

**HANOVER PARK
REGIONAL HIGH SCHOOL DISTRICT**

**Hanover Park Regional High School District
East Hanover, New Jersey**

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

Annual Comprehensive Financial Report

of the

**Hanover Park
Regional High School District**

East Hanover, New Jersey

For the Fiscal Year Ended June 30, 2025

Prepared by

**Hanover Park Regional High School District
Board of Education**

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

BOARD OF EDUCATION
HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
Serving East Hanover Township, Florham Park Borough and Hanover Township

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Telephone (973) 887-0340 Fax (973) 887-9247

William F. Albert, Jr
Business Administrator/Board Secretary
E-mail: Walbert@hpreg.org

HANOVER PARK HIGH SCHOOL
WHIPPANY PARK HIGH SCHOOL

November 14, 2025

The Honorable President and Members
of the Board of Education
Hanover Park Regional High School District
East Hanover, NJ 07936

Dear Honorable President and Board Members:

The Annual Comprehensive Financial Report of the Hanover Park Regional High School District (the "District") for the fiscal year ended June 30, 2025 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). 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 basic financial statements and results of operations 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 Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The Hanover Park Regional High 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 Hanover Park Regional High School District and its two schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 9 through 12 for the students residing in East Hanover Township, the Borough of Florham Park, and Hanover Township. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2024-2025 fiscal year with an enrollment of 1,257 students, which is a decrease of 18 students from the previous year's enrollment.

2. ECONOMIC CONDITION AND OUTLOOK: The Economic Conditions and Outlook of the Hanover Park Regional High School District remain positive. The District maintains a viable Capital Reserve Fund for future capital projects while continuing to maintain a Maintenance Reserve Fund for required maintenance projects. The District has decided to maintain a 2% unassigned budgetary basis fund balance of the net budget to provide future funding.
3. MAJOR INITIATIVES: For a complete report on District objectives and major accomplishments during 2024-2025, please contact the Superintendent's Office.

Students in the Class of 2025 at both of the District's high schools were granted diplomas in June 2025.

	Regular Pupils	Special Education Pupils	Total Pupils
Grade 12 Enrollment 6/30/25	280	56	336
No. Students Graduating	279	49	328
No. Students On Track Continuing	1	7	8

A majority of graduating students plan to continue their education. Advanced education plans are summarized below for the Class of 2025.

	4-Year College	2-Year College	Armed Forces	Other Education	Total
Hanover Park	140	16	4	7	167
Whippany Park	113	15	1	15	144

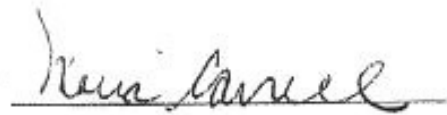
4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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 awards and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

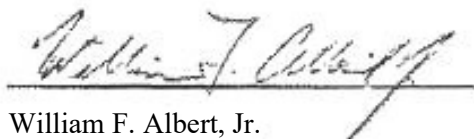
As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2025.
6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.
7. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.
8. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Hanover Park Regional District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

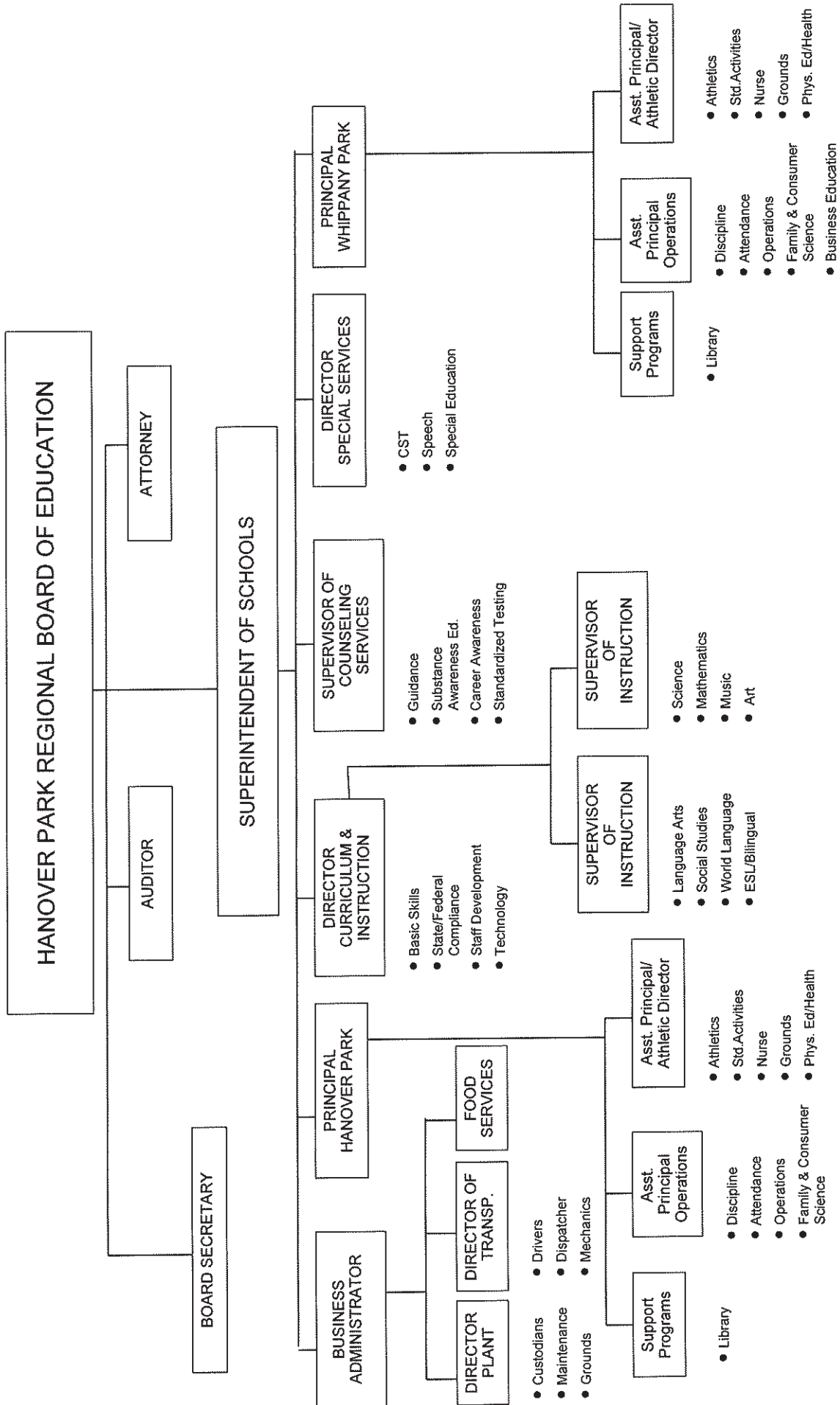
Respectfully submitted,



Maria Carrell
Superintendent



William F. Albert, Jr.
Business Administrator/Board Secretary



HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2025

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Giuseppe Peluso - President	2026
Joanne Green Tobias – Vice President	2026
Donna Anello-Feldman	2028
Keith Cortright	2028
Deborah Davis	2026
Tim Donohue	2028
Michael Lomio	2027
Brian Perillo	2028
Michael Pombo	2027

<u>Other Officers</u>	<u>Title</u>
Maria Carrell	Superintendent of Schools
William F. Albert, Jr.	Board Secretary/Business Administrator
Susan Young	Treasurer
Noemi Schlecht	Director of Curriculum, Instruction and Assessment

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
Consultants and Advisors
Fiscal Year Ended June 30, 2025

Audit Firm

Nisivoccia, LLP
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, New Jersey 07856-1320

Attorney

Chasan, Lamparello, Mallon & Capuzzo, P.C.
300 Lighting Way, Suite 200
Secaucus, New Jersey 07094

Methfessel & Werbel, P.C.
2025 Lincoln Highway, Suite 200
Edison, New Jersey 08817

Architects

FKA Architects
306 Ramapo Valley Road
Oakland, New Jersey 07436

Official Depositories

TD Bank
East Hanover, New Jersey 07936

Valley National Bank
East Hanover, New Jersey 07936

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Hanover Park Regional High School District
County of Morris, New Jersey

Report on the Audit of 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 Hanover Park Regional High School District (the "District"), in the County of Morris, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position, and, where applicable cash flows thereof for the 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 (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 District 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 misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office 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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

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

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, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 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, are 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 District's basic financial statements. The accompanying supplementary information schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and 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 basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, 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, 2025 on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.

