

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**East Hanover Township, New Jersey**

**ANNUAL COMPREHENSIVE**

**FINANCIAL REPORT**

**of the**

**East Hanover Township Board of Education**

**East Hanover Township, New Jersey**

**For The Fiscal Year Ended June 30, 2022**

**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

February 6, 2023

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, 2022, 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 2021-2022 fiscal year was 933 students, which is an increase of 38 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 Student Enrollment</u>	<u>Percent Change</u>
2021-22	933	4.25%
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%

**2. ECONOMIC CONDITION AND OUTLOOK:**

There has been an increase in the student population, which will continue due to a new real estate project. The 80-acre Mondalez site is under construction with a plan of building approximately 600-mixed rate units for sale and rent. This project is in the early construction 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 2021-2022 school year, curricula revisions focused on purchasing a new Social Studies program for Kindergarten-Grade 5 Now, all programs and related services have been provided during the 21-22 school year. The purchase of a new program has ensured full alignment with the revised 2020 NJSLs for Social Studies. The district also purchased the curriculum for the mandated Computer Science and Civics programs.

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

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.

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, 2022.

**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, 2022, the District's outstanding bonded debt totals \$550,000.

**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 & Bliss, 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.

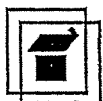
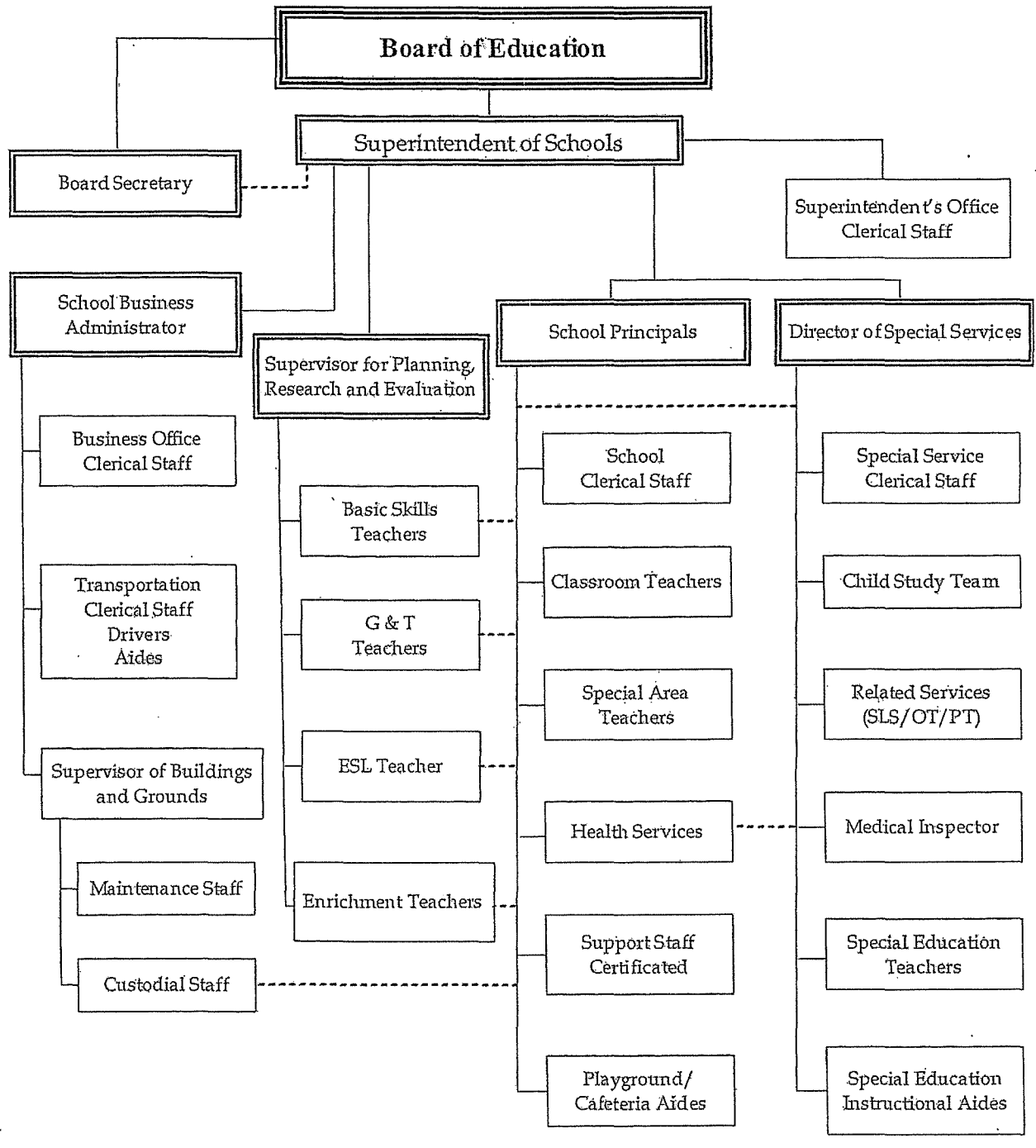
Respectfully submitted



Carol Delsandro

School Business Administrator/Board Secretary

## 1110 ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS**

**JUNE 30, 2022**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires (April)</u></b>
<b>Sean Sullivan, President</b>	<b>2025</b>
<b>Catherine Pfund-Olsen, Vice President</b>	<b>2023</b>
<b>Anthony Barisciano</b>	<b>2023</b>
<b>Michele Pasquale</b>	<b>2025</b>
<b>Stephanie A. Mitchell</b>	<b>2024</b>
<b>Joseph Troise</b>	<b>2023</b>
<b>Vincent Ucci, Jr.</b>	<b>2024</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 & Bliss, 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 & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, 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, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRISTOPHER VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA, PSA

## **INDEPENDENT AUDITOR'S REPORT**

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

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the East Hanover Board of Education, as of and for the fiscal year ended June 30, 2022 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.

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 aggregate remaining fund information of the East Hanover Board of Education as of June 30, 2022, 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.

#### ***Basis for Opinions***

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 Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the East Hanover Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits information be presented to supplement the basic financial statements. Such information is the responsibility of management and 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Hanover Board of Education's basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and 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 Board of Education. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

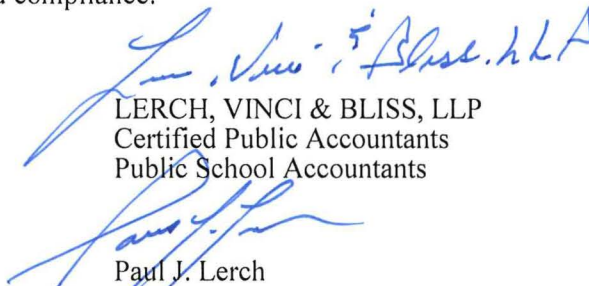
### ***Other Information***

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated January 30, 2023 on our consideration of the East Hanover 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 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 Board of Education's internal control over financial reporting and compliance.

  
LERCH, VINCI & BLISS, LLP  
Certified Public Accountants  
Public School Accountants  
Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
January 30, 2023

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

# EAST HANOVER TOWNSHIP BOARD OF EDUCATION

## Management's Discussion and Analysis Year Ended June 30, 2022

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, 2022. 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 2022 are as follows:

- District-Wide - Overall revenues were \$28,461,255. General revenues accounted for \$21,879,625 or 77 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,581,630 or 23 percent of total revenues of \$28,461,255.
- District-Wide - The School District had \$25,708,827 in expenses; only \$6,581,630 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$21,879,625 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 \$7,390,072 an increase of \$1,580,881 in comparison with the prior year balance of \$5,809,191.
- Fund Financials - At the end of June 30, 2022, unassigned fund balance (budgetary basis) for the General Fund was \$1,137,628 a decrease of \$30,419.

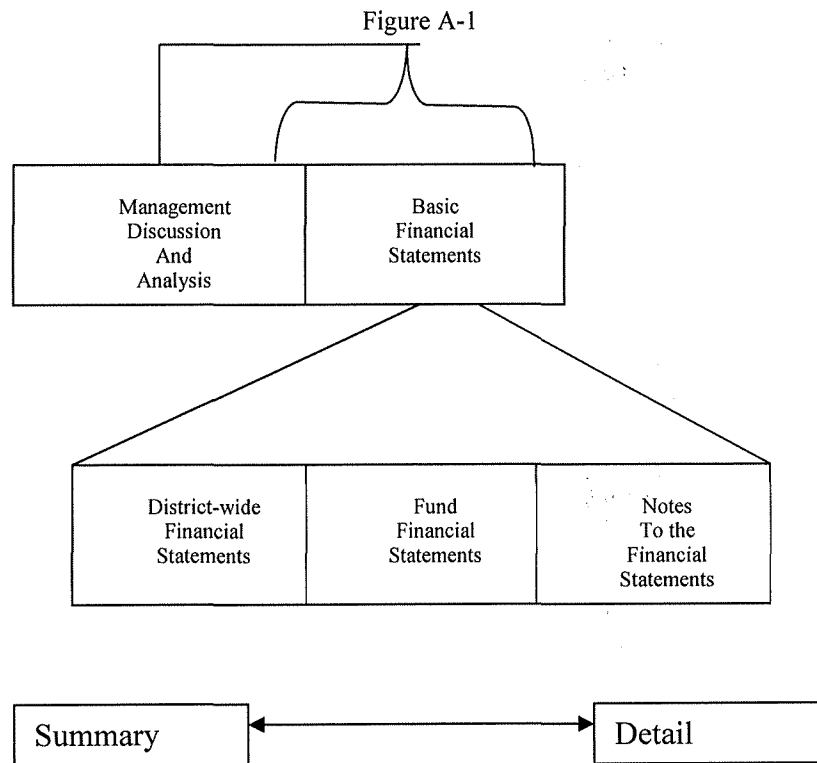
# EAST HANOVER TOWNSHIP BOARD OF EDUCATION

## 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 2022 and 2021 which for 2022 and 2021 were \$13,000,751 and \$10,248,323, 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, 2022 and 2021**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Assets</b>						
Current and Other Assets	\$ 8,139,841	\$ 6,079,582	\$ 507,136	\$ 381,667	\$ 8,646,977	\$ 6,461,249
Capital Assets	11,668,098	11,947,970	3,153	3,637	11,671,251	11,951,607
<b>Total Assets</b>	<u>19,807,939</u>	<u>18,027,552</u>	<u>510,289</u>	<u>385,304</u>	<u>20,318,228</u>	<u>18,412,856</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amounts on Net Pension Liability	89,817	373,972			89,817	373,972
Deferred Amounts on Refunding of Debt	451	1,361	-	-	451	1,361
<b>Total Deferred Outflows of Resources</b>	<u>90,268</u>	<u>375,333</u>	<u>-</u>	<u>-</u>	<u>90,268</u>	<u>375,333</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>19,898,207</u>	<u>18,402,885</u>	<u>510,289</u>	<u>385,304</u>	<u>20,408,496</u>	<u>18,788,189</u>
<b>Liabilities</b>						
Current Liabilities	763,630	289,593	263,834	166,333	1,027,464	455,926
Noncurrent Liabilities	4,604,871	6,397,739	-	-	4,604,871	6,397,739
<b>Total Liabilities</b>	<u>5,368,501</u>	<u>6,687,332</u>	<u>263,834</u>	<u>166,333</u>	<u>5,632,335</u>	<u>6,853,665</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amounts of Net Pension Liability	1,775,410	1,686,201	-	-	1,775,410	1,686,201
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>7,143,911</u>	<u>8,373,533</u>	<u>263,834</u>	<u>166,333</u>	<u>7,407,745</u>	<u>8,539,866</u>
<b>Net Position</b>						
Net Investment in Capital Assets	9,841,417	9,417,450	3,153	3,637	9,844,570	9,421,087
Restricted	4,140,605	3,510,398			4,140,605	3,510,398
Unrestricted	(1,227,726)	(2,898,496)	243,302	215,334	(984,424)	(2,683,162)
<b>Total Net Position</b>	<u>\$ 12,754,296</u>	<u>\$ 10,029,352</u>	<u>\$ 246,455</u>	<u>\$ 218,971</u>	<u>\$ 13,000,751</u>	<u>\$ 10,248,323</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 \$2,724,944. 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, 2022 and 2021**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 46,150	\$ 35,000	\$ 437,735	\$ 156,271	\$ 483,885	\$ 191,271
Grants and Contributions	6,097,745	7,874,712			6,097,745	7,874,712
General Revenues						
Property Taxes	21,778,276	21,390,239			21,778,276	21,390,239
Other	101,349	62,377	-	-	101,349	62,377
<b>Total Revenues</b>	<u>28,023,520</u>	<u>29,362,328</u>	<u>437,735</u>	<u>156,271</u>	<u>28,461,255</u>	<u>29,518,599</u>
<b>Expenses</b>						
Instruction						
Regular	9,421,376	10,386,524			9,421,376	10,386,524
Special Education	4,024,939	4,412,459			4,024,939	4,412,459
Other Instruction	1,253,236	1,333,203			1,253,236	1,333,203
School Sponsored Activities and Athletics	308,517	202,501			308,517	202,501
Support Services					-	
Student and Instruction Related Services	4,010,653	4,373,893			4,010,653	4,373,893
General Administrative Services	670,106	719,216			670,106	719,216
School Administrative Services	1,282,752	1,804,626			1,282,752	1,804,626
Central Services	585,579	547,680			585,579	547,680
Plant Operations and Maintenance	2,352,485	2,374,161			2,352,485	2,374,161
Pupil Transportation	1,285,603	1,129,202			1,285,603	1,129,202
Interest and Other Charges	103,330	116,909			103,330	116,909
Food Services			5,117	484	5,117	484
After School Child Care	-	-	405,134	232,947	405,134	232,947
<b>Total Expenses</b>	<u>25,298,576</u>	<u>27,400,374</u>	<u>410,251</u>	<u>233,431</u>	<u>25,708,827</u>	<u>27,633,805</u>
Change in Net Position Before Transfers	2,724,944	1,961,954	27,484	(77,160)	2,752,428	1,884,794
Transfers	-	(7,000)	-	7,000	-	-
<b>Net Position, Beginning 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>
<b>Net Position, End of Year</b>	<u>\$ 12,754,296</u>	<u>\$ 10,029,352</u>	<u>\$ 246,455</u>	<u>\$ 218,971</u>	<u>\$ 13,000,751</u>	<u>\$ 10,248,323</u>

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

**Governmental activities.** The District’s total governmental revenues were \$28,023,520. The local share of the revenues that included property taxes, unrestricted state aid, miscellaneous revenue amounted to \$21,879,625 or 78% of total revenues. Funding from state sources and contributions amounted to \$6,097,745 or 22% and charges for services were \$46,150 (less than 1%). (see Table A-2)

The District’s total governmental expenses were \$25,298,576, which are predominantly related to instruction and support services. Instruction totaled \$15,008,068 (59%); support services totaled \$10,187,178 (40%). Interest Charges totaled \$103,330 (1%).

