

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2023

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

November 14, 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 annual comprehensive financial report of the East Hanover Township School District for the fiscal year ended June 30, 2023, 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 annual comprehensive 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 2022-2023 fiscal year was 983 students, which is an increase of 50 students from the previous year’s average enrollment.

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

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u> <u>Student Enrollment</u>	<u>Percent Chang</u>
2022-23	983	5.36%
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%

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. East Hanover Township School District implemented a new math program for grades K-5 during the 2022-2023 school year. Mathematics instruction will be further supported In the 2023-2024 school year with the support of a math coach and job-embedded professional development.

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, 2023.

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, 2023, the District’s outstanding bonded debt totals \$12,013,000.

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



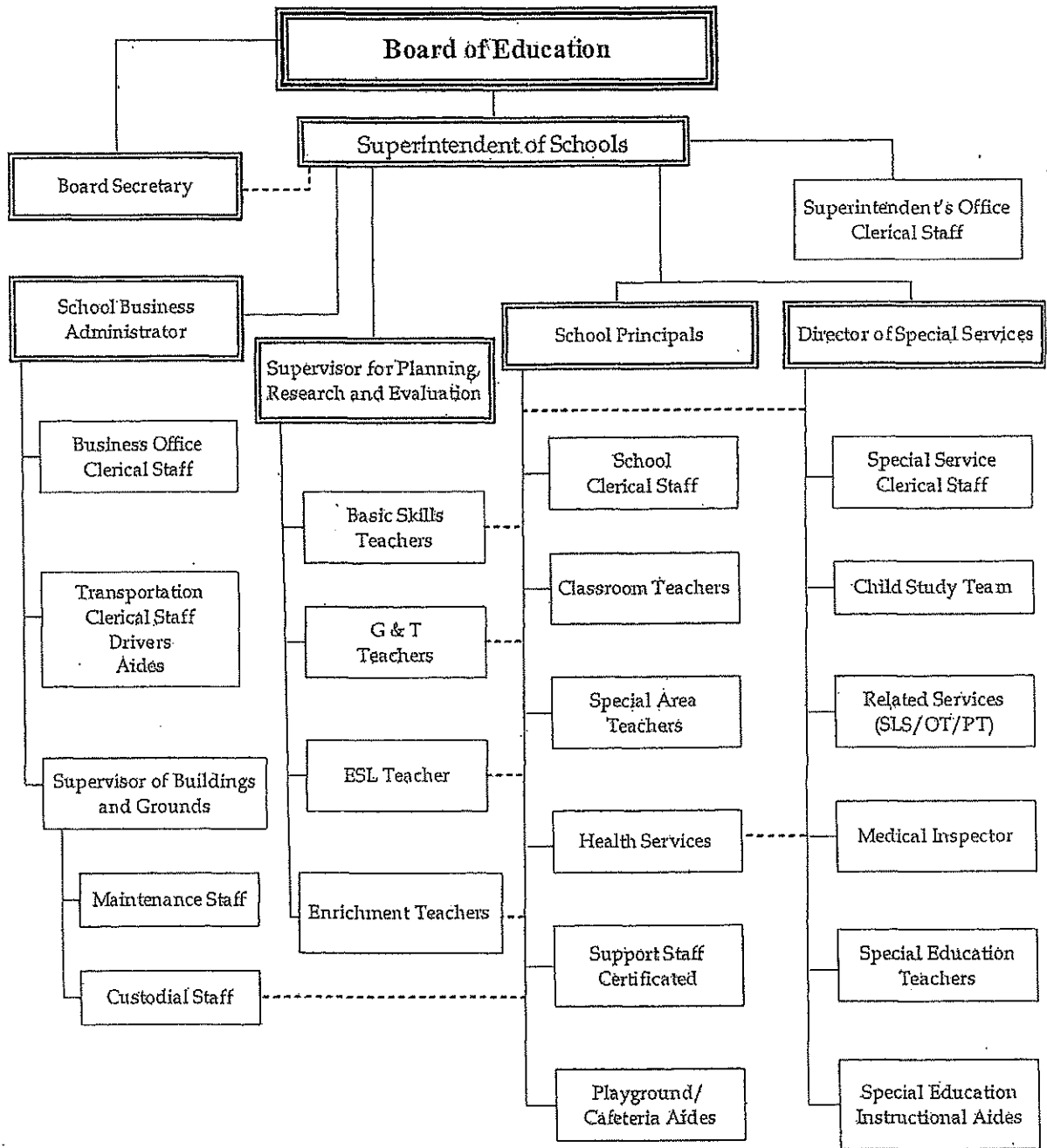
Carol Delsandro
School Business Administrator/Board Secretary

POLICY

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Administration
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ORGANIZATIONAL CHART

1110 ORGANIZATIONAL CHART



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

ROSTER OF OFFICIALS

JUNE 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires (April)</u>
Sean Sullivan, President	2025
Catherine Pfund-Olsen, Vice President	2026
Michael Foti	2026
Michele Pasquale	2025
Stephanie A. Mitchell	2024
Joseph Troise	2026
Vincent Ucci, Jr.	2024

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, PSA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Hanover Township Board of Education, as of and for the fiscal year ended June 30, 2023 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 the aggregate remaining fund information of the East Hanover Township Board of Education as of June 30, 2023, 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 Township 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 Township 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 Township 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 Township 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 Township Board of Education's basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the East Hanover Township Board of Education. 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, the 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.

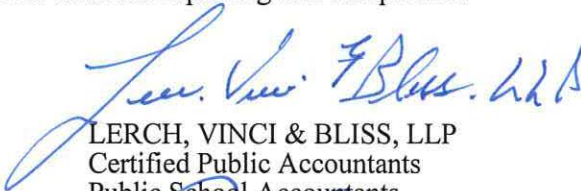
Other Information

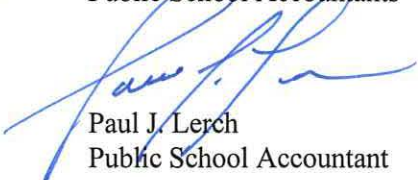
Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial 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 November 14, 2023 on our consideration of the East Hanover Township Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the East Hanover Township Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the East Hanover Township Board of Education's internal control over financial reporting and compliance.


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


Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 14, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Management's Discussion and Analysis

This section of East Hanover Township Board of Education's annual comprehensive financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. The intent of this section is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement. Certain comparative information between the current year (2022-2023) and the prior year (2021-2022) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022-2023 fiscal year include the following:

- The assets and deferred outflows of resources of the East Hanover Township Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$15,589,723 (net position).
- Overall District revenues were \$28,461,898. General revenues accounted for \$22,450,607 or 79% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,011,291 or 21% of total revenues.
- The School District had \$25,336,899 in expenses for governmental activities; only \$5,426,376 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and unrestricted State aid) of \$22,450,607 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$19,527,411 an increase of \$12,137,339 when compared to the ending fund balance at June 30, 2022 of \$7,390,072.
- The General Fund unassigned fund balance at June 30, 2023 was in a surplus position of \$352,515, a decrease of \$416,731 when compared with the ending fund balance of \$769,246 at June 30, 2022.
- The General Fund unassigned budgetary fund balance at June 30, 2023 was \$769,009 which represents a decrease of \$368,619 when compared to the ending unassigned fund balance at June 30, 2022 of \$1,137,628.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

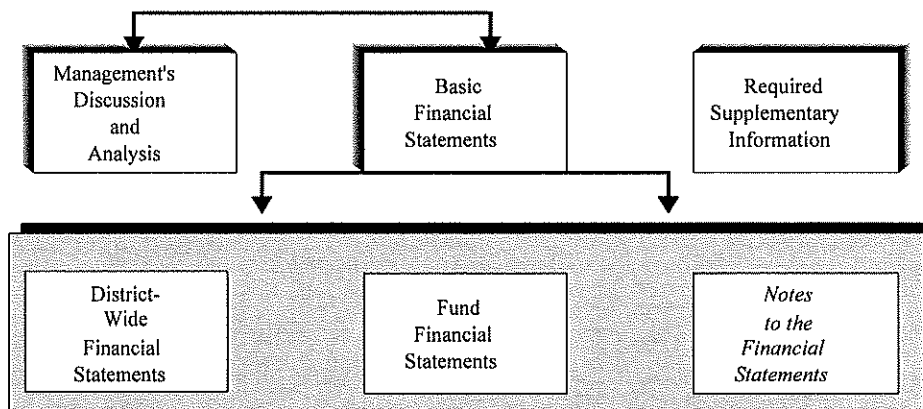
Management's Discussion and Analysis

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.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The table below shows how the various parts of this annual report are arranged and related to one another.



EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Management’s Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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 are summarized below. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary or fiduciary, such as instruction, special education building maintenance, and community education	Activities the district operates similar to private businesses; Enterprise funds
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows, liabilities, deferred inflows, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows, liabilities, deferred inflows, both financial and capital, and short-term and long-term
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.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Management's Discussion and Analysis

District-Wide Financial Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets/deferred outflows and liabilities/deferred inflows – is one way to measure the District's financial health or position

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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 instruction and special education, transportation, administration, and plant operation and maintenance. State and Federal Aids and tuition charged to other school districts finance most of these activities.
- *Business Type Activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund and After School Child Care Program Fund is included here.

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 bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Management's Discussion and Analysis

Fund Financial Statements (Continued)

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps 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 additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's Enterprise Fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

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. The notes to the financial statements can be found following the fund financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

The District also presents required supplementary information regarding the accounting and reporting for pensions as required under GASB Statement No. 68 and post-retirement medical benefits as required under GASB Statement No. 75. The required supplementary information can be found following the notes to the financial statements.

Combining and individual financial schedules are presented immediately following the major budgetary comparisons if required.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Management's Discussion and Analysis

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$15,589,723 and \$13,000,751 as of June 30, 2023 and 2022, respectively, as shown below.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position as of June 30, 2023 and 2022

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets						
Current and Other Assets	\$ 19,640,002	\$ 8,139,841	\$ 567,471	\$ 507,136	\$ 20,207,473	\$ 8,646,977
Capital Assets	<u>13,005,884</u>	<u>11,668,098</u>	<u>2,668</u>	<u>3,153</u>	<u>13,008,552</u>	<u>11,671,251</u>
Total Assets	<u>32,645,886</u>	<u>19,807,939</u>	<u>570,139</u>	<u>510,289</u>	<u>33,216,025</u>	<u>20,318,228</u>
Deferred Outflows of Resources						
Deferred Amounts on Net Pension Liability	226,414	89,817			226,414	89,817
Deferred Amounts on Refunding of Debt	<u>-</u>	<u>451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>451</u>
Total Deferred Outflows	<u>226,414</u>	<u>90,268</u>	<u>-</u>	<u>-</u>	<u>226,414</u>	<u>90,268</u>
Total Assets and Deferred Outflows	<u>32,872,300</u>	<u>19,898,207</u>	<u>570,139</u>	<u>510,289</u>	<u>33,442,439</u>	<u>20,408,496</u>
Liabilities						
Long-Term Liabilities	16,671,438	4,604,871			16,671,438	4,604,871
Other Liabilities	<u>267,183</u>	<u>763,630</u>	<u>269,796</u>	<u>263,834</u>	<u>536,979</u>	<u>1,027,464</u>
Total Liabilities	<u>16,938,621</u>	<u>5,368,501</u>	<u>269,796</u>	<u>263,834</u>	<u>17,208,417</u>	<u>5,632,335</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	<u>644,299</u>	<u>1,775,410</u>	<u>-</u>	<u>-</u>	<u>644,299</u>	<u>1,775,410</u>
Total Liabilities and Deferred Inflows	<u>17,582,920</u>	<u>7,143,911</u>	<u>269,796</u>	<u>263,834</u>	<u>17,852,716</u>	<u>7,407,745</u>
Net Position						
Net Investment in Capital Assets	10,894,751	9,841,417	2,668	3,153	10,897,419	9,844,570
Restricted	5,270,489	4,140,605			5,270,489	4,140,605
Unrestricted	<u>(875,860)</u>	<u>(1,227,726)</u>	<u>297,675</u>	<u>243,302</u>	<u>(578,185)</u>	<u>(984,424)</u>
Total Net Position	<u>\$ 15,289,380</u>	<u>\$ 12,754,296</u>	<u>\$ 300,343</u>	<u>\$ 246,455</u>	<u>\$ 15,589,723</u>	<u>\$ 13,000,751</u>

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Management's Discussion and Analysis

The changes in net position for fiscal years ended 2023 and 2022 are as follows:

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program Revenues						
Charges for Services	\$ 63,750	\$ 46,150	\$ 584,915	\$ 437,735	\$ 648,665	\$ 483,885
Operating Grants and Contributions	4,628,883	5,916,388	-	-	4,628,883	5,916,388
Capital Grants and Contributions	733,743	181,357			733,743	181,357
General Revenues						
Property Taxes	22,174,920	21,778,276			22,174,920	21,778,276
Miscellaneous	275,687	101,349	-	-	275,687	101,349
Total Revenues	<u>27,876,983</u>	<u>28,023,520</u>	<u>584,915</u>	<u>437,735</u>	<u>28,461,898</u>	<u>28,461,255</u>
Expenses						
Instruction						
Regular	9,300,146	9,421,376			9,300,146	9,421,376
Special Education	4,041,199	4,024,939			4,041,199	4,024,939
Other Instruction	869,511	1,253,236			869,511	1,253,236
School Sponsored Activities and Athletics	383,433	308,517			383,433	308,517
Support Services						
Student and Instruction Related Services	4,129,988	4,010,653			4,129,988	4,010,653
General Administration Services	670,411	670,106			670,411	670,106
School Administration Services	1,290,452	1,282,752			1,290,452	1,282,752
Business Services	625,217	585,579			625,217	585,579
Plant Operation and Maintenance	2,382,956	2,352,485			2,382,956	2,352,485
Pupil Transportation	1,414,492	1,285,603			1,414,492	1,285,603
Interest and Other Chgs on Long-Term Debt	229,094	103,330			229,094	103,330
Food Service	-	-	8,528	5,117	8,528	5,117
After School Child Care	-	-	527,499	405,134	527,499	405,134
Total Expenses	<u>25,336,899</u>	<u>25,298,576</u>	<u>536,027</u>	<u>410,251</u>	<u>25,872,926</u>	<u>25,708,827</u>
Change in Net Position Before Transfers	2,540,084	2,724,944	48,888	27,484	2,588,972	2,752,428
Transfers	(5,000)	-	5,000	-	-	-
Change in Net Position	<u>2,535,084</u>	<u>2,724,944</u>	<u>53,888</u>	<u>27,484</u>	<u>2,588,972</u>	<u>2,752,428</u>
Net Position, Beginning of Year	<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>
Net Position, End of Year	<u>\$ 15,289,380</u>	<u>\$ 12,754,296</u>	<u>\$ 300,343</u>	<u>\$ 246,455</u>	<u>\$ 15,589,723</u>	<u>\$ 13,000,751</u>