November 14, 2025
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell
Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT EAST HANOVER, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FISCAL YEAR ENDED JUNE 30, 2025

This section of Hanover Park Regional High School's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2025. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary 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 such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short- and long-term* financial information about the activities the District operates like a business, such as food services and summer enrichment.
- *Notes to Basic Financial Statements*: Provide additional information essential to a full understanding of the district-wide and fund financial statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of Hanover Park Regional School District's Financial Report

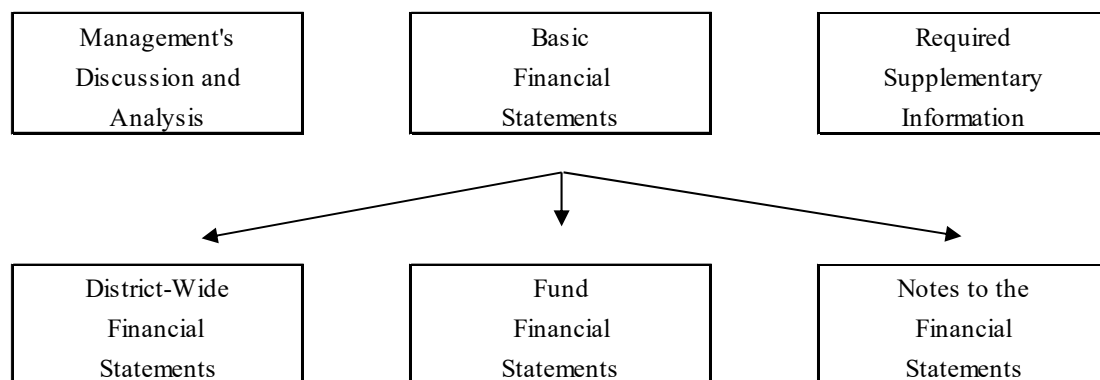


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
EAST HANOVER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2025**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	Fund Financial Statements		
	District-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary, such as special education and building maintenance	Activities the district operates similar to private businesses; food services and summer enrichment
Required Financial Statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenue, Expenditures, and Changes in Fund Balances	• Statement of Net position • Statement of Revenue, Expenditures, 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 and Liabilities, 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, lease assets, subscription assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All Revenue and Expenses during the year, regardless of when Cash is Received or Paid	Revenue 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 Revenue and Expenses during the year, regardless of when cash is received or paid

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT EAST HANOVER, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FISCAL YEAR ENDED JUNE 30, 2025

District-Wide 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 inflows and outflows and liabilities. All of the current year's revenue 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 they have changed. Net position is the difference between the District's assets, deferred inflows and outflows and liabilities and 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 District's overall health, you need to consider additional nonfinancial 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 divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service and summer enrichment programs are 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 by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term liabilities) or to show that it is properly using certain revenue (such as federal grants).

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 you 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, additional information at the bottom of the governmental funds statements explains the relationship (or difference) 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 funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
EAST HANOVER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2025**

Notes to the Basic 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 basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$62,672,389 on June 30, 2025, \$5,467,804 or 9.56% more than the year before (See Figure A-3). Net position from governmental activities increased \$5,436,353 and net position from business-type activities increased by \$31,451 (See Figure A-4). Net investment in capital assets increased \$4,094,580, restricted net position increased \$990,585 and unrestricted net position increased \$382,639.

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	Change
Assets:							
Current and Other Assets	\$ 52,250,232	\$ 63,538,496	\$ 193,250	\$ 125,630	\$ 52,443,482	\$ 63,664,126	
Capital Assets, Net	64,842,276	52,788,837	1,123	1,556	64,843,399	52,790,393	
Total Assets	117,092,508	116,327,333	194,373	127,186	117,286,881	116,454,519	0.71%
Deferred Outflows of Resources	1,348,747	1,551,125			1,348,747	1,551,125	-13.05%
Liabilities:							
Other Liabilities	2,506,055	2,470,325	78,267	42,531	2,584,322	2,512,856	
Long-Term Liabilities Outstanding	52,638,578	57,125,965			52,638,578	57,125,965	
Total Liabilities	55,144,633	59,596,290	78,267	42,531	55,222,900	59,638,821	-7.40%
Deferred Inflows of Resources	740,339	1,162,238			740,339	1,162,238	-36.30%
Net Position:							
Net Investment in Capital Assets	49,858,496	45,763,483	1,123	1,556	49,859,619	45,765,039	
Restricted	18,909,145	17,918,560			18,909,145	17,918,560	
Unrestricted/(Deficit)	(6,211,358)	(6,562,113)	114,983	83,099	(6,096,375)	(6,479,014)	
Total Net Position	\$ 62,556,283	\$ 57,119,930	\$ 116,106	\$ 84,655	\$ 62,672,389	\$ 57,204,585	9.56%

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
EAST HANOVER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2025**

Changes in Net Position

The Changes in Net Position shows the cost of program services and the revenues of the District on a comparative schedule (Figure A-4).

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percent
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	Change
Revenue:							
Program Revenue:							
Charges for Services	\$ 647,399	\$ 575,495	\$ 808,881	\$ 777,194	\$ 1,456,280	\$ 1,352,689	
Operating Grants & Contributions	6,134,900	7,456,099			6,134,900	7,456,099	
General Revenue:							
Property Taxes	39,067,214	38,382,747			39,067,214	38,382,747	
Unrestricted Federal & State Aid	3,041,689	1,195,676			3,041,689	1,195,676	
Other	2,870,701	4,384,472	5,222	4,994	2,875,923	4,389,466	
Total Revenue	51,761,903	51,994,489	814,103	782,188	52,576,006	52,776,677	-0.38%
Expenses:							
Instruction	20,943,356	21,401,192			20,943,356	21,401,192	
Pupil & Instruction Services	12,624,907	11,867,483			12,624,907	11,867,483	
Administration and Business	4,102,853	4,231,230			4,102,853	4,231,230	
Maintenance & Operations	3,103,519	3,171,536			3,103,519	3,171,536	
Transportation	2,643,625	2,595,898			2,643,625	2,595,898	
Other	2,907,290	4,087,250	782,652	823,715	3,689,942	4,910,965	
Total Expenses	46,325,550	47,354,589	782,652	823,715	47,108,202	48,178,304	-2.22%
Transfer		(56,433)		56,433			
Change in Net Position	\$ 5,436,353	\$ 4,583,467	\$ 31,451	\$ 14,906	\$ 5,467,804	\$ 4,598,373	18.91%

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
EAST HANOVER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2025**

Financial Analysis of the District as a Whole

Governmental Activities

The financial position of the District increased by \$5,467,804 and remains strong. However, maintaining existing programs, developing new programs for regular education pupil enrollment and continued special programs and services for students with special needs places great demands on the District's resources. Limited veteran employee retirements and increased employee health benefit contributions have been surpassed by the increase in health benefits costs and the costs associated with training new teachers.

Careful management of expenses remains essential for the District to sustain its financial health. Many significant cost saving measures have led to superior transportation efficiency and overall fiscal restraint. The District's cost-saving measures included:

- Joint Transportation with surrounding school districts
- Employees contribute towards health and dental benefits
- Group purchasing for electric, gas, insurance and telecommunications
- Efficiency of District bus routes
- Continuation of in-district special education programs

Due to the constraints placed upon the District by legislation enacted in the past several years, it is crucial that the District continually examines its expenses. Parental and student demands for new activities and programs must be evaluated thoroughly.

Figure A-5 presents the cost of six major District activities: instruction, pupil & instructional services, administration & business, maintenance & operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-5

Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2024/25	2023/24	2024/25	2023/24
Instruction	\$ 20,943,356	\$ 21,401,192	\$ 16,876,586	\$ 16,209,600
Pupil & Instruction Services	12,624,907	11,867,483	11,033,376	10,214,755
Administration and Business	4,102,853	4,231,230	3,650,383	3,702,053
Maintenance & Operations	3,103,519	3,171,536	3,103,519	3,171,536
Transportation	2,643,625	2,595,898	1,972,097	1,937,801
Other	2,907,290	4,087,250	2,907,290	4,087,250
Total	<u>\$ 46,325,550</u>	<u>\$ 47,354,589</u>	<u>\$ 39,543,251</u>	<u>\$ 39,322,995</u>

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
EAST HANOVER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2025**

Business-Type Activities

- Net position from the District's business-type activities increased \$31,451. Net position for the Food Service Fund increased \$33,110 due primarily to increased daily sales. Net position for the Summer Enrichment Fund decreased \$1,659 due primarily to a decrease in program fees collected. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's General Fund financial position increased \$1,756,116 on the GAAP basis primarily due to unexpended budget appropriations and interest revenue. The District continues to see a rise in additional student needs and the associated expenditures. The District's Special Revenue Fund financial position increased \$14,156 due to an increase in fund raising for student activities. The District's Capital Projects Fund financial position decreased \$13,185,652 due to continued expenditures on existing capital projects.

The District anticipates the current economic conditions to continue and create the same climate that has existed for the past several years. The District has had a multi-year practice of utilizing funds from its unassigned fund balance to offset or reduce the tax levy.

Ratables in East Hanover, Florham Park and Hanover Township will be remaining stable. Commercial building continues in each of the communities. Small residential sub-developments have also occurred along with the replacement of existing homes with larger, more valuable homes.

The District must continue to practice sound financial management to maintain a stable financial position.

General Fund Budgetary Highlights

Over the course of the year, the District revised its annual operating budget several times. These budget amendments consisted of changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Assets and Long-Term Liabilities

The District's capital assets increased \$12,053,006, or 22.83%, over the course of the fiscal year.

Capital asset additions consisted of \$12,761,317 of construction in progress and \$743,284 of budgeted capital outlay expenditures.

Depreciation expense was \$1,451,162 from governmental activities and \$433 from business-type activities.

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
EAST HANOVER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2025**

Capital Assets

Figure A-6

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percent
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	Change
Land	\$ 1,961,326	\$ 1,961,326			\$ 1,961,326	\$ 1,961,326	
Construction in Progress	17,409,316	14,942,999			17,409,316	14,942,999	
Site Imps.	876,732	965,025			876,732	965,025	
Buildings & Bldg. Imps.	42,225,149	32,899,677			42,225,149	32,899,677	
Machinery, Furniture and Equipment	2,369,753	2,019,810	\$ 1,123	\$ 1,556	2,370,876	2,021,366	
Total	\$ 64,842,276	\$ 52,788,837	\$ 1,123	\$ 1,556	\$ 64,843,399	\$ 52,790,393	22.83%

Long-Term Liabilities

The District's long-term liabilities decreased \$4,487,387, or 7.86%, over the course of the fiscal year. At year-end, the District had \$42,945,000 in general obligation bonds outstanding – a decrease of \$3,980,000 from last year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Percent
	2024/25	2023/24	Change
General Obligation Bonds			
(Financed with Property Taxes)	\$ 42,945,000	\$ 46,925,000	
Unamortized Bond Issuance Premium	193,779	387,558	
Net Pension Liability	7,500,864	7,910,485	
Arbitrage Rebate Payable	1,367,000	1,205,902	
Compensated Absences Payable	631,935	697,020	
Total	\$ 52,638,578	\$ 57,125,965	-7.86%

- The District paid down \$3,980,000 of School Bonds during the fiscal year.
- The District's Unamortized Bond Issuance Premium, Net Pension Liability and Compensated Absences Payable decreased by \$193,779, \$409,621 and \$65,085, respectively.
- The District's Arbitrage rebate payable increased by \$161,098.

