
Government Activities Capital Assets, Net	<u>\$ 12,653,229</u>	<u>\$ (709,426)</u>	<u>\$ (915)</u>	<u>\$ 5,857</u>	<u>\$ 11,947,970</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

	Balance, <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	Balance <u>June 30, 2021</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 74,665	-	-	\$ 74,665
Total Capital Assets Being Depreciated	<u>74,665</u>	<u>-</u>	<u>-</u>	<u>74,665</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(70,544)</u>	\$ (484)	-	<u>(71,028)</u>
Total Accumulated Depreciation	<u>(70,544)</u>	<u>(484)</u>	<u>-</u>	<u>(71,028)</u>
Total Capital Assets, Being Depreciated, Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-Type Activities Capital Assets, Net	<u>\$ 4,121</u>	<u>\$ (484)</u>	<u>\$ -</u>	<u>\$ 3,637</u>

Depreciation expense was charged to functions/programs of the District as follows:

**Governmental Activities:**

Instruction		
Regular		\$ 376,202
Special Education		153,661
Other Instruction		51,116
School-Sponsored Activities and Athletics		<u>7,071</u>
Total Instruction		<u>588,050</u>
Support Services		
Student and Instruction Related Services		136,497
General Administration Services		21,724
School Administration Services		70,492
Central Services		22,189
Operations and Maintenance of Plant		67,818
Student Transportation		<u>8,261</u>
Total Support Services		<u>326,981</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 915,031</u>
<b>Business Type Activities:</b>		
Food Service Fund		<u>\$ 484</u>
Total Depreciation Expense - Business Type Activities		<u>\$ 484</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Interfund Receivables, Payables, and Transfers (Continued)**

There were no interfund balance as of June 30, 2021.

**Interfund transfers**

	<u>Transfer In:</u>
	Enterprise Fund - <u>Food Service</u>
Transfer Out:	
General Fund	\$ <u>7,000</u>
Total Transfers	\$ <u>7,000</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

**F. Leases**

**Capital Leases**

The District is leasing an energy savings incentive program totaling \$1,696,601 under a capital lease. The lease is for a term of 20 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Governmental</u> <u>Activities</u>
2022	\$ 83,232
2023	85,359
2024	87,541
2025	89,780
2026	92,079
2027-2031	497,037
2032-2036	<u>564,257</u>
Total minimum lease payments	1,499,285
Less: amount representing interest	<u>(284,263)</u>
Present value of minimum lease payments	<u>\$ 1,215,022</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases (Continued)**

**Lease Purchase Agreements**

The District leases technology equipment under non-cancelable leases. Lease payments for the fiscal year ended June 30, 2021 were \$102,954. The future minimum lease payments for these operating leases are as follows:

**Governmental Activities:**

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 91,225
2023	55,184
2024	<u>55,184</u>
Total Lease Payments	201,593
Less: Amount Representing Interest	<u>(4,978)</u>
Present Value of Remaining Lease Payments	<u>\$ 196,615</u>

**G. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets or other purposes permitted by statute. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2021 are comprised of the following issues:

\$6,355,000, 2012 Refunding Bonds, due in annual installments of \$555,000 to \$565,000 through January 15, 2023, interest at 3.00%	\$ <u>1,120,000</u>
	<u>\$ 1,120,000</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt (Continued)**

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 565,000	\$ 33,600	\$ 598,600
2023	<u>555,000</u>	<u>16,650</u>	<u>571,650</u>
	<u>\$ 1,120,000</u>	<u>\$ 50,250</u>	<u>\$ 1,170,250</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2021 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 100,666,240
Less: Net Debt	<u>1,120,000</u>
Remaining Borrowing Power	<u>\$ 99,546,240</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2021, was as follows:

	<u>Balance,</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2021</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$1,695,000		\$ 575,000	\$ 1,120,000	\$565,000
Deferred Amounts					
Add: Original Issue Premium	<u>492</u>	<u>-</u>	<u>248</u>	<u>244</u>	<u>-</u>
Total Bonds Payable	1,695,492	-	575,248	1,120,244	565,000
Capital Lease/Lease Purchase					
Agreements	1,409,344	\$162,732	160,439	1,411,637	139,585
Compensated Absences	400,442	92,643	75,995	417,090	50,000
Net Pension Liability	<u>3,832,171</u>	<u>-</u>	<u>383,403</u>	<u>3,448,768</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 7,337,449</u>	<u>\$ 255,375</u>	<u>\$ 1,195,085</u>	<u>\$ 6,397,739</u>	<u>\$ 754,585</u>

Compensated absences, capital lease/lease purchase agreements and net pension liability are generally liquidated by the general fund.

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the New Jersey School Board Insurance Group (NJSBIG or Fund). The Fund is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance Fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the Fund, to report claims on a timely basis, cooperate with the management of the Fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Fund. Members have a contractual obligation to fund any deficit of the Fund attributable to a membership year during which they were a member.



**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

NJSBIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit 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 District contributions, employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District's restricted fund balance for unemployment compensation claims in the General Fund for the current and previous two years:

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021		\$ 19,993		\$ 28,968	\$ 247,147
2020		20,554		43,379	238,452
2019		20,552		2,808	261,277

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**Federal and State Awards** – The Board 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 Board may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2021, the District has not estimated its arbitrage earnings due to the IRS, if any.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans**

**Plan Descriptions and Benefits Provided**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all Board employees who are eligible for pension coverage:

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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 for 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 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached 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, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 ten years of service credit and have not reached the service retirement age for the respective tier.

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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 for 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.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

The following represent the membership tiers for TPAF:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached 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, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS or TPAF on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS or TPAF on or after November 2, 2008 and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits (“Division”), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Plan Amendments**

The authority to amend the provisions of the above plans rests with legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at [www.state.nj.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32%. The collective net pension liability of the State funded TPAF at June 30, 2020 is \$66.0 billion and the plan fiduciary net position as a percentage of total pension liability is 24.60%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 which were rolled forward to June 30, 2020.

**Actuarial Methods and Assumptions**

In the July 1, 2019 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 2021.

PERS employers’ and TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2021 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State’s annual pension contribution was less than the actuarial determined amount. For local PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2021, 2020 and 2019 were equal to the required contributions.

During the fiscal years ended June 30, 2021, 2020 and 2019 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2021	\$ 231,355	\$ 2,375,684	\$ 30,121
2020	206,876	1,774,897	31,056
2019	210,097	1,613,938	27,940

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Employer and Employee Pension Contributions (Continued)**

In addition for fiscal years 2021, 2020 and 2019 the District contributed \$0, \$586 and \$610, respectively for PERS and the State contributed \$1,644, \$1,854 and \$2,341, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$652,970 during the fiscal year ended June 30, 2021 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees Retirement System (PERS)**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2019 through June 30, 2020. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2020 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2020.

At June 30, 2021, the District reported in the statement of net position (accrual basis) a liability of \$3,448,768 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2020. At June 30, 2020, the District's proportionate share was .02115 percent, which was a decrease of .00012 percent from its proportionate share measured as of June 30, 2019 of .02127 percent.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$4,096 for PERS. The pension contribution made by the District during the current 2020/2021 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2021 with a measurement date of the prior fiscal year end of June 30, 2020. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2021 for contributions made subsequent to the measurement date. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 62,796	\$ 12,196
Changes of Assumptions	111,882	1,444,032
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	117,882	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>81,412</u>	<u>229,973</u>
Total	<u>\$ 373,972</u>	<u>\$ 1,686,201</u>

At June 30, 2021, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2022	\$ (534,775)
2023	(457,289)
2024	(213,917)
2025	(86,521)
2026	(19,727)
Thereafter	<u>-</u>
	<u>\$ (1,312,229)</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

The District's total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.



**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2021	June 30, 2020	7.00%
2020	June 30, 2019	6.28%

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
 Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate (Continued)***

There was no crossover period for the PERS defined benefit plan. Therefore the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

***Sensitivity of Net Pension Liability***

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<b>1% Decrease <u>6.00%</u></b>	<b>Current Discount Rate <u>7.00%</u></b>	<b>1% Increase <u>8.00%</u></b>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>4,341,424</u>	\$ <u>3,448,768</u>	\$ <u>2,691,325</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2020. A sensitivity analysis specific to the District's net pension liability at June 30, 2020 was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF)**

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2019 through June 30, 2020. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. 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. For the fiscal year ended June 30, 2020, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,255,156 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2021 the State's proportionate share of the net pension liability attributable to the District is \$52,346,951. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2020. At June 30, 2020, the State's share of the net pension liability attributable to the District was .07950 percent, which was a decrease of .00088 percent from its proportionate share measured as of June 30, 2019 of .08038 percent.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

**Actuarial Assumptions**

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55%
	Based on Years of Service
Thereafter	2.75%-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

***Discount Rate***

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<b>Fiscal Year</b>	<b>Measurement Date</b>	<b>Discount Rate</b>
2021	June 30, 2020	5.40%
2020	June 30, 2019	5.60%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit

Payments for which the Following Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2062
Municipal Bond Rate *	From July 1, 2062 and Thereafter

\* The municipal bond return rate used is 2.21% as of the measurement date of June 30, 2020. 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.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 5.40%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (4.40 percent) or 1-percentage-point higher (6.40 percent) than the current rate:

	<b>1% Decrease (4.40%)</b>	<b>Current Discount Rate (5.40%)</b>	<b>1% Increase (6.40%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 61,487,625</u>	<u>\$ 52,346,951</u>	<u>\$ 44,757,156</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2020. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2020 was not provided by the pension system.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

***Pension Plan Fiduciary Net Position***

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

**State Health Benefit Program Fund – Local Education Retired Employees Plan** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

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.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2019:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>          -</u>
 Total	 <u>366,108</u>

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Collective Net OPEB Liability**

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2020 is \$67.8 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2019 which were rolled forward to June 30, 2020.



**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Actuarial Methods and Assumptions**

In the June 30, 2019 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contributions**

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.18 billion to the OPEB plan in fiscal year 2020.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2021, 2020 and 2019 were \$744,502, \$658,454 and \$732,780, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2019 through June 30, 2020. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$2,363,157. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2021 the State's proportionate share of the OPEB liability attributable to the District is \$53,255,459. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2020. At June 30, 2020, the state's share of the OPEB liability attributable to the District was .08 percent, which was no change its proportionate share measured as of June 30, 2019 of .08 percent.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Actuarial Assumptions**

The OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.45%
Rate Thereafter	1.55% to 4.45%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 Healthy "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2020.

\*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Actuarial Assumptions (Continued)**

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

100% of active members are considered to participate in the plan upon retirement.

**Discount Rate**

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

<b><u>Fiscal Year</u></b>	<b><u>Measurement Date</u></b>	<b><u>Discount Rate</u></b>
2021	June 30, 2020	2.21%
2020	June 30, 2019	3.50%

The discount rate 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.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Changes in the Total OPEB Liability**

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2019 Measurement Date	\$ <u>33,273,099</u>
Changes Recognized for the Fiscal Year:	
Service Cost	1,396,310
Interest on the Total OPEB Liability	1,197,832
Differences Between Expected and Actual Experience	8,559,309
Changes of Assumptions	9,727,942
Gross Benefit Payments	(927,134)
Contributions from the Member	28,101
<b>Net Changes</b>	<b>\$ <u>19,982,360</u></b>
Balance, June 30, 2020 Measurement Date	\$ <u>53,255,459</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 % percent in 2019 to 2.21% percent in 2020.

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2020.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Sensitivity of OPEB Liability**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 2.21%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

	<b>1% Decrease <u>(1.21%)</u></b>	<b>Current Discount Rate <u>(2.21%)</u></b>	<b>1% Increase <u>(3.21%)</u></b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>64,202,205</u>	\$ <u>53,255,459</u>	\$ <u>44,696,158</u>

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability (School Retirees)	\$ <u>43,880,124</u>	\$ <u>53,255,459</u>	\$ <u>65,666,477</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 were not provided by the pension system.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 5 RESTATEMENT**

On July 1, 2020, the East Hanover Township Board of Education implemented GASB Statement No. 84 “Fiduciary Activities”. The East Hanover Township Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2020 are as follows:

**Governmental Activities**

The financial statements of the governmental activities as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities and payroll related activities which were previously reported as fiduciary activities to governmental activities. The effect of this restatement is to increase net position of governmental activities by \$252,609 from \$7,821,787 as previously reported to \$8,074,398 as of June 30, 2020.