**Table A-3**  
**Total and Net Cost of Governmental Activities**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Governmental Activities				
Instruction				
Regular	\$ 9,421,376	\$ 10,386,524	\$ 7,241,460	\$ 7,466,464
Special Education	4,024,939	4,412,459	1,957,035	2,128,479
Other Instruction	1,253,236	1,333,203	941,923	920,678
School Sponsored Activities and Athletics	308,517	202,501	202,997	141,955
Support Services				
Student and Instruction Related Services	4,010,653	4,373,893	3,259,718	3,214,286
General Administrative Services	670,106	719,216	578,985	556,997
School Administrative Services	1,282,752	1,804,626	1,024,616	1,278,233
Central Services	585,579	547,680	545,889	508,430
Plant Operations and Maintenance	2,352,485	2,374,161	2,223,288	2,236,899
Pupil Transportation	1,285,603	1,129,202	1,075,440	921,332
Interest and Other Charges	103,330	116,909	103,330	116,909
Total	<u>\$ 25,298,576</u>	<u>\$ 27,400,374</u>	<u>\$ 19,154,681</u>	<u>\$ 19,490,662</u>

**Business-Type Activities** – The District’s total business-type activities revenues were \$437,735 for the fiscal year ended June 30, 2022. Charges for services accounted for 100% of total revenues.

Total cost of all business-type activities programs and services was \$410,251. The District’s expenses are related to the milk and the after school child care program.

Total business-type activities revenues were more than their expenses before transfers resulting in a net gain after transfers in of \$27,484.

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 \$7,390,072. At June 30, 2021, the fund balance was \$5,809,191. 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 \$29,007,986 and expenditures were \$27,427,105.

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, 2022 and 2021.

**Governmental Funds Revenues**

	<b>Fiscal Year Ended <u>6/30/2022</u></b>	<b>Fiscal Year Ended <u>6/30/2021</u></b>	<b>Amount of Increase <u>(Decrease)</u></b>	<b>Percent Change</b>
Local Sources:				
Property Taxes	\$ 21,778,276	\$ 21,390,239	\$ 388,037	2%
Other	147,499	97,377	50,122	51%
Federal Sources	846,347	465,101	381,246	82%
State Sources	6,162,096	4,888,701	1,273,395	26%
Local Sources	<u>73,768</u>	<u>22,783</u>	<u>50,985</u>	100%
 Total Revenues	 <u>\$ 29,007,986</u>	 <u>\$ 26,864,201</u>	 <u>\$ 2,143,785</u>	 8%

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, 2022 and 2021.

**Governmental Funds Expenditures**

	<b>Fiscal Year Ended <u>6/30/2022</u></b>	<b>Fiscal Year Ended <u>6/30/2021</u></b>	<b>Amount of Increase <u>(Decrease)</u></b>	<b>Percent Change</b>
Instruction	\$ 15,713,825	\$ 14,208,547	\$ 1,505,278	11%
Support Services	10,246,499	9,876,538	369,961	4%
Capital Outlay	654,271	205,605	448,666	218%
Debt Service	<u>812,510</u>	<u>863,798</u>	<u>(51,288)</u>	<u>-6%</u>
 Total Expenditures	 <u>\$ 27,427,105</u>	 <u>\$ 25,154,488</u>	 <u>\$ 2,272,617</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 2022 and 2021, 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>2022</u>	<u>2021</u>
Land	\$ 139,675	\$ 139,675
Construction in Progress	148,368	31,250
Land Improvements	1,018,734	1,018,734
Building and Building Improvements	23,493,693	23,007,542
Machinery and Equipment	<u>1,882,901</u>	<u>1,831,899</u>
 Total	 26,683,371	 26,029,100
 Less: Accumulated Depreciation	 <u>(15,015,273)</u>	 <u>(14,081,130)</u>
 Total	 <u>\$ 11,668,098</u>	 <u>\$ 11,947,970</u>

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

**Debt Administration.** As of June 30, 2022 and 2021, 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>2022</u>	<u>2021</u>
General Obligation Bonds, Net	\$ 555,080	\$ 1,120,244
Capital Leases/Capital Financing Agreements	1,272,052	1,411,637
Compensated Absences Payable	399,054	417,090
Net Pension Liability	<u>2,378,685</u>	<u>3,448,768</u>
 Total	 <u>\$ 4,604,871</u>	 <u>\$ 6,397,739</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 2022-2023 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, 2022**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 7,461,725	\$ 437,531	\$ 7,899,256
Accounts Receivables, net	678,116		678,116
Prepaid Expense		69,605	69,605
Capital Assets, net			
Not Being Depreciated	288,043		288,043
Being Depreciated	<u>11,380,055</u>	<u>3,153</u>	<u>11,383,208</u>
Total Assets	<u>19,807,939</u>	<u>510,289</u>	<u>20,318,228</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Amounts on Net Pension Liability	89,817		89,817
Deferred Amounts on Refunding of Debt	<u>451</u>	<u>-</u>	<u>451</u>
Total Deferred Outflows of Resources	<u>90,268</u>	<u>-</u>	<u>90,268</u>
Total Assets and Deferred Outflows of Resources	<u>19,898,207</u>	<u>510,289</u>	<u>20,408,496</u>
<b>LIABILITIES:</b>			
Accounts Payable:			
Intergovernmental	27,598		27,598
Other	115,248	-	115,248
Unearned Revenue	606,923	263,834	870,757
Accrued Liabilities:			-
Interest Payable	13,861		13,861
Noncurrent Liabilities			-
Due Within One Year	713,736		713,736
Due Beyond One Year	<u>3,891,135</u>	<u>-</u>	<u>3,891,135</u>
Total Liabilities	<u>5,368,501</u>	<u>263,834</u>	<u>5,632,335</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Amounts on Net Pension Liability	<u>1,775,410</u>	<u>-</u>	<u>1,775,410</u>
Total Liabilities and Deferred Inflows of Resources	<u>7,143,911</u>	<u>263,834</u>	<u>7,407,745</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	9,841,417	3,153	9,844,570
Restricted for			
Capital Projects	3,020,322		3,020,322
Plant Maintenance	848,088		848,088
Other Purposes	272,195		272,195
Unrestricted (Deficit)	<u>(1,227,726)</u>	<u>243,302</u>	<u>(984,424)</u>
Total Net Position	<u>\$ 12,754,296</u>	<u>\$ 246,455</u>	<u>\$ 13,000,751</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, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Instruction:							
Regular	\$ 9,421,376	\$ 46,150	\$ 1,952,409	\$ 181,357	\$ (7,241,460)		\$ (7,241,460)
Special Education	4,024,939		2,067,904		(1,957,035)		(1,957,035)
Other Instruction	1,253,236		311,313		(941,923)		(941,923)
School Sponsored Activities and Athletics	308,517		105,520		(202,997)		(202,997)
Support Services:							
Student and Instruction Related Services	4,010,653		750,935		(3,259,718)		(3,259,718)
General Administrative Services	670,106		91,121		(578,985)		(578,985)
School Administrative Services	1,282,752		258,136		(1,024,616)		(1,024,616)
Central Services	585,579		39,690		(545,889)		(545,889)
Plant Operations and Maintenance	2,352,485		129,197		(2,223,288)		(2,223,288)
Pupil Transportation	1,285,603		210,163		(1,075,440)		(1,075,440)
Interest on Long-Term Debt	103,330	-	-	-	(103,330)	-	(103,330)
Total Governmental Activities	25,298,576	46,150	5,916,388	181,357	(19,154,681)	-	(19,154,681)
<b>Business-Type Activities:</b>							
Food Service	5,117					\$ (5,117)	(5,117)
After School Child Care Program	405,134	437,735	-	-	-	32,601	32,601
Total Business-Type Activities	410,251	437,735	-	-	-	27,484	27,484
Total Government	\$ 25,708,827	\$ 483,885	\$ 5,916,388	\$ 181,357	(19,154,681)	27,484	(19,127,197)
<b>General Revenues:</b>							
Property Taxes:							
Levied for General Purpose					21,179,676		21,179,676
Levied for Debt Service					598,600		598,600
Miscellaneous					101,349		101,349
Transfers					-		-
Total General Revenues					21,879,625		21,879,625
Change in Net Position					2,724,944	27,484	2,752,428
Net Position, July 1					10,029,352	218,971	10,248,323
Net Position, June 30					\$ 12,754,296	\$ 246,455	\$ 13,000,751

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, 2022

	<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	\$ 7,436,677	\$ 25,048		\$ 7,461,725
Interfunds Accounts Receivable:				
General Fund	62,348			62,348
Intergovernmental Accounts Receivable:				
Federal		661,006		661,006
State	17,110	-	-	17,110
	<u>7,516,135</u>	<u>686,054</u>	<u>-</u>	<u>8,202,189</u>
Total Assets	<u>\$ 7,516,135</u>	<u>\$ 686,054</u>	<u>\$ -</u>	<u>\$ 8,202,189</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
Interfunds Accounts Payable:				
Special Revenue Fund		\$ 62,348		\$ 62,348
Intergovernmental Accounts Payable:				
State	\$ 27,598			27,598
Accounts Payable:				
Accrued Salaries and Wages	2,424			2,424
Payroll Deductions and Withholdings Payable	85,129			85,129
Unemployment Compensation Claims Payable	21,511			21,511
Other	6,184	-		6,184
Unearned Revenue	8,265	598,658	-	606,923
	<u>151,111</u>	<u>661,006</u>	<u>-</u>	<u>812,117</u>
Total Liabilities	<u>151,111</u>	<u>661,006</u>	<u>-</u>	<u>812,117</u>
Fund Balances:				
Restricted:				
Capital Reserve	3,020,322			3,020,322
Maintenance Reserve	848,088			848,088
Excess Surplus	948,623			948,623
Excess Surplus - Designated for				
Subsequent Year's Expenditures	717,878			717,878
Unemployment Compensation Reserve	247,147			247,147
Student Activities		25,048		25,048
Assigned:				
Year-End Encumbrances	813,720			813,720
Unassigned	769,246	-	-	769,246
	<u>7,365,024</u>	<u>25,048</u>	<u>-</u>	<u>7,390,072</u>
Total Fund Balances	<u>7,365,024</u>	<u>25,048</u>	<u>-</u>	<u>7,390,072</u>
Total Liabilities and Fund Balances	<u>\$ 7,516,135</u>	<u>\$ 686,054</u>	<u>\$ -</u>	<u>\$ 8,202,189</u>

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

EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2022

<b>Total Governmental Fund Balances (Exhibit B-1)</b>		\$ 7,390,072
<i>Amounts reported for governmental activities in the statement of net Position (A-1) are different because:</i>		
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 \$26,683,371 and the accumulated depreciation is \$15,015,273.		11,668,098
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		
	Deferred Outflows of Resources	\$ 89,817
	Deferred Inflows of Resources	<u>(1,775,410)</u>
		(1,685,593)
Accrued interest payable on long-term debt is not due and payable in the current period and therefore is not reported in the funds		(13,861)
Long-term liabilities, including bonds payable, capital lease and capital financing agreements 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	(555,080)
	Other and Capital Financing Agreements	(1,272,052)
	Compensated Absences	(399,054)
	Deferred Amounts on Refunding of Debt	451
	Net Pension Liability	<u>(2,378,685)</u>
		<u>(4,604,420)</u>
<b>Net Position of Governmental Activities (Exhibit A-1)</b>		<u>\$ 12,754,296</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<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	\$ 21,179,676		\$ 598,600	\$ 21,778,276
Tuition Charges	46,150			46,150
Unrestricted Miscellaneous Revenues	101,349			101,349
Federal Sources		\$ 846,347		846,347
State Sources	6,162,096	-		6,162,096
Local Sources	-	73,768	-	73,768
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	27,489,271	920,115	598,600	29,007,986
<b>EXPENDITURES:</b>				
Current:				
Regular Instruction	9,687,350	190,233		9,877,583
Special Education Instruction	3,909,887	289,129		4,199,016
Other Instruction	1,246,116	69,678		1,315,794
School-Sponsored Activities and Athletics	273,551	47,881		321,432
Support Services and Undistributed Costs:				
Student and Instruction Related Services	4,036,266	134,083		4,170,349
General Administrative Services	693,696			693,696
School Administrative Services	1,349,580			1,349,580
Central Services	539,989			539,989
Plant Operations and Maintenance	2,223,924			2,223,924
Pupil Transportation	1,268,961			1,268,961
Capital Outlay	472,914	181,357		654,271
Debt Service:				
Principal	139,585		565,000	704,585
Interest and Other Charges	74,325	-	33,600	107,925
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	25,916,144	912,361	598,600	27,427,105
Excess of Revenues Over Expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	1,573,127	7,754	-	1,580,881
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources and Uses	-	-	-	-
Net Change in Fund Balances	1,573,127	7,754	-	1,580,881
Fund Balance, July 1	5,791,897	17,294	-	5,809,191
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance, June 30	\$ 7,365,024	\$ 25,048	\$ -	\$ 7,390,072

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, 2022**

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

**Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** **\$ 1,580,881**

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	\$ (934,143)	
Capital Outlays	<u>654,271</u>	(279,872)

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	565,000	
Capital Financing/Capital Leases Principal	139,585	
Amortization of Bond Premium	164	
Amortization of Deferred Amounts on Refunding	(910)	
Accrued Interest	<u>5,341</u>	709,180