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
EAST HANOVER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2025**

Factors Bearing on the District's Future

While many factors influence the district's future, the availability of funding for enrollment, staffing needs and the economy will have the most impact on educational and fiscal decisions in the future.

Similar to most school districts in New Jersey, the District's primary sources of funding are property tax revenue and state aid. State aid comprised 7% of the District's original 2025 operating budget while local property taxes accounted for 93%. As a result, the financial wellbeing of the District is tied in large measure to the actions of the state legislature. Current legislation restricts the growth rate on local property taxes to 2%. However, the law does allow for an increase in the 2% limitation, if needed. Significant cuts in state funding and/or further restrictions on the growth rate of the local property tax levy could have a substantial impact on the District's programs and services.

Additionally, the following factors may have an impact on the District's future:

- The Board of Education moved the school election to November thereby eliminating a public vote on the budget.
- The labor agreement with the Hanover Park Regional Administrator's Association will expire on June 30, 2026.
- The labor agreement with the Hanover Park Regional Educators Association will expire on June 30, 2027.
- The cost of health benefits continues to escalate.
- The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters is either unknown, or will not have a material adverse effect on the financial position of the District.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, 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 financial information, contact the Board of Education Office, 75 Mt. Pleasant Avenue, East Hanover, New Jersey 07936.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 46,666,838	\$ 150,832	\$ 46,817,670
Cash with Fiscal Agents	1,837		1,837
Internal Balances	(32,979)	32,979	
Receivable from Federal Government	26,122		26,122
Receivable from State Government	921,818		921,818
Tax Levy Receivable	39		39
Other Receivables	304		304
Inventories		9,439	9,439
Restricted Assets:			
Cash and Cash Equivalents	4,639,041		4,639,041
Investments	27,212		27,212
Capital Assets, Net:			
Site (Land) and Construction in Progress	19,370,642		19,370,642
Depreciable Site Improvements, Buildings and Building Improvements & Machinery, Furniture & Equipment	45,471,634	1,123	45,472,757
Total Assets	117,092,508	194,373	117,286,881
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Amount on Refunding	138,031		138,031
Deferred Outflows Related to Pensions	1,210,716		1,210,716
Total Deferred Outflows of Resources	1,348,747		1,348,747
LIABILITIES			
Current Liabilities:			
Interest Payable	1,837		1,837
Accrued Interest Payable	446,252		446,252
Accounts Payable	2,054,129	52,397	2,106,526
Unearned Revenue	3,837	25,870	29,707
Noncurrent Liabilities:			
Due Within One Year	4,098,777		4,098,777
Due Beyond One Year	48,539,801		48,539,801
Total Liabilities	55,144,633	78,267	55,222,900
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows Related to Pensions	740,339		740,339
Total Deferred Inflows of Resources	740,339		740,339

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025
(Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
NET POSITION			
Net Investment in Capital Assets	\$ 49,858,496	\$ 1,123	\$ 49,859,619
Restricted for:			
Capital Projects	5,550,840		5,550,840
Excess Surplus	12,709,752		12,709,752
Maintenance Reserve	66,330		66,330
Unemployment Compensation	158,272		158,272
Scholarships	9,003		9,003
Student Activities	414,948		414,948
Unrestricted/(Deficit)	<u>(6,211,358)</u>	<u>114,983</u>	<u>(6,096,375)</u>
Total Net Position	<u>\$ 62,556,283</u>	<u>\$ 116,106</u>	<u>\$ 62,672,389</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Regular	\$ 16,527,945	\$	2,064,347	\$ (14,463,598)	\$	\$ (14,463,598)
Special Education	2,074,799		1,754,575	(320,224)		(320,224)
Other Special Instruction	109,891		13,716	(96,175)		(96,175)
Other Instruction	2,230,721		234,132	(1,996,589)		(1,996,589)
Support Services:						
Tuition	4,551,253	\$ 35,391	32,926	(4,482,936)		(4,482,936)
Student & Instruction Related Services	8,073,654	612,008	911,206	(6,550,440)		(6,550,440)
General Administration Services	1,083,870		105,982	(977,888)		(977,888)
School Administration Services	1,762,879		219,502	(1,543,377)		(1,543,377)
Central Services	698,453		78,765	(619,688)		(619,688)
Administration Information Technology	557,651		48,221	(509,430)		(509,430)
Plant Operations and Maintenance	3,103,519			(3,103,519)		(3,103,519)
Pupil Transportation	2,643,625		671,528	(1,972,097)		(1,972,097)
Interest on Long-Term Liabilities	1,708,706			(1,708,706)		(1,708,706)
Capital Outlay	106,465			(106,465)		(106,465)
Transfer of Funds to Charter School	15,384			(15,384)		(15,384)
Unallocated Depreciation	1,076,735			(1,076,735)		(1,076,735)
Total Governmental Activities	46,325,550	647,399	6,134,900	(39,543,251)	\$ - 0 -	(39,543,251)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Business-Type Activities:						
Food Service	\$ 775,593	\$ 803,481		\$ 27,888	\$ 27,888	\$ 27,888
Summer Enrichment	7,059	5,400		(1,659)	(1,659)	(1,659)
Total Business-Type Activities	782,652	808,881	\$ - 0 -	\$ - 0 -	26,229	26,229
Total Primary Government	\$ 47,108,202	\$ 1,456,280	\$ 6,134,900	(39,543,251)	26,229	(39,517,022)

General Revenues:

Taxes:						
Property Taxes, Levied for General Purposes, Net				36,336,662		36,336,662
Taxes Levied for Debt Service				2,730,552		2,730,552
Federal and State Aid not Restricted				3,041,689		3,041,689
Investment Earnings				1,882,328	5,222	1,887,550
Miscellaneous Income				988,373		988,373
Total General Revenues				44,979,604	5,222	44,984,826
Change in Net Position				5,436,353	31,451	5,467,804
Net Position - Beginning				57,119,930	84,655	57,204,585
Net Position - Ending				\$ 62,556,283	\$ 116,106	\$ 62,672,389

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 15,442,014		\$ 31,224,824		\$ 46,666,838
Cash with Fiscal Agents				\$ 1,837	1,837
Interfunds Receivable	27,119				27,119
Receivable from Federal Government		\$ 26,122			26,122
Receivable from State Government	916,018	5,800			921,818
Tax Levy Receivable	39				39
Other Receivables	304				304
Restricted Cash and Cash Equivalents	4,242,302	396,739			4,639,041
Restricted Investments		27,212			27,212
Total Assets	<u>\$ 20,627,796</u>	<u>\$ 455,873</u>	<u>\$ 31,224,824</u>	<u>\$ 1,837</u>	<u>\$ 52,310,330</u>

LIABILITIES AND FUND BALANCES:

Liabilities:

Interest Payable				\$ 1,837	\$ 1,837
Accounts Payable	\$ 1,302,305	\$ 966			1,303,271
Interfunds Payable	32,979	27,119			60,098
Unearned Revenue		3,837			3,837
Total Liabilities	<u>1,335,284</u>	<u>31,922</u>		<u>1,837</u>	<u>1,369,043</u>

Fund Balances:

Restricted for:

Capital Reserve Account	4,017,700				4,017,700
Maintenance Reserve Account	66,330				66,330
Excess Surplus 2026-2027	5,643,839				5,643,839
Excess Surplus 2025-2026	7,065,913				7,065,913
Unemployment Compensation	158,272				158,272
Scholarships		9,003			9,003
Student Activities		414,948			414,948
Capital Projects			\$ 29,356,329		29,356,329

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
LIABILITIES AND FUND BALANCES:					
Fund Balances:					
Committed:			\$ 501,495		\$ 501,495
Capital Projects					
Assigned:					
Year End Encumbrances	\$ 485,384				485,384
Subsequent Year's Expenditures	592,331				592,331
Capital Projects			1,367,000		1,367,000
Unassigned	1,262,743				1,262,743
Total Fund Balances	19,292,512	\$ 423,951	31,224,824		50,941,287
Total Liabilities and Fund Balances	\$ 20,627,796	\$ 455,873	\$ 31,224,824	\$ 1,837	\$ 52,310,330
Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (Exhibit A-1) are different because:					
Total Fund Balances (Above)				\$ 50,941,287	
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.				64,842,276	
The Deferred Amount on Refunding is not reported as an expenditure in the governmental funds in the year of the expenditure.				138,031	
Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.				(446,252)	
Long-term liabilities, including bonds payable, bond issuance premiums, arbitrage rebate liability and net pension liability for PERS, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.				(52,638,578)	
Certain Amounts Related to the Net Pension Liability are deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:					
Deferred Outflows					459,858
Deferred Inflows					(740,339)
Net Position of Governmental Activities (Exhibit A-1)					\$ 62,556,283