**Governmental Funds**

The financial statements of the governmental funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities and payroll activities previously reported as fiduciary funds to governmental funds. The effect of this restatement is to increase fund balances of governmental funds by \$252,609 from \$3,691,137 as previously reported to \$3,943,746 as of June 30, 2020. General Fund fund balance increased \$238,452 from \$3,691,137 as previously reported to \$3,929,589 as of June 30, 2020. Special Revenue Fund fund balance increased \$14,157 from \$0 as previously reported to \$14,157 as of June 30, 2020.

**Fiduciary Funds**

The financial statements of the fiduciary funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities to governmental funds as noted above. The effect of this restatement is to decrease total fiduciary net position by \$238,452 from \$238,452 as previously reported to \$0 as of June 30, 2020.

**NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and has been affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

Governor Phil Murphy (the “Governor”) of the State of New Jersey (the “State”) declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which spread to the State and to all counties within the State. The Governor also instituted mandatory measures via various executive orders to contain the spread of the virus. These measure, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the governor’s pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)**

Recently, the United States Congress has passed relief and stimulus legislations including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the School District. It is too early to predict if the legislation will have its intended affect.

The largest portion of the School District's revenues is derived from local tax revenues levied by the Borough. In that regard, under applicable State statutes, the Borough annually is required to pay 100% of the amount levied for operations and debt service to the School District regardless of delinquencies in applicable property tax collections. The ability of the Borough to fully collect property taxes on a timely basis may be affected by the economic impact of the Pandemic; however, the District does not anticipate an interruption in the timely collection of property taxes from the Borough.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain it facilities either before or after an outbreak of an infectious disease.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**



**BUDGETARY COMPARISON SCHEDULES**

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Modification / Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 20,764,389		\$ 20,764,389	\$ 20,764,389	
Tuition from Individuals	56,000		56,000	35,000	\$ (21,000)
Unrestricted Miscellaneous Revenues	29,100	-	29,100	62,377	33,277
<b>Total - Local Sources</b>	<b>20,849,489</b>	<b>-</b>	<b>20,849,489</b>	<b>20,861,766</b>	<b>12,277</b>
State Sources:					
Categorical Special Education Aid	733,740	\$ (61,373)	672,367	672,367	
Categorical Security Aid	17,287		17,287	17,287	
Categorical Transportation Aid	178,676		178,676	178,676	
Extraordinary Aid				342,783	342,783
Additional Nonpublic Transportation Aid				14,500	14,500
On-Behalf T.P.A.F. Pension Contribution - Normal Cost (non-budgeted)				2,331,327	2,331,327
On-Behalf T.P.A.F. Pension Contribution - Non-Contributory Group Insurance (non-budgeted)				44,357	44,357
On-Behalf T.P.A.F. Pension Contribution - Post-Retirement Medical (non-budgeted)				744,502	744,502
On-Behalf T.P.A.F. Pension Contribution - Long-Term Disability Insurance (non-budgeted)				1,644	1,644
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	652,970	652,970
<b>Total - State Sources</b>	<b>929,703</b>	<b>(61,373)</b>	<b>868,330</b>	<b>5,000,413</b>	<b>4,132,083</b>
<b>Total Revenues</b>	<b>21,779,192</b>	<b>(61,373)</b>	<b>21,717,819</b>	<b>25,862,179</b>	<b>4,144,360</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Regular Programs:					
Instruction:					
Salaries of Teachers					
Preschool	132,145	(47,069)	85,076	70,910	14,166
Kindergarten	449,500	(57,399)	392,101	387,418	4,683
Grades 1-5	2,321,936	61,043	2,382,979	2,373,166	9,813
Grades 6-8	2,167,689	(62,867)	2,104,822	2,074,820	30,002
Home Instruction:					
Salaries of Teachers	4,500		4,500		4,500
Purchased Professional - Educational Services	6,000		6,000	2,368	3,632
Undistributed Instruction:					
Other Salaries for Instruction	164,870	2,927	167,797	139,940	27,857
Purchased Professional - Educational Services	10,850	(1,062)	9,788	1,559	8,229
Purchased Technical Services	167,830	11,273	179,103	166,523	12,580
Other Purchased Services	112,007	29,462	141,469	134,939	6,530
General Supplies	498,328	(38,594)	459,734	310,715	149,019
Lease Purchase - Chromebook		162,732	162,732	162,732	
Textbooks	73,900	(110)	73,790	69,459	4,331
Other Objects	9,248	(184)	9,064	7,085	1,979
<b>Total Regular Programs</b>	<b>6,118,803</b>	<b>60,152</b>	<b>6,178,955</b>	<b>5,901,634</b>	<b>277,321</b>
Special Education - Instruction:					
Learning and/or Language Disabilities					
Salaries of Teachers	190,305	(26,250)	164,055	164,055	
Other Salaries for Instruction	33,037	(18,188)	14,849	14,849	
General Supplies	3,360	(3,360)	-	-	-
<b>Total Learning and/or Language Disabilities</b>	<b>226,702</b>	<b>(47,798)</b>	<b>178,904</b>	<b>178,904</b>	<b>-</b>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Modification / Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES</b>					
<b>Current Expense</b>					
Special Education - Instruction (Continued)					
Resource Room:					
Salaries of Teachers	\$ 1,619,790	\$ 96,561	\$ 1,716,351	\$ 1,640,234	\$ 76,117
Other Salaries for Instruction	266,301	(37,891)	228,410	110,229	118,181
General Supplies	15,050	138	15,188	14,548	640
Total Resource Room	1,901,141	58,808	1,959,949	1,765,011	194,938
Preschool Disabilities - Part - Time:					
Salaries of Teachers	98,485	11,104	109,589	109,589	
Other Salaries for Instruction	21,204	3,117	24,321	22,209	2,112
General Supplies	1,500	(863)	637	637	
General Supplies	-	850	850	850	-
Total Preschool Disabilities - Part - Time	121,189	14,208	135,397	133,285	2,112
Home Instruction:					
Purchased Professional-Educational Services	6,000	(6,000)	-	-	-
Total Home Instruction	6,000	(6,000)	-	-	-
Total Special Education - Instruction	2,255,032	19,218	2,274,250	2,077,200	197,050
Basic Skills/Remedial:					
Salaries of Teachers	591,673	51,463	643,136	614,440	28,696
General Supplies	6,600	(6,600)	-	-	-
Total Basic Skills/Remedial	598,273	44,863	643,136	614,440	28,696
Bilingual Education:					
Salaries of Teachers	104,170		104,170	71,213	32,957
General Supplies	-	-	-	-	-
Total Bilingual Education	104,170	-	104,170	71,213	32,957
School Sponsored Co-Curricular Activities:					
Salaries	82,699	-	82,699	59,109	23,590
Total School Sponsored Co-Curricular Activities	82,699	-	82,699	59,109	23,590
School Sponsored Athletics - Instruction:					
Salaries	57,750		57,750	13,782	43,968
Purchased Services	10,525		10,525	5,784	4,741
General Supplies	4,800		4,800	3,500	1,300
Other Objects	1,855	-	1,855	-	1,855
Total School Sponsored Athletics - Instruction	74,930	-	74,930	23,066	51,864
After School Program "Best" - Instruction:					
Salaries of Teachers	13,030		13,030		13,030
General Supplies	2,250	-	2,250	-	2,250
Total After School Program "Best" - Instruction	15,280	-	15,280	-	15,280
Summer School Program - Instruction:					
Salaries of Teachers	20,425		20,425	18,918	1,507
Other Salaries for Instruction	18,240		18,240	3,040	15,200
Purchased Services	11,550	(402)	11,148	8,908	2,240
General Supplies	300	-	300	100	200
Total Summer School Program - Instruction	50,515	(402)	50,113	30,966	19,147
Total - Instruction	9,299,702	\$ 123,831	9,423,533	8,777,628	\$ 645,905

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Modification / Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES</b>					
<b>Current Expense</b>					
Undistributed Expenditures:					
Tuition:					
Tuition to Other LEA's Within the State - Special	\$ 40,000		\$ 40,000		\$ 40,000
Tuition to Private Schools for the Disabled - Within State	589,105	-	589,105	248,113	340,992
<b>Total Tuition</b>	<b>629,105</b>	<b>-</b>	<b>629,105</b>	<b>248,113</b>	<b>380,992</b>
Attendance and Social Work:					
Salaries	21,670	-	21,670	21,670	-
<b>Total Attendance and Social Work</b>	<b>21,670</b>	<b>-</b>	<b>21,670</b>	<b>21,670</b>	<b>-</b>
Health Services:					
Salaries	243,115		243,115	243,115	
Purchased Professional and Technical Services	113,750		113,750	109,126	4,624
Supplies and Materials	2,400	\$ 16,274	18,674	18,571	103
Other Objects	600	-	600	199	401
<b>Total Health Services</b>	<b>359,865</b>	<b>16,274</b>	<b>376,139</b>	<b>371,011</b>	<b>5,128</b>
Speech, OT, PT and Related Services:					
Salaries	210,238		210,238	207,813	2,425
Purchased Professional -Educational Services	372,842	19,210	392,052	303,460	88,592
Supplies and Materials	17,000	(12,500)	4,500	4,500	
Other Objects	1,000	(550)	450	-	450
<b>Total Speech, OT, PT and Related Services</b>	<b>601,080</b>	<b>6,160</b>	<b>607,240</b>	<b>515,773</b>	<b>91,467</b>
Other Support Services Students - Related Services:					
Salaries	196,513	56,922	253,435	201,660	51,775
Purchased Professional -Educational Services	87,839	1,172	89,011	89,011	-
<b>Total Other Support Services Students - Related Services:</b>	<b>284,352</b>	<b>58,094</b>	<b>342,446</b>	<b>290,671</b>	<b>51,775</b>
Guidance:					
Salaries of Other Professional Staff	200,005		200,005	186,509	13,496
Other Salaries	75,302		75,302	75,302	
Other Purchased Professional -Technical Services	1,026		1,026	1,000	26
Supplies and Materials	600	-	600	135	465
<b>Total Guidance</b>	<b>276,933</b>	<b>-</b>	<b>276,933</b>	<b>262,946</b>	<b>13,987</b>
Child Study Teams:					
Salaries of Other Professional Staff	469,618		469,618	424,002	45,616
Salaries of Secretarial and Clerical Assistants	61,073		61,073	61,073	
Other Salaries	23,761		23,761	14,436	9,325
Purchased Professional-Educational Services	12,000	1,074	13,074	7,433	5,641
Other Purchased Professional -Technical Services	12,500	(1,361)	11,139	1,604	9,535
Supplies and Materials	6,500	1,361	7,861	6,284	1,577
Other Objects	450	-	450	224	226
<b>Total Child Study Teams</b>	<b>585,902</b>	<b>1,074</b>	<b>586,976</b>	<b>515,056</b>	<b>71,920</b>
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	104,929	-	104,929	104,229	700
Other Salaries	25,500	4,318	29,818	23,712	6,106
Other Purchased Professional -Technical Services	37,818	(3,693)	34,125	33,557	568
Other Purchased Services	1,400	(175)	1,225	520	705
Supplies and Materials	1,000	-	1,000	301	699
Other Objects	1,500	(450)	1,050	845	205
<b>Total Improvement of Instruction Services:</b>	<b>172,147</b>	<b>-</b>	<b>172,147</b>	<b>163,164</b>	<b>8,983</b>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Modification / Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES</b>					
<b>Current Expense</b>					
Undistributed Expenditures (Continued)					
Educational Media Services / School Library:					
Salaries	\$ 171,305	\$ 1	\$ 171,306	\$ 171,305	\$ 1
Salaries of Technology Coordinators	102,871	(1)	102,870	96,107	6,763
Unused Vacation Payment to Terminated / Retired Staff		4,898	4,898	4,898	
Purchased Professional and Technical Services	149,311		149,311	149,311	
Other Purchased Services	1,000		1,000	485	515
Supplies and Materials	25,482		25,482	19,012	6,470
Other Objects	4,220	-	4,220	3,424	796
<b>Total Educational Media Services / School Library</b>	<b>454,189</b>	<b>4,898</b>	<b>459,087</b>	<b>444,542</b>	<b>14,545</b>
Instructional Staff Training Services:					
Purchased Professional and Technical Services	44,304		44,304	32,411	11,893
Other Purchased Services	14,501	-	14,501	1,277	13,224
<b>Total Instructional Staff Training Services</b>	<b>58,805</b>	<b>-</b>	<b>58,805</b>	<b>33,688</b>	<b>25,117</b>
Support Services - General Administration:					
Salaries	291,318	76	291,394	291,394	
Legal Services	30,000	(1,108)	28,892	23,619	5,273
Audit Fees	36,000	33,752	69,752	32,635	37,117
Other Purchased Professional Services	10,130	(2,703)	7,427	7,427	
Purchased Technical Services	9,204	4,186	13,390	13,390	
Communications / Telephone	20,100	3,051	23,151	23,151	
BOE Other Purchased Services	2,250	(602)	1,648	50	1,598
Miscellaneous Purchased Services	25,962	31,056	57,018	46,144	10,874
General Supplies	2,800	14,830	17,630	6,600	11,030
Miscellaneous Expenditures	7,380	(2,000)	5,380	5,141	239
BOE Membership Dues and Fees	9,800	-	9,800	9,287	513
<b>Total Support Services - General Administration</b>	<b>444,944</b>	<b>80,538</b>	<b>525,482</b>	<b>458,838</b>	<b>66,644</b>
Support Services - School Administration:					
Salaries of Principals/Asst. Principals	512,690		512,690	512,688	2
Salaries of Other Professional Staff	106,170		106,170	106,170	
Salaries of Secretarial and Clerical Assistants	329,544	(451)	329,093	326,703	2,390
Other Purchased Services	8,440	538	8,978	3,022	5,956
Supplies and Materials	13,700	296	13,996	5,456	8,540
Other Objects	6,530	12	6,542	5,675	867
<b>Total Support Services School Administration</b>	<b>977,074</b>	<b>395</b>	<b>977,469</b>	<b>959,714</b>	<b>17,755</b>
Central Services:					
Salaries	300,520		300,520	297,629	2,891
Unused Vacation Payment to Terminated / Retired Staff		12,419	12,419	12,419	
Purchased Professional Services	16,343	1	16,344	16,344	
Purchased Technical Services	6,732	(1,479)	5,253	5,174	79
Supplies and Materials	6,150	24,772	30,922	11,425	19,497
Interest on Capital Lease Agreement	1,575	-	1,575	1,495	80
<b>Total Central Services</b>	<b>331,320</b>	<b>35,713</b>	<b>367,033</b>	<b>344,486</b>	<b>22,547</b>
Administration Information Technology:					
Purchased Professional Services	22,311		22,311	22,311	
Supplies and Materials	3,500	-	3,500	-	3,500
<b>Total Administration Information Technology</b>	<b>25,811</b>	<b>-</b>	<b>25,811</b>	<b>22,311</b>	<b>3,500</b>

EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Modification / Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES</b>					
<b>Current Expense</b>					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities:					
Salaries	\$ 297,583	\$ 10,826	\$ 308,409	\$ 259,999	\$ 48,410
Cleaning, Repair and Maintenance	342,780	(71,199)	271,581	198,678	72,903
Travel	700		700		700
General Supplies	42,080	42,459	84,539	79,200	5,339
Other Objects	3,100	(66)	3,034	2,575	459
<b>Total Required Maintenance for School Facilities</b>	<b>686,243</b>	<b>(17,980)</b>	<b>668,263</b>	<b>540,452</b>	<b>127,811</b>
Custodial Services:					
Salaries	539,620	17,465	557,085	551,498	5,587
Salaries for Non-Instructional Aides	115,836	(17,465)	98,371	98,190	181
Purchased Professional & Technical Services	4,000	11,880	15,880	15,052	828
Cleaning, Repair and Maintenance Services	26,970	(5,400)	21,570	20,576	994
Lease Purchase Payments - Energy Savings Improvement	95,506	34	95,540	95,540	-
Other Purchased Property Services		36,517	36,517	31,816	4,701
Insurance	106,675	(17,567)	89,108	86,481	2,627
General Supplies	38,600	9,150	47,750	45,611	2,139
Energy (Natural Gas)	120,000		120,000	99,673	20,327
Energy (Electricity)	140,000		140,000	108,832	31,168
Energy (Gasoline)	4,000		4,000	3,623	377
Other Objects	1,745	-	1,745	1,697	48
<b>Total Custodial Services</b>	<b>1,192,952</b>	<b>34,614</b>	<b>1,227,566</b>	<b>1,158,589</b>	<b>68,977</b>
Care and Upkeep of Grounds:					
Cleaning, Repair & Maintenance	18,000		18,000	9,545	8,455
General Supplies	1,000	-	1,000	-	1,000
<b>Total Care and Upkeep of Grounds</b>	<b>19,000</b>	<b>-</b>	<b>19,000</b>	<b>9,545</b>	<b>9,455</b>
Security					
Salaries	57,485		57,485	57,485	
General Supplies	84,600	-	84,600	83,273	1,327
<b>Total Security</b>	<b>142,085</b>	<b>-</b>	<b>142,085</b>	<b>140,758</b>	<b>1,327</b>
<b>Total Operation and Maintenance of Plant Services</b>	<b>2,040,280</b>	<b>16,634</b>	<b>2,056,914</b>	<b>1,849,344</b>	<b>207,570</b>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Modification / Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES</b>					
<b>Current Expense</b>					
Undistributed Expenditures (Continued)					
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) - Regular	\$ 169,507		\$ 169,507	\$ 110,809	\$ 58,698
Contracted Services (Between Home and School) - Joint Agreement	761,215	\$ 13,810	775,025	775,025	
Contracted Services (Other Than Between Home and School) - Vendors	42,000		42,000	3,185	38,815
Contracted Services (Special Education Students) - Joint Agreement	216,600	(14,087)	202,513	86,375	116,138
Contracted Services (Special Education Students) - ESCs & CTSA's	84,100	277	84,377	46,687	37,690
Contracted Services - Aid in Lieu of Payments - Non-Public	53,000		53,000	33,200	19,800
Supplies and Materials	750		750		750
Other Objects	100	-	100	-	100
<b>Total Student Transportation Services</b>	<b>1,327,272</b>	<b>-</b>	<b>1,327,272</b>	<b>1,055,281</b>	<b>271,991</b>
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	289,500		289,500	250,583	38,917
Other Retirement Contributions - PERS	221,000	10,355	231,355	231,355	
Other Retirement Contributions - DCRP	30,530		30,530	30,121	409
Workmen's Compensation	136,525	(20,353)	116,172	115,156	1,016
Health Benefits	3,321,286	(229,689)	3,091,597	2,792,253	299,344
Tuition Reimbursement	64,680		64,680	46,110	18,570
Other Employee Benefits	187,900		187,900	175,089	12,811
Unused Vacation Payment to Terminated / Retired Staff		21,077	21,077	21,077	
Unused Sick Payment to Terminated / Retired Staff	55,000	20,995	75,995	75,995	-
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>4,306,421</b>	<b>(197,615)</b>	<b>4,108,806</b>	<b>3,737,739</b>	<b>371,067</b>
On-Behalf T.P.A.F. Pension Contribution -					
Normal Cost (non-budgeted)				2,331,327	(2,331,327)
On-Behalf T.P.A.F. Pension Contribution - Non-Contributory Group Insurance (non-budgeted)				44,357	(44,357)
On-Behalf T.P.A.F. Pension Contribution - Post-Retirement Medical (non-budgeted)				744,502	(744,502)
On-Behalf T.P.A.F. Pension Contribution - Long-Term Disability Insurance (non-budgeted)				1,644	(1,644)
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	652,970	(652,970)
<b>Total On-Behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,774,800</b>	<b>(3,774,800)</b>
<b>Total Personal Services - Employee Benefits</b>	<b>4,306,421</b>	<b>(197,615)</b>	<b>4,108,806</b>	<b>7,512,539</b>	<b>(3,403,733)</b>
<b>Total Undistributed Expenditures</b>	<b>12,897,170</b>	<b>22,165</b>	<b>12,919,335</b>	<b>15,069,147</b>	<b>(2,149,812)</b>
<b>Total General Current Expense</b>	<b>22,196,872</b>	<b>145,996</b>	<b>22,342,868</b>	<b>23,846,775</b>	<b>(1,503,907)</b>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Modification / Transfers	Final Budget	Actual	Variance Final to Actual
<b>Capital Outlay:</b>					
Equipment:					
Undistributed Expenditures:					
Instruction	\$ 4,000	\$ 2,458	\$ 6,458	\$ 4,614	\$ 1,844
Custodial Services	4,450	52,276	56,726	56,626	100
Total Equipment	8,450	54,734	63,184	61,240	1,944
Facilities Acquisition and Construction Services:					
Architectural / Engineering Services	52,500	8,200	60,700	31,250	29,450
Construction Services	196,000	480,962	676,962	65,172	611,790
Assessment for Debt Service on SDA Funding	39,454	-	39,454	39,454	-
Total Facilities Acquisition and Construction Services	287,954	489,162	777,116	135,876	641,240
Interest Deposit to Capital Reserve	100	-	100	-	100
Total Capital Outlay	296,504	543,896	840,400	197,116	643,284
Total Expenditures	22,493,376	689,892	23,183,268	24,043,891	(860,623)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(714,184)	(751,265)	(1,465,449)	1,818,288	3,283,737
Other Financing Sources (Uses):					
Transfer to Food Service Fund	(7,000)		(7,000)	(7,000)	
Lease Proceeds	-	162,732	162,732	162,732	-
Total Other Financing Sources (Uses)	(7,000)	162,732	155,732	155,732	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	(721,184)	(588,533)	(1,309,717)	1,974,020	3,283,737
Fund Balance, July 1 (Restated)	4,241,447	-	4,241,447	4,241,447	-
Fund Balance, June 30	\$ 3,520,263	\$ (588,533)	\$ 2,931,730	\$ 6,215,467	\$ 3,283,737
<b>RECAPITULATION:</b>					
Restricted:					
Capital Reserve				\$ 2,645,957	
Maintenance Reserve				600,000	
Excess Surplus:					
Prior Year - Designated for Subsequent Year's Expenditures				294,132	
Current Year				717,878	
Unemployment Compensation				247,147	
Assigned:					
Year-End Encumbrances				542,306	
Unassigned:				1,168,047	
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>				6,215,467	
Less: Fiscal Year 2021 Extraordinary Aid Payment Not Recognized on GAAP Basis			\$ 342,783		
Fiscal Year 2021 Last State Aid Payments Not Recognized on GAAP Basis			80,787		
				423,570	
Fund Balance Per Governmental Funds (GAAP)				\$ 5,791,897	