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Management's Discussion and Analysis

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved significantly. However, maintaining existing programs with decreased enrollment, the provision of a multitude of special programs/services for disabled pupils, and increases in District health benefits costs places a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

Total and Net Cost of Governmental Activities. The following schedule presents the District's total costs of services provided by major activity. After applying program revenues, derived from charges for services, operating grants and contributions and capital grants and contributions, the net cost of these services is presented. The following is a comparative analysis of the total and the net cost of governmental activities for the fiscal years ended June 30, 2023 and 2022.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Instruction				
Regular	\$ 9,300,146	\$ 9,421,376	\$ 7,207,643	\$ 7,241,460
Special Education	4,041,199	4,024,939	2,080,458	1,957,035
Other Instruction	869,511	1,253,236	677,369	941,923
School Sponsored Activities and Athletics	383,433	308,517	251,622	202,997
Support Services	-			
Student and Instruction Related Services	4,129,988	4,010,653	3,545,151	3,259,718
General Administration	670,411	670,106	607,550	578,985
School Administration Services	1,290,452	1,282,752	1,099,557	1,024,616
Central Services	625,217	585,579	626,813	545,889
Plant Operation and Maintenance	2,382,956	2,352,485	2,364,078	2,223,288
Pupil Transportation	1,414,492	1,285,603	1,221,188	1,075,440
Interest and Other Charges on Long-Term Debt	<u>229,094</u>	<u>103,330</u>	<u>229,094</u>	<u>103,330</u>
Total	<u>\$ 25,336,899</u>	<u>\$ 25,298,576</u>	<u>\$ 19,910,523</u>	<u>\$ 19,154,681</u>

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$19,527,411, an increase of \$12,137,339 from last year's fund balance of \$7,390,072.

Revenues for the District's governmental funds were \$30,162,318; total expenditures were \$30,032,979.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students.

Revenues of the General Fund were \$28,315,722 for the fiscal year ended June 30, 2023. State sources, federal sources and local sources amounts to \$6,373,459 or 23%.

Expenditures of the General Fund were \$27,240,172. Instructional expenditures were \$15,542,419 for support services were \$10,881,663, capital expenditures totaled \$636,093 and debt service totaled \$179,997 for the fiscal year ended June 30, 2023.

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$1,274,502 for the fiscal year ended June 30, 2023.

Expenditures of the Special Revenue Fund were \$1,273,421. Instructional expenditures were \$431,322, for support services were \$108,356 and capital expenditures totaled \$733,743 for the fiscal year ended June 30, 2023.

Capital Projects - The capital projects revenues exceeded expenditures and other financing uses by \$11,065,264 increasing the fund balance from \$0 at June 30, 2022 to \$11,065,264 at June 30, 2023.

Proprietary Funds

The District maintains an Enterprise Fund to account for activities, which are supported in part through user fees.

Enterprise Fund - The District uses Enterprise Funds to report activities related to the Food Services and After School Child Care programs. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

- Business-type activities revenues exceeded expenses and transfers by \$53,888.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Management’s Discussion and Analysis

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reappropriation of June 30, 2022 encumbrances.
- Appropriation of Capital Reserve and Maintenance Reserve

CAPITAL ASSETS

The District’s investment in capital assets for its governmental and business type activities as of June 30, 2023 and 2022 amounts to \$13,008,552 and \$11,671,251 (net of accumulated depreciation), respectively. The capital assets consist of land, site improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for the fiscal year 2022-2023 amounted to \$979,786 for governmental activities and \$485 for the Business-Type activities.

The following is a comparative analysis of capital assets at June 30, 2023 and 2022.

	Governmental		Business- Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Land	\$ 139,675	\$ 139,675	\$ -	\$ -	\$ 139,675	\$ 139,675
Construction in Progress	951,736	148,368			951,736	148,368
Land Improvements	643,581	683,251			643,581	683,251
Buildings & Building Improvements	10,875,780	10,290,947			10,875,780	10,290,947
Machinery and Equipment	395,112	405,857	2,668	3,153	397,780	409,010
Total	\$ 13,005,884	\$ 11,668,098	\$ 2,668	\$ 3,153	\$ 13,008,552	\$ 11,671,251

Additional information on the District’s capital assets are presented in the Notes to the Financial Statements.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Management's Discussion and Analysis

LONG TERM LIABILITIES

At June 30, 2023, the District's long-term liabilities consisted of compensated absences payable of \$419,725, serial bonds of \$12,013,000, capital financing agreements of \$1,163,397 and net pension liability of \$3,075,316 totaling \$16,671,438. This is in comparison to long-term liabilities at June 30, 2022 of \$4,604,871 or an increase of \$12,066,567.

Additional information on the District's long-term liabilities are presented in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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 labor and related employee benefit costs. Other budgetary increases are anticipated with special education, and utilizes the required investment to repair the District's aging facilities.

These expenditures are to be paid for by the mandated 2% CAP on the property tax levy with certain allowable adjustments to the tax levy. In the future, any such allowable adjustments may not be permitted.

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 Township, NJ 07936.

BASIC FINANCIAL STATEMENTS

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 19,460,758	\$ 472,615	\$ 19,933,373
Accounts Receivables, net	179,244		179,244
Prepaid Expense		94,856	94,856
Capital Assets, net			
Not Being Depreciated	1,091,411		1,091,411
Being Depreciated	<u>11,914,473</u>	<u>2,668</u>	<u>11,917,141</u>
Total Assets	<u>32,645,886</u>	<u>570,139</u>	<u>33,216,025</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Amounts on Net Pension Liability	<u>226,414</u>	<u>-</u>	<u>226,414</u>
Total Deferred Outflows of Resources	<u>226,414</u>	<u>-</u>	<u>226,414</u>
Total Assets and Deferred Outflows of Resources	<u>32,872,300</u>	<u>570,139</u>	<u>33,442,439</u>
LIABILITIES:			
Accounts Payable:			
Intergovernmental	2,923		2,923
Other	99,201	-	99,201
Unearned Revenue	10,467	269,796	280,263
Accrued Liabilities:			
Interest Payable	154,592		154,592
Noncurrent Liabilities			
Due Within One Year	516,060		516,060
Due Beyond One Year	<u>16,155,378</u>	<u>-</u>	<u>16,155,378</u>
Total Liabilities	<u>16,938,621</u>	<u>269,796</u>	<u>17,208,417</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Amounts on Net Pension Liability	<u>644,299</u>	<u>-</u>	<u>644,299</u>
Total Liabilities and Deferred Inflows of Resources	<u>17,582,920</u>	<u>269,796</u>	<u>17,852,716</u>
NET POSITION:			
Net Investment in Capital Assets	10,894,751	2,668	10,897,419
Restricted for			
Debt Service	444		444
Capital Projects	4,081,935		4,081,935
Plant Maintenance	914,834		914,834
Other Purposes	273,276		273,276
Unrestricted (Deficit)	<u>(875,860)</u>	<u>297,675</u>	<u>(578,185)</u>
Total Net Position	<u>\$ 15,289,380</u>	<u>\$ 300,343</u>	<u>\$ 15,589,723</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, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 9,300,146	\$ 63,750	\$ 1,295,010	\$ 733,743	\$ (7,207,643)		\$ (7,207,643)
Special Education	4,041,199		1,960,741		(2,080,458)		(2,080,458)
Other Instruction	869,511		192,142		(677,369)		(677,369)
School Sponsored Activities and Athletics	383,433		131,811		(251,622)		(251,622)
Support Services:							
Student and Instruction Related Services	4,129,988		584,837		(3,545,151)		(3,545,151)
General Administrative Services	670,411		62,861		(607,550)		(607,550)
School Administrative Services	1,290,452		190,895		(1,099,557)		(1,099,557)
Central Services	625,217		(1,596)		(626,813)		(626,813)
Plant Operations and Maintenance	2,382,956		18,878		(2,364,078)		(2,364,078)
Pupil Transportation	1,414,492		193,304		(1,221,188)		(1,221,188)
Interest on Long-Term Debt	229,094	-	-	-	(229,094)	-	(229,094)
Total Governmental Activities	25,336,899	63,750	4,628,883	733,743	(19,910,523)	-	(19,910,523)
Business-Type Activities:							
Food Service	8,528					\$ (8,528)	(8,528)
After School Child Care Program	527,499	584,915	-	-	-	57,416	57,416
Total Business-Type Activities	536,027	584,915	-	-	-	48,888	48,888
Total Government	\$ 25,872,926	\$ 648,665	\$ 4,628,883	\$ 733,743	(19,910,523)	48,888	(19,861,635)
General Revenues:							
Property Taxes:							
					21,603,270		21,603,270
					571,650		571,650
					275,687		275,687
					(5,000)	5,000	-
Total General Revenues and Transfers					22,445,607	5,000	22,450,607
Change in Net Position					2,535,084	53,888	2,588,972
Net Position, July 1					12,754,296	246,455	13,000,751
Net Position, June 30					\$ 15,289,380	\$ 300,343	\$ 15,589,723

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, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 8,368,921	\$ 26,129	\$ 11,065,708		\$ 19,460,758
Interfunds Accounts Receivable	91,803			\$ 444	92,247
Intergovernmental Accounts Receivable:					
Federal		93,867			93,867
State	<u>85,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,377</u>
Total Assets	<u>\$ 8,546,101</u>	<u>\$ 119,996</u>	<u>\$ 11,065,708</u>	<u>\$ 444</u>	<u>\$ 19,732,249</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interfunds Accounts Payable		\$ 91,803	\$ 444		\$ 92,247
Intergovernmental Accounts Payable:					
State	\$ 2,923				2,923
Accounts Payable:					
Accrued Salaries and Wages	2,424				2,424
Payroll Deductions and Withholdings Payable	34,290				34,290
Unemployment Compensation Claims Payable	42,055				42,055
Other	18,370	2,062			20,432
Unearned Revenue	<u>10,465</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>10,467</u>
Total Liabilities	<u>110,527</u>	<u>93,867</u>	<u>444</u>	<u>-</u>	<u>204,838</u>
Fund Balances:					
Restricted:					
Capital Reserve	3,548,935				3,548,935
Capital Reserve - Designated for Subsequent Year's Expenditures	533,000				533,000
Maintenance Reserve	914,834				914,834
Excess Surplus	1,828,084				1,828,084
Excess Surplus - Designated for Subsequent Year's Expenditures	948,623				948,623
Unemployment Compensation Reserve	247,147				247,147
Capital Projects			11,065,264		11,065,264
Debt Service				\$ 444	444
Student Activities		26,129			26,129
Assigned:					
Year-End Encumbrances	62,436				62,436
Unassigned	<u>352,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>352,515</u>
Total Fund Balances	<u>8,435,574</u>	<u>26,129</u>	<u>11,065,264</u>	<u>444</u>	<u>19,527,411</u>
Total Liabilities and Fund Balances	<u>\$ 8,546,101</u>	<u>\$ 119,996</u>	<u>\$ 11,065,708</u>	<u>\$ 444</u>	<u>\$ 19,732,249</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, 2023

Total Governmental Fund Balances (Exhibit B-1) \$ 19,527,411

Amounts reported for governmental activities in the statement of net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the capital assets is \$28,874,339 and the accumulated depreciation is \$15,868,445. 13,005,884

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	\$ 226,414	
Deferred Inflows of Resources	(644,299)	
		(417,885)

Accrued interest payable on long-term debt is not due and payable in the current period and therefore is not reported in the funds (154,592)

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	(12,013,000)	
Capital Financing Agreements	(1,163,397)	
Compensated Absences	(419,725)	
Net Pension Liability	(3,075,316)	
		(16,671,438)

Net Position of Governmental Activities (Exhibit A-1) \$ 15,289,380

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:					
Local Property Tax Levy	\$ 21,603,270			\$ 571,650	\$ 22,174,920
Tuition Charges	63,750				63,750
Unrestricted Miscellaneous Revenues	275,243		\$ 444		275,687
Federal Sources		\$ 1,120,348			1,120,348
State Sources	6,373,459	41,120			6,414,579
Local Sources	-	113,034	-	-	113,034
	<u>28,315,722</u>	<u>1,274,502</u>	<u>444</u>	<u>571,650</u>	<u>30,162,318</u>
Total Revenues					
EXPENDITURES:					
Current:					
Regular Instruction	10,171,801	28,838			10,200,639
Special Education Instruction	4,170,242	237,573			4,407,815
Other Instruction	879,502	74,019			953,521
School-Sponsored Activities and Athletics	320,874	90,892			411,766
Support Services and Undistributed Costs:	-				
Student and Instruction Related Services	4,360,503	108,356			4,468,859
General Administrative Services	715,117				715,117
School Administrative Services	1,426,215				1,426,215
Central Services	614,195				614,195
Plant Operations and Maintenance	2,354,482				2,354,482
Pupil Transportation	1,411,151				1,411,151
Capital Outlay	636,093	733,743	947,736		2,317,572
Debt Service:					
Principal	108,655			555,000	663,655
Interest and Other Charges	71,342	-	-	16,650	87,992
	<u>27,240,172</u>	<u>1,273,421</u>	<u>947,736</u>	<u>571,650</u>	<u>30,032,979</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,075,550</u>	<u>1,081</u>	<u>(947,292)</u>	<u>-</u>	<u>129,339</u>
OTHER FINANCING SOURCES (USES):					
Serial Bond Proceeds	-		12,013,000		12,013,000
Transfers Out	(5,000)	-	(444)	444	(5,000)
	<u>(5,000)</u>	<u>-</u>	<u>12,012,556</u>	<u>444</u>	<u>12,008,000</u>
Total Other Financing Sources and Uses					
Net Change in Fund Balances	1,070,550	1,081	11,065,264	444	12,137,339
Fund Balance, July 1	<u>7,365,024</u>	<u>25,048</u>	<u>-</u>	<u>-</u>	<u>7,390,072</u>
Fund Balance, June 30	<u>\$ 8,435,574</u>	<u>\$ 26,129</u>	<u>\$ 11,065,264</u>	<u>\$ 444</u>	<u>\$ 19,527,411</u>

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 12,137,339

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	\$ (979,786)	
Capital Outlays	<u>2,317,572</u>	1,337,786

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.