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

REVENUE:	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Local Sources:					
Local Tax Levy	\$ 36,336,662			\$ 2,730,552	\$ 39,067,214
Tuition from Individuals	35,391				35,391
Interest Earned on Maintenance Reserve Funds	2,640				2,640
Interest Earned on Capital Reserve Funds	102,146				102,146
Restricted Miscellaneous Revenue	10,832	\$ 612,008			622,840
Unrestricted Miscellaneous Revenue	988,373		\$ 1,766,710		2,755,083
Total - Local Sources	37,476,044	612,008	1,766,710	2,730,552	42,585,314
State Sources	10,863,287	5,800		2,156,048	13,025,135
Federal Sources	8,461	389,884			398,345
Total Revenue	48,347,792	1,007,692	1,766,710	4,886,600	56,008,794
EXPENDITURES:					
Current:					
Regular Instruction	10,969,991	381,953			11,351,944
Special Education Instruction	1,369,174	13,731			1,382,905
Other Special Instruction	73,775				73,775
Other Instruction	1,627,821				1,627,821
Support Services and Undistributed Costs:					
Tuition	4,551,253				4,551,253
Student & Instruction Related Services	5,117,919	597,852			5,715,771
General Administration Services	802,594				802,594
School Administration Services	1,187,630				1,187,630
Central Services	481,801				481,801
Administrative Information Technology	429,986				429,986
Plant Operations and Maintenance	2,931,639				2,931,639
Pupil Transportation	2,193,765				2,193,765

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Support Services and Undistributed Costs:					
Unallocated Benefits	\$ 15,433,778				\$ 15,433,778
Capital Outlay	862,211		\$ 12,761,317		13,623,528
Transfer of Funds to Charter School	15,384				15,384
Debt Service:					
Interest and Other Charges				\$ 1,640,600	1,640,600
Principal				3,980,000	3,980,000
Total Expenditures	48,048,721	\$ 993,536	12,761,317	5,620,600	67,424,174
Excess/(Deficiency) of Revenue over/(under) Expenditures	299,071	14,156	(10,994,607)	(734,000)	(11,415,380)
OTHER FINANCING SOURCES/(USES):					
Transfers	1,457,045		(2,191,045)	734,000	
Total Other Financing Sources/(Uses)	1,457,045		(2,191,045)	734,000	- 0 -
Net Change in Fund Balances	1,756,116	14,156	(13,185,652)		(11,415,380)
Fund Balance - July 1	17,536,396	409,795	44,410,476		62,356,667
Fund Balance - June 30	\$ 19,292,512	\$ 423,951	\$ 31,224,824	\$ - 0 -	\$ 50,941,287

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (11,415,380)

Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are different because:

Capital outlays related to capital assets are reported in Governmental Funds 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 depreciation differs from capital outlays in the period.

Depreciation Expense	\$ (1,451,162)
Capital Asset Additions	<u>13,504,601</u>

12,053,439

In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

65,085

In the Statement of Activities, interest on long-term liabilities in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due.

37,244

The Governmental Funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

193,779

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

The Governmental Funds report the effect of the deferred amount on refunding when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

In the Statement of Activities, arbitrage rebate liability is accrued, regardless of when due. In the Governmental Funds, arbitrage rebate payable is reported when due.

The Net Pension Liability reported in the Statement of Activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	409,621
Change in Deferred Outflows	(10,205)
Change in Deferred Inflows	421,899
Change in Net Position of Governmental Activities (Exhibit A-2)	\$ 5,436,353

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-Type Activities - Enterprise Funds		
	Non-Major Fund	Major Fund Food Service	Total Enterprise Funds
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 31,172	\$ 119,660	\$ 150,832
Interfund Receivable - General Fund		32,979	32,979
Inventories		9,439	9,439
Total Current Assets	31,172	162,078	193,250
Non-Current Assets:			
Capital Assets:			
Depreciable Furniture, Machinery & Equipment		398,188	398,188
Less: Accumulated Depreciation		(397,065)	(397,065)
Total Non-Current Assets		1,123	1,123
Total Assets	31,172	163,201	194,373
<u>LIABILITIES:</u>			
Current Liabilities:			
Unearned Revenue	5,400	20,470	25,870
Accounts Payable - Vendors		52,397	52,397
Total Liabilities	5,400	72,867	78,267
<u>NET POSITION:</u>			
Investment in Capital Assets		1,123	1,123
Unrestricted	25,772	89,211	114,983
Total Net Position	\$ 25,772	\$ 90,334	\$ 116,106

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Enterprise Funds		
	Non-Major Fund	Major Fund	Total
		Food Service	Enterprise Funds
Operating Revenue:			
Local Sources:			
Daily Sales - Non-Reimbursable Programs		\$ 747,419	\$ 747,419
Special Events		1,327	1,327
Free and Reduced Lunches Subsidized by District		54,735	54,735
Summer Enrichment Program Fees	\$ 5,400		5,400
Total Operating Revenue	5,400	803,481	808,881
Operating Expenses:			
Cost of Sales- Non-Reimbursable Programs		354,229	354,229
Salaries, Benefits & Payroll Taxes	7,059	323,331	330,390
Supplies, Insurance & Other Costs		34,468	34,468
Management Fee		45,200	45,200
Miscellaneous Expense		17,932	17,932
Depreciation Expense		433	433
Total Operating Expenses	7,059	775,593	782,652
Operating Income/(Loss)	(1,659)	27,888	26,229
Non-Operating Income:			
Interest Income		5,222	5,222
Total Non-Operating Income		5,222	5,222
Change in Net Position	(1,659)	33,110	31,451
Net Position - Beginning of Year	27,431	57,224	84,655
Net Position - End of Year	\$ 25,772	\$ 90,334	\$ 116,106

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Enterprise Funds		
	Non-Major Fund	Major Fund Food Service	Total Enterprise Funds
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 5,400	\$ 747,334	\$ 752,734
Receipts from District		54,735	54,735
Payments by District for Free and Reduced Lunches		(54,735)	(54,735)
Payments to Food Service Vendor		(677,025)	(677,025)
Payments to Summer Enrichment Employees	(7,059)		(7,059)
Net Cash Provided by/(Used for) Operating Activities	(1,659)	70,309	68,650
Cash Flows from Investing Activities:			
Interest Income		5,222	5,222
Net Cash Provided by Investing Activities		5,222	5,222
Cash Flows from Noncapital Financing Activities:			
Interfund Advanced - General Fund		(32,979)	(32,979)
Net Cash Used for Noncapital Financing Activities		(32,979)	(32,979)
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,659)	42,552	40,893
Cash and Cash Equivalents, July 1	32,831	77,108	109,939
Cash and Cash Equivalents, June 30	\$ 31,172	\$ 119,660	\$ 150,832
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (1,659)	\$ 27,888	\$ 26,229
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation		433	433
Changes in Assets and Liabilities:			
(Increase)/Decrease in Inventory		6,252	6,252
Increase/(Decrease) in Unearned Revenue		(1,412)	(1,412)
Increase/(Decrease) in Accounts Payable		37,148	37,148
Net Cash Provided by/(Used for) Operating Activities	\$ (1,659)	\$ 70,309	\$ 68,650

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds. Separate statements for each fund category – governmental and proprietary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all governmental funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, lease assets or subscription assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report the financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

The District reports the following proprietary funds:

Enterprise Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria operations and summer enrichment program. The food service and summer enrichment programs are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset, lease asset or subscription asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under financed purchases are reported as other financing sources.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget for the fiscal year ended June 30, 2025 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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 generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis except for student activities and scholarships. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State recorded the last two state aid payments in the subsequent fiscal year, the District recognized these payments in the current year GAAP financial statements.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 48,356,424	\$ 986,899
Differences - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP Basis does not.		
Cancellation of Prior Year Encumbrances		(109)
Prior Year Encumbrances		20,902
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	215,879	
Current Year State Aid Payments recognized for Budgetary purposes, not recognized for GAAP Statements	(224,511)	
Total Revenues as reported on the Statement of Revenues, Expenditures & Changes in Fund Balances - Governmental Funds	<u>\$ 48,347,792</u>	<u>\$ 1,007,692</u>
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 48,048,721	\$ 972,743
Differences - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP Basis does not.		
Cancellation of Prior Year Encumbrances		(109)
Prior Year Encumbrances		20,902
Total Expenditures as Reported on the Statement of Revenue, Expenditures, & Changes in Fund Balances - Governmental Funds	<u>\$ 48,048,721</u>	<u>\$ 993,536</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents, and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that 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.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, 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.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year-end.

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

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise funds represent payments made to vendors for services that will benefit periods beyond June 30, 2025.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets: (Cont'd)

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 Years
Site Improvements	20 Years
Furniture, Machinery and Equipment	10 to 15 Years
Computer and Related Technology	5 Years
Vehicles	8 Years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Lease Assets:

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

M. Subscription Assets:

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, 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.

O. Accrued Salaries and Wages:

Certain District employees, who provide services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned undisbursed amounts be retained in a separate bank account. As of June 30, 2025, the amount earned by these employees but not disbursed was \$580,993.

P. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Compensated Absences: (Cont'd)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

In the District-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

Q. Leases Payable:

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

R. Subscriptions Payable:

In the district-wide financial statements, subscriptions payable are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

S. Unearned Revenue:

Unearned revenue in the Special Revenue Fund represents cash which has been received but not yet earned. See Note 1(D) regarding the Special Revenue Fund.

T. Fund Balance Appropriated:

General Fund: Of the \$19,292,512 General Fund balance at June 30, 2025, \$1,077,715 is assigned fund balance of which \$485,384 is for year-end encumbrances and \$592,331 is for subsequent year's expenditures and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2026; \$4,017,700 is restricted in the capital reserve account; \$66,330 is restricted in the maintenance reserve account; \$158,272 is restricted for unemployment compensation; \$7,065,913 is restricted for prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 (S1701) and has been appropriated and included as anticipated revenue for the year ending June 30, 2026; \$5,643,839 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2027; and \$1,262,743 is unassigned fund balance which is \$224,511 less than the calculated maximum unassigned fund balance due to the final two state aid payments that are not recognized on the GAAP basis until the fiscal year ending June 30, 2026.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2025 is \$423,951 and is restricted for student activities and scholarships.