**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers / Modification</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Federal Sources	\$ 302,600	\$ 232,511	\$ 535,111	\$ 465,101	\$ (70,010)
Local Sources	10,000	14,177	31,921	22,783	(9,138)
Total Revenues	<u>312,600</u>	<u>246,688</u>	<u>567,032</u>	<u>487,884</u>	<u>(79,148)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers		66,320	66,320	30,823	35,497
Tuition	176,957	56,224	233,181	233,181	
Instructional Supplies	6,000	67,994	73,994	48,864	25,130
Student Activities-Non Budget	-	-	-	4,607	(4,607)
Total Instruction	<u>182,957</u>	<u>190,538</u>	<u>373,495</u>	<u>317,475</u>	<u>56,020</u>
Support Services:					
Salaries	-	4,652	4,652	2,358	2,294
Purchased Professional Technical Service	113,085	(21,717)	91,368	76,003	15,365
Other Purchased Services	16,558	(3,476)	13,082	6,780	6,302
Supplies and Materials	-	60,096	60,096	34,188	25,908
Total Support Services	<u>129,643</u>	<u>39,555</u>	<u>169,198</u>	<u>119,329</u>	<u>49,869</u>
Facilities Acquisition and Constructions Services:					
Non-Instructional Equipment	-	16,595	16,595	47,943	(31,348)
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>16,595</u>	<u>16,595</u>	<u>47,943</u>	<u>(31,348)</u>
Total Expenditures	<u>312,600</u>	<u>246,688</u>	<u>559,288</u>	<u>484,747</u>	<u>74,541</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,137</u>	<u>3,137</u>
Fund Balance, July 1 (Restated)	<u>14,157</u>	<u>-</u>	<u>14,157</u>	<u>14,157</u>	<u>14,157</u>
Fund Balance, June 30	<u>\$ 14,157</u>	<u>\$ -</u>	<u>\$ 14,157</u>	<u>\$ 17,294</u>	<u>\$ 17,294</u>
Restricted Fund Balances:					
Restricted Fund Balance					
Student Activities and Athletics					
				<u>\$ 17,294</u>	

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Formal budgetary integration into the accounting system is employed as a management control device during the 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 certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting 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 following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>
<b>Sources / Inflows of Resources:</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	(C-1) \$ <u>25,862,179</u>	(C-2) \$ <u>487,884</u>
State Aid payments and Extraordinary Aid (2019/2020) recognized for GAAP purposes, not recognized for budgetary statements.	311,858	
State Aid payments and Extraordinary Aid (2020/2021) not recognized for GAAP purposes, recognized for budgetary statements.	<u>(423,570)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>25,750,467</u>	(B-2) \$ <u>487,884</u>
<b>Uses / Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-series)	(C-1) \$ <u>24,043,891</u>	(C-2) \$ <u>484,747</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	(B-2) \$ <u>24,043,891</u>	(B-2) \$ <u>484,747</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**  
**PENSION AND POST-EMPLOYMENT BENEFITS INFORMATION**

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Public Employees Retirement System**

**Last Eight Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.02115%	0.02127%	0.02085%	0.02127%	0.02406%	0.02291%	0.02336%	0.02287%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,448,768	\$ 3,832,171	\$ 4,105,773	\$ 4,952,627	\$ 7,124,695	\$ 5,141,255	\$ 4,374,279	\$ 4,370,892
District's Covered-Employee Payroll	\$ 1,453,022	\$ 1,466,724	\$ 1,510,695	\$ 1,425,126	\$ 1,495,957	\$ 1,620,572	\$ 1,600,512	\$ 1,640,479
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	237.35%	261.27%	271.78%	347.52%	476.26%	317.25%	273.30%	266.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.59%	48.10%	40.14%	47.92%	52.08%	48.72%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Eight Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 231,355	\$ 206,876	\$ 207,416	\$ 197,879	\$ 213,710	\$ 196,604	\$ 192,605	\$ 173,968
Contributions in Relation to the Contractually Required Contribution	<u>231,355</u>	<u>206,876</u>	<u>207,416</u>	<u>197,879</u>	<u>213,710</u>	<u>196,604</u>	<u>192,605</u>	<u>173,968</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,488,712	\$ 1,453,022	\$ 1,466,724	\$ 1,510,695	\$ 1,425,126	\$ 1,495,957	\$ 1,620,572	\$ 1,600,512
Contributions as a Percentage of Covered-Employee Payroll	15.54%	14.24%	14.14%	13.10%	15.00%	13.14%	11.89%	10.87%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Teachers Pension and Annuity Fund**

**Last Eight Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 52,346,951</u>	<u>\$ 49,328,934</u>	<u>\$ 50,897,573</u>	<u>\$ 55,908,567</u>	<u>\$ 63,752,247</u>	<u>\$ 51,752,796</u>	<u>\$ 45,634,900</u>	<u>\$ 41,792,527</u>
Total	<u>\$ 52,346,951</u>	<u>\$ 49,328,934</u>	<u>\$ 50,897,573</u>	<u>\$ 55,908,567</u>	<u>\$ 63,752,247</u>	<u>\$ 51,752,796</u>	<u>\$ 45,634,900</u>	<u>\$ 41,792,527</u>
District's Covered-Employee Payroll	\$ 9,017,956	\$ 8,670,880	\$ 8,345,460	\$ 8,644,850	\$ 8,059,613	\$ 8,210,419	\$ 7,961,442	\$ 8,013,750
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.60%	26.95%	26.48%	25.41%	22.33%	28.74%	33.64%	33.76%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Change of Benefit Terms:** None.

**Change of Assumptions:** Assumptions used in calculating the net pension liability and statutory required employer contribution are presented in Note 4.



**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF  
TOTAL OPEB LIABILITY**

**POSTEMPLOYMENT HEALTH BENEFIT PLAN**

Last Four Fiscal Years\*

	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service Cost	\$ 1,396,310	\$ 1,318,417	\$ (773,501)	\$ 1,745,921
Interest on Total OPEB Liability	1,197,832	1,486,521	1,293,980	1,400,353
Changes of Benefit Terms				
Differences Between Expected and Actual Experience	8,559,309	(6,620,657)		
Changes of Assumptions	9,727,942	496,105	(4,965,366)	(5,817,524)
Gross Benefit Payments	(927,134)	(1,021,385)	(2,081,918)	(984,877)
Contributions from the Member	28,101	30,277	76,661	36,266
<b>Net Change in Total OPEB Liability</b>	19,982,360	(4,310,722)	(6,450,144)	(3,619,861)
<b>Total OPEB Liability - Beginning</b>	33,273,099	37,583,821	44,033,965	47,653,826
<b>Total OPEB Liability - Ending</b>	53,255,459	33,273,099	37,583,821	44,033,965
District's Proportionate Share of OPEB Liability	\$0	\$0	\$0	\$0
State's Proportionate Share of OPEB Liability	53,255,459	33,273,099	37,583,821	44,033,965
Total OPEB Liability - Ending	53,255,459	33,273,099	37,583,821	44,033,965
District's Covered-Employee Payroll	\$ 10,470,978	\$ 10,137,604	\$ 9,856,155	\$ 10,069,976
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Employee Payroll	0%	0%	0%	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<b>Changes in Benefit Terms:</b>	None.
<b>Changes of Assumptions</b>	Assumptions used in calculating the OPEB liability are presented in Note 4E.

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Every Student Succeeds Act (E. S. S. A.)			I. D. E. A.		Total Exhibit E-1a	Total
	Title I Part A	Title II Part A	Title IV	Part B Basic	Part B Preschool		
<b>REVENUES:</b>							
Federal Sources	\$ 87,181	\$ 8,604	\$ 4,600	\$ 233,181	\$ 14,018	\$ 117,517	\$ 465,101
Local Sources	-	-	-	-	-	22,783	22,783
Total Revenues	87,181	8,604	4,600	233,181	14,018	140,300	487,884
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers	30,823						30,823
Tuition				233,181			233,181
Instructional Supplies						48,864	48,864
Student Activities	-	-	-	-	-	4,607	4,607
Total Instruction	30,823	-	-	233,181	-	53,471	317,475
Support Services:							
Employee Benefits	2,358						2,358
Purchased Professional Technical Service	54,000	635	4,600		14,018	2,750	76,003
Other Purchased Services		6,780					6,780
Supplies and Materials	-	1,189	-	-	-	32,999	34,188
Total Support Services	56,358	8,604	4,600	-	14,018	35,749	119,329
Facilities Acquisition and Constructions Services:							
Non-Instructional Equipment	-	-	-	-	-	47,943	47,943
Total Facilities Acquisition and Construction Services	-	-	-	-	-	47,943	47,943
Total Expenditures	87,181	8,604	4,600	233,181	14,018	137,163	484,747
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	3,137	3,137
Fund Balance, July 1 (Restated)	-	-	-	-	-	14,157	14,157
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,294	\$ 17,294

EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Education Stabilization Fund</u> <u>CARES Emergency</u> <u>Relief</u>	<u>Coronavirus Relief Fund</u> <u>Coronavirus</u> <u>Relief Fund</u>	<u>Student</u> <u>Activities</u> <u>/ Athletics</u>	<u>Local</u>	<u>Total</u> <u>Exhibit</u> <u>E-1a</u>
<b>REVENUES:</b>					
Federal Sources	\$ 94,024	\$ 23,493			\$ 117,517
Local Sources	-	-	\$ 7,744	\$ 15,039	22,783
Total Revenues	<u>94,024</u>	<u>23,493</u>	<u>7,744</u>	<u>15,039</u>	<u>140,300</u>
<b>EXPENDITURES:</b>					
Instruction:					
Instructional Supplies	44,847	2,078		1,939	48,864
Student Activities	-	-	4,607	-	4,607
Total Instruction	<u>44,847</u>	<u>2,078</u>	<u>4,607</u>	<u>1,939</u>	<u>53,471</u>
Support Services:					
Purchased Professional Technical Service				2,750	2,750
Supplies and Materials	26,579	6,420	-	-	32,999
Total Support Services	<u>26,579</u>	<u>6,420</u>	<u>-</u>	<u>2,750</u>	<u>35,749</u>
Facilities Acquisition and Constructions Services:					
Non-Instructional Equipment	22,598	14,995	-	10,350	47,943
Total Facilities Acquisition and Construction Services	<u>22,598</u>	<u>14,995</u>	<u>-</u>	<u>10,350</u>	<u>47,943</u>
Total Expenditures	<u>94,024</u>	<u>23,493</u>	<u>4,607</u>	<u>15,039</u>	<u>137,163</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	3,137	-	3,137
Fund Balance, July 1 (Restated)	-	-	14,157	-	14,157
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,294</u>	<u>\$ -</u>	<u>\$ 17,294</u>

EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 SPECIAL REVENUE FUND  
 SCHEDULE OF PRESCHOOL AID EXPENDITURES  
 BUDGETARY BASIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOT APPLICABLE

STUDENT ACTIVITIES  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<b>Balance, July 1, <u>2020</u></b>	<b>Cash <u>Receipts</u></b>	<b>Cash <u>Disbursement</u></b>	<b>Balance, June 30, <u>2021</u></b>
Frank J. Smith School	\$ 6,470	\$ 1,331	\$ 232	\$ 7,569
Central School	5,644	192	669	5,167
Middle School	1,915	2,656	2,756	1,815
Athletic Account	<u>128</u>	<u>3,565</u>	<u>950</u>	<u>2,743</u>
Total All Schools	<u>\$ 14,157</u>	<u>\$ 7,744</u>	<u>\$ 4,607</u>	<u>\$ 17,294</u>

**CAPITAL PROJECTS FUND**



**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOT APPLICABLE**

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOT APPLICABLE**

**PROPRIETARY FUNDS**

**EXHIBIT G-1**

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
PROPRIETARY FUND  
COMBINING SCHEDULE OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**NOT APPLICABLE**

**LONG-TERM DEBT**

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2020</u>	<u>Matured</u>	<u>Balance, June 30, 2021</u>
Refunding Bonds	1/15/2012	\$ 6,355,000	1/15/2022	\$ 565,000	3.00%	\$ 1,695,000	\$ 575,000	\$ 1,120,000
			1/15/2023	555,000	3.00%			
						<u>\$ 1,695,000</u>	<u>\$ 575,000</u>	<u>\$ 1,120,000</u>
							Paid By Budget Appropriation	<u>\$ 575,000</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
LONG-TERM DEBT  
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES/LEASE PURCHASE AGREEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, June 30, 2020</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2021</u>
<b><u>Capital Leases</u></b>						
Energy Savings Incentive Program	\$ 1,696,601	2.65%	\$ 1,277,087	-	\$ 62,065	\$ 1,215,022
<b><u>Lease Purchase Agreements</u></b>						
Chrome Books 2017-18	43,343	2.10%	10,808		10,808	-
Chrome Books 2018-19	137,970	3.21%	69,908		34,736	35,172
Chrome Books 2019-20	51,541	2.04%	51,541		12,497	39,044
Chrome Books 2020-21	159,435	1.16%	-	\$ 162,732	40,333	122,399
Total Lease Purchase Agreements			132,257	162,732	98,374	196,615
			\$ 1,409,344	\$ 162,732	\$ 160,439	\$ 1,411,637