Bond Proceeds		(12,013,000)
Principal Repayments		
Bond Principal	555,000	
Capital Financing/Agreement Principal	108,655	
Amortization of Bond Premium	80	
Amortization of Deferred Amounts on Refunding	(451)	
Accrued Interest	<u>(140,731)</u>	522,553

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	571,077	
Increase Compensated Absences	<u>(20,671)</u>	<u>550,406</u>

Change in net position of governmental activities (Exhibit A-2) \$ 2,535,084

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>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 2,379	\$ 470,236	\$ 472,615
Prepaid Expense	<u>-</u>	<u>94,856</u>	<u>94,856</u>
Total Current Assets	<u>2,379</u>	<u>565,092</u>	<u>567,471</u>
Noncurrent Assets:			
Capital Assets	74,665		74,665
Less: Accumulated Depreciation	<u>(71,997)</u>	<u>-</u>	<u>(71,997)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>2,668</u>	<u>-</u>	<u>2,668</u>
Total Noncurrent Assets	<u>2,668</u>	<u>-</u>	<u>2,668</u>
Total Assets	<u>5,047</u>	<u>565,092</u>	<u>570,139</u>
LIABILITIES:			
Current Liabilities			
Unearned Revenue	<u>-</u>	<u>269,796</u>	<u>269,796</u>
Total Current Liabilities	<u>-</u>	<u>269,796</u>	<u>269,796</u>
Total Liabilities	<u>-</u>	<u>269,796</u>	<u>269,796</u>
NET POSITION:			
Net Investment in Capital Assets	2,668		2,668
Unrestricted	<u>2,379</u>	<u>295,296</u>	<u>297,675</u>
Total Net Position	<u>\$ 5,047</u>	<u>\$ 295,296</u>	<u>\$ 300,343</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, 2023**

	Business-Type Activities - Enterprise Funds		
	<u>Non-Major Food Service</u>	<u>After School Child Care Program</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services			
Program Fee	-	\$ 584,915	\$ 584,915
Total Operating Revenues	-	584,915	584,915
OPERATING EXPENSES:			
Employee Salaries		296,068	296,068
Employee Benefits		52,462	52,462
Other Purchased Services		149,272	149,272
Supplies and Materials		16,486	16,486
Depreciation	\$ 485		485
Miscellaneous	8,043	13,211	21,254
Total Operating Expenses	8,528	527,499	536,027
Operating Income (Loss) Before Transfers	(8,528)	57,416	48,888
Transfer from General Fund	5,000	-	5,000
Change in Net Position	(3,528)	57,416	53,888
Net Position, July 1	8,575	237,880	246,455
Net Position, June 30	\$ 5,047	\$ 295,296	\$ 300,343

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, 2023**

Business-Type Activities - Enterprise Funds

	Non-Major Food Service	After School Child Care Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Other Funds		\$ 590,877	\$ 590,877
Payments to employees		(296,068)	(296,068)
Payments for employee benefits		(52,462)	(52,462)
Payments to Suppliers	\$ (8,043)	(204,220)	(212,263)
Net Cash Provided by (Used for) Operating Activities	(8,043)	38,127	30,084
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Transfer from General Fund	5,000	-	5,000
Net Cash Provided by (Used for) Noncapital and Related Financing Activities	5,000	-	5,000
Net Increase (Decrease) in Cash and Cash Equivalents	(3,043)	38,127	35,084
Cash and Cash Equivalents, Beginning of Year	5,422	432,109	437,531
Cash and Cash Equivalents, End of Year	\$ 2,379	\$ 470,236	\$ 472,615
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (8,528)	\$ 57,416	\$ 48,888
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation and Net Amortization	485		485
(Increase) Decrease in Prepaid Expense		(25,251)	(25,251)
Increase (Decrease) in Unearned Revenue	-	5,962	5,962
Total Adjustments	485	(19,289)	(18,804)
Net Cash Provided by (Used for) Operating Activities	\$ (8,043)	\$ 38,127	\$ 30,084

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, 2023**

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 Schools 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 2023, the District adopted the following GASB statements:

- GASB Statement No. 96, *Subscription – Based Information Technology Arrangements*. 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.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB Statement No. 99, *Omnibus 2022*. 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.

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

- 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.

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 has no 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.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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 enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and the before and after care program enterprise funds 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.

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 *capital projects fund* accounts for the proceeds from the sale of bonds, financing agreements, grants and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

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 fund which is 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 fund which is organized to be self-supporting through user charges:

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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.

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, leases payable for intangible right-to-use leased assets and subscription arrangements for intangible right-to-use information technology (IT) software 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.

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.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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*

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

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 Improvement	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 one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The 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, one type which arises only under a modified accrual basis of accounting, and two types which arise only under the accrual basis of accounting that qualify for reporting in this category. 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.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. Proprietary Funds accrue accumulated vacation, personal and sick leave and salary related payments in the period that they are earned. 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.

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. 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.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Long-Term Obligations (Continued)*

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.

10. *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).

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2023/2024 District budget certified for taxes.

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).

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2023 audited excess surplus that is required to be appropriated in the 2024/2025 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, 2022 audited excess surplus that was appropriated in the 2023/2024 original budget certified for taxes.

Unemployment Compensation Reserve – 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).

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Debt Service Reserve – This restriction was created from the proceeds from the sale of District property to be used to retire any outstanding debt obligations or finance debt service expenditures of the District in accordance with NJAC 6A:23A-14.4(A)2.

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

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

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

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

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

11. 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.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. *Fund Balance Policies (Continued)*

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 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2021-2022 and 2022-2023 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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.

The District must prepare its budget in compliance with applicable laws limiting the amount by which the general fund property tax levy can increase in the annual school budget. The 2010 Tax Levy CAP Law is calculated using the formulas and provisions of NJSA 18A:7F-38. The law was originally adopted in 2007 and was most recently amended in 2018. The core of the tax-levy cap calculation is a 2% increase to the previous budget year’s general fund tax levy with exceptions only for enrollment increases, increases for certain pension contributions in excess of 2%, certain healthcare increases, and amounts approved by a simple majority of voters at a special election. Additionally, school districts can bank the unused tax levy for use in any of the next three (3) succeeding budget years if they were not granted approval to exceed the tax levy cap by the voters.

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. 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 not required.

Budget adoptions and amendments are recorded in the District’s board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2022/2023. Also, during 2022/2023 the Board increased the original budget of the general fund by \$897,910 and the special revenue fund by \$525,902. The increases were funded by the additional appropriation, capital reserve, maintenance reserve, grant awards, student activity revenues, and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved additional fund balance appropriations of capital reserve of \$46,534 and maintenance reserve of \$37,656 from the general fund.

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, 2023**

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, 2023 is as follows:

Balance, July 1, 2022	\$ 3,020,322
Increased by	
Deposits Approved in Board Resolution	\$ 900,000
Return of Unencumbered Budget Withdrawals	<u>208,147</u>
Total Increases	<u>1,108,147</u>
	4,128,469
Decreased by:	
Withdrawals Approved by Board Resolution	<u>46,534</u>
Balance, June 30, 2023	<u>\$ 4,081,935</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district’s Long Range Facilities Plan. \$533,000 of the capital reserve balance at June 30, 2023 was designated and appropriated for use in the 2023/2024 original budget certified for taxes.

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, 2023**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve

The activity of the maintenance reserve for the fiscal year ended June 30, 2023 is as follows:

Balance, July 1, 2022	\$ 848,088
Increased by	
Deposits Approved by Board Resolution	<u>104,402</u>
Total Increases	<u>104,402</u>
Decreased by:	
Withdrawals Approved by Board Resolution	<u>37,656</u>
Total Decreases	<u>37,656</u>
Balance, June 30, 2023	<u>\$ 914,834</u>

The June 30, 2023 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 2022/2023 school year, the district transferred \$46,534 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 projects for the 22/23 school year.

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 2% 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, 2023 is \$2,776,707. Of this amount, \$948,623 was designated and appropriated in the 2023/2024 original budget certified for taxes and the remaining amount of \$1,828,084 will be appropriated in the 2024/2025 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 deposits in excess of the FDIC and NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023, the book value of the Board's deposits was \$19,933,373 and bank and brokerage firm balances of the Board's deposits amounted to \$20,777,540. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 20,443,980
Uninsured and Collateralized	<u>333,560</u>
	<u>\$ 20,777,540</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, 2023 the Board's bank balance of \$333,560 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>\$ 333,560</u>
	<u>\$ 333,560</u>

Investments

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2023, the Board had no outstanding investments.

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 increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 18A:20-37). 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 one issuer.

B. Receivables

Receivables as of June 30, 2023 for the district’s individual major funds are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receivables:			
Intergovernmental-			-
Federal		\$ 93,867	\$ 93,867
State	\$ 85,377	-	85,377
	<u>85,377</u>	<u>93,867</u>	<u>179,244</u>
Net Total Receivables	<u>\$ 85,377</u>	<u>\$ 93,867</u>	<u>\$ 179,244</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	
Prepaid Tuition/Fees	\$ 10,465
Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>2</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 10,467</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Balance, <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	Balance <u>June 30, 2023</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 139,675				\$ 139,675
Construction in Progress	<u>148,368</u>	\$ 951,736	-	\$ (148,368)	<u>951,736</u>
Total Capital Assets, Not Being Depreciated	<u>288,043</u>	<u>951,736</u>	<u>-</u>	<u>(148,368)</u>	<u>1,091,411</u>
Capital Assets, Being Depreciated:					
Land Improvements	1,018,734	9,199			1,027,933
Building and Building Improvements	23,493,693	1,283,413		148,368	24,925,474
Machinery and Equipment	<u>1,882,901</u>	<u>73,224</u>	\$ (126,604)	-	<u>1,829,521</u>
Total Capital Assets Being Depreciated	<u>26,395,328</u>	<u>1,365,836</u>	<u>(126,604)</u>	<u>148,368</u>	<u>27,782,928</u>
Less Accumulated Depreciation for:					
Land Improvements	(335,483)	(48,869)			(384,352)
Building and Building Improvements	(13,202,746)	(846,948)			(14,049,694)
Machinery and Equipment	<u>(1,477,044)</u>	<u>(83,969)</u>	126,604	-	<u>(1,434,409)</u>
Total Accumulated Depreciation	<u>(15,015,273)</u>	<u>(979,786)</u>	<u>126,604</u>	<u>-</u>	<u>(15,868,455)</u>
Total Capital Assets, Being Depreciated, Net	<u>11,380,055</u>	<u>386,050</u>	<u>-</u>	<u>148,368</u>	<u>11,914,473</u>
Government Activities Capital Assets, Net	<u>\$ 11,668,098</u>	<u>\$ 1,337,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,005,884</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	Balance <u>June 30, 2023</u>
Business-Type Activities:				
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	(71,512)	\$ (485)	-	(71,997)
Total Accumulated Depreciation	<u>(71,512)</u>	<u>(485)</u>	<u>-</u>	<u>(71,997)</u>
Total Capital Assets, Being Depreciated, Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,153</u>	<u>\$ (485)</u>	<u>\$ -</u>	<u>\$ 2,668</u>

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

Governmental Activities:

Instruction	
Regular	\$ 410,590
Special Education	167,570
Other Instruction	39,398
School-Sponsored/Activities and Athletics	<u>12,950</u>
Total Instruction	<u>630,508</u>
Support Services	
Student and Instruction Related Services	154,888
General Administrative Services	20,434
School Administrative Services	62,054
Central Services & Info. Technology	28,790
Plant Operations and Maintenance	74,382
Pupil Transportation	8,730
Total Support Services	<u>349,278</u>
Total Governmental Funds	<u>979,786</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 979,786</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 485</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 485</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2023:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
BOE & East Hanover Middle School Site Improvements	\$ 43,210	\$ 1,062,790
Classroom Additions - Central School	-	5,648,000
Total	<u>\$ 43,210</u>	<u>\$ 6,710,790</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2023, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 91,803
Debt Service Fund	Capital Projects Fund	<u>444</u>
Total		<u>\$ 92,247</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.

Interfund Transfers

	<u>Transfer In:</u>		
	<u>Enterprise Food Service</u>	<u>Debt Service Fund</u>	<u>Total</u>
Transfer Out:			
General Fund	\$ 5,000		\$ 5,000
Capital Projects Fund	<u>-</u>	\$ 444	<u>444</u>
Total Transfers	<u>\$ 5,000</u>	<u>\$ 444</u>	<u>\$ 5,444</u>

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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, 2023 are comprised of the following:

\$51,541, fiscal year 2019 Agreement for the acquisition of technology for a term of 4 years due in annual principal installments of \$13,278 through September 12, 2023 interest at 2.04%	\$	13,278
\$159,435, fiscal year 2020 Agreement for the acquisition of technology for a term of 4 years due in annual principal installments of \$41,274 through May 3, 2024 interest at 1.164%		41,274
\$1,696,601, fiscal year 2016 Agreement for Energy Savings Improvements for a term of 20 years due in semi-annual principal installments of \$29,036 to \$58,602 through June 20, 2036 interest at 2.65%		<u>1,108,845</u>
Total	\$	<u>1,163,397</u>

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Capital Agreements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 113,059	\$ 29,035	\$ 142,094
2025	62,323	27,457	89,780
2026	66,302	25,777	92,079
2027	70,446	23,991	94,437
2028	74,764	22,094	96,858
2029-2033	445,101	77,783	522,884
2034-2038	<u>331,402</u>	<u>15,712</u>	<u>347,114</u>
Total	<u>\$ 1,163,397</u>	<u>\$ 221,849</u>	<u>\$ 1,385,246</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2023 are comprised of the following issues:

\$12,013,000, 2022 Serial Bonds, due in annual
 installments of \$403,000 to \$800,000
 through July 15, 2043, interest at 3.00% to 4.00% \$ 12,013,000

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>	
2024	\$ 403,000	\$ 465,118	\$ 868,118
2025	405,000	422,537	827,537
2026	420,000	408,100	828,100
2027	440,000	393,050	833,050
2028	460,000	377,300	837,300
2029-2033	2,645,000	1,622,688	4,267,688
2034-2038	3,305,000	1,102,537	4,407,537
2039-2043	<u>3,935,000</u>	<u>398,100</u>	<u>4,333,100</u>
Total	<u>\$ 12,013,000</u>	<u>\$ 5,189,430</u>	<u>\$ 17,202,430</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2023 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 103,603,167
Less: Net Debt Issued and Authorized But Not Issued	<u>(12,013,163)</u>
Remaining Borrowing Power	<u>\$ 91,590,004</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2023, was as follows:

	Balance, <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2023</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 555,000	\$ 12,013,000	\$ 555,000	\$ 12,013,000	\$ 403,000
Add: Premium	80	-	80	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Bonds Payable	555,080	12,013,000	555,080	12,013,000	403,000
Capital Financing Agreements	\$ 1,272,052		108,655	1,163,397	113,060
Compensated Absences	399,054	20,671		419,725	
Net Pension Liability	<u>2,378,685</u>	<u>955,678</u>	<u>259,047</u>	<u>3,075,316</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 4,604,871</u>	<u>\$ 12,989,349</u>	<u>\$ 922,782</u>	<u>\$ 16,671,438</u>	<u>\$ 516,060</u>

Liabilities for compensated absences, 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 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 Group). The Group 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 funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds 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, 2023**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District's restricted fund balance for unemployment compensation claims in the General Fund for the current and previous two years:

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023		\$ 24,006		\$ 38,137	\$ 247,147
2022		22,006		495	247,147
2021		19,993		28,968	247,147

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, 2023, 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, 2023, 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, 2023**

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.