Capital Projects Fund: Of the \$31,224,824 of Capital Projects Fund balance at June 30, 2025, \$29,356,329 is restricted, \$501,495 is committed and \$1,367,000 is assigned.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Restricted Fund Balance-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 balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as noted above.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Fund Balance Appropriated: (Cont'd)

P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, Districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

U. Deficit Net Position:

The District has a deficit in unrestricted net position of \$6,211,358 in governmental activities, which is primarily due to unamortized bond premiums and PERS net pension liability and deferred inflows and outflows associated with PERS pension. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

V. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2025 for the Deferred Amount on Refunding related to the District's 2013 refunding bonds and pensions.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2025 for deferred inflows related to pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, lease assets, net of accumulated amortization, and subscription assets, net of accumulated amortization reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

W. Fund Balance Restrictions, Commitments and Assignments

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed or assigned.

Fund balance restrictions have been established for a capital reserve, maintenance reserve, excess surplus, unemployment compensation insurance, scholarships, student activities, and the capital projects fund.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had committed resources at June 30, 2025 in the capital projects fund.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for subsequent year's expenditures in the General Fund and for arbitrage rebate in the Capital Projects Fund at June 30, 2025.

X. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Y. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the respective Enterprise Fund. For the School District, these revenues are sales for food service and fees for the summer enrichment program. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the respective Enterprise Fund.

Z. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

AA. Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the section of this note on investments.

Custodial Credit Risk - The District's policy with respect to custodial credit risk ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) 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 obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) 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.
- (5) Bonds or other obligations, having a maturity date 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", P.L. 1983, c.313 (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 local units;
- (6) Local government investment pools;

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (7) 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; or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are 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 requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.).
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

As of June 30, 2025, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents						Total
	Restricted					Unrestricted	
	Capital Reserve	Maintenance Reserve	Unemployment Compensation	Scholarships	Student Activities		
Checking Accounts	\$4,017,700	\$ 66,330	\$ 158,272	\$ 9,003	\$387,736	\$46,631,087	\$51,270,128
Savings Accounts						186,583	186,583
Certificates of Deposit					27,212		27,212
	<u>\$4,017,700</u>	<u>\$ 66,330</u>	<u>\$ 158,272</u>	<u>\$ 9,003</u>	<u>\$414,948</u>	<u>\$46,817,670</u>	<u>\$51,483,923</u>

During the period ended June 30, 2025, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents at June 30, 2025, was \$51,483,923 and the bank balance was \$52,210,204.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Hanover Park Regional High School District by inclusion of \$800,000 on July 1, 1996 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the General Fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long-Range Facilities Plan (LRFP). Upon submission of the LRFP to the NJ Department of Education, 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 account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance at July 1, 2024	\$ 3,065,554
Increased by:	
Transfer by Board Resolution June 2025	1,000,000
Interest Earnings	<u>102,146</u>
	4,167,700
Decreased by:	
Budgeted Withdrawal for Capital Projects	<u>(150,000)</u>
Ending Balance at June 30, 2025	<u>\$ 4,017,700</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The balance in the capital reserve account did not exceed the balance of local support costs of uncompleted capital projects in the District's approved LRFP. The withdrawal from the capital reserve account was for use in facilities projects, consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board resolution on June 22, 2011. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities.

If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Beginning Balance at July 1, 2024	\$ 63,690
Interest Earnings	<u>2,640</u>
Ending Balance at June 30, 2025	<u><u>\$ 66,330</u></u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2025 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 1,961,326			\$ 1,961,326
Construction in Progress	14,942,999	\$ 12,761,317	\$ (10,295,000)	17,409,316
Total Capital Assets not being Depreciated	16,904,325	12,761,317	(10,295,000)	19,370,642
Capital Assets being Depreciated:				
Site Improvements	3,416,956			3,416,956
Buildings and Building Improvements	55,016,076		10,295,000	65,311,076
Machinery and Equipment	7,088,980	743,284		7,832,264
Total Capital Assets being Depreciated	65,522,012	743,284	10,295,000	76,560,296
Governmental Activities Capital Assets	82,426,337	13,504,601		95,930,938
Less Accumulated Depreciation for:				
Site Improvements	(2,451,931)	(88,293)		(2,540,224)
Buildings and Building Improvements	(22,116,399)	(969,528)		(23,085,927)
Machinery and Equipment	(5,069,170)	(393,341)		(5,462,511)
Total Accumulated Depreciation	(29,637,500)	(1,451,162)		(31,088,662)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 52,788,837	\$ 12,053,439	\$ - 0 -	\$ 64,842,276
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 398,188			\$ 398,188
Less Accumulated Depreciation	(396,632)	\$ (433)		(397,065)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 1,556	\$ (433)	\$ - 0 -	\$ 1,123
Total Governmental and Business Type Activities Capital Assets, Net	\$ 52,790,393	\$ 12,053,006	\$ - 0 -	\$ 64,843,399

During the year ended June 30, 2025, the District had active construction projects totaling \$17,409,316 of which the District expended \$12,761,317 during the year and has \$17,045,937 in construction encumbrances at June 30, 2025.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 17,955
Operations & Maintenance of Plant	18,740
Student Transportation	330,559
Central Services	7,173
Unallocated	<u>1,076,735</u>
Total Depreciation	<u><u>\$ 1,451,162</u></u>

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2025, the District did not make any transfers into capital outlay accounts.

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2025, the following changes occurred in the long-term liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2024</u>	<u>Issued/</u> <u>Accrued</u>	<u>Matured/</u> <u>Retired</u>	<u>Balance</u> <u>6/30/2025</u>	<u>Due within</u> <u>One Year</u>
Serial Bonds Payable	\$ 46,925,000		\$ 3,980,000	\$ 42,945,000	\$ 3,895,000
Unamortized Bond Issuance Premium	387,558		193,779	193,779	193,779
Net Pension Liability	7,910,485		409,621	7,500,864	
Compensated Absences Payable	697,020		65,085	631,935	9,998
Arbitrage Rebate Payable	<u>1,205,902</u>	<u>\$ 161,098</u>		<u>1,367,000</u>	
	<u><u>\$ 57,125,965</u></u>	<u><u>\$ 161,098</u></u>	<u><u>\$ 4,648,485</u></u>	<u><u>\$ 52,638,578</u></u>	<u><u>\$ 4,098,777</u></u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the Debt Service Fund. The current portion of bonds payable is \$3,895,000 and the long-term portion is \$39,050,000.

On March 15, 2023, the District issued \$44,349,000 in school bonds which were authorized by voter referendum for the rehabilitation, renovation, alteration and improvement of Hanover Park and Whippany Park High Schools. The bonds mature in serial installments due March 15, 2024 through March 15, 2043 at interest rates ranging from 3.00% to 4.00% over the life of the issue.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

On March 14, 2013 the District issued \$18,480,000 refunding bonds with interest rates ranging from 3.0%- 4.0% to refund \$19,014,000 of the \$31,714,000 school bonds dated July 15, 2005 with rates ranging from 3.75- 4.25%. The refunding bonds will mature on October 1, 2016 through October 1, 2025 and constitute an advanced refunding. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent who will pay the debt service requirements of the refunded bonds and redeemed refunded bonds, at a redemption price equal to 100% of par, on October 1, 2015, which was the first optional redemption date. The refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's government-wide financial statements. As a result of the advance refunding, the District reduced its total debt service requirements by \$925,078, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt).

Serial Bonds Outstanding as of June 30, 2025

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
School Refunding Bonds of 2013	10/01/25	4.00%	\$ 1,845,000
School Bonds of 2023	03/15/43	3.00-4.00%	41,100,000
			<u>\$ 42,945,000</u>

Principal and interest due on serial bonds outstanding are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2026	\$ 3,895,000	\$ 1,503,650	\$ 5,398,650
2027	2,150,000	1,405,250	3,555,250
2028	2,150,000	1,340,750	3,490,750
2029	2,150,000	1,276,250	3,426,250
2030	2,150,000	1,201,000	3,351,000
Thereafter:			
2031-2035	11,250,000	4,858,750	16,108,750
2036-2040	12,000,000	2,802,000	14,802,000
2041-2043	7,200,000	576,000	7,776,000
	<u>\$ 42,945,000</u>	<u>\$ 14,963,650</u>	<u>\$ 57,908,650</u>

B. Bonds Authorized But Not Issued:

The Board had \$1,279 of bonds authorized but not issued at June 30, 2025.

C. Arbitrage Rebate Liability:

The District is subject to liability for arbitrage rebate to the federal government relative to its \$44,349,000 Bonds dated March 15, 2023. The long-term portion for arbitrage rebate liability is \$1,367,000 and will be liquidated through the Debt Service Fund.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability and will be liquidated through the General Fund. The current portion of the liability is \$9,998 and the long-term portion is \$621,937.

The District had no liability at June 30, 2025 for compensated absences in its Food Service or Summer Enrichment Enterprise Funds.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2025 is \$-0- and the long-term portion is \$7,500,864. See Note 9 for further information on the PERS.

F. Unamortized Bond Issuance Premium:

The bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities and will be liquidated through the General Fund. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$193,779 and is separated from the long-term portion of \$-0-.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's annual financial statements which can be found at www.nj.gov/treasury/pensions/annual-reports.shtml.