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	696,719	
Decrease Compensated Absences	<u>18,036</u>	<u>714,755</u>

**Change in net position of governmental activities (Exhibit A-2)** **\$ 2,724,944**

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



**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2022**

Business-Type Activities - Enterprise Funds

	<u>Non-Major Food Service</u>	<u>After School Child Care Program</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 5,422	\$ 432,109	\$ 437,531
Prepaid Expense	<u>-</u>	<u>69,605</u>	<u>69,605</u>
Total Current Assets	<u>5,422</u>	<u>501,714</u>	<u>507,136</u>
Noncurrent Assets:			
Capital Assets	74,665		74,665
Less: Accumulated Depreciation	<u>(71,512)</u>	<u>-</u>	<u>(71,512)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>3,153</u>	<u>-</u>	<u>3,153</u>
Total Noncurrent Assets	<u>3,153</u>	<u>-</u>	<u>3,153</u>
Total Assets	<u>8,575</u>	<u>501,714</u>	<u>510,289</u>
<b>LIABILITIES:</b>			
Current Liabilities			
Accounts Payable		-	-
Unearned Revenue	<u>-</u>	<u>263,834</u>	<u>263,834</u>
Total Current Liabilities	<u>-</u>	<u>263,834</u>	<u>263,834</u>
Total Liabilities	<u>-</u>	<u>263,834</u>	<u>263,834</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	3,153		3,153
Unrestricted	<u>5,422</u>	<u>237,880</u>	<u>243,302</u>
Total Net Position	<u>\$ 8,575</u>	<u>\$ 237,880</u>	<u>\$ 246,455</u>

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b><u>Non-Major Food Service</u></b>	<b><u>After School Child Care Program</u></b>	<b><u>Total</u></b>
<b>OPERATING REVENUES:</b>			
Charges for Services			
Program Fee	-	\$ 437,735	\$ 437,735
Total Operating Revenues	-	437,735	437,735
<b>OPERATING EXPENSES:</b>			
Employee Salaries		233,197	233,197
Employee Benefits		45,408	45,408
Other Purchased Services		104,014	104,014
Supplies and Materials		12,914	12,914
Depreciation	\$ 484		484
Miscellaneous	4,633	9,601	14,234
Total Operating Expenses	5,117	405,134	410,251
Operating Income (Loss)	(5,117)	32,601	27,484
<b>Other Financing Sources (Uses):</b>			
Transfer from General Fund	-	-	-
Change in Net Position	(5,117)	32,601	27,484
Net Position, July 1	13,692	205,279	218,971
Net Position, June 30	\$ 8,575	\$ 237,880	\$ 246,455

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Business-Type Activities - Enterprise Funds**

	<b>Non-Major Food Service</b>	<b>After School Child Care Program</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers and Other Funds		\$ 535,244	\$ 535,244
Payments to employees		(233,205)	(233,205)
Payments for employee benefits		(45,408)	(45,408)
Payments to Suppliers	\$ (4,633)	(165,679)	(170,312)
Net Cash Provided by (Used for) Operating Activities	(4,633)	90,952	86,319
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Transfer from General Fund	-	-	-
Net Cash Provided by (Used for) Noncapital and Related Financing Activities	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(4,633)	90,952	86,319
Cash and Cash Equivalents, Beginning of Year	10,055	341,157	351,212
Cash and Cash Equivalents, End of Year	\$ 5,422	\$ 432,109	\$ 437,531
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (5,117)	\$ 32,601	\$ 27,484
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation and Net Amortization	484		484
(Increase) Decrease in Prepaid Expense		(39,150)	(39,150)
Increase (Decrease) in Accounts Payable		(8)	(8)
Increase (Decrease) in Unearned Revenue	-	97,509	97,509
Total Adjustments	484	58,351	58,835
Net Cash Provided by (Used for) Operating Activities	\$ (4,633)	\$ 90,952	\$ 86,319

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, 2022**

**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 of Schools is appointed by the Board and is responsible for the administrative control of the District. A School 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 of Schools is the Chief Administrative Officer of the District who is responsible for planning and operational functions of the District. The School Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent of School 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 2022, the District adopted the following GASB statements:

- GASB Statement No. 87, *Leases*. 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 Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. 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.

**EAST HANOVER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

- GASB Statement No. 92, *Omnibus 2020*. 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 Statement 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 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.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

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

- GASB Statement 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 Statement No. 99, *Omnibus 2022*, the section applicable to the District will be effective beginning with the fiscal year ending June 30, 2023. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.
- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
- GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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, 2022**

**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, 2022**

**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, acquisitions under financing agreements and leases payable for intangible right-to-use leased assets 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 except for intangible right-to-use leased assets the measurement of which is discussed in Note 1. E.8. 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, 2022**

**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.

**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.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

**7. Pensions (Continued)**

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. Financing Agreements**

Capital financing agreements and other financing agreements are financed purchase contracts that transfer ownership of the underlining assets or items (i.e. expendable supplies) to the District by the end of the agreement and do not contain termination options. Capital financing agreements and other financing agreements are recognized as long-term liabilities along with the related capital asset or expenses being financed, respectively, in the district-wide and proprietary fund type financial statements.

In the fund financial statements, capital financing agreements and other financing agreements are recognized as other financing sources at the face amount of the financed purchase contract. Assets and supplies financed under these agreements are reported as capital outlay or current expenditures, respectively.

**9. Leases**

Non-cancellable leases for the use of buildings and equipment are recognized as a lease liability and an intangible right-to-use lease asset in the district-wide and proprietary fund type financial statements. The District recognizes lease liabilities with an initial, individual value of \$2,000 or more. The lease liability is subsequently reduced by the principal portion of lease payments made each year. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the asset's useful life. Leases are monitored for changes in circumstances that would require a remeasurement of the lease and the lease assets and liabilities are remeasured if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

In the fund financial statements leases payable are recognized as other financing sources at the initial amount of the lease liability. Intangible right-to-use leased assets are reported as capital outlay expenditures.

**10. 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.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. *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.

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, 2022 audited excess surplus that is required to be appropriated in the 2023/2024 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, 2021 audited excess surplus that was appropriated in the 2022/2023 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.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

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

**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.

**12. *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 Board of Education 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 District's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school district 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 Board of Education 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.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

**F. Revenues and Expenditures/Expenses (Continued)**

**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 2020-2021 and 2021-2022 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.

**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. 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. 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. The Board adopted a resolution to move its annual election to the third Tuesday in April; therefore voter approval of the annual budget is 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 2021/2022. Also, during 2021/2022 the Board increased the original budget by \$2,784,052. 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, 2022**

**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, 2022 is as follows:

Balance, July 1, 2021		\$ 2,645,957
Increased By:		
Deposits Approved by Board Resolution	<u>\$ 900,000</u>	
Total Increases		<u>900,000</u>
Withdrawals:		
Withdrawals Approved by Board Resolution	<u>525,635</u>	
		<u>525,635</u>
Balance, June 30, 2022		<u>\$ 3,020,322</u>

The June 30, 2022 LRFP balance of total uncompleted capital projects is \$14,250,000. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district’s Long Range Facilities Plan.

**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.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

**C. Maintenance Reserve (Continued)**

The activity of the maintenance reserve for the fiscal year ended June 30, 2022 is as follows:

Balance, July 1, 2021	\$ 600,000
Increased by	
Deposits Approved by Board Resolution	300,000
Withdrawals:	900,000
Withdrawals Approved by Board Resolutions	51,912
Balance, June 30, 2022	\$ 848,088

The June 30, 2022 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 2021/2022 school year, the district transferred \$577,547 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 2021/22 and 2022/23 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, 2022 is \$1,666,501. Of this amount, \$717,878 was designated and appropriated in the 2022/2023 original budget certified for taxes and the remaining amount of \$948,623 will be appropriated in the 2023/2024 original budget certified for taxes.

**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.



**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

**Cash Deposits (Continued)**

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, 2022, the book value of the Board's deposits were \$7,899,256 and bank and brokerage firm balances of the Board's deposits amounted to \$8,358,419. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ 8,262,404
Uninsured and Collateralized	<u>96,015</u>
	<u>\$ 8,358,419</u>

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, 2022 the Board's bank balance of \$96,015 was exposed to custodial credit risk as follows:

**Depository Account**

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in the Board's name	<u>\$ 96,015</u>
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**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.

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.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

**Investments**

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, 2022, the Board had no outstanding investments.

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

**B. Receivables**

Receivables as of June 30, 2022 for the district’s individual major funds are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receivables:			
Intergovernmental			
Federal		\$ 661,006	\$ 661,006
State	\$ 17,110	-	17,110
Total Net Receivables	<u>\$ 17,110</u>	<u>\$ 661,006</u>	<u>\$ 678,116</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	\$ 8,265
Special Revenue Fund	
Unencumbered Grant Draw Downs	5,908
Grant Draw Downs Reserved for Encumbrances	<u>592,750</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 606,923</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

**D. Capital Assets**

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

	Balance, <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	Balance <u>June 30, 2022</u>
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 139,675				\$ 139,675
Construction in Progress	<u>31,250</u>	\$ 603,269	<u>-</u>	\$ (486,151)	<u>148,368</u>
Total Capital Assets, Not Being Depreciated	<u>170,925</u>	<u>603,269</u>	<u>-</u>	<u>(486,151)</u>	<u>288,043</u>
Capital Assets, Being Depreciated:					
Land Improvements	1,018,734				1,018,734
Building and Building Improvements	23,007,542			486,151	23,493,693
Machinery and Equipment	<u>1,831,899</u>	<u>51,002</u>	<u>-</u>	<u>-</u>	<u>1,882,901</u>
Total Capital Assets Being Depreciated	<u>25,858,175</u>	<u>51,002</u>	<u>-</u>	<u>486,151</u>	<u>26,395,328</u>
Less Accumulated Depreciation for:					
Land Improvements	(286,844)	(48,639)			(335,483)
Building and Building Improvements	(12,406,103)	(796,643)			(13,202,746)
Machinery and Equipment	<u>(1,388,183)</u>	<u>(88,861)</u>	<u>-</u>	<u>-</u>	<u>(1,477,044)</u>
Total Accumulated Depreciation	<u>(14,081,130)</u>	<u>(934,143)</u>	<u>-</u>	<u>-</u>	<u>(15,015,273)</u>
Total Capital Assets, Being Depreciated, Net	<u>11,777,045</u>	<u>(883,141)</u>	<u>-</u>	<u>486,151</u>	<u>11,380,055</u>
Government Activities Capital Assets, Net	<u>\$ 11,947,970</u>	<u>\$ (279,872)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,668,098</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

**D. Capital Assets (Continued)**

	Balance, July 1, 2021	Increases	Decreases/ Adjustments	Balance June 30, 2022
<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	(71,028)	\$ (484)	-	(71,512)
Total Accumulated Depreciation	<u>(71,028)</u>	<u>(484)</u>	<u>-</u>	<u>(71,512)</u>
Total Capital Assets, Being Depreciated, Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,637</u>	<u>\$ (484)</u>	<u>\$ -</u>	<u>\$ 3,153</u>

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

**Governmental Activities:**

Instruction	
Regular	\$ 395,654
Special Education	150,971
Other Instruction	54,253
School-Sponsored Activities and Athletics	<u>11,201</u>
Total Instruction	<u>612,079</u>
Support Services	
Student and Instruction Related Services	138,499
General Administration Services	20,459
School Administration Services	57,958
Central Services	25,125
Operations and Maintenance of Plant	70,851
Student Transportation	<u>9,172</u>
Total Support Services	<u>322,064</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 934,143</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, 2022**

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

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

The composition of interfund balances as of June 30, 2022 is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	<u>\$ 62,348</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

**F. Financing Agreements**

**Capital Financing Agreements**

The District entered into the following agreements to finance the construction of major capital facilities and other capital assets under capital financing agreements. The repayments under these financing agreements are subject to the annual appropriation of funds in the District's approved budget.

Capital financing agreements at June 30, 2022 are comprised of the following:

\$54,198, fiscal year 2019 Agreement for the acquisition of technology for a term of 4 years due in annual principal installments of \$13,550 through September 12, 2023 interest at 2.04%	\$ 26,291
\$166,539, fiscal year 2020 Agreement for the acquisition of technology for a term of 4 years due in annual principal installments of \$41,634 through May 3, 2024 interest at 1.164%	82,072
\$1,696,601, fiscal year 2016 Agreement for Energy Savings Improvements for a term of 20 years due in semi-annual principal installments of \$155,506 to \$41,594 through June 20, 2036 interest at 2.65%	<u>1,163,689</u>
Total	<u>\$ 1,272,052</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

**H. 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, 2022 are comprised of the following issues:

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

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>	
2023	\$ 555,000	\$ 16,650	\$ 571,650
	<u>\$ 555,000</u>	<u>\$ 16,650</u>	<u>\$ 571,650</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2022 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 101,120,711
Less: Net Debt	<u>555,000</u>
Remaining Borrowing Power	<u>\$ 100,565,711</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2022, was as follows:

	Balance, <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2022</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 1,120,000		\$ 565,000	\$ 555,000	\$ 555,000
Deferred Amounts					
Add: Original Issue Premium	<u>244</u>	<u>-</u>	<u>164</u>	<u>80</u>	<u>-</u>
Total Bonds Payable	1,120,244	-	565,164	555,080	555,000
Other and Capital Financing					
Agreements	1,411,637		139,585	1,272,052	108,656
Compensated Absences	417,090		18,036	399,054	50,000
Net Pension Liability	<u>3,448,768</u>	<u>-</u>	<u>1,070,083</u>	<u>2,378,685</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 6,397,739</u>	<u>\$ -</u>	<u>\$ 1,792,868</u>	<u>\$ 4,604,871</u>	<u>\$ 713,656</u>

Compensated absences, other and capital financing 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 Annual Comprehensive Financial Report.

The District provided traditional health coverage with Horizon Blue Cross Blue Shield.