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th 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 1/60th 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.

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, 2023**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

The following represent the membership tiers for TPAF:

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

Service retirement benefits of 1/55th 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 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, 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.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022 is \$15.2 billion and the plan fiduciary net position as a percentage of the total pension liability is 62.91% . The collective net pension liability of the State funded TPAF at June 30, 2022 is \$51.7 billion and the plan fiduciary net position as a percentage of total pension liability is 32.29%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2021 which were rolled forward to June 30, 2022.

Actuarial Methods and Assumptions

In the July 1, 2021 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 2023.

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, 2023 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 more 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 2023, 2022 and 2021 were equal to the required contributions.

During the fiscal years ended June 30, 2023, 2022 and 2021 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>
2023	\$ 259,047	\$ 3,351,038	\$ 45,178
2022	235,149	3,367,351	37,060
2021	231,355	2,375,684	30,121

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2023, 2022 and 2021 the State contributed \$1,421, \$1,433 and \$1,644, 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 \$716,227 during the fiscal year ended June 30, 2023 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, 2021 through June 30, 2022. 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, 2022 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2022.

At June 30, 2023, the District reported in the statement of net position (accrual basis) a liability of \$3,075,316 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021. 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, 2022. At June 30, 2022, the District's proportionate share was 0.02038 percent, which was an increase of 0.00030 percent from its proportionate share measured as of June 30, 2021 of 0.02008 percent.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023, the District recognized in the district-wide statement of activities (accrual basis) pension (benefit) of (\$312,030) for PERS. The pension contribution made by the District during the current 2022/2023 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, 2023 with a measurement date of the prior fiscal year end of June 30, 2022. 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, 2023 for contributions made subsequent to the measurement date. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 22,196	\$ 19,574
Changes of Assumptions	9,528	460,497
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	127,285	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>67,405</u>	<u>164,228</u>
Total	<u>\$ 226,414</u>	<u>\$ 644,299</u>

At June 30, 2023, 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:

<u>Year Ending June 30,</u>	<u>Total</u>
2023	\$ (293,624)
2024	(166,223)
2025	(99,434)
2026	141,517
2027	(121)
Thereafter	<u>-</u>
	<u>\$ (417,885)</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022) 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, 2022 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%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022. 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 percent, 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:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>3,950,880</u>	\$ <u>3,075,316</u>	\$ <u>2,330,176</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, 2022. A sensitivity analysis specific to the District’s net pension liability at June 30, 2022 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.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2021 through June 30, 2022. 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, 2022, the State's pension contribution was more 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, 2023, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,120,007 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, 2023 the State's proportionate share of the net pension liability attributable to the District is \$41,616,165. The net pension liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021. 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, 2022. At June 30, 2022, the State's share of the net pension liability attributable to the District was 0.08066 percent, which was an increase of 0.00046 percent from its proportionate share measured as of June 30, 2021 of 0.08020 percent.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022) 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, 2022 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%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

Discount Rate

The discount rate used to measure the total pension liability for TPAF was 7.00% as of June 30, 2022. 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
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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)

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:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 48,795,838</u>	<u>\$ 41,616,165</u>	<u>\$ 35,568,193</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, 2022. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the District at June 30, 2022 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.

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, 2022. 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 TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, the Police and Firemen Retirement System (PFRS) or Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement. 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.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2021:

Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>151,669</u>
Total	<u>364,817</u>

Measurement Focus and Basis of Accounting

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

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit 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.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2022 is \$50.6 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities at June 30, 2022 were determined based on actuarial valuations as of June 30, 2021 which were rolled forward to June 30, 2022.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2021 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 \$1.33 billion to the OPEB plan in fiscal year 2022.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2023, 2022 and 2021 were \$880,310, \$786,749 and \$744,502, 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, 2021 through June 30, 2022. Nonemployer allocation percentages have been rounded for presentation purposes.

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

For the fiscal year ended June 30, 2023, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$826,006. 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, 2023 the State's proportionate share of the OPEB liability attributable to the District is \$38,860,572. 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, 2022 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2022. At June 30, 2022, the state's share of the OPEB liability attributable to the District was 0.08 percent, which unchanged from its proportionate share measured as of June 30, 2021 of 0.08 percent.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions

The OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>	<u>TPAF</u>
Salary Increases	2.75% to 6.55% Based on Years of Service	2.75% to 4.25% Based on 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 disabled 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, 2021 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2018 to June 30, 2021.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. 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.

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

E. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2023 (measurement date June 30, 2022) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2022 Measurement Date	\$ <u>46,444,288</u>
Changes Recognized for the Fiscal Year:	
Service Cost	2,100,750
Interest on the Total OPEB Liability	1,029,848
Differences Between Expected and Actual Experience	697,753
Changes of Assumptions	(10,424,697)
Gross Benefit Payments	(1,020,095)
Contributions from the Member	<u>32,725</u>
Net Changes	<u>(7,583,716)</u>
Balance, June 30, 2023 Measurement Date	\$ <u><u>38,860,572</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

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, 2022.

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 3.54%, 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 (2.54% percent) or 1-percentage-point higher (4.54% percent) than the current rate:

	1% Decrease <u>(2.54%)</u>	Current Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>45,676,515</u>	\$ <u>38,860,572</u>	\$ <u>33,397,935</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 (Continued)

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:

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 32,120,638	\$ 38,860,572	\$ 47,713,885

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2022. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2022 were not provided by the pension system.

NOTE 5 RECENT HEALTHCARE DEVELOPMENTS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to mitigate the spread of the disease and provide relief to State and local governments. The pandemic and certain mitigation measures altered the behavior of businesses and people with negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

To date, the overall finances and operations of the Board have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, the degree of any future impact to the Board’s operations and finances is difficult to predict due to the dynamic nature of the COVID-19 pandemic and any additional actions that may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

The American Rescue Plan Act of 2021, H.R. 1319 (the “Plan”), signed into law by the President of the United States on March 11, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Plan, in part, provides funding for State and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Board.

The Board has been awarded a total of \$1,617,531 in federal aid to address the effects of the COVID-19 pandemic.

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, 2023**

	Original Budget	Budget Modification / Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 21,603,270		\$ 21,603,270	\$ 21,603,270	
Tuition from Individuals	56,000		56,000	63,750	\$ 7,750
Unrestricted Miscellaneous Revenues	11,500	-	11,500	275,243	263,743
Total - Local Sources	21,670,770	-	21,670,770	21,942,263	271,493
State Sources:					
Special Education Aid	947,303		947,303	947,303	
Security Aid	21,436		21,436	21,436	
Transportation Aid	178,676		178,676	178,676	
Extraordinary Aid				334,897	334,897
Additional Nonpublic Transportation Aid				15,288	15,288
Lead Testing				1,975	1,975
On-Behalf T.P.A.F. Pension Contribution - Normal Cost (non-budgeted)				3,305,182	3,305,182
On-Behalf T.P.A.F. Pension Contribution - Non-Contributory Group Insurance (non-budgeted)				45,856	45,856
On-Behalf T.P.A.F. Pension Contribution - Post-Retirement Medical (non-budgeted)				880,310	880,310
On-Behalf T.P.A.F. Pension Contribution - Long-Term Disability Insurance (non-budgeted)				1,421	1,421
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	716,227	716,227
Total - State Sources	1,147,415	-	1,147,415	6,448,571	5,301,156
Total Revenues	22,818,185	-	22,818,185	28,390,834	5,572,649
EXPENDITURES:					
Current Expense:					
Regular Programs:					
Instruction:					
Salaries of Teachers					
Preschool	142,600		142,600	141,849	751
Kindergarten	383,925	\$ (5,229)	378,696	378,696	-
Grades 1-5	2,538,808	30,120	2,568,928	2,568,928	-
Grades 6-8	2,312,270	17,308	2,329,578	2,329,578	-
Home Instruction:					
Salaries of Teachers	4,500	(4,500)	-	-	-
Purchased Professional - Educational Services	6,000	(4,127)	1,873	1,873	-
Undistributed Instruction:					
Other Salaries for Instruction	282,660	18	282,678	282,678	-
Unused vacation Payment		-	-	-	-
Purchased Professional - Educational Services	10,850	2,029	12,879	12,768	111
Purchased Technical Services	220,479	10,268	230,747	200,651	30,096
Other Purchased Services	121,721	(1,000)	120,721	105,996	14,725
General Supplies	622,312	(31,089)	591,223	473,368	117,855
Other Objects	4,500	4,750	9,250	4,935	4,315
Total Regular Programs	6,650,625	18,548	6,669,173	6,501,320	167,853
Multiple Disabilities					
Salaries	206,585	(53,647)	152,938	139,452	13,486
Other Salaries for Instruction	49,424	228	49,652	48,858	794
General Supplies	7,120	-	7,120	5,303	1,817
Total Multiple Disabilities	263,129	(53,419)	209,710	193,613	16,097

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Modification / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
Current Expense					
Special Education - Instruction (Continued)					
Resource Room:					
Salaries of Teachers	\$ 1,765,950	\$ 4,424	\$ 1,770,374	\$ 1,736,865	\$ 33,509
Other Salaries for Instruction	178,029	31,935	209,964	209,964	-
General Supplies	17,350	-	17,350	17,349	1
Total Resource Room	1,961,329	36,359	1,997,688	1,964,178	33,510
Preschool Disabilities - Part - Time:					
Salaries of Teachers	100,825	4,335	105,160	105,160	-
Other Salaries for Instruction	68,610	12,425	81,035	81,035	-
General Supplies	3,000	-	3,000	2,914	86
Other Object	-	300	300	300	-
Total Preschool Disabilities - Part - Time	172,435	17,060	189,495	189,409	86
Home Instruction:					
Purchased Professional-Educational Services	6,000	-	6,000	-	6,000
Total Home Instruction	6,000	-	6,000	-	6,000
Total Special Education - Instruction	2,402,893	-	2,402,893	2,347,200	55,693
Basic Skills/Remedial:					
Salaries of Teachers	598,987	-	598,987	471,777	127,210
General Supplies	4,500	-	4,500	-	4,500
Total Basic Skills/Remedial	603,487	-	603,487	471,777	131,710
Bilingual Education:					
Salaries of Teachers	60,150	-	60,150	60,150	-
General Supplies	-	-	-	-	-
Total Bilingual Education	60,150	-	60,150	60,150	-
School Sponsored Co-Curricular Activities:					
Salaries	89,085	-	89,085	65,124	23,961
Total School Sponsored Co-Curricular Activities	89,085	-	89,085	65,124	23,961
School Sponsored Athletics - Instruction:					
Salaries	61,940	-	61,940	51,892	10,048
Purchased Services	8,500	1,355	9,855	8,995	860
General Supplies	4,800	552	5,352	4,909	443
Other Objects	1,855	70	1,925	1,925	-
Total School Sponsored Athletics - Instruction	77,095	1,977	79,072	67,721	11,351
After School Program "Best" - Instruction:					
Salaries of Teachers	10,780	(1,642)	9,138	3,002	6,136
General Supplies	2,550	-	2,550	803	1,747
Total After School Program "Best" - Instruction	13,330	(1,642)	11,688	3,805	7,883
Summer School Program - Instruction:					
Salaries of Teachers	28,755	217	28,972	28,972	-
Other Salaries for Instruction	34,045	-	34,045	30,407	3,638
Purchased Services	24,974	(10,000)	14,974	8,271	6,703
General Supplies	300	-	300	-	300
Total Summer School Program - Instruction	88,074	(9,783)	78,291	67,650	10,641
Total - Instruction	9,984,739	9,100	9,993,839	9,584,747	409,092

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Modification / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
Current Expense					
Undistributed Expenditures:					
Tuition:					
Tuition to Private Schools for the Disabled - Within State	\$ 386,653	-	\$ 386,653	\$ 306,220	\$ 80,433
Total Tuition	386,653	-	386,653	306,220	80,433
Attendance and Social Work:					
Salaries	22,000	\$ 252	22,252	22,000	252
Total Attendance and Social Work	22,000	252	22,252	22,000	252
Health Services:					
Salaries	259,410	-	259,410	259,410	-
Purchased Professional and Technical Services	128,000	9,702	137,702	137,702	-
Supplies and Materials	4,600	(2,657)	1,943	1,943	-
Other Objects	600	(401)	199	199	-
Total Health Services	392,610	6,644	399,254	399,254	-
Speech, OT, PT and Related Services:					
Salaries	230,150	-	230,150	229,930	220
Purchased Professional -Educational Services	381,092	-	381,092	320,169	60,923
Supplies and Materials	18,500	-	18,500	6,844	11,656
Other Objects	1,000	-	1,000	-	1,000
Total Speech, OT, PT and Related Services	630,742	-	630,742	556,943	73,799
Other Support Services Students - Related Services:					
Salaries	268,897	30,330	299,227	299,227	-
Purchased Professional -Educational Services	127,710	(30,330)	97,380	56,395	40,985
Total Other Support Services Students - Related Services:	396,607	-	396,607	355,622	40,985
Guidance:					
Salaries of Other Professional Staff	212,300	(585)	211,715	211,715	-
Other Salaries	80,450	612	81,062	81,062	-
Other Purchased Professional -Technical Services	1,200	-	1,200	1,200	-
Supplies and Materials	790	(27)	763	44	719
Total Guidance	294,740	-	294,740	294,021	719
Child Study Teams:					
Salaries of Other Professional Staff	570,978	10,844	581,822	576,402	5,420
Salaries of Secretarial and Clerical Assistants	60,909	-	60,909	60,909	-
Other Salaries	20,135	(15,253)	4,882	4,182	700
Purchased Professional-Educational Services	12,000	7,513	19,513	10,869	8,644
Other Purchased Professional -Technical Services	14,500	(736)	13,764	7,532	6,232
Supplies and Materials	22,610	-	22,610	8,019	14,591
Other Objects	5,100	-	5,100	1,874	3,226
Total Child Study Teams	706,232	2,368	708,600	669,787	38,813
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	111,545	-	111,545	111,402	143
Other Salaries	39,400	-	39,400	27,153	12,247
Other Purchased Professional -Technical Services	44,183	-	44,183	43,426	757
Other Purchased Services	1,400	-	1,400	625	775
Supplies and Materials	1,000	-	1,000	101	899
Other Objects	3,850	-	3,850	2,448	1,402
Total Improvement of Instruction Services:	201,378	-	201,378	185,155	16,223