Benefits Provided

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.

The following represents the membership tiers for PERS:

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. 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. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries have determined the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and is adjusted by the rate of return on the actuarial value of assets.

District contributions to PERS amounted to \$751,152 for the current fiscal year. During the fiscal year ended June 30, 2024, the State of New Jersey contributed \$24,183 to the PERS for normal pension benefits on behalf of the District.

The employee contribution rate was 7.50% effective July 1, 2018.

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Special Funding Situation (Cont'd)

Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense as well as revenue associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

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

At June 30, 2025, the District reported a liability of \$7,500,864 for its proportionate share of the net pension liability, which was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the District's proportion was 0.0552%, which was an increase of 0.0006% as of June 30, 2023.

For the fiscal year ended June 30, 2025, the District recognized an actual pension benefit in the amount of \$70,173 for PERS. Additionally, for the fiscal year ended June 30, 2024, the State recognized pension expense for PERS on behalf of the District in the amount of \$24,183 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements. There was no state proportionate share of the net pension liability attributable to the District as of June 30, 2024.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2020	5.16		\$ 54,509
	2021	5.13	\$ 9,318	
	2022	5.04		30,834
			<u>9,318</u>	<u>85,343</u>
Difference Between Expected and Actual Experience	2020	5.16	3,037	
	2021	5.13		7,411
	2022	5.04		12,558
	2023	5.08	38,584	
	2024	5.08	<u>108,635</u>	<u>19,969</u>
			<u>150,256</u>	

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions
(Cont'd)

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual	2021	5.00		\$ 514,886
Investment Earnings on Pension Plan Investments	2022	5.00		(816,786)
	2023	5.00		211,807
	2024	5.00		437,888
				<u>347,795</u>
Changes in Proportion	2020	5.16		25,405
	2021	5.13		148,102
	2022	5.04	\$ 228,575	
	2023	5.08		113,725
	2024	5.08	71,709	
			<u>300,284</u>	<u>287,232</u>
District Contribution Subsequent to the Measurement Date	2024	1.00	750,858	
			<u>\$ 1,210,716</u>	<u>\$ 740,339</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding the District contribution subsequent to the measurement date) related to pensions will be recognized in the pension benefit as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2025	\$ (382,237)
2026	322,080
2027	(156,638)
2028	(67,220)
2029	3,535
	<u>\$ (280,481)</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions

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

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

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

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2024 are summarized in the table on the following page:

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 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 the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2024 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 9,966,804	\$ 7,500,864	\$ 5,402,362

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at www.nj.gov/treasury/pensions/annual-reports.shtml.

Benefits Provided

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. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. 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 included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2025, the State of New Jersey contributed \$4,993,578 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required benefit of \$209,071.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2025, the District reported a liability of \$57,313,606 for its proportionate share of the net pension liability, which was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the District's proportion was 0.1160%, which was a decrease of 0.0005% as of June 30, 2023.

District's Proportionate Share of the Net Pension Liability	\$ - 0 -
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>57,313,606</u>
Total	<u><u>\$ 57,313,606</u></u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

For the fiscal year ended June 30, 2024, the State recognized pension benefit on behalf of the District in the amount of \$209,071 and the District recognized pension benefit and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	8.30		\$ 480,199,664
	2018	8.29		1,060,765,245
	2019	8.04		1,016,333,107
	2020	7.99	\$ 603,633,698	
	2021	7.93		7,317,559,989
	2022	7.83	67,989,902	
			<u>671,623,600</u>	<u>9,874,858,005</u>
Difference Between Expected and Actual Experience	2017	8.30	8,543,764	
	2018	8.29	186,086,527	
	2019	8.04		39,486,140
	2020	7.99		3,217,090
	2021	7.93	97,106,767	
	2022	7.83		12,735,529
	2023	7.93	144,751,819	
	2024	7.84		211,440,707
			<u>436,488,877</u>	<u>266,879,466</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2021	5.00		888,658,452
	2022	5.00		(1,659,667,329)
	2023	5.00		357,972,332
	2024	5.00		816,400,864
				<u>403,364,319</u>
			<u>\$ 1,108,112,477</u>	<u>\$ 10,545,101,790</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2025	\$ (3,681,028,670)
2026	(1,839,302,001)
2027	(1,977,654,443)
2028	(1,907,819,552)
2029	2,992,761
Thereafter	(34,177,408)
	<u>\$ (9,436,989,313)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2024 are summarized in the following table:

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension 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 pension plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2024 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 68,125,335	\$ 57,313,606	\$ 48,208,087

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$38,779 for the fiscal year ended June 30, 2025. Employee contributions to DCRP amounted to \$52,663 for the year ended June 30, 2025.

NOTE 10. DEFERRED COMPENSATION

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, which is administered by Lincoln Investment Planning, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrator is Lincoln Investment Planning, Inc., 4 Commerce Drive, 3rd Floor, Cranford, NJ 07016.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters.

Property, Liability and Health Benefits

The District maintains insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Annual Comprehensive Financial Report. Health Benefits are provided to the employees through the State of New Jersey Health Benefits Plan.

The Board is a member of the New Jersey Schools Insurance Group ("the Group"). This public entity risk management pool provides its members with Workers' Compensation, General Liability and Property and Automobile Liability insurance coverage. The Group is a risk-sharing fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the Group are elected.

As a member of the Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities.

The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

The June 30, 2025 audit report for the Group is not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2024 is as follows:

Total Assets	\$ 452,862,436
Net Position	\$ 208,313,945
Total Revenue	\$ 187,698,949
Total Expenses	\$ 178,093,729
Change in Net Position	\$ 7,005,220
Members Dividends	\$ 2,600,000

Financial statements for the Group are available at the Group's Executive Director's Office:

New Jersey Schools Insurance Group
6000 Midlantic Drive
Mount Laurel, NJ 08054
(609) 386-6060

New Jersey Unemployment Compensation Insurance

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 Unemployment Compensation Restricted Fund Balance for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following is a summary of the District's contributions, employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Compensation Restricted Fund Balance in the General Fund for the current and previous two years:

Fiscal Year	District Contributions	Employee Contributions and Interest	Amount Reimbursed	Ending Balance
2024-2025	\$ - 0 -	\$ 114,839	\$ 104,007	\$ 158,272
2023-2024	- 0 -	77,941	65,358	147,440
2022-2023	- 0 -	76,671	112,397	134,857

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfund receivables and payables at June 30, 2025.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 27,119	\$ 32,979
Special Revenue Fund		27,119
Food Service Enterprise Fund	32,979	
	<u>\$ 60,098</u>	<u>\$ 60,098</u>

The interfund receivable in the General Fund and the interfund payable in the Special Revenue Fund represents funds advanced to the Special Revenue Fund awaiting the collection of grants receivable. The interfund payable in the General Fund and the interfund receivable in the Food Service Enterprise Fund represents daily sales not turned over by year end.

NOTE 13. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten- day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipalities and are remitted to the regional school district on a predetermined, agreed-upon schedule.

NOTE 14. CONTINGENT LIABILITIES

Grant Programs

The school district participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in pending lawsuits. The District estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 14. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2025, there were encumbrances as detailed below in the governmental funds.

General Fund	Capital Projects Fund	Total Governmental Funds
\$ 485,384	\$ 17,045,937	\$ 17,531,321

In the Capital Projects Fund, \$16,843,842 of encumbrances is included in restricted fund balance and \$202,095 is included in committed fund balance.

NOTE 15. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 16. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

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

The Borough of Florham Park recognized revenue in the amount of \$617,500 from payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2024 without the abatement would have been \$1,248,190 of which \$227,503 would have been for the regional high school tax.

The Township of Hanover recognized revenue in the amount of \$87,718 from payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2024 without the abatement would have been \$644,938 of which \$129,898 would have been for the regional high school tax.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable existed as of June 30, 2025:

	<u>Governmental Funds</u>		<u>Total Governmental Funds</u>	<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>				<u>Proprietary Funds</u>	
Vendors	\$ 420,878	\$ 966	\$ 421,844		\$ 421,844	\$ 52,397	\$ 474,241
Payroll Deductions and Withholdings	300,434		300,434		300,434		300,434
Accrued Salaries and Wages	580,993		580,993		580,993		580,993
Due to the State of New Jersey				\$ 750,858	750,858		750,858
	<u>\$ 1,302,305</u>	<u>\$ 966</u>	<u>\$ 1,303,271</u>	<u>\$ 750,858</u>	<u>\$ 2,054,129</u>	<u>\$ 52,397</u>	<u>\$ 2,106,526</u>

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more 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 total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits is the responsibility of the individual local education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's annual financial statements which can be found at <https://www.nj.gov/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2023, the plan membership consisted of the following:

Retirees Plan Members and Spouses of Retirees Currently Receiving Benefit Payments	153,556
Active Plan Members	<u>219,185</u>
Total	<u><u>372,741</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

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

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement 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 were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Health Care Trend Assumptions

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

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. This represents the municipal bond return rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	<u>Total OPEB Liability</u>
Balance at June 30, 2023	\$ 60,901,317
Changes for Year:	
Service Cost	2,374,312
Interest Cost	2,303,771
Changes of Assumptions	5,235,878
Differences between Expected and Actual Experience	869,831
Gross Benefit Payments by the State	(1,759,427)
Contributions from Members	<u>60,245</u>
Net Changes	<u>9,084,610</u>
Balance at June 30, 2024	<u><u>\$ 69,985,927</u></u>

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2024, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>June 30, 2024</u>		
	<u>At 1% Decrease (2.93%)</u>	<u>At Discount Rate (3.93%)</u>	<u>At 1% Increase (4.93%)</u>
Total OPEB Liability Attributable to the District	\$ 81,968,509	\$ 69,985,927	\$ 60,243,850

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2024, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate (Cont'd)

	June 30, 2024		
	1%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Total OPEB Liability Attributable to the District	\$ 58,298,787	\$ 69,985,927	\$ 85,209,198

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

For the fiscal year ended June 30, 2025 the District recognized OPEB expense of \$2,432,960 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources.