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, 2022**

**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:

Fiscal Year Ended June 30,	District Contributions	Employee Contributions	Interest Earnings	Amount Reimbursed	Ending Balance
2022		\$ 22,006		\$ 495	\$ 247,147
2021		19,993		28,968	247,147
2020		20,554		43,379	238,452

**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, 2022, 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, 2022, 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, 2022**

**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) Annual Comprehensive Financial Report (ACFR) 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:

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

Service retirement benefits of 1/55<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) Annual Comprehensive Financial Report (ACFR) 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, 2022**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

The following represent the membership tiers for TPAF:

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

Service retirement benefits of 1/55<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 for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollments 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, 2022**

**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, 2022**

**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, 2021 is \$12.0 billion and the plan fiduciary net position as a percentage of the total pension liability is 70.33%. The collective net pension liability of the State funded TPAF at June 30, 2021 is \$48.2 billion and the plan fiduciary net position as a percentage of total pension liability is 35.52%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2020 which were rolled forward to June 30, 2021.

**Actuarial Methods and Assumptions**

In the July 1, 2020 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 2022.

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, 2022 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 2022, 2021 and 2020 were equal to the required contributions.

During the fiscal years ended June 30, 2022, 2021 and 2020 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>
2022	\$ 235,149	\$ 3,367,351	\$ 37,060
2021	231,355	2,375,684	30,121
2020	206,876	1,774,897	31,056

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

In addition for fiscal years 2022, 2021 and 2020 the District contributed \$0, \$0 and \$586, respectively for PERS and the State contributed \$1,433, \$1,644 and \$1,854, 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 \$687,237 during the fiscal year ended June 30, 2022 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, 2020 through June 30, 2021. 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, 2021 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2021.

At June 30, 2022, the District reported in the statement of net position (accrual basis) a liability of \$2,378,685 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. 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, 2021. At June 30, 2021, the District's proportionate share was .02008 percent, which was a decrease of .00107 percent from its proportionate share measured as of June 30, 2020 of .02115 percent.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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, 2022, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$461,570 for PERS. The pension contribution made by the District during the current 2021/2022 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, 2022 with a measurement date of the prior fiscal year end of June 30, 2021. 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, 2022 for contributions made subsequent to the measurement date. At June 30, 2022, 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	\$ 37,515	\$ 17,029
Changes of Assumptions	12,388	846,827
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		626,608
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>39,914</u>	<u>284,946</u>
Total	<u>\$ 89,817</u>	<u>\$ 1,775,410</u>

At June 30, 2022, 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	\$ (828,988)
2023	(547,265)
2024	(342,667)
2025	(238,100)
2026	271,427
Thereafter	<u>-</u>
	<u>\$ (1,685,593)</u>

**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)**

*Actuarial Assumptions*

The District's total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<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 Rates*

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

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

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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, 2021) 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, 2021 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%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%



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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)**

***Discount Rate***

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining 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>3,239,287</u>	\$ <u>2,378,685</u>	\$ <u>1,648,343</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, 2021. A sensitivity analysis specific to the District's net pension liability at June 30, 2021 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).

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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, 2020 through June 30, 2021. 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, 2021, 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, 2022, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$907,251 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, 2022 the State's proportionate share of the net pension liability attributable to the District is \$38,556,470. The net pension liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. 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, 2021. At June 30, 2021, the State's share of the net pension liability attributable to the District was .08020 percent, which was an increase of .0007 percent from its proportionate share measured as of June 30, 2020 of .07950 percent.

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 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, 2021 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 Rates***

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

The actuarial assumptions used in the July 1, 2020 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  
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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)**

**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, 2021) 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, 2021 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%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

***Discount Rate***

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 4 OTHER INFORMATION (Continued)**

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

***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 7.00%, 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 (6.00% percent) or 1-percentage-point higher (8.00% percent) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 45,618,744</u>	<u>\$ 38,556,470</u>	<u>\$ 32,624,603</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, 2021. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the District at June 30, 2021 was not provided by the pension system.

***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 a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified 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 multiple-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.

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

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

**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. 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.

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, 2020:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>149,304</u>
Total	<u>366,108</u>

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plan 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 plan. 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.

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

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

**Collective Net OPEB Liability**

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2021 is \$60.0 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, 2020 which were rolled forward to June 30, 2021.

**Actuarial Methods and Assumptions**

In the June 30, 2020 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 \$1.23 billion to the OPEB plan in fiscal year 2021.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an 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, 2022, 2021 and 2020 were \$786,749, \$744,502 and \$658,454, 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, 2020 through June 30, 2021. 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.

**EAST HANOVER 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)**

For the fiscal year ended June 30, 2022, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$2,262,383. 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, 2022 the State’s proportionate share of the OPEB liability attributable to the District is \$46,444,288. 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, 2021 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2021. At June 30, 2021, the state’s share of the OPEB liability attributable to the District was 0.08 percent, which was unchanged from its proportionate share measured as of June 30, 2020 of 0.08 percent.

**Actuarial Assumptions**

The OPEB liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
Salary Increases*	<u>PERS</u>	<u>TPAF</u>
Initial Fiscal Year Applied Through	2026	2026
Rate	2.00% to 6.00%	1.55% to 4.45%
Rate Thereafter	3.00% to 7.00%	2.75% to 5.65%

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of 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.



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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)**

**Health Care Trend Assumptions**

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

**Discount Rate**

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

**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, 2022 (measurement date June 30, 2021) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2020 Measurement Date	\$ 53,255,459
Changes Recognized for the Fiscal Year:	
Service Cost	2,444,258
Interest on the Total OPEB Liability	1,204,814
Changes in Benefit Terms	(49,434)
Differences Between Expected and Actual Experience	(9,538,375)
Changes of Assumptions	45,821
Gross Benefit Payments	(949,056)
Contributions from the Member	30,801
<b>Net Changes</b>	<u>\$ (6,811,171)</u>
Balance, June 30, 2021 Measurement Date	<u>\$ 46,444,288</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

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, 2021.

**EAST HANOVER BOARD OF EDUCATION  
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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)**

**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 2.16%; 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 (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current rate:

	<b>1% Decrease <u>(1.16%)</u></b>	<b>Current Discount Rate <u>(2.16%)</u></b>	<b>1% Increase <u>(3.16%)</u></b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>55,632,966</u>	\$ <u>46,444,288</u>	\$ <u>39,208,756</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>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>37,596,802</u>	\$ <u>46,444,288</u>	\$ <u>58,325,808</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2021. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2021 were not provided by the pension system.

**F. Subsequent Events**

**Referendum**

On October 6, 2022 the voters of the East Hanover Board of Education approved a \$12,013,163 referendum authorizing the District to issue bonds and/or notes to finance an addition, renovations, alterations and improvements. The referendum project includes \$2,968,811 or project cost eligible for State of New Jersey debt service aid.

**Serial Bonds**

On December 6, 2022 the District issued \$12,013,000 in School District Bonds. These Bonds were issued in order to permanently finance expenditures related to the 2022 referendum for various capital improvement projects. The District awarded the said sale of bonds to Roosevelt's Cross, Inc. and Associates at an interest rate of 3.00% to 4.00%. These Bonds dated December 21, 2022 will mature over 20 years with the first maturity due July 15, 2023.

**EAST HANOVER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 5 INFECTIOUS DISEASE OUTBREAK – COVID-19 RECENT DEVELOPMENTS**

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. As governments monitor the outbreaks, they have taken various steps to control them through requiring social distancing, masks and business closures and limited openings. As the virus appears to be under control in many areas, many of these restrictions have been lifted although the situation is monitored, sometimes restrictions are reinstated. Several vaccines have been developed and have been administered. Mutant variants have emerged in various places around the world and now are prevalent in the United States. Certain workers are being required to be vaccinated. Companies have developed booster shots, and current vaccines have proven substantially effective against all currently know variants. New treatments are also being developed to avert the worst outcomes. The assessment of the impact of the virus and the ability to control it and its mutant strains is ongoing.

In the State, Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. On June 4, 2021, the Governor signed legislation enabling the end of the public health emergency and keeping certain executive orders in place until January 1, 2022, though such executive orders may be modified or rescinded prior to that day by the Governor. The Board expects ongoing actions be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and may continue to negatively affect economic growth and financial markets worldwide. These negative impacts could reduce or negatively affect property values within the School District.

Since the pandemic began, the federal government had enacted rescue legislation to address the pandemic and alleviate its economic and health effects, including significant support for education. The legislation includes various forms of financial relief including direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. 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. Federal aid for public education has been provided under three 5 separate laws: The Coronavirus Aid, Relief, and Economic Security Act in March 2020 (CARES Act), and the Coronavirus Response and Relief Supplemental Appropriations Act in December 2020 (CRRSA) and the American Rescue Plan Act in March 2021 (ARP). The Elementary and Secondary School Emergency Relief (ESSER) Fund is the main source of funding for public elementary and secondary education under each law. The School District has been awarded up to \$1,617,531 to address certain expenses incurred as a result of the pandemic. Because of the evolving nature of the outbreak and federal, state and local responses, the Board cannot predict how the outbreak will impact the financial condition or operations of the Board, 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 School District 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 its facilities either before or after an outbreak of an infectious disease. To date the School District has not been materially and adversely affected financially due to the virus.

**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, 2022**

	Original Budget	Budget Modification / Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 21,179,676		\$ 21,179,676	\$ 21,179,676	
Tuition from Individuals	56,000		56,000	46,150	\$ (9,850)
Unrestricted Miscellaneous Revenues	19,000	-	19,000	101,349	82,349
<b>Total - Local Sources</b>	<b>21,254,676</b>	<b>-</b>	<b>21,254,676</b>	<b>21,327,175</b>	<b>72,499</b>
State Sources:					
Special Education Aid	773,482		773,482	773,482	
Security Aid	17,287		17,287	17,287	
Transportation Aid	178,676		178,676	178,676	
Extraordinary Aid				277,583	277,583
Additional Nonpublic Transportation Aid				17,110	17,110
On-Behalf T.P.A.F. Pension Contribution - Normal Cost (non-budgeted)				3,320,503	3,320,503
On-Behalf T.P.A.F. Pension Contribution - Non-Contributory Group Insurance (non-budgeted)				46,848	46,848
On-Behalf T.P.A.F. Pension Contribution - Post-Retirement Medical (non-budgeted)				786,749	786,749
On-Behalf T.P.A.F. Pension Contribution - Long-Term Disability Insurance (non-budgeted)				1,433	1,433
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	687,237	687,237
<b>Total - State Sources</b>	<b>969,445</b>	<b>-</b>	<b>969,445</b>	<b>6,106,908</b>	<b>5,137,463</b>
<b>Total Revenues</b>	<b>22,224,121</b>	<b>-</b>	<b>22,224,121</b>	<b>27,434,083</b>	<b>5,209,962</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Regular Programs:					
Instruction:					
Salaries of Teachers					
Preschool	132,143	\$ (26,453)	105,690	105,690	-
Kindergarten	401,215	49,628	450,843	450,294	549
Grades 1-5	2,479,107	78,628	2,557,735	2,557,735	-
Grades 6-8	2,124,130	(105,981)	2,018,149	2,018,149	-
Home Instruction:					
Salaries of Teachers	4,500	5,753	10,253	10,253	-
Purchased Professional - Educational Services	6,000	(5,876)	124	124	-
Undistributed Instruction:					
Other Salaries for Instruction	202,520	19,648	222,168	209,164	13,004
Unused vacation Payment		9,292	9,292	9,292	-
Purchased Professional - Educational Services	10,850	(3,044)	7,806	6,853	953
Purchased Technical Services	185,552	10,209	195,761	175,777	19,984
Other Purchased Services	148,919	-	148,919	89,269	59,650
General Supplies	587,253	(23,792)	563,461	400,940	162,521
Other Objects	4,500	3,940	8,440	8,124	316
<b>Total Regular Programs</b>	<b>6,286,689</b>	<b>11,952</b>	<b>6,298,641</b>	<b>6,041,664</b>	<b>256,977</b>
Multiple Disabilities					
Salaries	196,632	(29,557)	167,075	167,075	-
Other Salaries for Instruction	31,251	(16,317)	14,934	14,934	-
General Supplies	4,350	(229)	4,121	4,121	-
<b>Total Multiple Disabilities</b>	<b>232,233</b>	<b>(46,103)</b>	<b>186,130</b>	<b>186,130</b>	<b>-</b>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	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	\$ 1,725,577	\$ 70,661	\$ 1,796,238	\$ 1,763,332	\$ 32,906
Other Salaries for Instruction	253,519	(75,869)	177,650	168,110	9,540
General Supplies	15,050	(1,025)	14,025	13,860	165
<b>Total Resource Room</b>	<b>1,994,146</b>	<b>(6,233)</b>	<b>1,987,913</b>	<b>1,945,302</b>	<b>42,611</b>
Preschool Disabilities - Part - Time:					
Salaries of Teachers	101,440	10,062	111,502	111,502	-
Other Salaries for Instruction	44,418	(4,216)	40,202	40,202	-
General Supplies	1,500	(411)	1,089	923	166
Other Object	-	100	100	100	-
<b>Total Preschool Disabilities - Part - Time</b>	<b>147,358</b>	<b>5,535</b>	<b>152,893</b>	<b>152,727</b>	<b>166</b>
Home Instruction:					
Purchased Professional-Educational Services	6,000	(4,000)	2,000	1,691	309
<b>Total Home Instruction</b>	<b>6,000</b>	<b>(4,000)</b>	<b>2,000</b>	<b>1,691</b>	<b>309</b>
<b>Total Special Education - Instruction</b>	<b>2,379,737</b>	<b>(50,801)</b>	<b>2,328,936</b>	<b>2,285,850</b>	<b>43,086</b>
Basic Skills/Remedial:					
Salaries of Teachers	575,969	99,442	675,411	675,411	-
General Supplies	6,600	(6,600)	-	-	-
<b>Total Basic Skills/Remedial</b>	<b>582,569</b>	<b>92,842</b>	<b>675,411</b>	<b>675,411</b>	<b>-</b>
Bilingual Education:					
Salaries of Teachers	58,617	-	58,617	58,375	242
General Supplies	-	-	-	-	-
<b>Total Bilingual Education</b>	<b>58,617</b>	<b>-</b>	<b>58,617</b>	<b>58,375</b>	<b>242</b>
School Sponsored Co-Curricular Activities:					
Salaries	82,699	-	82,699	62,980	19,719
<b>Total School Sponsored Co-Curricular Activities</b>	<b>82,699</b>	<b>-</b>	<b>82,699</b>	<b>62,980</b>	<b>19,719</b>
School Sponsored Athletics - Instruction:					
Salaries	57,750	5,662	63,412	39,937	23,475
Purchased Services	10,525	-	10,525	4,927	5,598
General Supplies	4,800	-	4,800	780	4,020
Other Objects	1,855	-	1,855	1,200	655
<b>Total School Sponsored Athletics - Instruction</b>	<b>74,930</b>	<b>5,662</b>	<b>80,592</b>	<b>46,844</b>	<b>33,748</b>
After School Program "Best" - Instruction:					
Salaries of Teachers	13,030	440	13,470	2,788	10,682
General Supplies	2,550	(439)	2,111	712	1,399
<b>Total After School Program "Best" - Instruction</b>	<b>15,580</b>	<b>1</b>	<b>15,581</b>	<b>3,500</b>	<b>12,081</b>
Summer School Program - Instruction:					
Salaries of Teachers	25,722	-	25,722	24,430	1,292
Other Salaries for Instruction	22,400	-	22,400	21,356	1,044
Purchased Services	23,820	-	23,820	9,589	14,231
General Supplies	300	-	300	-	300
<b>Total Summer School Program - Instruction</b>	<b>72,242</b>	<b>-</b>	<b>72,242</b>	<b>55,375</b>	<b>16,867</b>
<b>Total - Instruction</b>	<b>9,553,063</b>	<b>59,656</b>	<b>9,612,719</b>	<b>9,229,999</b>	<b>382,720</b>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Budget Modification / Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES</b>					
<b>Current Expense</b>					
Undistributed Expenditures:					
Tuition:					
Tuition to Private Schools for the Disabled - Within State	\$ 378,566	-	\$ 378,566	\$ 198,376	\$ 180,190
Total Tuition	378,566	-	378,566	198,376	180,190
Attendance and Social Work:					
Salaries	22,346	\$ (2,975)	19,371	19,288	83
Total Attendance and Social Work	22,346	(2,975)	19,371	19,288	83
Health Services:					
Salaries	250,410	1,510	251,920	251,523	397
Purchased Professional and Technical Services	114,500	5	114,505	112,755	1,750
Supplies and Materials	5,600	-	5,600	3,967	1,633
Other Objects	600	-	600	198	402
Total Health Services	371,110	1,515	372,625	368,443	4,182
Speech, OT, PT and Related Services:					
Salaries	213,770	10,955	224,725	224,725	-
Purchased Professional -Educational Services	360,358	(15,771)	344,587	310,527	34,060
Supplies and Materials	16,000	(3,000)	13,000	6,007	6,993
Other Objects	1,000	-	1,000	-	1,000
Total Speech, OT, PT and Related Services	591,128	(7,816)	583,312	541,259	42,053
Other Support Services Students - Related Services:					
Salaries	192,189	31,706	223,895	223,895	-
Purchased Professional -Educational Services	85,371	(9,003)	76,368	67,137	9,231
Total Other Support Services Students - Related Services:	277,560	22,703	300,263	291,032	9,231
Guidance:					
Salaries of Other Professional Staff	206,005	(7,444)	198,561	198,494	67
Other Salaries	77,484	452	77,936	77,936	-
Other Purchased Professional -Technical Services	1,000	200	1,200	1,200	-
Supplies and Materials	600	(200)	400	309	91
Total Guidance	285,089	(6,992)	278,097	277,939	158
Child Study Teams:					
Salaries of Other Professional Staff	566,154	(10,936)	555,218	492,568	62,650
Salaries of Secretarial and Clerical Assistants	62,905	(1,435)	61,470	58,719	2,751
Other Salaries	21,133	-	21,133	7,863	13,270
Purchased Professional-Educational Services	12,000	-	12,000	2,075	9,925
Other Purchased Professional -Technical Services	14,500	-	14,500	6,209	8,291
Supplies and Materials	9,500	4,650	14,150	13,577	573
Other Objects	450	1,346	1,796	1,765	31
Total Child Study Teams	686,642	(6,375)	680,267	582,776	97,491
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	109,167	1,410	110,577	110,577	-
Other Salaries	47,580	(110)	47,470	33,017	14,453
Other Purchased Professional -Technical Services	37,628	-	37,628	35,179	2,449
Other Purchased Services	1,400	-	1,400	1,000	400
Supplies and Materials	1,000	(155)	845	16	829
Other Objects	1,500	155	1,655	1,655	-
Total Improvement of Instruction Services:	198,275	1,300	199,575	181,444	18,131