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Modification / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
Current Expense					
Undistributed Expenditures (Continued)					
Educational Media Services / School Library:					
Salaries	\$ 177,890	-	\$ 177,890	\$ 177,720	\$ 170
Salaries of Technology Coordinators	79,000	\$ 5,543	84,543	84,543	-
Purchased Professional and Technical Services	158,404	-	158,404	158,404	-
Other Purchased Services	1,400	28	1,428	1,428	-
Supplies and Materials	24,000	(2,340)	21,660	21,660	-
Other Objects	5,175	(2,495)	2,680	2,614	66
Total Educational Media Services / School Library	445,869	736	446,605	446,369	236
Instructional Staff Training Services:					
Purchased Professional and Technical Services	42,525	-	42,525	29,266	13,259
Other Purchased Services	35,567	(11,262)	24,305	7,820	16,485
Total Instructional Staff Training Services	78,092	(11,262)	66,830	37,086	29,744
Support Services - General Administration:					
Salaries	283,250	-	283,250	283,072	178
Legal Services	33,000	-	33,000	29,171	3,829
Audit Fees	38,000	38,000	76,000	34,408	41,592
Architectural / Engineering Services	-	-	-	-	-
Other Purchased Professional Services	9,030	38,156	47,186	47,186	-
Purchased Technical Services	23,542	(660)	22,882	22,530	352
Communications / Telephone	21,100	2,287	23,387	23,387	-
BOE Other Purchased Services	6,525	1,620	8,145	8,145	-
Miscellaneous Purchased Services	59,840	3,372	63,212	62,545	667
General Supplies	2,800	10,230	13,030	5,992	7,038
Miscellaneous Expenditures	7,380	(1,778)	5,602	5,452	150
BOE Membership Dues and Fees	9,800	-	9,800	9,287	513
Total Support Services - General Administration	494,267	91,227	585,494	531,175	54,319
Support Services - School Administration:					
Salaries of Principals/Asst. Principals	520,096	8,319	528,415	517,959	10,456
Salaries of Other Professional Staff	-	-	-	-	-
Salaries of Secretarial and Clerical Assistants	341,827	77	341,904	341,666	238
Other Purchased Services	6,150	(1,934)	4,216	2,608	1,608
Supplies and Materials	13,500	82,109	95,609	1,437	94,172
Other Objects	4,500	36	4,536	3,953	583
Total Support Services School Administration	886,073	88,607	974,680	867,623	107,057
Central Services:					
Salaries	399,201	-	399,201	398,818	383
Purchased Technical Services	21,238	972	22,210	22,210	-
Travel	2,445	405	2,850	2,850	-
Supplies and Materials	7,650	44,520	52,170	9,423	42,747
Interest on Capital Lease Agreement	4,484	216	4,700	4,700	-
Other Objects	2,575	363	2,938	2,938	-
Total Central Services	437,593	46,476	484,069	440,939	43,130
Administration Information Technology:					
Purchased Professional Services	23,670	-	23,670	23,670	-
Supplies and Materials	3,500	-	3,500	-	3,500
Total Administration Information Technology	27,170	-	27,170	23,670	3,500

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Modification / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
Current Expense					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities:					
Salaries	\$ 309,665	\$ (41,101)	\$ 268,564	\$ 264,855	\$ 3,709
Cleaning, Repair and Maintenance	193,200	47,923	241,123	202,671	38,452
Unused Vacation	-	-	-	-	-
Travel	700	262	962	962	-
General Supplies	48,000	29,113	77,113	77,113	-
Other Objects	3,250	3,110	6,360	6,360	-
Total Required Maintenance for School Facilities	554,815	39,307	594,122	551,961	42,161
Custodial Services:					
Salaries	138,682	24,780	163,462	163,462	-
Salaries for Non-Instructional Aides	546,700	(10,780)	535,920	529,292	6,628
Purchased Professional & Technical Services	4,000	1,083	5,083	5,083	-
Cleaning, Repair and Maintenance Services	35,710	16,713	52,423	52,140	283
Lease Purchase Payments - Energy Savings Improvement	85,359	-	85,359	85,359	-
Other Purchased Property Services	-	3,976	3,976	3,976	-
Insurance	101,784	(2,855)	98,929	96,008	2,921
General Supplies	38,600	(25,018)	13,582	4,973	8,609
Energy (Natural Gas)	120,000	14,254	134,254	134,254	-
Energy (Electricity)	140,000	38,786	178,786	178,786	-
Energy (Gasoline)	4,000	598	4,598	4,598	-
Other Objects	1,745	-	1,745	962	783
Total Custodial Services	1,216,580	61,537	1,278,117	1,258,893	19,224
Care and Upkeep of Grounds:					
Cleaning, Repair & Maintenance	22,000	(17,555)	4,445	-	4,445
General Supplies	1,000	-	1,000	-	1,000
Total Care and Upkeep of Grounds	23,000	(17,555)	5,445	-	5,445
Security					
Salaries	67,670	5,135	72,805	72,805	-
Purchased Professional and Technical Services	86,800	(2,350)	84,450	84,450	-
Total Security	154,470	2,785	157,255	157,255	-
Total Operation and Maintenance of Plant Services	1,948,865	86,074	2,034,939	1,968,109	66,830

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Modification / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
Current Expense					
Undistributed Expenditures (Continued)					
Student Transportation Services:					
Salaries for Pupil Transportation					
(Between Home and School) - Regular	\$ 160,037	\$ (2,000)	\$ 158,037	\$ 120,942	\$ 37,095
Contracted Services (Between Home and School)					
- Joint Agreement	815,000	51,596	866,596	866,596	-
Contracted Services (Other Than Between Home and School) - Vendors					
	42,000	(685)	41,315	31,386	9,929
Contracted Services (Regular Students) - ESCs & CTSAs		-			-
Contracted Services (Special Education Students) - Joint Agreement	216,600	(55,583)	161,017	132,929	28,088
Contracted Services (Special Education Students) - ESCs & CTSAs	84,100	73,987	158,087	158,087	-
Contracted Services - Aid in Lieu of Payments - Non-Public	60,000	3,000	63,000	48,671	14,329
Supplies and Materials	750	-	750		750
Other Objects	100	-	100	-	100
Total Student Transportation Services	1,378,587	70,315	1,448,902	1,358,611	90,291
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	285,500	698	286,198	286,198	-
Other Retirement Contributions - PERS	245,000	14,047	259,047	259,047	-
Other Retirement Contributions - DCRP	34,962	10,216	45,178	45,178	-
Workmen's Compensation	125,000	-	125,000	112,368	12,632
Health Benefits	3,710,930	(328,461)	3,382,469	2,582,823	799,646
Tuition Reimbursement	60,700	-	60,700	30,953	29,747
Other Employee Benefits	194,700	31,190	225,890	223,956	1,934
Unused Sick Payment to Terminated / Retired Staff	55,000	(633)	54,367	27,350	27,017
Total Unallocated Benefits - Employee Benefits	4,711,792	(272,943)	4,438,849	3,567,873	870,976
On-Behalf T.P.A.F. Pension Contribution -					
Normal Cost (non-budgeted)				3,305,182	(3,305,182)
On-Behalf T.P.A.F. Pension Contribution -					
Non-Contributory Group Insurance (non-budgeted)				45,856	(45,856)
On-Behalf T.P.A.F. Pension Contribution -					
Post-Retirement Medical (non-budgeted)				880,310	(880,310)
On-Behalf T.P.A.F. Pension Contribution -					
Long-Term Disability Insurance (non-budgeted)				1,421	(1,421)
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	716,227	(716,227)
Total On-Behalf Contributions	-	-	-	4,948,996	(4,948,996)
Total Personal Services - Employee Benefits	4,711,792	(272,943)	4,438,849	8,516,869	(4,078,020)
Total Undistributed Expenditures	13,439,270	108,494	13,547,764	16,979,453	(3,431,689)
Total General Current Expense	23,424,009	117,594	23,541,603	26,564,200	(3,022,597)

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Modification / Transfers	Final Budget	Actual	Variance Final to Actual
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Instruction	\$ 39,000		\$ 39,000	\$ 38,189	\$ 811
Custodial Services	26,600		26,600	26,160	440
Security	-	\$ 18,500	18,500	18,500	-
Total Equipment	65,600	18,500	84,100	82,849	1,251
Facilities Acquisition and Construction Services:					
Architectural / Engineering Services	-	4,000	4,000	4,000	-
Construction Services	-	757,816	757,816	549,669	208,147
Assessment for Debt Service on SDA Funding	39,454	-	39,454	39,454	-
Total Facilities Acquisition and Construction Services	39,454	761,816	801,270	593,123	208,147
Interest Deposit to Capital Reserve	-	-	-	-	-
Total Capital Outlay	105,054	780,316	885,370	675,972	209,398
Transfers to Cover Deficit	-	-	-	-	-
Total Expenditures	23,529,063	897,910	24,426,973	27,240,172	(2,813,199)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(710,878)	(897,910)	(1,608,788)	1,150,662	2,759,450
Other Financing Sources (Uses):					
Transfer to Food Service Fund	(7,000)	-	(7,000)	(5,000)	2,000
Total Other Financing Sources (Uses)	(7,000)	-	(7,000)	(5,000)	2,000
Net Change in Fund Balances	(717,878)	(897,910)	(1,615,788)	1,145,662	2,761,450
Fund Balance, July 1	7,733,406	-	7,733,406	7,733,406	-
Fund Balance, June 30	\$ 7,015,528	\$ (897,910)	\$ 6,117,618	\$ 8,879,068	\$ 2,761,450
RECAPITULATION:					
Restricted:					
Capital Reserve				\$ 3,548,935	
Capital Reserve- Designated for Subsequent Year's Expenditures				533,000	
Maintenance Reserve				914,834	
Excess Surplus:					
Prior Year - Designated for Subsequent Year's Expenditures				948,623	
Current Year				1,828,084	
Unemployment Compensation Reserve				247,147	
Assigned:					
Year-End Encumbrances				62,436	
Unassigned:				796,009	
Reconciliation to Governmental Funds Statements (GAAP):				8,879,068	
Less: Fiscal Year 2023 Extraordinary Aid Payment Not Recognized on GAAP Basis			\$ 334,897		
Fiscal Year 2023 Last State Aid Payments Not Recognized on GAAP Basis			108,597		
				443,494	
Fund Balance Per Governmental Funds (GAAP)				\$ 8,435,574	

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers / Modification</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 290,926	\$ 463,721	\$ 754,647	\$ 527,598	\$ (227,049)
State Sources		41,120	41,120	41,120	-
Local Sources	-	21,061	21,061	113,034	91,973
Total Revenues	<u>290,926</u>	<u>525,902</u>	<u>816,828</u>	<u>681,752</u>	<u>(135,076)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers		122,530	122,530	74,059	48,471
Purchased Services		-	-	-	-
Tuition	183,514	54,059	237,573	237,573	-
Instructional Supplies	8,000	33,792	41,792	28,798	12,994
Student Activities-Non Budget	-	-	-	90,892	(90,892)
Total Instruction	<u>191,514</u>	<u>210,381</u>	<u>401,895</u>	<u>431,322</u>	<u>(29,427)</u>
Support Services:					
Salaries - Benefits	-	8,891	8,891	5,643	3,248
Purchased Professional Technical Service	87,100	163,578	250,678	91,797	158,881
Other Purchased Services	12,312	1,209	13,521	10,316	3,205
Supplies and Materials	-	850	850	600	250
Total Support Services	<u>99,412</u>	<u>174,528</u>	<u>273,940</u>	<u>108,356</u>	<u>165,584</u>
Facilities Acquisition and Constructions Services:					
Non-Instructional Equipment	-	140,993	140,993	140,993	-
Instructional Equipment	-	-	-	-	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>140,993</u>	<u>140,993</u>	<u>140,993</u>	<u>-</u>
Total Expenditures	<u>290,926</u>	<u>525,902</u>	<u>816,828</u>	<u>680,671</u>	<u>136,157</u>
Net Change in Fund Balance	-	-	-	1,081	1,081
Fund Balance, July 1	<u>25,048</u>	<u>-</u>	<u>25,048</u>	<u>25,048</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 25,048</u>	<u>\$ -</u>	<u>\$ 25,048</u>	<u>\$ 26,129</u>	<u>\$ 1,081</u>

Restricted Fund Balances:

Restricted Fund Balance	
Student Activities and Athletics	<u>\$ 26,129</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	(C-1) \$ 28,390,834	(C-2) \$ 681,752
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
Encumbrances, June 30, 2023		
State Aid payments and Extraordinary Aid (2021/2022) recognized for GAAP purposes, not recognized for budgetary statements.	368,382	
State Aid payments and Extraordinary Aid (2022/2023) not recognized for GAAP purposes, recognized for budgetary statements.	<u>(443,494)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>28,315,722</u>	(B-2) \$ <u>1,274,502</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-series)	(C-1) \$ 27,240,172	(C-2) \$ 680,671
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>
Encumbrances, June 30, 2023		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	(B-2) \$ <u>27,240,172</u>	(B-2) \$ <u>1,273,421</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 Ten Fiscal Years*

	<u>2023</u>	<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)	0.02038%	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)	\$ 3,075,316	\$ 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	\$ 1,406,444	\$ 1,488,712	\$ 1,453,022	\$ 1,466,724	\$ 1,510,695	\$ 1,425,126	\$ 1,495,957	\$ 1,620,572	\$ 1,600,512	\$ 1,640,479
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	218.66%	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	62.91%	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.