**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>REVENUES:</b>					
Local Property Tax Levy	\$ 625,850	-	\$ 625,850	\$ 625,850	-
Total Revenues	<u>625,850</u>	<u>-</u>	<u>625,850</u>	<u>625,850</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Debt Service:					
Principal	575,000		575,000	575,000	
Interest	<u>50,850</u>	<u>-</u>	<u>50,850</u>	<u>50,850</u>	<u>-</u>
Total Expenditures	<u>625,850</u>	<u>-</u>	<u>625,850</u>	<u>625,850</u>	<u>-</u>
Excess /(Deficit) of Revenue and Other Expenditures	-	-	-	-	
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## STATISTICAL SECTION

This part of the Waldwick Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### Contents

### Exhibits

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
(Unaudited)  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 9,018,662	\$ 9,123,389	\$ 7,191,639	\$ 7,241,344	\$ 7,493,042	\$ 8,696,052	\$ 8,785,656	\$ 9,151,459	\$ 9,683,384	\$ 9,417,450
Restricted	1,021,031	1,478,155	1,385,630	1,891,884	3,582,166	2,193,979	2,682,130	2,570,523	3,185,017	3,510,398
Unrestricted	698,939	812,138	(3,328,191)	(4,122,738)	(5,958,124)	(4,812,999)	(4,913,124)	(4,918,609)	(4,794,003)	(2,898,496)
<b>Total Governmental Activities Net Position</b>	<b>\$ 10,738,632</b>	<b>\$ 11,413,682</b>	<b>\$ 5,249,078</b>	<b>\$ 5,010,490</b>	<b>\$ 5,117,084</b>	<b>\$ 6,077,032</b>	<b>\$ 6,554,662</b>	<b>\$ 6,803,373</b>	<b>\$ 8,074,398</b>	<b>\$ 10,029,352</b>
Business-Type Activities										
Net Investment in Capital Assets	\$ 8,607	\$ 16,556	\$ 11,717	\$ 11,062	\$ 10,429	\$ 8,064	\$ 5,805	\$ 5,538	\$ 4,121	\$ 3,637
Unrestricted	446,252	642,973	252,571	288,652	269,349	185,102	296,409	336,779	285,010	215,334
<b>Total Business-Type Activities Net Position</b>	<b>\$ 454,859</b>	<b>\$ 659,529</b>	<b>\$ 264,288</b>	<b>\$ 299,714</b>	<b>\$ 279,778</b>	<b>\$ 193,166</b>	<b>\$ 302,214</b>	<b>\$ 342,317</b>	<b>\$ 289,131</b>	<b>\$ 218,971</b>
District-Wide										
Net Investment in Capital Assets	9,027,269	9,139,945	7,203,356	7,252,406	7,503,471	8,704,116	8,791,461	9,156,997	9,687,505	9,421,087
Restricted	1,021,031	1,478,155	1,385,630	1,891,884	3,582,166	2,193,979	2,682,130	2,570,523	3,185,017	3,510,398
Unrestricted	1,145,191	1,455,111	(3,075,620)	(3,834,086)	(5,688,775)	(4,627,897)	(4,616,715)	(4,581,830)	(4,508,993)	(2,683,162)
<b>Total District Net Position</b>	<b>\$ 11,193,491</b>	<b>\$ 12,073,211</b>	<b>\$ 5,513,366</b>	<b>\$ 5,310,204</b>	<b>\$ 5,396,862</b>	<b>\$ 6,270,198</b>	<b>\$ 6,856,876</b>	<b>\$ 7,145,690</b>	<b>\$ 8,363,529</b>	<b>\$ 10,248,323</b>

Source: District's Financial Records

Note 1 - Net Position at June 30, 2014 has been restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and for corrections of the capital assets.

Note 2 - Fund Balances at June 30, 2020 have been restated to reflect the implementation of GASB No. 84 "Fiduciary Activities".

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 7,300,500	\$ 7,627,472	\$ 7,433,337	\$ 8,936,445	\$ 8,707,360	\$ 9,904,703	\$ 10,699,992	\$ 9,593,360	\$ 9,577,100	\$ 10,386,524
Special Education	3,994,843	4,166,051	3,695,472	4,235,965	3,895,131	4,324,798	4,405,633	4,183,035	4,184,729	4,412,459
Other Instruction	659,204	521,872	727,235	869,224	983,484	1,258,396	1,322,777	1,578,091	1,405,316	1,333,203
School Sponsored Activities and Athletics	143,543	220,893	162,914	334,569	332,910	240,345	264,852	246,975	226,335	202,501
<b>Support Services:</b>										
Student & Instruction Related Services	2,065,190	2,281,958	2,617,070	3,259,064	4,141,148	4,349,703	4,023,086	3,778,594	3,921,968	4,373,893
General Administration	450,156	568,071	483,623	614,681	649,908	689,535	671,562	638,959	584,467	719,216
School Administrative Services	1,240,938	1,319,443	1,337,113	1,644,589	1,691,757	1,855,209	2,019,721	1,794,844	1,656,709	1,804,626
Central Services	394,801	354,931	348,388	422,750	402,680	413,915	464,749	451,630	453,648	547,680
Plant Operations And Maintenance	1,600,416	1,465,983	1,744,199	1,696,158	1,726,163	1,812,516	2,069,552	2,778,847	1,988,414	2,374,161
Pupil Transportation	1,031,678	1,127,879	1,070,623	1,139,088	1,156,246	1,182,336	1,383,351	1,339,441	1,255,265	1,129,202
Interest and Other Charges	224,477	195,977	181,256	171,960	167,715	191,884	174,347	157,734	139,173	116,909
<b>Total Governmental Activities Expenses</b>	<b>19,105,746</b>	<b>19,850,530</b>	<b>19,801,230</b>	<b>23,324,493</b>	<b>23,854,502</b>	<b>26,223,340</b>	<b>27,499,622</b>	<b>26,541,510</b>	<b>25,393,124</b>	<b>27,400,374</b>
<b>Business-Type Activities:</b>										
Food Service	21,371	14,436	17,690	17,816	15,863	19,335	19,113	18,140	10,275	484
After School Child Care Program	338,674	429,154	489,527	609,313	751,655	775,617	725,720	659,660	560,527	232,947
<b>Total Business-Type Activities Expense</b>	<b>360,045</b>	<b>443,590</b>	<b>507,217</b>	<b>627,129</b>	<b>767,518</b>	<b>794,952</b>	<b>744,833</b>	<b>677,800</b>	<b>570,802</b>	<b>233,431</b>
<b>Total District Expenses</b>	<b>\$ 19,465,791</b>	<b>\$ 20,294,120</b>	<b>\$ 20,308,447</b>	<b>\$ 23,951,622</b>	<b>\$ 24,622,020</b>	<b>\$ 27,018,292</b>	<b>\$ 28,244,455</b>	<b>\$ 27,219,310</b>	<b>\$ 25,963,926</b>	<b>\$ 27,633,805</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services	\$ 60,449	\$ 55,710	\$ 104,344	\$ 85,255	\$ 57,350	\$ 71,800	\$ 80,838	\$ 58,900	\$ 68,434	\$ 35,000
Operating Grants And Contributions	2,743,373	3,101,787	2,869,549	5,076,324	5,784,143	7,492,737	8,280,886	6,563,686	5,656,817	7,858,117
Capital Grants And Contributions	27,269	13,020	4,284	82,600	4,195	693,423	12,155	-	-	16,595
<b>Total Governmental Activities Program Revenues</b>	<b>2,831,091</b>	<b>3,170,517</b>	<b>2,978,177</b>	<b>5,244,179</b>	<b>5,845,688</b>	<b>8,257,960</b>	<b>8,373,879</b>	<b>6,622,586</b>	<b>5,725,251</b>	<b>7,909,712</b>
<b>Business-Type Activities:</b>										
<b>Charges For Services</b>										
Food Service	\$ 13,817	\$ 12,911	\$ 11,321	\$ 10,610	\$ 10,427	\$ 10,958	\$ 10,020	\$ 9,978	\$ 6,928	
After School Child Care Program	557,055	622,549	577,605	706,399	737,155	694,382	837,861	700,226	508,378	\$ 156,271
Operating Grants And Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Business Type Activities Program Revenues</b>	<b>570,872</b>	<b>635,460</b>	<b>588,926</b>	<b>717,009</b>	<b>747,582</b>	<b>705,340</b>	<b>847,881</b>	<b>710,204</b>	<b>515,306</b>	<b>156,271</b>
<b>Total District Program Revenues</b>	<b>\$ 3,401,963</b>	<b>\$ 3,805,977</b>	<b>\$ 3,567,103</b>	<b>\$ 5,961,188</b>	<b>\$ 6,593,270</b>	<b>\$ 8,963,300</b>	<b>\$ 9,221,760</b>	<b>\$ 7,332,790</b>	<b>\$ 6,240,557</b>	<b>\$ 8,065,983</b>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (16,274,655)	\$ (16,680,013)	\$ (16,823,053)	\$ (18,080,314)	\$ (18,008,814)	\$ (17,965,380)	\$ (19,125,743)	\$ (19,918,924)	\$ (19,667,873)	\$ (19,490,662)
Business-Type Activities	210,827	191,870	81,709	89,880	(19,936)	(89,612)	103,048	32,404	(55,496)	(77,160)
<b>Total District-Wide Net Expense</b>	<b>\$ (16,063,828)</b>	<b>\$ (16,488,143)</b>	<b>\$ (16,741,344)</b>	<b>\$ (17,990,434)</b>	<b>\$ (18,028,750)</b>	<b>\$ (18,054,992)</b>	<b>\$ (19,022,695)</b>	<b>\$ (19,886,520)</b>	<b>\$ (19,723,369)</b>	<b>\$ (19,567,822)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 16,670,904	\$ 16,523,260	\$ 16,762,710	\$ 17,089,582	\$ 17,422,828	\$ 18,214,980	\$ 18,779,280	\$ 19,470,149	\$ 20,014,879	\$ 20,764,389
Taxes Levied For Debt Service	796,570	856,272	516,463	516,191	616,762	621,662	631,262	639,112	635,813	625,850
Unrestricted Grants And Contributions			368	17,854	19,108	27,322	27,841	1,947		
Miscellaneous Income	68,514	55,707	118,077	237,690	56,710	65,762	170,990	84,974	37,907	62,377
Loss on Disposal of Capital Assets			(3,540)	-	-	(1,398)		(20,848)		
Transfers	-	-	476,950	54,454	-	(3,000)	(6,000)	(7,699)	(2,310)	(7,000)
<b>Total Governmental Activities</b>	<b>17,535,988</b>	<b>17,435,239</b>	<b>17,871,028</b>	<b>17,915,771</b>	<b>18,115,408</b>	<b>18,925,328</b>	<b>19,603,373</b>	<b>20,167,635</b>	<b>20,686,289</b>	<b>21,445,616</b>
Business-Type Activities:										
Miscellaneous Income	62	12	-	-	-	-	-	-	-	-
Transfers	-	-	(476,950)	(54,454)	-	3,000	6,000	7,699	2,310	7,000
<b>Total Business-Type Activities</b>	<b>62</b>	<b>12</b>	<b>(476,950)</b>	<b>(54,454)</b>	<b>-</b>	<b>3,000</b>	<b>6,000</b>	<b>7,699</b>	<b>2,310</b>	<b>7,000</b>
<b>Total District-Wide</b>	<b>\$ 17,536,050</b>	<b>\$ 17,435,251</b>	<b>\$ 17,394,078</b>	<b>\$ 17,861,317</b>	<b>\$ 18,115,408</b>	<b>\$ 18,928,328</b>	<b>\$ 19,609,373</b>	<b>\$ 20,175,334</b>	<b>\$ 20,688,599</b>	<b>\$ 21,452,616</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 1,261,333	\$ 755,226	\$ 1,047,975	\$ (164,543)	\$ 106,594	\$ 959,948	\$ 477,630	\$ 248,711	\$ 1,018,416	\$ 1,954,954
Business-Type Activities	210,889	191,882	(395,241)	35,426	(19,936)	(86,612)	109,048	40,103	(53,186)	(70,160)
<b>Total District</b>	<b>\$ 1,472,222</b>	<b>\$ 947,108</b>	<b>\$ 652,734</b>	<b>\$ (129,117)</b>	<b>\$ 86,658</b>	<b>\$ 873,336</b>	<b>\$ 586,678</b>	<b>\$ 288,814</b>	<b>\$ 965,230</b>	<b>\$ 1,884,794</b>