**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	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	\$ 176,446	-	\$ 176,446	\$ 174,112	\$ 2,334
Salaries of Technology Coordinators	79,000	-	79,000	78,440	560
Purchased Professional and Technical Services	153,791	-	153,791	153,791	-
Other Purchased Services	1,000	-	1,000	380	620
Supplies and Materials	24,000	-	24,000	22,104	1,896
Other Objects	4,420	-	4,420	3,759	661
<b>Total Educational Media Services / School Library</b>	<b>438,657</b>	<b>-</b>	<b>438,657</b>	<b>432,586</b>	<b>6,071</b>
Instructional Staff Training Services:					
Purchased Professional and Technical Services	41,437	-	41,437	26,941	14,496
Other Purchased Services	30,267	-	30,267	18,027	12,240
<b>Total Instructional Staff Training Services</b>	<b>71,704</b>	<b>-</b>	<b>71,704</b>	<b>44,968</b>	<b>26,736</b>
Support Services - General Administration:					
Salaries	287,949	\$ (1,000)	286,949	276,710	10,239
Legal Services	30,000	243	30,243	30,243	-
Audit Fees	38,000	35,757	73,757	34,020	39,737
Architectural / Engineering Services		26,750	26,750	26,750	-
Other Purchased Professional Services	15,930	(343)	15,587	15,587	-
Purchased Technical Services	23,471	5,505	28,976	28,540	436
Communications / Telephone	21,100	1,852	22,952	22,952	-
BOE Other Purchased Services	6,525	(1,909)	4,616	2,100	2,516
Miscellaneous Purchased Services	47,840	-	47,840	45,096	2,744
General Supplies	2,800	24,853	27,653	5,039	22,614
Miscellaneous Expenditures	7,380	(1,531)	5,849	5,849	-
BOE Membership Dues and Fees	9,800	-	9,800	9,287	513
<b>Total Support Services - General Administration</b>	<b>490,795</b>	<b>90,177</b>	<b>580,972</b>	<b>502,173</b>	<b>78,799</b>
Support Services - School Administration:					
Salaries of Principals/Asst. Principals	494,912	1,798	496,710	496,359	351
Salaries of Other Professional Staff	-	1,000	1,000	1,000	-
Salaries of Secretarial and Clerical Assistants	336,032	(4,548)	331,484	286,534	44,950
Other Purchased Services	6,150	7,000	13,150	7,900	5,250
Supplies and Materials	11,200	8,163	19,363	11,438	7,925
Other Objects	4,500	-	4,500	3,785	715
<b>Total Support Services School Administration</b>	<b>852,794</b>	<b>13,413</b>	<b>866,207</b>	<b>807,016</b>	<b>59,191</b>
Central Services:					
Salaries	329,825	27,080	356,905	339,829	17,076
Purchased Technical Services	17,343	8,697	26,040	25,987	53
Travel	2,445	(937)	1,508	675	833
Supplies and Materials	6,650	8,261	14,911	13,709	1,202
Interest on Capital Lease Agreement	4,287	59	4,346	4,346	-
Other Objects	1,575	390	1,965	1,965	-
<b>Total Central Services</b>	<b>362,125</b>	<b>43,550</b>	<b>405,675</b>	<b>386,511</b>	<b>19,164</b>
Administration Information Technology:					
Purchased Professional Services	22,980	-	22,980	22,979	1
Supplies and Materials	3,500	(200)	3,300	-	3,300
<b>Total Administration Information Technology</b>	<b>26,480</b>	<b>(200)</b>	<b>26,280</b>	<b>22,979</b>	<b>3,301</b>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Budget Modification / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES</b>					
<b>Current Expense</b>					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities:					
Salaries	\$ 304,735	\$ (71,359)	\$ 233,376	\$ 227,337	\$ 6,039
Cleaning, Repair and Maintenance	193,200	35,489	228,689	191,175	37,514
Unused Vacation		1,027	1,027	1,027	-
Travel	700	-	700	610	90
General Supplies	48,000	33,704	81,704	80,456	1,248
Other Objects	3,250	-	3,250	3,085	165
	<u>549,885</u>	<u>(1,139)</u>	<u>548,746</u>	<u>503,690</u>	<u>45,056</u>
Total Required Maintenance for School Facilities					
Custodial Services:					
Salaries	119,316	43,293	162,609	162,609	-
Salaries for Non-Instructional Aides	526,950	41,370	568,320	568,321	(1)
Purchased Professional & Technical Services	4,000	721	4,721	4,032	689
Cleaning, Repair and Maintenance Services	28,500	11,658	40,158	39,466	692
Lease Purchase Payments - Energy Savings Improvement	83,232	-	83,232	83,232	-
Other Purchased Property Services	-	4,336	4,336	4,336	-
Insurance	90,008	-	90,008	85,327	4,681
General Supplies	38,600	(6,005)	32,595	3,525	29,070
Energy (Natural Gas)	120,000	1,024	121,024	121,024	-
Energy (Electricity)	140,000	(31,838)	108,162	101,984	6,178
Energy (Gasoline)	4,000	1,038	5,038	5,038	-
Other Objects	1,745	-	1,745	1,432	313
	<u>1,156,351</u>	<u>65,597</u>	<u>1,221,948</u>	<u>1,180,326</u>	<u>41,622</u>
Total Custodial Services					
Care and Upkeep of Grounds:					
Cleaning, Repair & Maintenance	22,000	-	22,000	18,488	3,512
General Supplies	1,000	-	1,000	-	1,000
	<u>23,000</u>	<u>-</u>	<u>23,000</u>	<u>18,488</u>	<u>4,512</u>
Total Care and Upkeep of Grounds					
Security					
Salaries	58,636	5,802	64,438	64,438	-
Purchased Professional and Technical Services	84,600	-	84,600	84,450	150
	<u>143,236</u>	<u>5,802</u>	<u>149,038</u>	<u>148,888</u>	<u>150</u>
Total Security					
Total Operation and Maintenance of Plant Services					
	<u>1,872,472</u>	<u>70,260</u>	<u>1,942,732</u>	<u>1,851,392</u>	<u>91,340</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	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	\$ 171,341		\$ 171,341	\$ 124,049	\$ 47,292
Contracted Services (Other Than Between Home and School) - Vendors	42,000	\$ (3,835)	38,165	25,780	12,385
Contracted Services (Special Education Students) - Joint Agreement	845,000	-	845,000	794,476	50,524
Contracted Services (Special Education Students) - ESCs & CTSAs	300,700	7	300,707	211,804	88,903
Contracted Services - Aid in Lieu of Payments - Non-Public	53,000	3,828	56,828	56,828	-
Supplies and Materials	750	-	750		750
Other Objects	100	-	100	-	100
<b>Total Student Transportation Services</b>	<b>1,412,891</b>	<b>-</b>	<b>1,412,891</b>	<b>1,212,937</b>	<b>199,954</b>
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	285,500	-	285,500	266,562	18,938
Other Retirement Contributions - PERS	225,000	10,151	235,151	235,151	-
Other Retirement Contributions - DCRP	32,500	4,560	37,060	37,060	-
Workmen's Compensation	136,525	(4,560)	131,965	107,386	24,579
Health Benefits	3,568,177	(155,505)	3,412,672	2,724,752	687,920
Tuition Reimbursement	69,800	-	69,800	49,254	20,546
Other Employee Benefits	187,600	1,936	189,536	159,531	30,005
Unused Sick Payment to Terminated / Retired Staff	55,000	-	55,000	29,552	25,448
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>4,560,102</b>	<b>(143,418)</b>	<b>4,416,684</b>	<b>3,609,248</b>	<b>807,436</b>
On-Behalf T.P.A.F. Pension Contribution - Normal Cost (non-budgeted)					
				3,320,503	(3,320,503)
On-Behalf T.P.A.F. Pension Contribution - Non-Contributory Group Insurance (non-budgeted)					
				46,848	(46,848)
On-Behalf T.P.A.F. Pension Contribution - Post-Retirement Medical (non-budgeted)					
				786,749	(786,749)
On-Behalf T.P.A.F. Pension Contribution - Long-Term Disability Insurance (non-budgeted)					
				1,433	(1,433)
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	687,237	(687,237)
<b>Total On-Behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,842,770</b>	<b>(4,842,770)</b>
<b>Total Personal Services - Employee Benefits</b>	<b>4,560,102</b>	<b>(143,418)</b>	<b>4,416,684</b>	<b>8,452,018</b>	<b>(4,035,334)</b>
<b>Total Undistributed Expenditures</b>	<b>12,898,736</b>	<b>75,142</b>	<b>12,973,878</b>	<b>16,173,137</b>	<b>(3,199,259)</b>
<b>Total General Current Expense</b>	<b>22,451,799</b>	<b>134,798</b>	<b>22,586,597</b>	<b>25,403,136</b>	<b>(2,816,539)</b>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Budget Modification / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Capital Outlay:</b>					
Equipment:					
Undistributed Expenditures:					
Instruction		\$ 10,227	\$ 10,227	\$ 10,227	
Custodial Services	\$ 20,000	(10,227)	9,773	8,426	\$ 1,347
<b>Total Equipment</b>	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>18,653</u>	<u>1,347</u>
Facilities Acquisition and Construction Services:					
Architectural / Engineering Services	-	5,000	5,000	5,000	-
Construction Services	-	980,055	980,055	449,901	530,154
Assessment for Debt Service on SDA Funding	39,454	-	39,454	39,454	-
<b>Total Facilities Acquisition and Construction Services</b>	<u>39,454</u>	<u>985,055</u>	<u>1,024,509</u>	<u>494,355</u>	<u>530,154</u>
Interest Deposit to Capital Reserve	-	-	-	-	-
<b>Total Capital Outlay</b>	<u>59,454</u>	<u>985,055</u>	<u>1,044,509</u>	<u>513,008</u>	<u>531,501</u>
Transfer of Funds to Charter Schools	-	-	-	-	-
<b>Total Expenditures</b>	<u>22,511,253</u>	<u>1,119,853</u>	<u>23,631,106</u>	<u>25,916,144</u>	<u>(2,285,038)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(287,132)	(1,119,853)	(1,406,985)	1,517,939	2,924,924
Other Financing Sources (Uses):					
Transfer to Food Service Fund	(7,000)	-	(7,000)	-	7,000
<b>Total Other Financing Sources (Uses)</b>	<u>(7,000)</u>	<u>-</u>	<u>(7,000)</u>	<u>-</u>	<u>7,000</u>
<b>Net Change in Fund Balances</b>	<u>(294,132)</u>	<u>(1,119,853)</u>	<u>(1,413,985)</u>	<u>1,517,939</u>	<u>2,931,924</u>
Fund Balance, July 1	6,215,467	-	6,215,467	6,215,467	-
<b>Fund Balance, June 30</b>	<u>\$ 5,921,335</u>	<u>\$ (1,119,853)</u>	<u>\$ 4,801,482</u>	<u>\$ 7,733,406</u>	<u>\$ 2,931,924</u>
<b>RECAPITULATION:</b>					
Restricted:					
Capital Reserve				\$ 3,020,322	
Maintenance Reserve				848,088	
Excess Surplus:					
Prior Year - Designated for Subsequent Year's Expenditures				717,878	
Current Year				948,623	
Unemployment Compensation Reserve				247,147	
Assigned:					
Year-End Encumbrances				813,720	
Unassigned:				<u>1,137,628</u>	
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>				7,733,406	
Less: Fiscal Year 2022 Extraordinary Aid Payment Not Recognized on GAAP Basis			\$ 277,583		
Fiscal Year 2022 Last State Aid Payments Not Recognized on GAAP Basis			<u>90,799</u>		
				<u>368,382</u>	
<b>Fund Balance Per Governmental Funds (GAAP)</b>				<u>\$ 7,365,024</u>	