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

Public Employees Retirement System

Last Ten Fiscal Years

	<u>2023</u>	<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	\$ 259,047	\$ 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>259,047</u>	<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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 1,559,224	\$ 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	16.61%	16.72%	15.54%	14.24%	14.14%	13.10%	15.00%	13.14%	11.89%	10.87%

**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 Ten Fiscal Years*

	<u>2023</u>	<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%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	\$ 41,616,165	\$ 38,556,470	\$ 52,346,951	\$ 49,328,934	\$ 50,897,573	\$ 55,908,567	\$ 63,752,247	\$ 51,752,796	\$ 45,634,900	\$ 41,792,527
Total	\$ 41,616,165	\$ 38,556,470	\$ 52,346,951	\$ 49,328,934	\$ 50,897,573	\$ 55,908,567	\$ 63,752,247	\$ 51,752,796	\$ 45,634,900	\$ 41,792,527
District's Covered-Employee Payroll	\$ 9,512,309	\$ 9,160,814	\$ 9,017,956	\$ 8,670,880	\$ 8,345,460	\$ 8,644,850	\$ 8,059,613	\$ 8,210,419	\$ 7,961,442	\$ 8,013,750
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.29%	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.

**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, 2023**

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 Six Fiscal Years*

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 2,100,750	\$ 2,444,258	\$ 1,396,310	\$ 1,318,417	\$ (773,501)	\$ 1,745,921
Interest on Total OPEB Liability	1,029,848	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	697,753	(9,538,375)	8,559,309	(6,620,657)		
Changes of Assumptions	(10,424,697)	45,821	9,727,942	496,105	(4,965,366)	(5,817,524)
Gross Benefit Payments	(1,020,095)	(949,056)	(927,134)	(1,021,385)	(2,081,918)	(984,877)
Contributions from the Member	32,725	30,801	28,101	30,277	76,661	36,266
Net Change in Total OPEB Liability	<u>(7,583,716)</u>	<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>
Total OPEB Liability - Beginning	<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>	<u>47,653,826</u>
Total OPEB Liability - Ending	<u>38,860,572</u>	<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	\$0
State's Proportionate Share of OPEB Liability	<u>38,860,572</u>	<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>
Total OPEB Liability - Ending	<u>38,860,572</u>	<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	<u>\$ 10,918,753</u>	<u>\$ 10,649,526</u>	<u>\$ 10,470,978</u>	<u>\$ 10,137,604</u>	<u>\$ 9,856,155</u>	<u>\$ 10,069,976</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Employee Payroll	0%	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, 2023**

Changes in Benefit Terms:	None.
Changes of Assumptions	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, 2023

	Every Student Succeeds Act (E. S. S. A.)			I. D. E. A.		Total Exhibit E-1a	Total
	Title I Part A	Title II Part A	Title IV	Part B Basic	Part B Preschool		
REVENUES:							
Federal Sources	\$ 80,461	\$ 13,620	\$ 20,171	\$ 237,573	\$ 14,995	\$ 160,778	\$ 527,598
State Sources						41,120	41,120
Local Sources	-	-	-	-	-	113,034	113,034
Total Revenues	80,461	13,620	20,171	237,573	14,995	314,932	681,752
EXPENDITURES:							
Instruction:							
Salaries of Teachers	54,307		6,000			13,752	74,059
Purchased Services						-	-
Tuition				237,573		-	237,573
Instructional Supplies	-		13,712			15,086	28,798
Student Activities	-	-	-	-	-	90,892	90,892
Total Instruction	54,307	-	19,712	237,573	-	119,730	431,322
Support Services:							
Employee Benefits	4,154		459			1,030	5,643
Purchased Professional Technical Service	22,000	13,620	-		14,995	41,182	91,797
Other Purchased Services		-				10,316	10,316
Supplies and Materials	-	-	-	-	-	600	600
Total Support Services	26,154	13,620	459	-	14,995	53,128	108,356
Facilities Acquisition and Constructions Services:							
Non-Instructional Equipment						140,993	140,993
Instructional Equipment	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Services	-	-	-	-	-	140,993	140,993
Total Expenditures	80,461	13,620	20,171	237,573	14,995	313,851	680,671
Net Change in Fund Balance	-	-	-	-	-	1,081	1,081
Fund Balance, July 1	-	-	-	-	-	25,048	25,048
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,129	\$ 26,129

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ESSER II			ARP ESSER III			SDA Emergent and Capital Needs	Student Activities / Athletics	Local	Total Exhibit E-1a
	CRRSA ESSER II	Learning Acceleration	Mental Health	ARP ESSER III	Evidence Based Summer	NJTSS Mental Health				
REVENUES:										
Federal Sources	\$ 7,125	\$ 14,233	\$ 15,022	\$ 99,873	\$ 5,365	\$ 19,160				\$ 160,778
State Sources							\$ 41,120			41,120
Local Sources	-	-	-	-	-	-	-	\$ 91,973	\$ 21,061	113,034
Total Revenues	7,125	14,233	15,022	99,873	5,365	19,160	41,120	91,973	21,061	314,932
EXPENDITURES:										
Instruction:										
Salaries of Teachers		8,640			5,112					13,752
Purchased Services										-
Tuition										-
Instructional Supplies	7,125	-	-	-	-	-	-		7,961	15,086
Student Activities	-	-	-	-	-	-	-	90,892	-	90,892
Total Instruction	7,125	8,640	-	-	5,112	-	-	90,892	7,961	119,730
Support Services:										
Employee Benefits		777			253					1,030
Purchased Professional Technical Service			9,522			19,160			12,500	41,182
Other Purchased Services		4,816	5,500							10,316
Supplies and Materials	-	-	-	-	-	-	-	-	600	600
Total Support Services	-	5,593	15,022	-	253	19,160	-	-	13,100	53,128
Facilities Acquisition and Constructions Services:										
Non-Instructional Equipment		-	-	99,873	-	-	41,120	-	-	140,993
Instructional Equipment		-	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Services	-	-	-	99,873	-	-	41,120	-	-	140,993
Total Expenditures	7,125	14,233	15,022	99,873	5,365	19,160	41,120	90,892	21,061	313,851
Net Change in Fund Balance	-	-	-	-	-	-	-	1,081	-	1,081
Fund Balance, July 1	-	-	-	-	-	-	-	25,048	-	25,048
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,129	\$ -	\$ 26,129

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOT APPLICABLE

**STUDENT ACTIVITIES
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Balance, July 1, <u>2022</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2023</u>
Frank J. Smith School	\$ 4,850	\$ 4,179	\$ 3,809	\$ 5,220
Central School	6,169	18,294	21,945	2,518
Middle School	14,029	62,500	58,138	18,391
Athletic Account	-	7,000	7,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total All Schools	<u>\$ 25,048</u>	<u>\$ 91,973</u>	<u>\$ 90,892</u>	<u>\$ 26,129</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, 2023**

<u>Project</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance, June 30, 2023</u>
		<u>Prior Periods</u>	<u>Current Year</u>	
FY2023 School Bond Referendum - District Wide Additions, Renovations, Alterations and Improvements	\$ 12,013,163	\$ -	\$ 947,736	\$ 11,065,427
	<u>\$ 12,013,163</u>	<u>\$ -</u>	<u>\$ 947,736</u>	<u>\$ 11,065,427</u>
Project Balance				\$ 11,065,427
Less: Authorized But Not Issued				<u>(163)</u>
Fund Balance - GAAP Basis, June 30, 2023				<u>\$ 11,065,264</u>
<u>Reconciliation to GAAP</u>				
Restricted for Capital Projects:				
Reserve for Encumbrances				7,072,530
Available for Capital Projects				<u>\$ 3,992,734</u>
Total Fund Balance - Restricted for Capital Projects - GAAP Basis - June 30, 2023				<u>\$ 11,065,264</u>

**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, 2023**

**Revenues and Other Financing
Sources**

Serial Bond Proceeds	\$ 12,013,000
Bond Interest on Deposits	444
	444
Total Revenues and Other Financing Sources	12,013,444

Expenditures and Other Financing Uses

Architect and Engineering Fees	693,610
Legal and Professional Fees	24,643
Purchased Professional and Technical Services	75,695
Construction Services	153,788
Transfer to Debt Service Fund	444
	444
Total Expenditures and Other Financing Uses	948,180

Excess (Deficit) of Revenues over (under) Expenditures	11,065,264
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Fund Balance- Ending	\$ 11,065,264
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Reconciliation to GAAP:

Project Fund Balances- Budgetary	\$ 11,065,264
GAAP Fund Balance- Ending	\$ 11,065,264

**EAST HANOVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
DISTRICT WIDE ADDITIONS, RENOVATIONS, ALTERATIONS, AND IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Proceeds from Bond Sale	\$ -	\$ 12,013,000	\$ 12,013,000	\$ 12,013,163
 Total Revenues and Other Financing Sources	 -	 12,013,000	 12,013,000	 12,013,163
Expenditures and Other Financing Uses				
Architect and Engineering Fees		693,610	693,610	1,038,800
Legal and Professional Fees		24,643	24,643	100,000
Purchased Professional and Technical Services		75,695	75,695	150,000
Construction Services	-	153,788	153,788	10,724,363
 Total Expenditures and Other Financing Uses	 -	 947,736	 947,736	 12,013,163
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 \$ -	 \$ 11,065,264	 \$ 11,065,264	 \$ -
 Additional Project Information				
Project Number	1190-X01-22-1000/1190-050-22-2000/1190-035-22-1000/ 1190-030-22-1000/1190-030-22-2000			
Grant Date	N/A			
Bond Authorization Date	12/21/2022			
Bonds Authorized	\$	12,013,000		
Bonds Issued		12,013,000		
 Original Authorized Cost		12,013,163		
Additional Authorized Cost		-		
Revised Authorized Cost		12,013,163		
 Percentage Increase (Decrease) Over Original				
Authorized Cost		0.00%		
Percentage Completion		7.89%		
Original Target Completion Date		9/30/2025		
Revised Target Completion Date		9/30/2025		

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, 2023**

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, 2023**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2022</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2023</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds	1/15/2012	\$ 6,355,000			3.00%	\$ 555,000		\$ 555,000	\$ -
School Bonds, Series 2022	12/15/2022	\$ 12,013,000	7/15/2023	\$ 403,000	3.00%				
			7/15/2024	405,000	3.50%				
			7/15/2025	420,000	3.50%				
			7/15/2026	440,000	3.50%				
			7/15/2027	460,000	3.50%				
			7/15/2028	485,000	3.50%				
			7/15/2029	505,000	3.50%				
			7/15/2030	530,000	3.50%				
			7/15/2031	550,000	3.50%				
			7/15/2032	575,000	3.50%				
			7/15/2033	605,000	3.50%				
			7/15/2034	630,000	3.50%				
			7/15/2035	660,000	3.50%				
			7/15/2036	690,000	3.50%				
			7/15/2037	720,000	4.00%				
			7/15/2038	750,000	4.00%				
			7/15/2039	785,000	4.00%				
			7/15/2040	800,000	4.00%				
			7/15/2041	800,000	4.00%				
			7/15/2042	800,000	4.00%				
						<u>\$ -</u>	<u>\$ 12,013,000</u>	<u>\$ -</u>	<u>\$ 12,013,000</u>
						<u>\$ 555,000</u>	<u>\$ 12,013,000</u>	<u>\$ 555,000</u>	<u>\$ 12,013,000</u>
								<u>\$ 555,000</u>	
									Paid By Budget Appropriation

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, 2023

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, June 30, 2022</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2023</u>
<u>Capital Financing Agreements</u>						
98 Energy Savings Incentive Program	\$ 1,696,601	2.65%	\$ 1,163,689	-	\$ 54,844	\$ 1,108,845
Technology 2019-20	51,541	2.04%	26,291		13,013	13,278
Technology 2020-21	159,435	1.16%	<u>82,072</u>	<u>-</u>	<u>40,798</u>	<u>41,274</u>
Total			<u>\$ 1,272,052</u>	<u>\$ -</u>	<u>\$ 108,655</u>	<u>\$ 1,163,397</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES:					
Local Property Tax Levy	\$ 571,650	-	\$ 571,650	\$ 571,650	-
Total Revenues	<u>571,650</u>	<u>-</u>	<u>571,650</u>	<u>571,650</u>	<u>-</u>
EXPENDITURES:					
Debt Service:					
Principal	555,000		555,000	555,000	
Interest	<u>16,650</u>	<u>-</u>	<u>16,650</u>	<u>16,650</u>	<u>-</u>
Total Expenditures	<u>571,650</u>	<u>-</u>	<u>571,650</u>	<u>571,650</u>	<u>-</u>
Excess of Revenue Over Expenditures					
Other Financing Sources					
Transfer In	<u>-</u>	<u>-</u>	<u>-</u>	<u>444</u>	<u>\$ 444</u>
Net Change in Fund Balance	-	-	-	444	444
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>\$ 444</u>	<u>\$ 444</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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 10,894,751
Restricted	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	5,270,489
Unrestricted	<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>	<u>(875,860)</u>
Total Governmental Activities Net Position	\$ 5,249,078	\$ 5,010,490	\$ 5,117,084	\$ 6,077,032	\$ 6,554,662	\$ 6,803,373	\$ 8,074,398	\$ 10,029,352	\$ 12,754,296	\$ 15,289,380
Business-Type Activities										
Net Investment in Capital Assets	\$ 11,717	\$ 11,062	\$ 10,429	\$ 8,064	\$ 5,805	\$ 5,538	\$ 4,121	\$ 3,637	\$ 3,153	\$ 2,668
Unrestricted	<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>	<u>297,675</u>
Total Business-Type Activities Net Position	\$ 264,288	\$ 299,714	\$ 279,778	\$ 193,166	\$ 302,214	\$ 342,317	\$ 289,131	\$ 218,971	\$ 246,455	\$ 300,343
District-Wide										
Net Investment in Capital Assets	7,252,406	7,503,471	8,704,116	8,791,461	9,156,997	9,687,505	9,421,087	10,897,863	9,844,570	10,897,419
Restricted	1,891,884	3,582,166	2,193,979	2,682,130	2,570,523	3,185,017	3,510,398	5,061,898	4,140,605	5,270,489
Unrestricted	<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>(370,038)</u>	<u>(984,424)</u>	<u>(578,185)</u>
Total District Net Position	\$ 5,310,204	\$ 5,396,862	\$ 6,270,198	\$ 6,856,876	\$ 7,145,690	\$ 8,363,529	\$ 10,248,323	\$ 15,589,723	\$ 13,000,751	\$ 15,589,723