Source: District's Financial Records

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Restricted	\$ 1,247,812	\$ 1,879,339	\$ 1,850,831	\$ 2,366,212	\$ 2,339,551	\$ 2,484,350	\$ 2,902,082	\$ 2,854,399	\$ 3,605,525	\$ 4,211,114
Assigned	511,038	62,316	638,725	78,522	54,097	182,895	106,998	58,588	105,113	836,438
Unassigned	<u>315,420</u>	<u>301,886</u>	<u>309,642</u>	<u>177,631</u>	<u>315,595</u>	<u>340,463</u>	<u>352,094</u>	<u>363,951</u>	<u>218,951</u>	<u>744,345</u>
Total General Fund	<u>\$ 2,074,270</u>	<u>\$ 2,243,541</u>	<u>\$ 2,799,198</u>	<u>\$ 2,622,365</u>	<u>\$ 2,709,243</u>	<u>\$ 3,007,708</u>	<u>\$ 3,361,174</u>	<u>\$ 3,276,938</u>	<u>\$ 3,929,589</u>	<u>\$ 5,791,897</u>
All Other Governmental Funds										
Reserved										
Unreserved										
Restricted	\$ 395,582	\$ 205,571	\$ 105,572	\$ 1	\$ 1,449,548	\$ 238,240	\$ 68,753		\$ 14,157	\$ 17,294
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 395,582</u>	<u>\$ 205,571</u>	<u>\$ 105,572</u>	<u>\$ 1</u>	<u>\$ 1,449,548</u>	<u>\$ 238,240</u>	<u>\$ 68,753</u>	<u>\$ -</u>	<u>\$ 14,157</u>	<u>\$ 17,294</u>

Source: District's Financial Records

Note (1) - Fund Balances at June 30, 2020 have been restated to reflect the implementation of GASB No. 84 "Fiduciary Activities".

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

*(modified accrual basis of accounting)*

	2012		2013		2014		2015		Fiscal Year Ended June 30,		2018		2019		2020		2021	
									2016	2017								
<b>Revenues</b>																		
Tax Levy	\$ 17,467,474	\$ 17,379,532	\$ 17,279,173	\$ 17,605,773	\$ 18,039,590	\$ 18,836,642	\$ 19,410,542	\$ 20,109,261	\$ 20,650,692	\$ 21,390,239								
Tuition Charges	60,449	55,710	80,660	68,300	57,350	71,800	80,838	58,900	68,434	35,000								
Miscellaneous	124,034	102,333	149,275	399,814	81,410	125,562	180,627	119,743	95,878	62,377								
Federal Sources	344,012	295,071	285,223	289,775	311,940	384,803	361,261	384,371	370,704	465,101								
State Sources	2,346,441	2,773,110	2,581,464	2,728,931	2,955,485	3,218,064	3,523,594	3,997,234	4,176,180	4,888,701								
Local Sources	-	-	-	-	-	-	-	-	-	22,783								
<b>Total Revenue</b>	<b>20,342,410</b>	<b>20,605,756</b>	<b>20,375,795</b>	<b>21,092,593</b>	<b>21,445,775</b>	<b>22,636,871</b>	<b>23,556,862</b>	<b>24,669,509</b>	<b>25,361,888</b>	<b>26,864,201</b>								
<b>Expenditures</b>																		
<b>Instruction</b>																		
Regular Instruction	7,176,330	7,521,613	7,280,961	7,557,356	7,270,858	7,642,298	8,304,763	8,324,111	8,748,504	9,026,336								
Special Education Instruction	3,941,165	4,119,061	3,630,579	3,610,983	3,285,328	3,430,341	3,533,748	3,703,499	3,839,023	3,856,886								
Other Instruction	648,958	513,508	714,168	715,642	807,384	983,824	1,042,562	1,362,673	1,279,573	1,148,390								
School Sponsored Activities and Athletics	141,143	219,783	159,881	296,814	293,581	179,814	202,943	213,548	206,248	176,935								
<b>Support Services:</b>																		
Student and Inst. Related Services	2,036,949	2,250,534	2,419,480	2,828,558	3,556,406	3,439,956	3,238,844	3,329,225	3,636,335	3,880,378								
General Administration	444,392	563,071	477,441	550,189	574,400	570,290	551,572	572,461	543,918	640,672								
School Administrative Services	1,218,594	1,299,835	1,309,814	1,361,043	1,392,146	1,407,316	1,536,950	1,542,925	1,501,879	1,549,758								
Central Services	392,091	349,967	341,037	397,838	384,379	385,078	401,887	413,966	435,856	509,015								
Plant Operations And Maintenance	1,579,941	1,448,662	1,719,300	1,615,423	1,667,048	1,717,250	1,857,241	2,651,294	1,932,940	2,188,485								
Pupil Transportation	1,028,368	1,124,733	1,065,476	1,121,141	1,143,650	1,160,734	1,332,420	1,315,997	1,246,997	1,108,230								
Capital Outlay	260,333	302,127	623,034	713,248	701,517	1,769,935	437,545	603,924	792,341	205,605								
<b>Debt Service</b>																		
Principal	680,000	728,000	485,000	500,000	587,462	728,152	794,656	758,750	689,187	735,439								
Interest and Other Charges	191,494	185,602	170,916	161,216	154,012	188,557	175,095	160,396	144,119	128,359								
<b>Total Expenditures</b>	<b>19,739,758</b>	<b>20,626,496</b>	<b>20,397,087</b>	<b>21,429,451</b>	<b>21,818,171</b>	<b>23,603,545</b>	<b>23,410,226</b>	<b>24,952,769</b>	<b>24,996,920</b>	<b>25,154,488</b>								
<b>Excess (Deficiency) of Revenues</b>																		
Over (Under) Expenditures	602,652	(20,740)	(21,292)	(336,858)	(372,396)	(966,674)	146,636	(283,260)	364,968	1,709,713								

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	2012	2013	2014	2015	Fiscal Year Ended June 30,		2018	2019	2020	2021
					2016	2017				
<b>Other Financing Sources (Uses)</b>										
Lease Proceeds					\$ 1,908,821	\$ 56,831	\$ 43,343	\$ 137,970	\$ 51,541	\$ 162,732
Transfers In		\$ 48,377	\$ 576,950	\$ 160,024	395,480	1,243,968		68,753	1,190	
Transfers Out	-	(48,377)	(100,000)	(105,570)	(395,480)	(1,246,968)	(6,000)	(76,452)	(3,500)	(7,000)
<b>Total Other Financing Sources (Uses)</b>	-	-	476,950	54,454	1,908,821	53,831	37,343	130,271	49,231	155,732
<b>Net Change in Fund Balances</b>	<u>\$ 602,652</u>	<u>\$ (20,740)</u>	<u>\$ 455,658</u>	<u>\$ (282,404)</u>	<u>\$ 1,536,425</u>	<u>\$ (912,843)</u>	<u>\$ 183,979</u>	<u>\$ (152,989)</u>	<u>\$ 414,199</u>	<u>\$ 1,865,445</u>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	4.47%	4.50%	3.32%	3.19%	3.51%	4.20%	4.22%	3.77%	3.44%	3.46%

Source: District's Financial Records

\* Noncapital expenditures are total expenditures less capital outlay.



**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(Unaudited)**

<b>Fiscal Year Ended June 30,</b>	<b>Interest on Investments</b>	<b>Sale of Assets</b>	<b>Tuition</b>	<b>Prior Year Refunds</b>	<b>Transportation Fees</b>	<b>Cancel Prior Year Accounts Payable</b>	<b>E-Rate</b>	<b>New Jersey Clean Energy</b>	<b>Miscellaneous</b>	<b>Total</b>
2012		\$ 2,667	\$ 60,449	\$ 64,317					\$ 1,530	\$ 128,963
2013			55,710	27,792					27,915	111,417
2014			80,660	22,676	\$ 23,684		\$ 8,265		87,136	222,421
2015	\$ 3,879		68,300	19,268	16,253	\$ 126,830	4,978		82,735	322,243
2016	1,905		57,350	9,892	15,158		11,289		18,443	114,037
2017	2,294		71,800	9,774	6,668		13,020		33,948	137,504
2018	11,193	1,859	80,838	6,656			9,599	\$ 67,973	75,569	251,828
2019	21,916	11,238	58,900	14,392			9,599		39,067	143,874
2020	17,725	1,000	68,434	817	6,040		9,599	967	1,759	106,341
2021	5,476	1,972	35,000	23,906	9,650		2,811	484	18,078	97,377

Source: District's Financial Records

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN YEARS  
 (Unaudited)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2012	\$ 21,921,200	\$ 1,418,233,400			\$ 821,059,097	\$ 200,816,300		\$ 2,462,029,997	\$ 2,045,837	\$ 2,464,075,834	\$ 3,412,374,787	\$ 0.708
2013	20,842,200	1,423,277,600			817,689,997	201,416,300		2,463,226,097	2,045,837	2,465,271,934	3,410,921,059	0.708
2014	20,748,400	1,424,081,700			884,469,197	202,322,900		2,531,622,197	2,045,837	2,533,668,034	3,538,256,041	0.689
2015	21,366,100	1,426,212,000			882,190,797	202,322,900		2,532,091,797	1,974,647	2,534,066,444	3,583,486,834	0.704
2016	20,188,000	1,434,708,400			880,470,597	202,072,900	\$ 320,900	2,537,760,797	1,974,647	2,539,735,444	3,381,426,778	0.726
2017	19,877,800	1,440,661,700			879,706,097	200,693,600	153,100	2,541,092,297	1,974,647	2,543,066,944	3,274,603,476	0.752
2018	20,196,800	1,444,642,100			875,268,277	199,799,700	153,100	2,540,059,977	7,669	2,540,067,646	3,312,113,675	0.778
2019	20,128,100	1,448,660,200			872,269,477	195,927,500	153,100	2,537,138,377	7,669	2,537,146,046	3,364,905,009	0.804
2020	20,798,600	1,452,283,400			867,249,677	192,928,500		2,533,260,177	7,669	2,533,267,846	3,281,161,384	0.830
2021	45,596,600	1,456,093,400			820,642,400	192,928,500		2,515,260,900	7,669	2,515,268,569	3,403,140,170	0.859

Source: County Abstract of Ratables

N/A - Information is not available.