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<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	\$ 304,411	\$ 1,640,561	\$ 1,944,972	\$ 1,439,097	\$ (505,875)
Local Sources	-	23,638	23,638	73,768	50,130
<b>Total Revenues</b>	<u>304,411</u>	<u>1,664,199</u>	<u>1,968,610</u>	<u>1,512,865</u>	<u>(455,745)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers		121,740	121,740	57,590	64,150
Tuition	186,545	90,309	276,854	282,977	(6,123)
Instructional Supplies	8,000	236,516	244,516	202,321	42,195
Student Activities-Non Budget	-	-	-	47,881	(47,881)
<b>Total Instruction</b>	<u>194,545</u>	<u>448,565</u>	<u>643,110</u>	<u>596,921</u>	<u>46,189</u>
Support Services:					
Salaries - Benefits	-	8,988	8,988	4,397	4,591
Purchased Professional Technical Service	99,401	217,685	317,086	127,675	189,411
Other Purchased Services	10,465	4,446	14,911	-	14,911
Supplies and Materials	-	250	250	-	250
<b>Total Support Services</b>	<u>109,866</u>	<u>231,369</u>	<u>341,235</u>	<u>132,072</u>	<u>209,163</u>
Facilities Acquisition and Constructions Services:					
Non-Instructional Equipment	-	949,265	949,265	741,118	208,147
Instructional Equipment	-	35,000	35,000	35,000	-
<b>Total Facilities Acquisition and Construction Services</b>	<u>-</u>	<u>984,265</u>	<u>984,265</u>	<u>776,118</u>	<u>208,147</u>
<b>Total Expenditures</b>	<u>304,411</u>	<u>1,664,199</u>	<u>1,968,610</u>	<u>1,505,111</u>	<u>463,499</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,754</u>	<u>3,137</u>
<b>Fund Balance, July 1</b>	<u>17,294</u>	<u>-</u>	<u>17,294</u>	<u>17,294</u>	<u>-</u>
<b>Fund Balance, June 30</b>	<u>\$ 17,294</u>	<u>\$ -</u>	<u>\$ 17,294</u>	<u>\$ 25,048</u>	<u>\$ 3,137</u>

Restricted Fund Balances:

Restricted Fund Balance

Student Activities and Athletics

\$ 25,048

**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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources / Inflows of Resources:</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	(C-1) \$ 27,434,083	(C-2) \$ 1,512,865
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2022		(592,750)
State Aid payments and Extraordinary Aid (2020/2021) recognized for GAAP purposes, not recognized for budgetary statements.	423,570	
State Aid payments and Extraordinary Aid (2021/2022) not recognized for GAAP purposes, recognized for budgetary statements.	<u>(368,382)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>27,489,271</u>	(B-2) \$ <u>920,115</u>
<b>Uses / Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-series)	(C-1) \$ 25,916,144	(C-2) \$ 1,505,111
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2022	<u>-</u>	<u>(592,750)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	(B-2) \$ <u>25,916,144</u>	(B-2) \$ <u>912,361</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 Nine Fiscal Years\***

	<u>2022</u>	<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)	0.02008%	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)	\$ 2,378,685	\$ 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	\$ 1,488,712	\$ 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	159.78%	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	70.33%	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 Nine Fiscal Years**

	<u>2022</u>	<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	\$ 235,149	\$ 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>235,149</u>	<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>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,406,444	\$ 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	16.72%	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>2022</u>	<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%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%	0%
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 38,556,470</u>	<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>
<b>Total</b>	<u>\$ 38,556,470</u>	<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	<u>\$ 9,160,814</u>	<u>\$ 9,017,956</u>	<u>\$ 8,670,880</u>	<u>\$ 8,345,460</u>	<u>\$ 8,644,850</u>	<u>\$ 8,059,613</u>	<u>\$ 8,210,419</u>	<u>\$ 7,961,442</u>	<u>\$ 8,013,750</u>
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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	35.52%	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, 2022

**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 Five Fiscal Years\*

	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>					
Service Cost	\$ 2,444,258	\$ 1,396,310	\$ 1,318,417	\$ (773,501)	\$ 1,745,921
Interest on Total OPEB Liability	1,204,814	1,197,832	1,486,521	1,293,980	1,400,353
Changes of Benefit Terms	(49,434)				
Differences Between Expected and Actual Experience	(9,538,375)	8,559,309	(6,620,657)		
Changes of Assumptions	45,821	9,727,942	496,105	(4,965,366)	(5,817,524)
Gross Benefit Payments	(949,056)	(927,134)	(1,021,385)	(2,081,918)	(984,877)
Contributions from the Member	30,801	28,101	30,277	76,661	36,266
<b>Net Change in Total OPEB Liability</b>	<u>(6,811,171)</u>	<u>19,982,360</u>	<u>(4,310,722)</u>	<u>(6,450,144)</u>	<u>(3,619,861)</u>
<b>Total OPEB Liability - Beginning</b>	<u>53,255,459</u>	<u>33,273,099</u>	<u>37,583,821</u>	<u>44,033,965</u>	<u>47,653,826</u>
<b>Total OPEB Liability - Ending</b>	<u>46,444,288</u>	<u>53,255,459</u>	<u>33,273,099</u>	<u>37,583,821</u>	<u>44,033,965</u>
District's Proportionate Share of OPEB Liability	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of OPEB Liability	46,444,288	53,255,459	33,273,099	37,583,821	44,033,965
Total OPEB Liability - Ending	<u>46,444,288</u>	<u>53,255,459</u>	<u>33,273,099</u>	<u>37,583,821</u>	<u>44,033,965</u>
District's Covered-Employee Payroll	\$ 10,649,526	\$ 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%	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, 2022**

<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, 2022

	Every Student Succeeds Act (E. S. S. A.)			I. D. E. A.		ARP - 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	Part B Basic	Part B Preschool		
<b>REVENUES:</b>									
Federal Sources	\$ 118,266	\$ 31,500	\$ 13,809	\$ 228,996	\$ 18,824	\$ 38,058	\$ 3,251	\$ 986,393	\$ 1,439,097
Local Sources	-	-	-	-	-	-	-	73,768	73,768
<b>Total Revenues</b>	<b>118,266</b>	<b>31,500</b>	<b>13,809</b>	<b>228,996</b>	<b>18,824</b>	<b>38,058</b>	<b>3,251</b>	<b>1,060,161</b>	<b>1,512,865</b>
<b>EXPENDITURES:</b>									
Instruction:									
Salaries of Teachers	51,590		6,000						57,590
Purchased Services					6,152				6,152
Tuition				228,996	12,672	38,058	3,251		282,977
Instructional Supplies	4,738		7,350					190,233	202,321
Student Activities	-	-	-	-	-	-	-	47,881	47,881
<b>Total Instruction</b>	<b>56,328</b>	<b>-</b>	<b>13,350</b>	<b>228,996</b>	<b>18,824</b>	<b>38,058</b>	<b>3,251</b>	<b>238,114</b>	<b>596,921</b>
Support Services:									
Employee Benefits	3,938		459						4,397
Purchased Professional Technical Service	58,000	31,500	-					38,175	127,675
Other Purchased Services									
Supplies and Materials	-	-	-	-	-	-	-	-	-
<b>Total Support Services</b>	<b>61,938</b>	<b>31,500</b>	<b>459</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,175</b>	<b>132,072</b>
Facilities Acquisition and Constructions Services:									
Non-Instructional Equipment								741,118	741,118
Instructional Equipment								35,000	35,000
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>776,118</b>	<b>776,118</b>
<b>Total Expenditures</b>	<b>118,266</b>	<b>31,500</b>	<b>13,809</b>	<b>228,996</b>	<b>18,824</b>	<b>38,058</b>	<b>3,251</b>	<b>1,052,407</b>	<b>1,505,111</b>
Net Change in Fund Balance	-	-	-	-	-	-	-	7,754	7,754
Fund Balance, July 1 (Restated)	-	-	-	-	-	-	-	17,294	17,294
<b>Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,048</b>	<b>\$ 25,048</b>

EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ESSER II		ARP ESSER III	Student Activities / Athletics	Local	Total Exhibit E-1a
	CRRSA ESSER II	Mental Health	ARP ESSER III			
<b>REVENUES:</b>						
Federal Sources	\$ 346,217	\$ 25,275	\$ 614,901	\$ 55,635	\$ 18,133	\$ 986,393
Local Sources	-	-	-	-	-	73,768
<b>Total Revenues</b>	<b>346,217</b>	<b>25,275</b>	<b>614,901</b>	<b>55,635</b>	<b>18,133</b>	<b>1,060,161</b>
<b>EXPENDITURES:</b>						
Instruction:						
Instructional Supplies	185,000	-	-	-	5,233	190,233
Student Activities	-	-	-	47,881	-	47,881
<b>Total Instruction</b>	<b>185,000</b>	<b>-</b>	<b>-</b>	<b>47,881</b>	<b>5,233</b>	<b>238,114</b>
Support Services:						
Purchased Professional Technical Service	-	25,275	-	-	12,900	38,175
Supplies and Materials	-	-	-	-	-	-
<b>Total Support Services</b>	<b>-</b>	<b>25,275</b>	<b>-</b>	<b>-</b>	<b>12,900</b>	<b>38,175</b>
Facilities Acquisition and Constructions Services:						
Non-Instructional Equipment	126,217	-	614,901	-	-	741,118
Instructional Equipment	35,000	-	-	-	-	35,000
<b>Total Facilities Acquisition and Construction Services</b>	<b>161,217</b>	<b>-</b>	<b>614,901</b>	<b>-</b>	<b>-</b>	<b>776,118</b>
<b>Total Expenditures</b>	<b>346,217</b>	<b>25,275</b>	<b>614,901</b>	<b>47,881</b>	<b>18,133</b>	<b>1,052,407</b>
Net Change in Fund Balance	-	-	-	7,754	-	7,754
Fund Balance, July 1	-	-	-	17,294	-	17,294
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ 25,048	\$ -	\$ 25,048

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOT APPLICABLE

**STUDENT ACTIVITIES  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<b>Balance, July 1, <u>2021</u></b>	<b>Cash <u>Receipts</u></b>	<b>Cash <u>Disbursements</u></b>	<b>Balance, June 30, <u>2022</u></b>
Frank J. Smith School	\$ 7,569	\$ 1,661	\$ 4,380	\$ 4,850
Central School	5,167	5,744	4,742	6,169
Middle School	1,815	44,665	32,451	14,029
Athletic Account	<u>2,743</u>	<u>3,565</u>	<u>6,308</u>	<u>-</u>
 Total All Schools	 <u>\$ 17,294</u>	 <u>\$ 55,635</u>	 <u>\$ 47,881</u>	 <u>\$ 25,048</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, 2022**

**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, 2022**

**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, 2022**

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, 2022**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2022

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL FINANCING AND OTHER FINANCING AGREEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, June 30, 2021</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2022</u>
<b><u>Capital Financing Agreements</u></b>						
Energy Savings Incentive Program	\$ 1,696,601	2.65%	\$ 1,215,022	-	\$ 51,333	\$ 1,163,689
Technology 2018-19	137,970	3.21%	35,172		35,172	-
Technology 2019-20	51,541	2.04%	39,044		12,753	26,291
Technology 2020-21	159,435	1.16%	<u>122,399</u>	<u>-</u>	<u>40,327</u>	<u>82,072</u>
Total			<u>\$ 1,411,637</u>	<u>\$ -</u>	<u>\$ 139,585</u>	<u>\$ 1,272,052</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<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	\$ 598,600	-	\$ 598,600	\$ 598,600	-
Total Revenues	<u>598,600</u>	<u>-</u>	<u>598,600</u>	<u>598,600</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Debt Service:					
Principal	565,000		565,000	565,000	
Interest	<u>33,600</u>	<u>-</u>	<u>33,600</u>	<u>33,600</u>	<u>-</u>
Total Expenditures	<u>598,600</u>	<u>-</u>	<u>598,600</u>	<u>598,600</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-	
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 East Hanover Board of Education's annual comprehensive 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 district's overall financial health.