At June 30, 2024 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,342,165
	2018	9.51		1,638,564
	2019	9.29	\$ 258,520	
	2020	9.24	6,668,681	
	2021	9.24	39,391	
	2022	9.13		10,702,587
	2023	9.30	97,196	
	2024	9.33	4,674,691	
			<u>11,738,479</u>	<u>13,683,316</u>
Differences Between Expected and Actual Experience	2018	9.51		1,548,953
	2019	9.29		3,042,799
	2020	9.24	6,215,472	
	2021	9.24		7,575,142
	2022	9.13	1,102,213	
	2023	9.30		902,921
	2024	9.33	166,486	
			<u>7,484,171</u>	<u>13,069,815</u>
Changes in Proportion	N/A	N/A	1,665,463	573,940
			<u>\$ 20,888,113</u>	<u>\$ 27,327,071</u>

N/A - Not Available

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources excluding changes in proportion related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2025	\$ (2,482,483)
2026	(2,081,576)
2027	(988,682)
2028	259,843
2029	(1,804,158)
Thereafter	(433,425)
	<u>\$ (7,530,481)</u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's proportion of the Net Pension Liability	0.0527891370%	0.0608193031%	0.0602127692%	0.0634886552%	0.0594925225%	0.0558532149%	0.0527704242%	0.0557393523%	0.0546139254%	0.0552019328%
District's proportionate share of the Net Pension Liability	\$ 11,850,103	\$ 18,012,933	\$ 14,016,570	\$ 12,500,000	\$ 10,719,650	\$ 9,108,199	\$ 6,251,448	\$ 8,411,836	\$ 7,910,485	\$ 7,500,864
District's Covered Employee Payroll	\$ 3,887,969	\$ 3,961,621	\$ 4,017,384	\$ 3,909,098	\$ 3,722,457	\$ 3,830,763	\$ 3,774,850	\$ 3,950,184	\$ 4,111,633	\$ 4,178,216
District's proportionate share of the Net Pension Liability as a % of its Covered Employee Payroll	304.79%	454.69%	348.90%	319.77%	287.97%	237.76%	165.61%	212.95%	192.39%	179.52%
Plan Fiduciary Net Position as a % of the Total Pension Liability	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%	65.23%	68.22%

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually Required Contribution	\$ 453,845	\$ 543,864	\$ 566,478	\$ 634,762	\$ 581,486	\$ 611,007	\$ 618,003	\$ 702,900	\$ 729,931	\$ 751,152
Contributions in relation to the Contractually Required Contribution	(453,845)	(543,864)	(566,478)	(634,762)	(581,486)	(611,007)	(618,003)	(702,900)	(729,931)	(751,152)
Contribution Deficiency/(Excess)	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
District's Covered Employee Payroll	\$ 3,961,621	\$ 4,017,384	\$ 3,909,098	\$ 3,722,457	\$ 3,830,763	\$ 3,774,850	\$ 3,950,184	\$ 4,111,633	\$ 4,178,216	\$ 4,731,383
Contributions as a percentage of Covered Employee Payroll	11.46%	13.54%	14.49%	17.05%	15.18%	16.19%	15.64%	17.10%	17.47%	15.88%

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT
 TEACHERS' PENSION AND ANNUITY FUND
 LAST TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
State's proportion of the Net Pension Liability attributable to the District	0.1188149302%	0.1185157526%	0.11195199449%	0.1176329769%	0.1186390035%	0.1189157773%	0.1153409310%	0.1158031876%	0.1164661518%	0.1159605111%
State's proportionate share of the Net Pension Liability attributable to the District	\$ 75,096,110	\$ 93,232,037	\$ 80,584,657	\$ 74,835,573	\$ 72,809,876	\$ 78,304,609	\$ 55,450,370	\$ 59,747,978	\$ 59,435,786	\$ 57,313,606
District's Covered Employee Payroll	\$ 12,004,910	\$ 12,070,586	\$ 12,398,615	\$ 12,680,670	\$ 12,495,852	\$ 12,892,190	\$ 13,199,603	\$ 13,697,508	\$ 14,177,726	\$ 14,816,890
State's proportionate share of the Net Pension Liability attributable to the District as a % District's Covered Employee Payroll	625.54%	772.39%	649.95%	590.15%	582.67%	607.38%	420.09%	436.20%	419.22%	386.81%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%	34.68%	37.99%

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually Required Contribution	\$ 4,585,294	\$ 7,005,090	\$ 5,582,497	\$ 4,362,652	\$ 4,294,521	\$ 4,869,314	\$ 1,304,772	\$ 1,607,985	\$ 1,460,164	\$ (209,071)
Contributions in relation to the										
Contractually Required Contribution	(948,884)	(1,297,358)	(1,732,319)	(2,333,342)	(2,608,278)	(3,352,821)	(4,767,219)	(4,761,207)	(4,941,464)	(4,993,578)
Contribution Deficiency/(Excess)	\$ 3,636,410	\$ 5,707,732	\$ 3,850,178	\$ 2,029,310	\$ 1,686,243	\$ 1,516,493	\$ (3,462,447)	\$ (3,153,222)	\$ (3,481,300)	\$ (5,202,649)
District's Covered Employee Payroll	\$12,070,586	\$12,398,615	\$12,680,670	\$12,495,852	\$12,892,190	\$13,199,603	\$13,697,508	\$14,177,726	\$14,816,890	\$ 15,358,651
Contributions as a percentage of										
Covered Employee Payroll	7.86%	10.46%	13.66%	18.67%	20.23%	25.40%	34.80%	33.58%	33.35%	32.51%

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability:								
Service Cost	\$ 2,670,677	\$ 2,208,352	\$ 2,001,965	\$ 2,036,479	\$ 3,533,798	\$ 3,078,616	\$ 2,360,194	\$ 2,374,312
Interest Cost	1,932,126	2,239,377	2,122,096	1,760,576	1,799,087	1,561,110	2,144,870	2,303,771
Changes in Benefit Terms	(8,011,206)	(6,145,614)	729,391	14,267,675	(73,818)	(15,802,428)	122,752	5,235,878
Changes in Assumptions					68,422			
Differences between Expected & Actual Experience		(4,394,636)	(8,031,192)	12,442,697	(12,711,584)	2,213,910	(1,016,865)	869,831
Member Contributions	52,051	49,493	44,514	41,215	45,994	49,607	54,965	60,245
Gross Benefit Payments	(1,413,567)	(1,432,020)	(1,501,677)	(1,359,799)	(1,417,176)	(1,546,326)	(1,671,961)	(1,759,427)
Net Change in Total OPEB Liability	(4,769,919)	(7,475,048)	(4,634,903)	29,188,843	(8,755,277)	(10,445,511)	1,993,955	9,084,610
Total OPEB Liability - Beginning	65,799,177	61,029,258	53,554,210	48,919,307	78,108,150	69,352,873	58,907,362	60,901,317
Total OPEB Liability - Ending	\$ 61,029,258	\$ 53,554,210	\$ 48,919,307	\$ 78,108,150	\$ 69,352,873	\$ 58,907,362	\$ 60,901,317	\$ 69,985,927
District's Covered Employee Payroll *	\$ 16,415,999	\$ 16,589,768	\$ 16,218,309	\$ 16,722,953	\$ 16,974,453	\$ 17,647,692	\$ 18,289,359	\$ 18,995,106
Total OPEB Liability as a Percentage of Covered Employee Payroll	372%	323%	302%	467%	409%	334%	333%	368%

* - Covered payroll for the fiscal years ending June 30, 2017 - 2024 are based on the payroll on the June 30, 2016 - 2023 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

There were none.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2023 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service while in the July 1, 2022 actuarial valuation the salary increases were 2.75% – 4.25% based on years of service.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2024 was 3.93%. The discount rate for June 30, 2023 was 3.65%, a change of .28%.