Ⓔ a Tax rates are per \$100

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
(Unaudited)  
(rate per \$100 of assessed value)**

Assessment Year	Hanover Park Regional District	East Hanover School District	East Hanover Township	Morris County	<u>Total</u>
2012	\$ 0.428	\$ 0.708	\$ 0.569	\$ 0.370	\$ 2.075
2013	0.431	0.708	0.595	0.352	2.086
2014	0.448	0.689	0.609	0.348	2.094
2015	0.472	0.704	0.608	0.356	2.140
2016	0.471	0.726	0.631	0.343	2.171
2017	0.464	0.752	0.647	0.338	2.201
2018	0.466	0.778	0.689	0.342	2.275
2019	0.488	0.804	0.708	0.346	2.346
2020	0.485	0.830	0.749	0.326	2.390
2021	0.474	0.859	0.752	0.353	2.438

Source: County Abstract of Ratables

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

**INFORMATION NOT AVAILABLE**

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 17,467,474	\$ 17,467,474	100.00%	N/A
2013	17,379,532	17,379,532	100.00%	N/A
2014	17,279,173	17,279,173	100.00%	N/A
2015	17,605,773	17,605,773	100.00%	N/A
2016	18,039,590	18,039,590	100.00%	N/A
2017	18,836,642	18,836,642	100.00%	N/A
2018	19,410,542	19,410,542	100.00%	N/A
2019	20,109,261	20,109,261	100.00%	N/A
2020	20,650,692	20,650,692	100.00%	N/A
2021	21,390,239	21,390,239	100.00%	N/A

Source: District Financial Records

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Population	Per Capita
	General Obligation Bonds	Capital/Lease Agreements			
2012	\$ 6,103,000		\$ 6,103,000	11,201	\$ 545
2013	5,375,000		5,375,000	11,192	480
2014	4,890,000		4,890,000	11,160	438
2015	4,390,000	\$ 74,045	4,464,045	11,150	400
2016	3,885,000	1,900,404	5,785,404	11,124	520
2017	3,365,000	1,749,083	5,114,083	11,104	461
2018	2,825,000	1,537,770	4,362,770	11,028	396
2019	2,265,000	1,476,990	3,741,990	10,913	343
2020	1,695,000	1,409,344	3,104,344	10,868	286
2021	1,120,000	1,411,637	2,531,637	10,868 *	233

Source: District's Financial records and the Department of Education

\* - Estimated

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2012	\$ 6,103,000		\$ 6,103,000	0.25%	\$ 545
2013	5,375,000		5,375,000	0.22%	480
2014	4,890,000		4,890,000	0.19%	438
2015	4,390,000		4,390,000	0.17%	394
2016	3,885,000		3,885,000	0.15%	349
2017	3,365,000		3,365,000	0.13%	303
2018	2,825,000		2,825,000	0.11%	256
2019	2,265,000		2,265,000	0.09%	208
2020	1,695,000		1,695,000	0.07%	156
2021	1,120,000		1,120,000	0.04%	103

Source: District Financial Records and Abstract of Ratables

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
DECEMBER 31, 2020  
(Unaudited)**

	<u><b>Total Debt</b></u>
Municipal Debt: (1)	
East Hanover Township Board of Education	\$ 1,695,000
Regional High School - Township's Share	4,278,673
Township of East Hanover	<u>32,279,538</u>
	38,253,211
Overlapping Debt Apportioned to the Municipality:	
Morris County:	
County of Morris (A)	<u>15,332,466</u>
Total Direct and Overlapping Debt	<u><u>\$ 53,585,677</u></u>

Source:

(1) Township's 2020 Annual Debt Statement

(A) The debt for this entity was apportioned to East Hanover by dividing the municipality's 2020 equalized value by the total 2020 equalized value for Morris County.



**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN CALENDAR YEARS  
(Unaudited)**

**Legal Debt Margin Calculation for Calendar Year 2020**

Equalized Valuation Basis	
2020	\$ 3,427,493,136
2019	3,270,351,092
2018	<u>3,368,779,810</u>
	<u>\$ 10,066,624,038</u>
Average Equalized Valuation Of Taxable Property	<u>\$ 3,355,541,346</u>
Debt Limit (3% of Average Equalization Value)	\$ 100,666,240
Total Net Debt Applicable to Limit	<u>1,120,000</u>
Legal Debt Margin	<u>\$ 99,546,240</u>

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Limit	\$ 115,255,469	\$ 108,989,593	\$ 105,301,995	\$ 104,347,483	\$ 103,990,799	\$ 102,270,057	\$ 99,576,432	\$ 99,525,499	\$ 99,525,907	\$ 100,666,240
Total Net Debt Applicable To Limit	<u>6,103,000</u>	<u>5,375,000</u>	<u>4,890,000</u>	<u>4,390,000</u>	<u>4,390,000</u>	<u>3,885,000</u>	<u>3,365,000</u>	<u>2,825,000</u>	<u>2,265,000</u>	<u>1,120,000</u>
Legal Debt Margin	<u>\$ 109,152,469</u>	<u>\$ 103,614,593</u>	<u>\$ 100,411,995</u>	<u>\$ 99,957,483</u>	<u>\$ 99,600,799</u>	<u>\$ 98,385,057</u>	<u>\$ 96,211,432</u>	<u>\$ 96,700,499</u>	<u>\$ 97,260,907</u>	<u>\$ 99,546,240</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	5.30%	4.93%	4.64%	4.21%	4.22%	3.80%	3.38%	2.84%	2.28%	1.11%

Source: Annual Debt Statements

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Year</u>	<u>Population</u> *	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2012	11,201	\$ 79,775	7.4%
2013	11,192	80,815	6.4%
2014	11,160	84,278	5.2%
2015	11,150	88,335	4.1%
2016	11,124	91,148	4.0%
2017	11,104	93,633	4.0%
2018	11,028	97,819	4.0%
2019	10,913	101,646	2.7%
2020	10,868	101,646 *	9.2%
2021	10,868	101,646 *	9.2%

Source: New Jersey State Department of Education

\*- Estimated

EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)

<u>Employer</u>	<u>2021</u>		<u>2012</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (Unaudited)**

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction										
Regular	66.0	64.8	65.5	64.0	63.5	67	71.5	71.7	72.8	75.6
Special Education	41.2	62.0	44.0	40.7	32.3	32	27.2	27.0	33.1	31.3
Other Special Education										
Vocational										
Other Instruction	4.8	5.0	5.0	6.9	7	7	6.2	10.3	9.5	9.2
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	17.6	15.9	17.0	28.3	38.6	32	28.3	25.3	23.9	27.7
General Administration	2.1	2.0	2.0	2.0	2.1	2	2.0	2.0	2.0	2.0
School Administrative Services	10.5	11.5	10.5	10.5	10.5	11	11.0	11.0	11.0	10.0
Other Administrative Services						-				
Central Services	3.0	3.0	3.5	3.5	3.5	4	3.5	3.5	3.5	3.5
Administrative Information Technology										
Plant Operations And Maintenance	17.7	27.5	25.5	26.5	18.6	19	19.0	19.0	18.5	19.2
Pupil Transportation	4.6	7.5	6.1	6.5	6.2	8	8.3	6.3	5.2	5.0
Other Support Services										
Special Schools										
Food Service										
Child Care	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<u>167.5</u>	<u>199.2</u>	<u>179.1</u>	<u>188.9</u>	<u>182.3</u>	<u>180.5</u>	<u>177.0</u>	<u>176.1</u>	<u>179.5</u>	<u>183.5</u>

Source: District Personnel Records

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School				
2012	1,114	\$ 18,607,931	\$ 16,704	0.66%	N/A	N/A	N/A	1,112	1,072	-0.54%	96.40%
2013	1,053	19,410,767	18,434	10.36%	01:10.7	01:12.3	01:08.8	1,082	1,036	-2.70%	95.75%
2014	1,015	19,118,137	18,836	2.18%	01:10.3	01:11.1	01:09.1	1,021	980	-5.64%	95.98%
2015	997	20,054,987	20,115	6.79%	01:10.2	01:11.0	01:09.1	997	956	-2.35%	95.89%
2016	968	20,375,180	21,049	4.64%	01:09.9	01:10.5	01:09.0	969	930	-2.81%	95.98%
2017	973	20,916,901	21,497	2.13%	01:09.9	01:10.6	01:08.9	973	932	0.41%	95.79%
2018	933	22,002,930	23,583	9.70%	01:09.7	01:10.4	01:08.6	931	890	-4.32%	95.60%
2019	900	23,429,699	26,033	10.39%	01:09.3	01:10.3	01:07.6	901	864	-3.22%	95.89%
2020	922	23,371,273	25,348	-2.63%	01:09.6	01:10.5	01:08.0	930	904	3.22%	97.20%
2021	895	24,085,085	26,911	6.16%	01:09.1	01:09.8	01:07.8	895	875	-3.76%	97.77%

Sources: District Financial Records and Personnel Records

- Note:
- a Enrollment based on annual October district count.
  - b Operating expenditures equal total expenditures less debt service and capital outlay.
  - c Cost per pupil represents operating expenditures divided by enrollment.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
<b>Central School</b>										
Square Feet	58,328	58,328	58,328	58,328	58,328	58,328	58,328	43,726	43,726	43,726
Capacity (students)	374	374	374	374	374	374	374	374	374	374
Enrollment	364	364	329	316	302	297	284	290	290	319
<b>Frank J. Smith School</b>										
Square Feet	39,197	39,197	39,197	39,197	39,197	39,197	39,197	40,750	40,750	40,750
Capacity (students)	425	425	425	425	425	425	425	425	425	425
Enrollment	351	351	316	313	304	329	320	326	326	297
<b><u>Middle School</u></b>										
Square Feet	60,502	60,502	60,502	60,502	60,502	60,502	60,502	75,640	75,640	75,640
Capacity (students)	383	383	383	383	383	383	383	383	383	383
Enrollment	399	399	370	368	362	347	327	290	290	279
<b><u>Other</u></b>										
<b>Board of Education Offices</b>										
Square Feet	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083

Number of Schools at June 30, 2021  
 Elementary = 2  
 Middle School = 1  
 Other = 1

Source: District Records

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN YEARS  
(Unaudited)**

	<u>Project # (s)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>School Facilities</b>											
Central School	N/A	110,167	100,720	140,030	139,756	167,192	141,361	169,909	175,193	149,269	144,942
Frank J. Smith School	N/A	\$ 74,073	\$ 66,961	\$ 117,630	\$ 93,918	\$ 120,734	\$ 98,274	\$ 114,180	\$ 163,269	\$ 139,110	\$ 135,077
Middle School	N/A	114,248	105,971	181,566	154,586	173,424	151,689	176,241	234,816	244,028	236,954
Administration Building	N/A	<u>15,379</u>	<u>14,060</u>	<u>21,256</u>	<u>16,971</u>	<u>20,303</u>	<u>17,758</u>	<u>20,633</u>	<u>28,379</u>	<u>24,180</u>	<u>23,479</u>
Total School Facilities		<u>\$ 313,867</u>	<u>\$ 287,712</u>	<u>\$ 460,482</u>	<u>\$ 405,231</u>	<u>\$ 481,653</u>	<u>\$ 409,082</u>	<u>\$ 480,963</u>	<u>\$ 601,657</u>	<u>\$ 556,587</u>	<u>\$ 540,452</u>

Source: District Records

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION**  
**INSURANCE SCHEDULE**  
**JUNE 30, 2021**  
**(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSBAIG		
Property:		
Real & Personal Property	\$ 500,000,000	\$ 5,000
Extra Expense (Per Occurrence)	50,000,000	5,000
Valuable Papers and Records (Per Occurrence)	10,000,000	5,000
Demolition and Increased Construction (Per Occurrence)	25,000,000	
Equipment Breakdown	100,000,000	1,000
Accounts Receivable (Per Occurrence)	250,000	
Pollutant Cleanup and Removal (Per Occurrence)	250,000	
Arson Reward & Fire Department Service Charge (Per Occurrence)	10,000	
Limited Builders Risk	10,000,000	
Fire Dept. Service Charge	10,000	
<b>Per Occurrence/ Annual Aggregate:</b>		
All Flood Zones	75,000,000	10,000
Special Flood Zones	25,000,000	500,000
Earthquakes	50,000,000	
Terrorism	1,000,000	
Comprehensive General Liability	16,000,000	1,000
Comprehensive Automotive Liability	16,000,000	1,000
Workers' Compensation - NJSIG		
Professional & Clerical	11,485,448	
No-Professional	879,227	
School Board Legal Liability - NJSIG		
Director's and Officer's Policy	15,000,000	5,000
Public Employees' Faithful Performance Blanket		
Position Bond:		
NJSIG		
Board Secretary/School Business Administrator	250,000	1,000
Treasurer	225,000	1,000
General Employees	250,000	1,000
Theft, Forgery, Computer Fraud	25,000 Ea	500
Electric Data Processing		
Data Processing Equipment	315,126	1000
Computer Virus	250,000	1000

Source: District records



**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
RALPH M. PICONE, III, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRISTOPHER M. VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA

**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**

Honorable President and Members  
of the Board of Education  
East Hanover Township Board of Education  
East Hanover, New Jersey

We have audited, in accordance with the 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 and audit requirements 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 East Hanover Township Board of Education as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the East Hanover Township Board of Education's basic financial statements and have issued our report thereon dated January 31, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the East Hanover Township Board of Education'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 our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the East Hanover Township Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the East Hanover Township Board of Education'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 a 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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the East Hanover Township Board of Education's financial statements are free from material misstatement, we 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the East Hanover Township Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the East Hanover Township Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants

  
Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
January 31, 2022



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRISTOPHER M. VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
East Hanover Township Board of Education  
East Hanover Township, New Jersey

**Report on Compliance for Each Major State Program**

We have audited the East Hanover Township Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the East Hanover Township Board of Education's major state programs for the fiscal year ended June 30, 2021. The East Hanover Township Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the East Hanover Township Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the East Hanover Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the East Hanover Township Board of Education's compliance.