### Contents

### Exhibits

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the district'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 district'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 district's current levels of outstanding debt and the district'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 district'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 district's financial report relates to the services the district provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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)*

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 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	\$ 9,841,417
Restricted	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	4,140,605
Unrestricted	<u>812,138</u>	<u>(3,328,191)</u>	<u>(4,122,738)</u>	<u>(5,958,124)</u>	<u>(4,812,999)</u>	<u>(4,913,124)</u>	<u>(4,918,609)</u>	<u>(4,794,003)</u>	<u>(2,898,496)</u>	<u>(1,227,726)</u>
<b>Total Governmental Activities Net Position</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>	<b>\$ 12,754,296</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 16,556	\$ 11,717	\$ 11,062	\$ 10,429	\$ 8,064	\$ 5,805	\$ 5,538	\$ 4,121	\$ 3,637	\$ 3,153
Unrestricted	<u>642,973</u>	<u>252,571</u>	<u>288,652</u>	<u>269,349</u>	<u>185,102</u>	<u>296,409</u>	<u>336,779</u>	<u>285,010</u>	<u>215,334</u>	<u>243,302</u>
<b>Total Business-Type Activities Net Position</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>	<b>\$ 246,455</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	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	9,844,570
Restricted	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	4,140,605
Unrestricted	<u>1,455,111</u>	<u>(3,075,620)</u>	<u>(3,834,086)</u>	<u>(5,688,775)</u>	<u>(4,627,897)</u>	<u>(4,616,715)</u>	<u>(4,581,830)</u>	<u>(4,508,993)</u>	<u>(2,683,162)</u>	<u>(984,424)</u>
<b>Total District Net Position</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>	<b>\$ 13,000,751</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)*

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 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	\$ 9,421,376
Special Education	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	4,024,939
Other Instruction	521,872	727,235	869,224	983,484	1,258,396	1,322,777	1,578,091	1,405,316	1,333,203	1,253,236
School Sponsored Activities and Athletics	220,893	162,914	334,569	332,910	240,345	264,852	246,975	226,335	202,501	308,517
<b>Support Services:</b>										
Student & Instruction Related Services	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	4,010,653
General Administration	568,071	483,623	614,681	649,908	689,535	671,562	638,959	584,467	719,216	670,106
School Administrative Services	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	1,282,752
Central Services	354,931	348,388	422,750	402,680	413,915	464,749	451,630	453,648	547,680	585,579
Plant Operations And Maintenance	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	2,352,485
Pupil Transportation	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	1,285,603
Interest and Other Charges	195,977	181,256	171,960	167,715	191,884	174,347	157,734	139,173	116,909	103,330
<b>Total Governmental Activities Expenses</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>25,298,576</b>
<b>Business-Type Activities:</b>										
Food Service	14,436	17,690	17,816	15,863	19,335	19,113	18,140	10,275	484	5,117
After School Child Care Program	429,154	489,527	609,313	751,655	775,617	725,720	659,660	560,527	232,947	405,134
<b>Total Business-Type Activities Expense</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>410,251</b>
<b>Total District Expenses</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>\$ 25,708,827</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services	\$ 55,710	\$ 104,344	\$ 85,255	\$ 57,350	\$ 71,800	\$ 80,838	\$ 58,900	\$ 68,434	\$ 35,000	\$ 46,150
Operating Grants And Contributions	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	5,916,388
Capital Grants And Contributions	13,020	4,284	82,600	4,195	693,423	12,155	-	-	16,595	181,357
<b>Total Governmental Activities Program Revenues</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>6,143,895</b>
<b>Business-Type Activities:</b>										
<b>Charges For Services</b>										
Food Service	\$ 12,911	\$ 11,321	\$ 10,610	\$ 10,427	\$ 10,958	\$ 10,020	\$ 9,978	\$ 6,928		
After School Child Care Program	622,549	577,605	706,399	737,155	694,382	837,861	700,226	508,378	\$ 156,271	\$ 437,735
Operating Grants And Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Business Type Activities Program Revenues</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>437,735</b>
<b>Total District Program Revenues</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>	<b>\$ 6,581,630</b>



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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (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)	\$ (19,154,681)
Business-Type Activities	<u>191,870</u>	<u>81,709</u>	<u>89,880</u>	<u>(19,936)</u>	<u>(89,612)</u>	<u>103,048</u>	<u>32,404</u>	<u>(55,496)</u>	<u>(77,160)</u>	<u>27,484</u>
<b>Total District-Wide Net Expense</b>	<u>\$ (16,488,143)</u>	<u>\$ (16,741,344)</u>	<u>\$ (17,990,434)</u>	<u>\$ (18,028,750)</u>	<u>\$ (18,054,992)</u>	<u>\$ (19,022,695)</u>	<u>\$ (19,886,520)</u>	<u>\$ (19,723,369)</u>	<u>\$ (19,567,822)</u>	<u>\$ (19,127,197)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 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	\$ 21,179,676
Taxes Levied For Debt Service	856,272	516,463	516,191	616,762	621,662	631,262	639,112	635,813	625,850	598,600
Unrestricted Grants And Contributions		368	17,854	19,108	27,322	27,841	1,947			
Miscellaneous Income	55,707	118,077	237,690	56,710	65,762	170,990	84,974	37,907	62,377	101,349
Loss on Disposal of Capital Assets		(3,540)	-	-	(1,398)		(20,848)			
Transfers	<u>-</u>	<u>476,950</u>	<u>54,454</u>	<u>-</u>	<u>(3,000)</u>	<u>(6,000)</u>	<u>(7,699)</u>	<u>(2,310)</u>	<u>(7,000)</u>	<u>-</u>
<b>Total Governmental Activities</b>	<u>17,435,239</u>	<u>17,871,028</u>	<u>17,915,771</u>	<u>18,115,408</u>	<u>18,925,328</u>	<u>19,603,373</u>	<u>20,167,635</u>	<u>20,686,289</u>	<u>21,445,616</u>	<u>21,879,625</u>
Business-Type Activities:										
Miscellaneous Income	12	-	-	-	-	-	-	-	-	-
Transfers	<u>-</u>	<u>(476,950)</u>	<u>(54,454)</u>	<u>-</u>	<u>3,000</u>	<u>6,000</u>	<u>7,699</u>	<u>2,310</u>	<u>7,000</u>	<u>-</u>
<b>Total Business-Type Activities</b>	<u>12</u>	<u>(476,950)</u>	<u>(54,454)</u>	<u>-</u>	<u>3,000</u>	<u>6,000</u>	<u>7,699</u>	<u>2,310</u>	<u>7,000</u>	<u>-</u>
<b>Total District-Wide</b>	<u>\$ 17,435,251</u>	<u>\$ 17,394,078</u>	<u>\$ 17,861,317</u>	<u>\$ 18,115,408</u>	<u>\$ 18,928,328</u>	<u>\$ 19,609,373</u>	<u>\$ 20,175,334</u>	<u>\$ 20,688,599</u>	<u>\$ 21,452,616</u>	<u>\$ 21,879,625</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 755,226	\$ 1,047,975	\$ (164,543)	\$ 106,594	\$ 959,948	\$ 477,630	\$ 248,711	\$ 1,018,416	\$ 1,954,954	\$ 2,724,944
Business-Type Activities	<u>191,882</u>	<u>(395,241)</u>	<u>35,426</u>	<u>(19,936)</u>	<u>(86,612)</u>	<u>109,048</u>	<u>40,103</u>	<u>(53,186)</u>	<u>(70,160)</u>	<u>27,484</u>
<b>Total District</b>	<u>\$ 947,108</u>	<u>\$ 652,734</u>	<u>\$ (129,117)</u>	<u>\$ 86,658</u>	<u>\$ 873,336</u>	<u>\$ 586,678</u>	<u>\$ 288,814</u>	<u>\$ 965,230</u>	<u>\$ 1,884,794</u>	<u>\$ 2,752,428</u>

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)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Restricted	\$ 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	\$ 5,782,058
Assigned	62,316	638,725	78,522	54,097	182,895	106,998	58,588	105,113	836,438	813,720
Unassigned	<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>	<u>769,246</u>
Total General Fund	<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>	<u>\$ 7,365,024</u>
All Other Governmental Funds										
Reserved										
Unreserved										
Restricted	\$ 205,571	\$ 105,572	\$ 1	\$ 1,449,548	\$ 238,240	\$ 68,753		\$ 14,157	\$ 17,294	\$ 25,048
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>\$ 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>	<u>\$ 25,048</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)*

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Tax Levy	\$ 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	\$ 21,778,276
Tuition Charges	55,710	80,660	68,300	57,350	71,800	80,838	58,900	68,434	35,000	46,150
Miscellaneous	102,333	149,275	399,814	81,410	125,562	180,627	119,743	95,878	62,377	101,349
Federal Sources	295,071	285,223	289,775	311,940	384,803	361,261	384,371	370,704	465,101	846,347
State Sources	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	6,162,096
Local Sources	-	-	-	-	-	-	-	-	22,783	73,768
<b>Total Revenue</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>29,007,986</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	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	9,877,583
Special Education Instruction	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	4,199,016
Other Instruction	513,508	714,168	715,642	807,384	983,824	1,042,562	1,362,673	1,279,573	1,148,390	1,315,794
School Sponsored Activities and Athletics	219,783	159,881	296,814	293,581	179,814	202,943	213,548	206,248	176,935	321,432
<b>Support Services:</b>										
Student and Inst. Related Services	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	4,170,349
General Administration	563,071	477,441	550,189	574,400	570,290	551,572	572,461	543,918	640,672	693,696
School Administrative Services	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	1,349,580
Central Services	349,967	341,037	397,838	384,379	385,078	401,887	413,966	435,856	509,015	539,989
Plant Operations And Maintenance	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	2,223,924
Pupil Transportation	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	1,268,961
Capital Outlay	302,127	623,034	713,248	701,517	1,769,935	437,545	603,924	792,341	205,605	654,271
<b>Debt Service</b>										
Principal	728,000	485,000	500,000	587,462	728,152	794,656	758,750	689,187	735,439	704,585
Interest and Other Charges	185,602	170,916	161,216	154,012	188,557	175,095	160,396	144,119	128,359	107,925
<b>Total Expenditures</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>27,427,105</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(20,740)	(21,292)	(336,858)	(372,396)	(966,674)	146,636	(283,260)	364,968	1,709,713	1,580,881

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<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>\$ (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>	<u>\$ 1,580,881</u>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	4.50%	3.32%	3.19%	3.51%	4.20%	4.22%	3.77%	3.44%	3.46%	3.03%

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>
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
2022	3,990		46,150	30,423			1,406		65,530	147,499

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	Total Direct
											(County Equalized) Value	School Tax Rate <sup>a</sup>
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
2022	40,920,100	1,458,839,000			822,001,700	204,943,500		2,526,704,300	7,669	2,526,711,969	3,445,279,655	0.870

Source: County Abstract of Ratables

N/A - Information is not available.

<sup>a</sup> 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	Total
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
2022	0.452	0.870	0.773	0.351	2.446

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	
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
2022	21,778,276	21,778,276	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,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Financing Agreements			
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	11,094	228
2022	555,000	1,272,052	1,827,052	11,094 *	165

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>
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%	101
2022	555,000		555,000	0.02%	50

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, 2021  
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
East Hanover Township Board of Education	\$ 1,120,000
Regional High School - Township's Share	3,323,362
Township of East Hanover	41,420,723
	45,864,085
Overlapping Debt Apportioned to the Municipality:	
Morris County:	
County of Morris (A)	13,564,477
Total Direct and Overlapping Debt	\$ 59,428,562

Source:

(1) Township's 2021 Annual Debt Statement

(A) The debt for this entity was apportioned to East Hanover by dividing the municipality's 2021 equalized value by the total 2021 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 2021**

Equalized Valuation Basis	
2021	\$ 3,414,226,822
2020	3,427,493,136
2019	<u>3,270,351,092</u>
	<u>\$ 10,112,071,050</u>
 Average Equalized Valuation Of Taxable Property	 <u>\$ 3,370,690,350</u>
 Debt Limit (3% of Average Equalization Value)	 <u>\$ 101,120,711</u>
Total Net Debt Applicable to Limit	<u>1,120,000</u>
 Legal Debt Margin	 <u>\$ 100,000,711</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	\$ 108,989,593	\$ 105,301,995	\$ 104,347,483	\$ 103,990,799	\$ 102,270,057	\$ 99,576,432	\$ 99,525,499	\$ 99,525,907	\$ 99,525,907	\$ 101,120,711
Total Net Debt Applicable To Limit	<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>1,695,000</u>	<u>1,120,000</u>
Legal Debt Margin	<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>\$ 97,830,907</u>	<u>\$ 100,000,711</u>
 Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	 4.93%	 4.64%	 4.21%	 4.22%	 3.80%	 3.38%	 2.84%	 2.28%	 1.70%	 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>
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	102,227	9.2%
2021	11,094	102,227 *	5.2%
2022	11,094 *	102,227 *	5.2% *

Source: New Jersey State Department of Education

\*- Estimated

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

	<u>2022</u>		<u>2013</u>	
<u>Employer</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction										
Regular	64.8	65.5	64.0	63.5	67	71.5	71.7	72.8	75.6	76.5
Special Education	62.0	44.0	40.7	32.3	32	27.2	27.0	33.1	31.3	35.8
Other Special Education										
Vocational										
Other Instruction	5.0	5.0	6.9	7	7	6.2	10.3	9.5	9.2	8.7
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	15.9	17.0	28.3	38.6	32	28.3	25.3	23.9	27.7	30.7
General Administration	2.0	2.0	2.0	2.1	2	2.0	2.0	2.0	2.0	1.8
School Administrative Services	11.5	10.5	10.5	10.5	11	11.0	11.0	11.0	10.0	8.6
Other Administrative Services					-					
Central Services	3.0	3.5	3.5	3.5	4	3.5	3.5	3.5	3.5	4.3
Administrative Information Technology										
Plant Operations And Maintenance	27.5	25.5	26.5	18.6	19	19.0	19.0	18.5	19.2	19.3
Pupil Transportation	7.5	6.1	6.5	6.2	8	8.3	6.3	5.2	5.0	3.1
Other Support Services										
Special Schools										
Food Service										
Child Care	-	-	-	-	-	-	-	-	-	-
Total	<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>	<u>188.8</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				
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%
2022	933	25,960,324	27,825	3.40%	01:09.3	01:10.4	01:07.6	925	876	3.35%	94.70%