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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 9,300,146
Special Education	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	4,041,199
Other Instruction	727,235	869,224	983,484	1,258,396	1,322,777	1,578,091	1,405,316	1,333,203	1,253,236	869,511
School Sponsored Activities and Athletics	162,914	334,569	332,910	240,345	264,852	246,975	226,335	202,501	308,517	383,433
Support Services:										
Student & Instruction Related Services	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	4,129,988
General Administration	483,623	614,681	649,908	689,535	671,562	638,959	584,467	719,216	670,106	670,411
School Administrative Services	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	1,290,452
Central Services	348,388	422,750	402,680	413,915	464,749	451,630	453,648	547,680	585,579	625,217
Plant Operations And Maintenance	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	2,382,956
Pupil Transportation	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	1,414,492
Interest and Other Charges	181,256	171,960	167,715	191,884	174,347	157,734	139,173	116,909	103,330	229,094
Total Governmental Activities Expenses	19,801,230	23,324,493	23,854,502	26,223,340	27,499,622	26,541,510	25,393,124	27,400,374	25,298,576	25,336,899
Business-Type Activities:										
Food Service	17,690	17,816	15,863	19,335	19,113	18,140	10,275	484	5,117	8,528
After School Child Care Program	489,527	609,313	751,655	775,617	725,720	659,660	560,527	232,947	405,134	527,499
Total Business-Type Activities Expense	507,217	627,129	767,518	794,952	744,833	677,800	570,802	233,431	410,251	536,027
Total District Expenses	\$ 20,308,447	\$ 23,951,622	\$ 24,622,020	\$ 27,018,292	\$ 28,244,455	\$ 27,219,310	\$ 25,963,926	\$ 27,633,805	\$ 25,708,827	\$ 25,872,926
Program Revenues										
Governmental Activities:										
Charges For Services	\$ 104,344	\$ 85,255	\$ 57,350	\$ 71,800	\$ 80,838	\$ 58,900	\$ 68,434	\$ 35,000	\$ 46,150	\$ 63,750
Operating Grants And Contributions	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	4,628,883
Capital Grants And Contributions	4,284	82,600	4,195	693,423	12,155	-	-	16,595	181,357	733,743
Total Governmental Activities Program Revenues	2,978,177	5,244,179	5,845,688	8,257,960	8,373,879	6,622,586	5,725,251	7,909,712	6,143,895	5,426,376
Business-Type Activities:										
Charges For Services										
Food Service	\$ 11,321	\$ 10,610	\$ 10,427	\$ 10,958	\$ 10,020	\$ 9,978	\$ 6,928			
After School Child Care Program	577,605	706,399	737,155	694,382	837,861	700,226	508,378	156,271	\$ 437,735	\$ 584,915
Operating Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	588,926	717,009	747,582	705,340	847,881	710,204	515,306	156,271	437,735	584,915
Total District Program Revenues	\$ 3,567,103	\$ 5,961,188	\$ 6,593,270	\$ 8,963,300	\$ 9,221,760	\$ 7,332,790	\$ 6,240,557	\$ 8,065,983	\$ 6,581,630	\$ 6,011,291

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (19,910,523)
Business-Type Activities	81,709	89,880	(19,936)	(89,612)	103,048	32,404	(55,496)	(77,160)	27,484	48,888
Total District-Wide Net Expense	\$ (16,741,344)	\$ (17,990,434)	\$ (18,028,750)	\$ (18,054,992)	\$ (19,022,695)	\$ (19,886,520)	\$ (19,723,369)	\$ (19,567,822)	\$ (19,127,197)	\$ (19,861,635)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 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	\$ 21,603,270
Taxes Levied For Debt Service	516,463	516,191	616,762	621,662	631,262	639,112	635,813	625,850	598,600	571,650
Unrestricted Grants And Contributions	368	17,854	19,108	27,322	27,841	1,947				
Miscellaneous Income	118,077	237,690	56,710	65,762	170,990	84,974	37,907	62,377	101,349	275,687
Loss on Disposal of Capital Assets	(3,540)	-	-	(1,398)		(20,848)				
Transfers	476,950	54,454	-	(3,000)	(6,000)	(7,699)	(2,310)	(7,000)	-	(5,000)
Total Governmental Activities	17,871,028	17,915,771	18,115,408	18,925,328	19,603,373	20,167,635	20,686,289	21,445,616	21,879,625	22,445,607
Business-Type Activities:										
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-
Transfers	(476,950)	(54,454)	-	3,000	6,000	7,699	2,310	7,000	-	5,000
Total Business-Type Activities	(476,950)	(54,454)	-	3,000	6,000	7,699	2,310	7,000	-	5,000
Total District-Wide	\$ 17,394,078	\$ 17,861,317	\$ 18,115,408	\$ 18,928,328	\$ 19,609,373	\$ 20,175,334	\$ 20,688,599	\$ 21,452,616	\$ 21,879,625	\$ 22,450,607
Change in Net Position										
Governmental Activities	\$ 1,047,975	\$ (164,543)	\$ 106,594	\$ 959,948	\$ 477,630	\$ 248,711	\$ 1,018,416	\$ 1,954,954	\$ 2,724,944	\$ 2,535,084
Business-Type Activities	(395,241)	35,426	(19,936)	(86,612)	109,048	40,103	(53,186)	(70,160)	27,484	53,888
Total District	\$ 652,734	\$ (129,117)	\$ 86,658	\$ 873,336	\$ 586,678	\$ 288,814	\$ 965,230	\$ 1,884,794	\$ 2,752,428	\$ 2,588,972

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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ 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	\$ 8,020,623
Assigned	638,725	78,522	54,097	182,895	106,998	58,588	105,113	836,438	813,720	62,436
Unassigned	<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>	<u>352,515</u>
Total General Fund	<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>	<u>\$ 8,435,574</u>
All Other Governmental Funds										
Reserved										
Unreserved										
Restricted	\$ 105,572	\$ 1	\$ 1,449,548	\$ 238,240	\$ 68,753		\$ 14,157	\$ 17,294	\$ 25,048	\$ 11,091,837
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>\$ 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>	<u>\$ 11,091,837</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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax Levy	\$ 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	\$ 22,174,920
Tuition Charges	80,660	68,300	57,350	71,800	80,838	58,900	68,434	35,000	46,150	63,750
Miscellaneous	149,275	399,814	81,410	125,562	180,627	119,743	95,878	62,377	101,349	275,687
Federal Sources	285,223	289,775	311,940	384,803	361,261	384,371	370,704	465,101	846,347	1,120,348
State Sources	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	6,414,579
Local Sources	-	-	-	-	-	-	-	22,783	73,768	113,034
Total Revenue	<u>20,375,795</u>	<u>21,092,593</u>	<u>21,445,775</u>	<u>22,636,871</u>	<u>23,556,862</u>	<u>24,669,509</u>	<u>25,361,888</u>	<u>26,864,201</u>	<u>29,007,986</u>	<u>30,162,318</u>
Expenditures										
Instruction										
Regular Instruction	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	10,200,639
Special Education Instruction	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	4,407,815
Other Instruction	714,168	715,642	807,384	983,824	1,042,562	1,362,673	1,279,573	1,148,390	1,315,794	953,521
School Sponsored Activities and Athletics	159,881	296,814	293,581	179,814	202,943	213,548	206,248	176,935	321,432	411,766
Support Services:										
Student and Inst. Related Services	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	4,468,859
General Administration	477,441	550,189	574,400	570,290	551,572	572,461	543,918	640,672	693,696	715,117
School Administrative Services	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	1,426,215
Central Services	341,037	397,838	384,379	385,078	401,887	413,966	435,856	509,015	539,989	614,195
Plant Operations And Maintenance	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	2,354,482
Pupil Transportation	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	1,411,151
Capital Outlay	623,034	713,248	701,517	1,769,935	437,545	603,924	792,341	205,605	654,271	2,317,572
Debt Service										
Principal	485,000	500,000	587,462	728,152	794,656	758,750	689,187	735,439	704,585	663,655
Interest and Other Charges	170,916	161,216	154,012	188,557	175,095	160,396	144,119	128,359	107,925	87,992
Total Expenditures	<u>20,397,087</u>	<u>21,429,451</u>	<u>21,818,171</u>	<u>23,603,545</u>	<u>23,410,226</u>	<u>24,952,769</u>	<u>24,996,920</u>	<u>25,154,488</u>	<u>27,427,105</u>	<u>30,032,979</u>
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	<u>(21,292)</u>	<u>(336,858)</u>	<u>(372,396)</u>	<u>(966,674)</u>	<u>146,636</u>	<u>(283,260)</u>	<u>364,968</u>	<u>1,709,713</u>	<u>1,580,881</u>	<u>129,339</u>

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other Financing Sources (Uses)										
Lease Proceeds			1908821	\$ 56,831	\$ 43,343	\$ 137,970	\$ 51,541	\$ 162,732	\$ -	
Bond Proceeds										\$ 12,013,000
Transfers In	\$ 576,950	\$ 160,024	\$ 395,480	1,243,968		68,753	1,190			
Transfers Out	(100,000)	(105,570)	(395,480)	(1,246,968)	(6,000)	(76,452)	(3,500)	(7,000)	-	(5,000)
Total Other Financing Sources (Uses)	<u>476,950</u>	<u>54,454</u>	<u>-</u>	<u>53,831</u>	<u>37,343</u>	<u>130,271</u>	<u>49,231</u>	<u>155,732</u>	<u>-</u>	<u>12,008,000</u>
Net Change in Fund Balances	<u>\$ 455,658</u>	<u>\$ (282,404)</u>	<u>\$ (372,396)</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>	<u>\$ 12,137,339</u>
Debt Service as a Percentage of										
Noncapital Expenditures	3.32%	3.19%	3.51%	4.20%	4.22%	3.77%	3.44%	3.46%	3.03%	2.71%

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)**

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Sale of Assets</u>	<u>Tuition</u>	<u>Prior Year Refunds</u>	<u>Transportation Fees</u>	<u>Cancel Prior Year Accounts Payable</u>	<u>E-Rate</u>	<u>New Jersey Clean Energy</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2023	238,211		63,750	12,142					24,890	338,993

Source: District's Financial Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
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
2023	65,101,000	1,458,905,900			768,147,570	204,579,000		2,496,733,470	7,669	2,496,741,139	3,492,379,566	0.917

Source: County Abstract of Ratables

N/A - Information is not available.

^a Tax rates are per \$100

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS**

(Unaudited)

(rate per \$100 of assessed value)

<u>Assessment Year</u>	<u>Hanover Park Regional District</u>	<u>East Hanover School District</u>	<u>East Hanover Township</u>	<u>Morris County</u>	<u>Total</u>
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
2023	0.426	0.917	0.795	0.357	2.495

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	
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
2023	22,174,920	22,174,920	100.00%	N/A

Source: District Financial Records

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Financing Agreements</u>			
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	11,120	164
2023	12,013,000	1,163,397	13,176,397	11,120 *	1,185

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)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
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
2023	12,013,000		12,013,000	0.48%	1,080

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, 2022
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
East Hanover Township Board of Education	\$ 12,568,163
Regional High School - Township's Share	15,330,287
Township of East Hanover	<u>43,719,855</u>
	71,618,305
 Overlapping Debt Apportioned to the Municipality:	
Morris County:	
County of Morris (A)	<u>13,415,716</u>
 Total Direct and Overlapping Debt	 <u>\$ 85,034,021</u>

Source:

(1) Township's 2022 Annual Debt Statement

(A) The debt for this entity was apportioned to East Hanover by dividing the municipality's 2022 equalized value by the total 2022 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 2022

Equalized Valuation Basis	
2022	\$ 3,518,596,714
2021	3,414,226,822
2020	3,427,493,136
	<u>\$ 10,360,316,672</u>
Average Equalized Valuation Of Taxable Property	<u>\$ 3,453,438,891</u>
Debt Limit (3% of Average Equalization Value)	\$ 103,603,167
Total Net Debt Applicable to Limit	<u>12,568,163</u>
Legal Debt Margin	<u>\$ 91,035,004</u>

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 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	\$ 103,603,167
Total Net Debt Applicable To Limit	<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>	<u>12,568,163</u>
Legal Debt Margin	<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>	<u>\$ 91,035,004</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.64%	4.21%	4.22%	3.80%	3.38%	2.84%	2.28%	1.70%	1.11%	12.13%

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>
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	107,767	5.2%
2022	11,120	107,767 *	3.1%
2023	11,094 *	107,767 *	3.1% *

Source: New Jersey State Department of Education

*- Estimated

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

	<u>2023</u>		<u>2014</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>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>	<u>2023</u>
Instruction										
Regular	65.5	64.0	63.5	66.6	72	71.7	72.8	75.6	76.5	81.4
Special Education	44.0	40.7	32.3	32.45	27	27.0	33.1	31.3	35.8	41.2
Other Special Education										
Vocational										
Other Instruction	5.0	6.9	7.0	6.95	6	10.3	9.5	9.2	8.7	7.5
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	17.0	28.3	38.6	31.85	28	25.3	23.9	27.7	30.7	30.8
General Administration	2.0	2.0	2.1	2.1	2	2.0	2.0	2.0	1.8	1.7
School Administrative Services	10.5	10.5	10.5	10.5	11	11.0	11.0	10.0	8.6	8.8
Other Administrative Services				0						
Central Services	3.5	3.5	3.5	3.5	4	3.5	3.5	3.5	4.3	4.6
Administrative Information Technology										
Plant Operations And Maintenance	25.5	26.5	18.6	18.9	19	19.0	18.5	19.2	19.3	19.1
Pupil Transportation	6.1	6.5	6.2	7.66	8	6.3	5.2	5.0	3.1	3.7
Other Support Services										
Special Schools										
Food Service										
Child Care	-	-		0	-	-	-	-	-	-
Total	<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>	<u>198.8</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	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				
2014	1,015	\$ 19,118,137	\$ 18,836	12.76%	01:10.3	01:11.1	01:09.1	1,021	980	-8.18%	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%
2023	972	26,963,760	27,740	-0.30%	01:09.6	01:10.8	01:07.6	967	914	4.54%	94.52%