### ***Opinion on Each Major State Program***

In our opinion, the East Hanover Township Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

Management of the East Hanover Township Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the East Hanover Township Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the East Hanover Township Board of Education's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

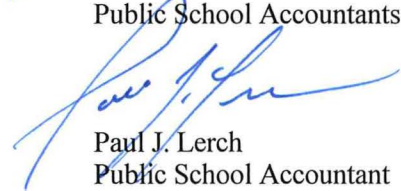
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Hanover Township Board of Education, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated January 31, 2022 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are 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 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 our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
January 31, 2022

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2021**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2020			Carryover Amount			Total Budgetary Expenditures	Balance at June 30, 2021			Memo GAAP Receivable
					From	To	Accounts Receivable	Deferred Revenue	Due to Grantor	Accounts Receivable	Deferred Revenue	Cash Received		Accounts Receivable	Deferred Revenue	Due to Grantor	
<b>U.S. Department of Education</b>																	
<b>Passed-through State Department of Education</b>																	
<b>Special Revenue Fund:</b>																	
Title I, Part A	84.010	S010A200030	NCLB-5410-20	110,234	7/1/20	9/30/21				\$ (12,281)	\$ 12,281	\$ 66,312	\$ 87,181	\$ (56,203)	\$ 35,334		* \$ (20,869)
Title I, Part A, Carryover	84.010	S010A190030	NCLB-5410-19		7/1/19	9/30/20	\$ (23,204)	\$ 17,019		12,281	(12,281)	10,923	-	4,738		*	
<b>Total Title I, Part A Cluster</b>							<b>(23,204)</b>	<b>17,019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,235</b>	<b>87,181</b>	<b>(56,203)</b>	<b>40,072</b>	<b>-</b>	<b>(20,869)</b>
Title II, Part A	84.367A	S367A200029	NCLB-5410-20	13,082	7/1/20	9/30/21				(16,099)	16,099	2,831	8,604	(26,350)	20,577		* (5,773)
Title II, Part A, Carryover	84.367A	S367A190029	NCLB-5410-19		7/1/19	9/30/20	(16,099)	16,099		16,099	(16,099)						*
<b>Total Title II, Part A Cluster</b>							<b>(16,099)</b>	<b>16,099</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,831</b>	<b>8,604</b>	<b>(26,350)</b>	<b>20,577</b>	<b>-</b>	<b>(5,773)</b>
Title IV, Part A	84.424A	S424A200031	NCLB-5410-20	10,000	7/1/20	9/30/21				(4,099)	4,099			(14,099)	14,099		* -
Title IV, Part A, Carryover	84.424A	S424A190031	NCLB-5410-19		7/1/19	9/30/20	(7,500)	7,500		2,901	(2,901)	4,600	4,600				*
Title IV, Part A, Carryover	84.424A	S424A180031	NCLB-5410-18		7/1/18	6/30/19	(1,198)	1,198		1,198	(1,198)						*
<b>Total Title IV, Part A Cluster</b>							<b>(8,698)</b>	<b>8,698</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,600</b>	<b>4,600</b>	<b>(14,099)</b>	<b>14,099</b>	<b>-</b>	<b>-</b>
I.D.E.A. Part B, Basic Regular	84.027	H027A200100	IDEA-5410-20	233,181	7/1/20	9/30/21						190,302	233,181	(42,879)			* (42,879)
I.D.E.A. Part B, Basic Regular, Carryover	84.027	H027A180100	IDEA-5410-18		7/1/18	6/30/19			\$ 11,153						6,152	\$ 5,001	*
I.D.E.A. Part B, Preschool	84.173	H173A200114	IDEA-5410-20	14,018	7/1/20	9/30/21						14,018	14,018				*
<b>Total Special Education Cluster (IDEA)</b>							<b>-</b>	<b>-</b>	<b>11,153</b>	<b>-</b>	<b>-</b>	<b>204,320</b>	<b>247,199</b>	<b>(42,879)</b>	<b>6,152</b>	<b>5,001</b>	<b>(42,879)</b>
Coronavirus Relief Fund	21.019	N/A	N/A	23,493	3/1/20	12/31/21						23,493	23,493				*
<b>Total Coronavirus Relief Fund Cluster</b>							<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,493</b>	<b>23,493</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
CARES Emergency Relief Grant, ESSER I	84.425D	S425D200027	N/A	94,024	3/13/20	9/30/22	(89,154)	89,154				94,024	94,024				*
CRRSA, ESSER II	84.425D	S425D200027	N/A	366,217	3/13/20	9/30/23								(366,217)	366,217		*
CRRSA, Learning Acceleration	84.425D	S425D200027	N/A	25,000	3/13/20	9/30/23								(25,000)	25,000		*
CRRSA, Mental Health	84.425D	S425D200027	N/A	45,000	3/13/20	9/30/23								(45,000)	45,000		*
<b>Total ESSER Fund Cluster</b>							<b>(89,154)</b>	<b>89,154</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94,024</b>	<b>94,024</b>	<b>(436,217)</b>	<b>436,217</b>	<b>-</b>	<b>-</b>
<b>Total Special Revenue Fund</b>							<b>(137,155)</b>	<b>130,970</b>	<b>11,153</b>	<b>-</b>	<b>-</b>	<b>406,503</b>	<b>465,101</b>	<b>(575,748)</b>	<b>517,117</b>	<b>5,001</b>	<b>(69,521)</b>
<b>Sub-Total Federal Financial Awards</b>							<b>\$ (137,155)</b>	<b>\$ 130,970</b>	<b>\$ 11,153</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 406,503</b>	<b>\$ 465,101</b>	<b>\$ (575,748)</b>	<b>\$ 517,117</b>	<b>\$ 5,001</b>	<b>\$ (69,521)</b>

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an Integral Part of this Statement.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION**  
**Schedule of Expenditures of State Financial Assistance**  
**for the Fiscal Year ended June 30, 2021**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2020			Balance at June 30, 2021			MEMO		
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures Pass through Funds	Intergovernmental (Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>													
General Fund:													
Special Education Categorical Aid	21-495-034-5120-089	\$ 672,367	7/1/20	6/30/21			\$ 609,812	\$ 672,367	\$ (62,555)			\$ 672,367	
Special Education Categorical Aid	20-495-034-5120-089	643,777	7/1/19	6/30/20	\$ (60,188)		60,188						
Security Aid	21-495-034-5120-084	17,287	7/1/20	6/30/21			15,679	17,287	(1,608)			17,287	
Security Aid	20-495-034-5120-084	17,287	7/1/19	6/30/20	(1,616)		1,616						
Total State Aid Public Cluster					(61,804)	-	687,295	689,654	(64,163)	-	-	689,654	
Transportation Aid	21-495-034-5120-014	178,676	7/1/20	6/30/21			162,052	178,676	(16,624)			178,676	
Transportation Aid	20-495-034-5120-014	178,676	7/1/19	6/30/20	(16,705)		16,705						
Additional Nonpublic Transportation Aid	21-495-034-5120-014	14,500	7/1/20	6/30/21				14,500	(14,500)		\$ (14,500)	14,500	
Additional Nonpublic Transportation Aid	20-495-034-5120-014	4,985	7/1/19	6/30/20	(4,985)		4,985						
Total Transportation Aid Cluster					(21,690)	-	183,742	193,176	(31,124)	-	-	193,176	
Extraordinary Aid	21-495-034-5120-044	342,783	7/1/20	6/30/21				342,783	(342,783)			342,783	
Extraordinary Aid	20-495-034-5120-044	233,349	7/1/19	6/30/20	(233,349)		233,349						
Total Extraordinary Aid Cluster					(233,349)	-	233,349	342,783	(342,783)	-	-	342,783	
Reimbursed Social Security Tax	21-495-034-5094-003	652,970	7/1/20	6/30/21			652,970	652,970				652,970	
Total Reimbursed Social Security Tax Cluster					-	-	652,970	652,970	-	-	-	652,970	
On-Behalf Teachers' Pension and Annuity Fund	21-495-034-5094-002	2,331,327	7/1/20	6/30/21			2,331,327	2,331,327				2,331,327	
On-Behalf- Teachers' Pension & Annuity Fund – Non-contributory Insurance	21-495-034-5094-004	44,357	7/1/20	6/30/21			44,357	44,357				44,357	
On-Behalf-Teachers' Pension and Annuity Fund – Post Retirement Medical	21-495-034-5094-001	744,502	7/1/20	6/30/21			744,502	744,502				744,502	
On-Behalf- Teachers' Pension & Annuity Fund – Long Term Disability	21-495-034-5094-004	1,644	7/1/20	6/30/21			1,644	1,644				1,644	
On-Behalf Teachers' Pension and Annuity Fund Cluster					-	-	3,121,830	3,121,830	-	-	-	3,121,830	
Total General Fund					(316,843)	-	4,879,186	5,000,413	(438,070)	-	-	5,000,413	
<b>Total State Financial Assistance</b>					<b>\$ (316,843)</b>	<b>\$ -</b>	<b>\$ 4,879,186</b>	<b>5,000,413</b>	<b>\$ (438,070)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (14,500)</b>	<b>\$ 5,000,413</b>
Less: On-Behalf TPAF Pension System Contributions								(2,331,327)					
On-Behalf Teachers' Pension and Annuity Fund	21-495-034-5094-002												
On-Behalf- Teachers' Pension & Annuity Fund – Non-contributory Insurance	21-495-034-5094-004												
On-Behalf-Teachers' Pension and Annuity Fund – Post Retirement Medical	21-495-034-5094-001												
On-Behalf- Teachers' Pension & Annuity Fund – Long Term Disability	21-495-034-5094-004												
Total for State Financial Assistance-Major Program Determination								<u>\$ 1,878,583</u>					

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an Integral Part of this Statement.



**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the East Hanover Township Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and 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 basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules 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 (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

The 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 expenditures have been made.

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain 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, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$111,812 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 4,888,501	\$ 4,888,501
Special Revenue Fund	\$ 465,101	-	465,101
Total Financial Assistance	<u>\$ 465,101</u>	<u>\$ 4,888,501</u>	<u>\$ 5,353,602</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 5 OTHER INFORMATION**

TPAF Social Security contributions in the amount of \$652,970 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2021. The amount reported as TPAF Pension System Contributions in the amount of \$2,375,684, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$744,502 and TPAF Long-Term Disability Insurance in the amount of \$1,644 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2021.

**NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

2) Were significant deficiencies identified that were not considered to be material weaknesses?            yes     X     none reported

Noncompliance material to basic financial statements noted?            yes     X     no

**Federal Awards Section - Not Applicable**

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

*Part I – Summary of Auditor’s Results*

**State Awards Section**

Internal Control over compliance:

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

2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

Type of auditors' report on compliance for major programs:           Unmodified          

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended? \_\_\_\_\_ yes      X   no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
21-495-034-5120-089 & -084	State Aid Public

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

Auditee qualified as low-risk auditee?   X   yes    \_\_\_\_\_ no

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

*Part 2 - Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

THERE ARE NONE

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

*Part 3 - Schedule of Federal and State Award 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 Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR FEDERAL AWARDS**

NOT APPLICABLE

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

*Part 3 - Schedule of Federal and State Award 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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR STATE AWARDS**

THERE ARE NONE

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

THERE WERE NONE