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)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<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	43,726	43,726	43,726	43,726
Capacity (students)	374	374	374	374	374	374	374	374	374	374
Enrollment	364	329	316	302	297	284	290	290	319	329
<b>Frank J. Smith School</b>										
Square Feet	39,197	39,197	39,197	39,197	39,197	39,197	40,750	40,750	40,750	40,750
Capacity (students)	425	425	425	425	425	425	425	425	425	425
Enrollment	351	316	313	304	329	320	326	326	297	304
<b><u>Middle School</u></b>										
Square Feet	60,502	60,502	60,502	60,502	60,502	60,502	75,640	75,640	75,640	75,640
Capacity (students)	383	383	383	383	383	383	383	383	383	383
Enrollment	399	370	368	362	347	327	290	290	279	300
<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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>School Facilities</b>											
Central School	N/A	\$ 100,720	\$ 140,030	\$ 139,756	\$ 167,192	\$ 141,361	\$ 169,909	\$ 175,193	\$ 149,269	\$ 144,942	\$ 135,083
Frank J. Smith School	N/A	66,961	117,630	93,918	120,734	98,274	114,180	163,269	139,110	135,077	125,889
Middle School	N/A	105,971	181,566	154,586	173,424	151,689	176,241	234,816	244,028	236,954	220,836
Administration Building	N/A	<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>	<u>21,882</u>
Total School Facilities		<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>	<u>\$ 503,690</u>

Source: District Records

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2022  
(Unaudited)**

	Coverage	Deductible
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 & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, 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, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRISTOPHER VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA, PSA

**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 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 and each major fund and the aggregate remaining fund information of the East Hanover Board of Education as of and for the fiscal year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the East Hanover Board of Education's basic financial statements and have issued our report thereon dated January 30, 2023.

**Report on Internal Control Over Financial Reporting**

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

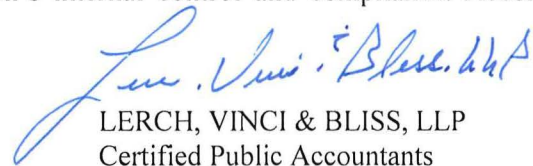
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Report on Compliance and Other Matters**

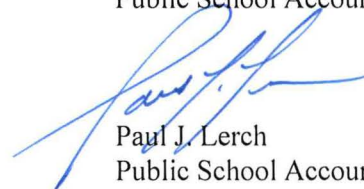
As part of obtaining reasonable assurance about whether the East Hanover Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 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 Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
January 30, 2023



# LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
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ROBERT LERCH, CPA  
CHRISTOPHER VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA, PSA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE  
U.S. UNIFORM GUIDANCE AND 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 Board of Education  
East Hanover, New Jersey

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

***Opinion on Each Major Federal and State Program***

We have audited the East Hanover Board of Education’s compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement and 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 Board of Education’s major federal and state programs for the fiscal year ended June 30, 2022. The East Hanover Board of Education’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major Federal and State Program***

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 prescribed by the Office of School Finance, Department of Education, State of New Jersey; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards, U.S. Uniform Guidance and New Jersey OMB Circular are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the East Hanover Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the East Hanover Board of Education’s compliance with the compliance requirements referred to above.



## ***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance, and New Jersey OMB Circular 15-08, we:

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

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

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

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

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

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

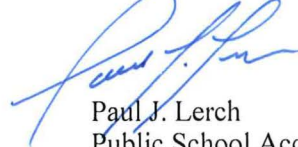
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

**Report on Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance and 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 Board of Education, as of and for the fiscal year ended June 30, 2022, 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 30, 2023, which contained unmodified and modified 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 federal awards as required by the U.S. Uniform Guidance and 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 federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
January 30, 2023

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal AI Number	Federal FAIN Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2021			Carryover Amount			Total Budgetary Expenditures	Adjustment	Balance at June 30, 2022			Memo GAAP Receivable
						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>																	
Special Revenue Fund:																	
Title I, Part A	84.010	S010A210030	94,751	7/1/21	9/30/22				\$ (9,178)	\$ 9,178	\$ 70,691	\$ 92,110	\$ 4,739	\$ (33,238)	\$ 16,558		* \$ (16,680)
Title I, Part A, Carryover	84.010	S010A200030	110,234	7/1/20	9/30/21	\$ (56,203)	\$ 35,334		9,178	(9,178)	47,025	26,156		-	-		*
Total Title I, Part A Cluster						(56,203)	35,334	-	-	-	117,716	118,266	4,739	(33,238)	16,558	-	(16,680)
Title II, Part A	84.367A	S367A210029	15,390	7/1/21	9/30/22				(20,577)	20,577	21,000	31,500		(14,967)	4,467		* (10,500)
Title II, Part A, Carryover	84.367A	S367A200029	13,082	7/1/20	9/30/21	(26,350)	20,577		20,577	(20,577)	5,773						*
Total Title II, Part A Cluster						(26,350)	20,577	-	-	-	26,773	31,500	-	(14,967)	4,467	-	(10,500)
Title IV, Part A	84.424A	S424A210031	10,000	7/1/21	9/30/22				(14,099)	14,099	7,350	13,809		(16,749)	10,290		* (6,459)
Title IV, Part A, Carryover	84.424A	S424A200031	10,000	7/1/20	9/30/21	(14,099)	14,099		14,099	(14,099)							*
Total Title IV, Part A Cluster						(14,099)	14,099	-	-	-	7,350	13,809	-	(16,749)	10,290	-	(6,459)
I.D.E.A. Part B, Basic Regular	84.027	H027A210100	229,393	7/1/21	9/30/22						206,483	228,996		(22,910)	397		* (22,513)
I.D.E.A. Part B, Basic Regular, Carryover	84.027	H027A200100	233,181	7/1/20	9/30/21	(42,879)					42,879						*
I.D.E.A. Part B, Preschool	84.173	H173A210114	14,124	7/1/21	9/30/22						10,208	18,824	6,152	(3,916)	1,452		* (2,464)
ARP - I.D.E.A. Part B, Basic Regular	84.027X	H027X210100	38,058	7/1/21	9/30/22						38,058	38,058		-	-		*
ARP - I.D.E.A. Part B, Preschool	84.173X	H173X210114	3,251	7/1/21	9/30/22						3,251	3,251		-	-		*
Total Special Education Cluster (IDEA)						(42,879)	-	-	-	-	300,879	289,129	6,152	(26,826)	1,849	-	(24,977)
CRRSA, ESSER II	84.425D	S425D210027	366,217	3/13/20	9/30/23	(366,217)	366,217				328,467	346,217		(37,750)	20,000		* (17,750)
CRRSA, Learning Acceleration	84.425D	S425D210027	25,000	3/13/20	9/30/23	(25,000)	25,000							(25,000)	25,000		*
CRRSA, Mental Health	84.425D	S425D210027	45,000	3/13/20	9/30/23	(45,000)	45,000				19,385	25,275		(25,615)	19,725		* (5,890)
ARP - ESSER III	84.425U	S425U210027	823,048	3/13/21	9/30/24						36,151	614,901		(786,897)	208,147		* (578,750)
ARP - Accelerated Learning Coach	84.425U	S425U210027	74,440	3/13/21	9/30/24									(74,440)	74,440		*
ARP - Evidence Based Summer Learning	84.425U	S425U210027	40,000	3/13/21	9/30/24									(40,000)	40,000		*
ARP - Evidence Based Comprehensive	84.425U	S425U210027	40,000	3/13/21	9/30/24									(40,000)	40,000		*
ARP - NJTSS Mental Health Support	84.425U	S425U210027	45,000	3/13/21	9/30/24									(45,000)	45,000		*
Total CRRSA/ARP Fund Cluster						(436,217)	436,217	-	-	-	384,003	986,393	-	(1,074,702)	472,312	-	(602,390)
Total Special Revenue Fund						(575,748)	506,227	-	-	-	836,721	1,439,097	10,891	(1,166,482)	505,476	-	(661,006)
<b>Sub-Total Federal Financial Awards</b>						<b>\$ (575,748)</b>	<b>\$ 506,227</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 836,721</b>	<b>\$ 1,439,097</b>	<b>\$ 10,891</b>	<b>\$ (1,166,482)</b>	<b>\$ 505,476</b>	<b>\$ -</b>	<b>\$ (661,006)</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, 2022**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2021			Balance at June 30, 2022			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
<b>State Department of Education</b>												
General Fund:												
Special Education Categorical Aid	22-495-034-5120-089	\$ 773,482	7/1/21	6/30/22			\$ 701,037	\$ 773,482	\$ (72,445)			\$ 773,482
Special Education Categorical Aid	21-495-034-5120-089	672,367	7/1/20	6/30/21	(62,555)		62,555					
Security Aid	22-495-034-5120-084	17,287	7/1/21	6/30/22			15,668	17,287	(1,619)			17,287
Security Aid	21-495-034-5120-084	17,287	7/1/20	6/30/21	(1,608)		1,608					
<b>Total State Aid Public Cluster</b>					<b>(64,163)</b>	<b>-</b>	<b>780,868</b>	<b>790,769</b>	<b>(74,064)</b>	<b>-</b>	<b>-</b>	<b>790,769</b>
Transportation Aid	22-495-034-5120-014	178,676	7/1/21	6/30/22			161,941	178,676	(16,735)			178,676
Transportation Aid	21-495-034-5120-014	178,676	7/1/20	6/30/21	(16,624)		16,624					
Additional Nonpublic Transportation Aid	22-495-034-5120-014	17,110	7/1/21	6/30/22				17,110	(17,110)		\$ (17,110)	17,110
Additional Nonpublic Transportation Aid	21-495-034-5120-014	14,500	7/1/20	6/30/21	(14,500)		14,500					
<b>Total Transportation Aid Cluster</b>					<b>(31,124)</b>	<b>-</b>	<b>193,065</b>	<b>195,786</b>	<b>(33,845)</b>	<b>-</b>	<b>(17,110)</b>	<b>195,786</b>
Extraordinary Aid	22-495-034-5120-044	277,583	7/1/21	6/30/22				277,583	(277,583)			277,583
Extraordinary Aid	21-495-034-5120-044	342,783	7/1/20	6/30/21	(342,783)		342,783					
Reimbursed Social Security Tax	22-495-034-5094-003	687,237	7/1/21	6/30/22			687,237	687,237				687,237
On-Behalf Teachers' Pension and Annuity Fund	22-495-034-5094-002	3,320,503	7/1/21	6/30/22			3,320,503	3,320,503				3,320,503
On-Behalf- Teachers' Pension & Annuity Fund – Non-contributory Insurance	22-495-034-5094-004	46,848	7/1/21	6/30/22			46,848	46,848				46,848
On-Behalf-Teachers' Pension and Annuity Fund – Post Retirement Medical	22-495-034-5094-001	786,749	7/1/21	6/30/22			786,749	786,749				786,749
On-Behalf- Teachers' Pension & Annuity Fund – Long Term Disability	22-495-034-5094-004	1,433	7/1/21	6/30/22			1,433	1,433				1,433
<b>On-Behalf Teachers' Pension and Annuity Fund Cluster</b>					<b>-</b>	<b>-</b>	<b>4,155,533</b>	<b>4,155,533</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,155,533</b>
<b>Total General Fund</b>					<b>(438,070)</b>	<b>-</b>	<b>6,159,486</b>	<b>6,106,908</b>	<b>(385,492)</b>	<b>-</b>	<b>(17,110)</b>	<b>6,106,908</b>
<b>Total State Financial Assistance</b>					<b>\$ (438,070)</b>	<b>\$ -</b>	<b>\$ 6,159,486</b>	<b>6,106,908</b>	<b>\$ (385,492)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (17,110) \$ 6,106,908</b>
Less: On-Behalf TPAF Pension System Contributions												
On-Behalf Teachers' Pension and Annuity Fund	22-495-034-5094-002							(3,320,503)				
On-Behalf- Teachers' Pension & Annuity Fund – Non-contributory Insurance	22-495-034-5094-004							(46,848)				
On-Behalf-Teachers' Pension and Annuity Fund – Post Retirement Medical	22-495-034-5094-001							(786,749)				
On-Behalf- Teachers' Pension & Annuity Fund – Long Term Disability	22-495-034-5094-004							(1,433)				
<b>Total for State Financial Assistance-Major Program Determination</b>								<b>\$ 1,951,375</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  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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 an increase of \$55,188 for the general fund and a decrease of \$592,750 for the Special Revenue Funds. 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		\$ 6,162,096	\$ 6,162,096
Special Revenue Fund	\$ 846,347	-	846,347
Total Financial Assistance	<u>\$ 846,347</u>	<u>\$ 6,162,096</u>	<u>\$ 7,008,443</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, 2022**

**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 \$687,237 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, 2022. The amount reported as TPAF Pension System Contributions in the amount of \$3,367,351, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$786,749 and TPAF Long-Term Disability Insurance in the amount of \$1,433 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.

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

*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**

Internal Control over compliance

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

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

Type of auditor's report on compliance for major program \_\_\_\_\_ Unmodified \_\_\_\_\_

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance (section.510(a)) \_\_\_\_\_ yes  X  none

Identification of major programs

<u>CFDA Number(s)</u>	<u>FAIN Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425D	S425D210027	CRRSA-ESSER II
84.425U	S425U210027	ARP-ESSER III

Dollar threshold used to distinguish between Type A and Type B Programs \_\_\_\_\_ \$750,000 \_\_\_\_\_

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

EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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:

State Grant/Project Number(s)	Name of State Program
22-495-034-5120-089 & -084	Special Education and Security Aid

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, 2022**

*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, 2022**

*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**

THERE ARE NONE

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

*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, 2022**

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