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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Building</u>										
<u>Elementary</u>										
Central School										
Square Feet	58,328	58,328	58,328	58,328	58,328	43,726	43,726	43,726	43,726	43,726
Capacity (students)	374	374	374	374	374	374	374	374	374	374
Enrollment	329	316	302	297	284	290	290	319	329	380
Frank J. Smith School										
Square Feet	39,197	39,197	39,197	39,197	39,197	40,750	40,750	40,750	40,750	40,750
Capacity (students)	425	425	425	425	425	425	425	425	425	425
Enrollment	316	313	304	329	320	326	326	297	304	293
<u>Middle School</u>										
Square Feet	60,502	60,502	60,502	60,502	60,502	75,640	75,640	75,640	75,640	75,640
Capacity (students)	383	383	383	383	383	383	383	383	383	383
Enrollment	370	368	362	347	327	290	290	279	300	299
<u>Other</u>										
Board of Education Offices										
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, 2023

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>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>	<u>2023</u>
School Facilities											
Central School	N/A	\$ 140,030	\$ 139,756	\$ 167,192	\$ 141,361	\$ 169,909	\$ 175,193	\$ 149,269	\$ 144,942	\$ 135,083	\$ 148,029
Frank J. Smith School	N/A	117,630	93,918	120,734	98,274	114,180	163,269	139,110	135,077	125,889	137,953
Middle School	N/A	181,566	154,586	173,424	151,689	176,241	234,816	244,028	236,954	220,836	242,000
Administration Building	N/A	<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>	<u>23,979</u>
Total School Facilities		<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>	<u>\$ 551,961</u>

Source: District Records

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2023
(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	
Per Occurrence/ Annual Aggregate:		
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	12,837,461	
No-Professional	732,367	
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	500,000	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
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Hanover Township Board of Education as of and for the fiscal year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the East Hanover Township Board of Education's basic financial statements and have issued our report thereon dated November 14, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

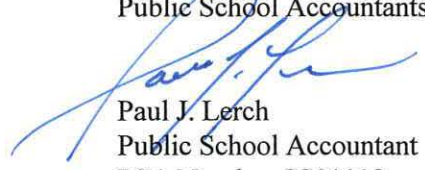
As part of obtaining reasonable assurance about whether the East Hanover Township Board of Education’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Township Board of Education’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the East Hanover Township Board of Education’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 14, 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
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the East Hanover Township Board of Education's compliance with the types of compliance requirements identified as subject to audit in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the East Hanover Township Board of Education's major state programs for the fiscal year ended June 30, 2023. The East Hanover Township Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the East Hanover Township 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 state programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major 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 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 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 Township 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 state program. Our audit does not provide a legal determination of the East Hanover Township 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 Township Board of Education's 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 Township 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 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 Township Board of Education's compliance with the requirements of each major 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 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 Township 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 Township 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 New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the East Hanover Township 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

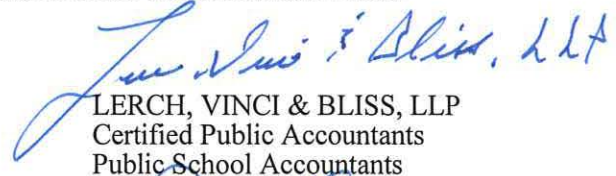
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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 New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Hanover Township Board of Education, as of and for the fiscal year ended June 30, 2023, 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 November 14, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is 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 state financial assistance is 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
November 14, 2023

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Federal AI Number	Federal FAIN Number	Program or Award Amount	Grant Period		Balance at June 30, 2022			Carryover Amount			Total Budgetary Expenditures	Adjustment	Balance at June 30, 2023			Memo GAAP Receivable
				From	To	Accounts Receivable	Deferred Revenue	Due to Grantor	Accounts Receivable	Deferred Revenue	Cash Received			Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education																	
Passed-through State Department of Education																	
Special Revenue Fund:																	
Title I, Part A	84.010	S010A220030	80,471	7/1/22	9/30/23				\$ (2,000)	\$ 2,000	\$ 50,442	\$ 65,904		\$ (32,029)	\$ 16,567		\$ (15,462)
Title I, Part A, Carryover	84.010	S010A210030	94,751	7/1/21	9/30/22	\$ (33,238)	\$ 16,558	-	2,000	(2,000)	31,238	14,557	\$ (1)	-	-		-
Total Title I, Part A Cluster						<u>(33,238)</u>	<u>16,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,680</u>	<u>80,461</u>	<u>(1)</u>	<u>(32,029)</u>	<u>16,567</u>	<u>-</u>	<u>(15,462)</u>
Title II, Part A	84.367A	S367A220029	14,804	7/1/22	9/30/23				(4,467)	4,467	13,280	13,620		(5,991)	5,651		(340)
Title II, Part A, Carryover	84.367A	S367A210029	15,390	7/1/21	9/30/22	(14,967)	4,467	-	4,467	(4,467)	10,500	-		-	-		-
Total Title II, Part A Cluster						<u>(14,967)</u>	<u>4,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,780</u>	<u>13,620</u>	<u>-</u>	<u>(5,991)</u>	<u>5,651</u>	<u>-</u>	<u>(340)</u>
Title IV, Part A	84.424A	S424A220031	10,000	7/1/22	9/30/23				(2,790)	2,790	3,465	12,671		(9,325)	119		(9,206)
Title IV, Part A, Carryover	84.424A	S424A210031	10,000	7/1/21	9/30/22	(16,749)	10,290	-	2,790	(2,790)	13,959	7,500		-	-		-
Total Title IV, Part A Cluster						<u>(16,749)</u>	<u>10,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,424</u>	<u>20,171</u>	<u>-</u>	<u>(9,325)</u>	<u>119</u>	<u>-</u>	<u>(9,206)</u>
I.D.E.A. Part B, Basic Regular	84.027	H027A220100	237,176	7/1/22	9/30/23				(397)	397	188,775	237,573		(48,798)	-		(48,798)
I.D.E.A. Part B, Basic Regular, Carryover	84.027	H027A210100	229,393	7/1/21	9/30/22	(22,910)	397	-	397	(397)	22,513	-		-	-		-
I.D.E.A. Part B, Preschool	84.173	H173A220114	14,995	7/1/22	9/30/23				(1,452)	1,452	11,616	14,995		(4,831)	1,452		(3,379)
I.D.E.A. Part B, Preschool, Carryover	84.173	H173A210114	14,124	7/1/21	9/30/22	(3,916)	1,452	-	1,452	(1,452)	2,464	-		-	-		-
Total Special Education Cluster (IDEA)						<u>(26,826)</u>	<u>1,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,368</u>	<u>252,568</u>	<u>-</u>	<u>(53,629)</u>	<u>1,452</u>	<u>-</u>	<u>(52,177)</u>
CRRSA, ESSER II	84.425D	S425D210027	366,217	3/13/20	9/30/23	(37,750)	20,000				22,475	7,125		(15,275)	12,875		(2,400)
CRRSA, Learning Acceleration	84.425D	S425D210027	25,000	3/13/20	9/30/23	(25,000)	25,000				14,233	14,233		(10,767)	10,767		-
CRRSA, Mental Health	84.425D	S425D210027	45,000	3/13/20	9/30/23	(25,615)	19,725				19,912	15,022		(5,703)	4,703		(1,000)
ARP - ESSER III	84.425U	S425U210027	823,048	3/13/21	9/30/24	(786,897)	208,147				678,623	99,873		(108,274)	108,274		-
ARP - Accelerated Learning Coach	84.425U	S425U210027	74,440	3/13/21	9/30/24	(74,440)	74,440				-	74,440		(74,440)	74,440		-
ARP - Evidence Based Summer Learning	84.425U	S425U210027	40,000	3/13/21	9/30/24	(40,000)	40,000				5,365	5,365		(34,635)	34,635		-
ARP - Evidence Based Comprehensive	84.425U	S425U210027	40,000	3/13/21	9/30/24	(40,000)	40,000				-	-		(40,000)	40,000		-
ARP - NJTSS Mental Health Support	84.425U	S425U210027	45,000	3/13/21	9/30/24	(45,000)	45,000				5,878	19,160		(39,122)	25,840		(13,282)
Total CRRSA/ARP Fund Cluster						<u>(1,074,702)</u>	<u>472,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>746,486</u>	<u>160,778</u>	<u>-</u>	<u>(328,216)</u>	<u>311,534</u>	<u>-</u>	<u>(16,682)</u>
Total Special Revenue Fund						<u>(1,166,482)</u>	<u>505,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,094,738</u>	<u>527,598</u>	<u>(1)</u>	<u>(429,190)</u>	<u>335,323</u>	<u>-</u>	<u>(93,867)</u>
Sub-Total Federal Financial Awards						<u>\$ (1,166,482)</u>	<u>\$ 505,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,094,738</u>	<u>\$ 527,598</u>	<u>\$ (1)</u>	<u>\$ (429,190)</u>	<u>\$ 335,323</u>	<u>\$ -</u>	<u>\$ (93,867)</u>

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

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022			Budgetary Expenditures Pass through Funds	Balance at June 30, 2023			MEMO		
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor	Cash Received		Intergovernmental (Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education														
General Fund:														
Special Education Categorical Aid	23-495-034-5120-089	\$ 947,303	7/1/22	6/30/23			\$ 857,646	\$ 947,303	\$ (89,657)				\$ 947,303	
Special Education Categorical Aid	22-495-034-5120-089	773,482	7/1/21	6/30/22	\$ (72,445)		72,445							
Security Aid	23-495-034-5120-084	21,436	7/1/22	6/30/23			19,407	21,436	(2,029)				21,436	
Security Aid	22-495-034-5120-084	17,287	7/1/21	6/30/22	(1,619)	-	1,619	-	-	-	-	-	-	
Total State Aid Public Cluster					(74,064)	-	951,117	968,739	(91,686)	-	-	-	968,739	
Transportation Aid	23-495-034-5120-014	178,676	7/1/22	6/30/23			161,765	178,676	(16,911)				178,676	
Transportation Aid	22-495-034-5120-014	178,676	7/1/21	6/30/22	(16,735)		16,735							
Additional Nonpublic Transportation Aid	23-495-034-5120-014	15,288	7/1/22	6/30/23			15,288	15,288	(15,288)		\$ (15,288)		15,288	
Additional Nonpublic Transportation Aid	22-495-034-5120-014	17,110	7/1/21	6/30/22	(17,110)	-	17,110	-	-	-	-	-	-	
Total Transportation Aid Cluster					(33,845)	-	195,610	193,964	(32,199)	-	-	(15,288)	193,964	
Extraordinary Aid	23-495-034-5120-044	334,897	7/1/22	6/30/23				334,897	(334,897)				334,897	
Extraordinary Aid	22-495-034-5120-044	277,583	7/1/21	6/30/22	(277,583)		277,583							
Lead Testing	N/A	1,975	7/1/22	6/30/23			1,975	1,975	-				1,975	
Reimbursed Social Security Tax	23-495-034-5094-003	716,227	7/1/22	6/30/23			646,138	716,227	(70,089)		(70,089)		716,227	
On-Behalf Teachers' Pension and Annuity Fund	23-495-034-5094-002	3,305,182	7/1/22	6/30/23			3,305,182	3,305,182					3,305,182	
On-Behalf- Teachers' Pension & Annuity Fund – Non-contributory Insurance	23-495-034-5094-004	45,856	7/1/22	6/30/23			45,856	45,856					45,856	
On-Behalf-Teachers' Pension and Annuity Fund – Post Retirement Medical	23-495-034-5094-001	880,310	7/1/22	6/30/23			880,310	880,310					880,310	
On-Behalf- Teachers' Pension & Annuity Fund – Long Term Disability	23-495-034-5094-004	1,421	7/1/22	6/30/23	-	-	1,421	1,421	-	-	-	-	1,421	
On-Behalf Teachers' Pension and Annuity Fund Cluster					-	-	4,232,769	4,232,769	-	-	-	-	4,232,769	
Total General Fund					(385,492)	-	6,305,192	6,448,571	(528,871)	-	-	(85,377)	6,448,571	
SDA Emergent Needs	N/A	41,120	7/1/22	6/30/23	-	-	41,120	41,120	-	-	-	-	41,120	
Total Special Revenue Fund					-	-	41,120	41,120	-	-	-	-	41,120	
Total State Financial Assistance					\$ (385,492)	\$ -	\$ 6,346,312	\$ 6,489,691	\$ (528,871)	\$ -	\$ -	\$ (85,377)	\$ 6,489,691	
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf Teachers' Pension and Annuity Fund	23-495-034-5094-002							(3,305,182)						
On-Behalf- Teachers' Pension & Annuity Fund – Non-contributory Insurance	23-495-034-5094-004							(45,856)						
On-Behalf-Teachers' Pension and Annuity Fund – Post Retirement Medical	23-495-034-5094-001							(880,310)						
On-Behalf- Teachers' Pension & Annuity Fund – Long Term Disability	23-495-034-5094-004							(1,421)						
Total for State Financial Assistance-Major Program Determination								\$ 2,256,922						

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, 2023**

NOTE 1 REPORTING ENTITY

The East Hanover Township Board of Education (the “Board” or the “District”) received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The Board is the reporting entity for these programs. The Board is defined in Note 1 (A) to the Board’s Financial Statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Schedules”) present the activity of all federal and state programs of the Board. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principals, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 the Notes to the Budgetary Comparison Schedules (RSI) and Note 1(D) to the Board’s financial statements, respectively. Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements. The Board’s summary of significant accounting policies are described in Note 1 to the Board’s financial statements.

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$75,112 for the general fund and an increase of \$592,750 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 6,373,459	\$ 6,373,459
Special Revenue Fund	\$ 1,120,348	41,120	<u>1,161,468</u>
Total Awards and Financial Assistance	<u>\$ 1,120,348</u>	<u>\$ 6,414,579</u>	<u>\$ 7,534,927</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, 2023**

NOTE 5 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 6 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$716,227 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, 2023. The amount reported as TPAF Pension System Contributions in the amount of \$3,351,038, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$880,310 and TPAF Long-Term Disability Insurance in the amount of \$1,421 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2023.

NOTE 7 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 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 8 DE MINIMIS INDIRECT COST RATE

The District has 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, 2023**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
2) Were significant deficiencies identified that were not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to basic financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards Section

Not Applicable

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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
23-495-034-5120-089 & -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, 2023**

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, 2023**

Part 3 - Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Not Applicable

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023**

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