The health care trend rates in the valuation as of June 30, 2024 were based on the following:

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

The health care trend rates in the valuation as of June 30, 2023 were based on the following:

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

BUDGETARY COMPARISON SCHEDULES

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 36,336,662		\$ 36,336,662	\$ 36,336,662	
Tuition From Individuals				35,391	\$ 35,391
Unrestricted Miscellaneous Revenues	100,000		100,000	988,373	888,373
Interest Earned on Maintenance Reserve	500		500	2,640	2,140
Interest Earned on Capital Reserve Funds	5,000		5,000	102,146	97,146
Other Restricted Miscellaneous Revenues				10,832	10,832
Total Revenues from Local Sources	36,442,162		36,442,162	37,476,044	1,033,882
Revenues from State Sources:					
Categorical Transportation Aid	779,456		779,456	779,456	
Extraordinary Aid	150,000		150,000	752,790	602,790
Categorical Special Education Aid	1,483,962		1,483,962	1,483,962	
Categorical Security Aid	124,453		124,453	124,453	
Non-Public Transportation Aid				72,922	72,922
Homeless Tuition Reimbursement				32,926	32,926
Menstrual Product Reimbursement				3,766	3,766
TPAF Post Retirement Contributions (Non-Budgeted)				1,477,202	1,477,202
TPAF Pension Contributions (Non-Budgeted)				4,993,578	4,993,578
TPAF Non-Contributory Insurance (Non-Budgeted)				61,857	61,857
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,062	2,062
Reimbursed TPAF Social Security Contributions				1,086,945	1,086,945
Total Revenues from State Sources	2,537,871		2,537,871	10,871,919	8,334,048
Revenues from Federal Sources:					
Medicaid Reimbursement				8,461	8,461
Total Revenues from Federal Sources				8,461	8,461
TOTAL REVENUE	38,980,033		38,980,033	48,356,424	9,376,391

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 10,781,298	\$ (135,130)	\$ 10,646,168	\$ 10,064,405	\$ 581,763
Regular Programs - Home Instruction:					
Salaries of Teachers	35,000		35,000	27,578	7,422
Purchased Professional-Educational Services	38,200		38,200	23,580	14,620
Other Purchased Services (400-500 series)	1,010		1,010	193	817
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	4,700	(215)	4,485	3,173	1,312
Other Purchased Services (400-500 series)	313,951	(31,575)	282,376	224,885	57,491
General Supplies	662,868	59,760	722,628	553,279	169,349
Textbooks	76,177	(6,770)	69,407	61,339	8,068
Other Objects	14,783	(2,524)	12,259	11,559	700
Total Regular Programs - Instruction	11,927,987	(116,454)	11,811,533	10,969,991	841,542
Special Education - Instruction:					
Cognitive - Mild:					
Salaries of Teachers	68,875		68,875	68,328	547
Other Purchased Services (400-500 series)	475		475		475
General Supplies	3,033		3,033	2,624	409
Total Cognitive -Mild	72,383		72,383	70,952	1,431

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Multiple Disabilities:					
Salaries of Teachers	\$ 70,707		\$ 70,707	\$ 69,935	\$ 772
Other Purchased Services (400-500 series)	300		300		300
General Supplies	4,290		4,290	3,378	912
Total Multiple Disabilities	75,297		75,297	73,313	1,984
Resource Room/Resource Center:					
Salaries of Teachers	1,152,193	\$ 57,352	1,209,545	1,209,544	1
Other Purchased Services (400-500 series)	500		500		500
General Supplies	1,250		1,250	580	670
Textbooks	400		400		400
Total Resource Room/Resource Center	1,154,343	57,352	1,211,695	1,210,124	1,571
Home Instruction:					
Salaries of Teachers	9,000	6,365	15,365	14,785	580
Purchased Professional-Educational Services	9,000	(500)	8,500		8,500
Other Purchased Services (400-500 series)	1,000		1,000		1,000
Total Home Instruction	19,000	5,865	24,865	14,785	10,080
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,321,023	63,217	1,384,240	1,369,174	15,066
Bilingual Education - Instruction:					
Salaries of Teachers	33,712	37,119	70,831	70,830	1
Purchased Professional-Educational Services	35,000		35,000	2,795	32,205
Other Purchased Services (400-500 series)		150	150	150	
General Supplies	500	(150)	350		350
Total Bilingual Education - Instruction	69,212	37,119	106,331	73,775	32,556

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	\$ 268,501		\$ 268,501	\$ 264,930	\$ 3,571
Purchased Services (300-500 series)	4,565	\$ 7,117	11,682	10,520	1,162
Supplies and Materials	6,994	(3,192)	3,802	2,082	1,720
Other Objects	11,608	711	12,319	11,687	632
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	291,668	4,636	296,304	289,219	7,085
School-Sponsored Athletics - Instruction:					
Salaries	953,157	11,700	964,857	944,134	20,723
Purchased Services (300-500 series)	213,489	28,732	242,221	234,598	7,623
Supplies and Materials	97,794	1,540	99,334	92,635	6,699
Other Objects	53,131	17,294	70,425	67,235	3,190
Total School-Sponsored Athletics - Instruction	1,317,571	59,266	1,376,837	1,338,602	38,235
TOTAL INSTRUCTION	14,927,461	47,784	14,975,245	14,040,761	934,484
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	91,100	5,136	96,236	96,236	
Tuition to County Voc. School Dist.-Regular	1,605,820		1,605,820	1,494,960	110,860
Tuition to County Voc. School Dist.-Special	76,600		76,600	7,707	68,893
Tuition to Priv. Sch. for the Handicap. W/I State	3,239,958	(147,314)	3,092,644	2,638,045	454,599
Tuition to Priv Sch Handicap & Oth LEAs-Spl,O/S St	300,566	107,000	407,566	314,305	93,261
Total Undistributed Expenditures - Instruction	5,314,044	(35,178)	5,278,866	4,551,253	727,613

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expend. - Attendance & Social Work:					
Salaries	\$ 216,255	\$ (23,198)	\$ 193,057	\$ 193,053	\$ 4
Supplies and Materials	900	(653)	247	246	1
Total Undist. Expend. - Attendance and Social Work	217,155	(23,851)	193,304	193,299	5
Undistributed Expenditures - Health Services:					
Salaries	186,648	(1,509)	185,139	185,139	
Purchased Professional and Technical Services	104,216	(4,902)	99,314	54,764	44,550
Other Purchased Services (400-500 series)	3,770		3,770	3,383	387
Supplies and Materials	7,314	3,767	11,081	9,747	1,334
Other Objects	350		350	299	51
Total Undist. Expenditures - Health Services	302,298	(2,644)	299,654	253,332	46,322
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	155,643		155,643	152,981	2,662
Purchased Professional - Educational Services	65,131	(19,190)	45,941	38,331	7,610
Supplies and Materials	1,230		1,230	994	236
Other Objects	830		830	90	740
Total Undist. Expend. - Speech, OT, PT, Related Svcs	222,834	(19,190)	203,644	192,396	11,248

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.:					
Salaries	\$ 1,471,397	\$ (8,558)	\$ 1,462,839	\$ 1,462,838	\$ 1
Purchased Professional - Educational Services	287,641	(18,352)	269,289	128,276	141,013
Supplies and Materials	16,198	14,238	30,436	16,306	14,130
Other Objects	2,100		2,100	84	2,016
Total Undist. Expend. - Other Supp. Srvs. Students - Extra. Serv.	<u>1,777,336</u>	<u>(12,672)</u>	<u>1,764,664</u>	<u>1,607,504</u>	<u>157,160</u>
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	1,167,401	1	1,167,402	1,146,876	20,526
Salaries of Secretarial and Clerical Assistants	192,543	(1)	192,542	192,294	248
Unused Vacation Payment to Terminated/Retired Staff		14,462	14,462	14,461	1
Purchased Professional - Educational Services	445		445		445
Other Purchased Prof. and Tech. Services	1,300		1,300	345	955
Other Purchased Services (400-500 series)	67,368	368	67,736	48,147	19,589
Supplies and Materials	2,482		2,482	1,639	843
Other Objects	2,035	(664)	1,371	760	611
Total Undist. Expend. - Guidance	<u>1,433,574</u>	<u>14,166</u>	<u>1,447,740</u>	<u>1,404,522</u>	<u>43,218</u>
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	538,013	(34,018)	503,995	503,993	2
Salaries of Secretarial and Clerical Assistants	126,000	6,041	132,041	132,041	
Unused Vacation Payment to Terminated/Retired Staff		6,220	6,220	6,218	2
Purchased Professional - Educational Services	2,930	(1,017)	1,913		1,913
Other Purchased Services (400-500 series)	45,681	(7,467)	38,214	28,167	10,047
Supplies and Materials	10,530	(1,154)	9,376	3,866	5,510
Other Objects	2,000	(235)	1,765	1,305	460
Total Undist. Expend. - Child Study Team	<u>725,154</u>	<u>(31,630)</u>	<u>693,524</u>	<u>675,590</u>	<u>17,934</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	\$ 425,462	\$ (179,009)	\$ 246,453	\$ 246,452	\$ 1
Salaries of Secretarial and Clerical Assistants	104,125	(40,987)	63,138	62,719	419
Other Purchased Services (400-500 series)	19,613	510	20,123	19,908	215
Supplies and Materials	500	(428)	72		72
Total Undist. Expend.-Improv. of Inst. Serv.	549,700	(219,914)	329,786	329,079	707
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	197,537	3,553	201,090	201,089	1
Salaries of Technology Coordinators	54,420		54,420	54,288	132
Other Purchased Services (400-500 series)	18,411	(170)	18,241	14,182	4,059
Supplies and Materials	40,766	(246)	40,520	39,904	616
Other Objects	155		155	80	75
Total Undist Expend-Edu. Media Serv./Sch. Library	311,289	3,137	314,426	309,543	4,883
Undist.Expend.-Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	209,556	(88,169)	121,387	121,387	
Salaries of Secretarial and Clerical Assistants	51,286	(20,188)	31,098	30,892	206
Other Purchased Services (400-500 series)	4,266	(82)	4,184	375	3,809
Supplies and Materials	500		500		500
Other Objects	500		500		500
Total Undist.Expend.-Instructional Staff Training Services	266,108	(108,439)	157,669	152,654	5,015

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	\$ 303,687	\$ 244,087	\$ 547,774	\$ 547,292	\$ 482
Legal Services	82,425	(1,121)	81,304	42,827	38,477
Audit Fees	49,000	3,500	52,500	52,500	
Architectural/Engineering Services	10,500	(4,675)	5,825	1,350	4,475
Other Purchased Professional Services	3,500	976	4,476	4,475	1
Communications / Telephone	84,015	(4,871)	79,144	65,341	13,803
BOE Other Purchased Services	5,000	1,379	6,379	6,181	198
Other Purch. Serv. (400-500 series other than 530 & 585)	56,611	(585)	56,026	51,801	4,225
General Supplies	6,380	1,382	7,762	5,996	1,766
Miscellaneous Expenditures	6,000	4,015	10,015	7,946	2,069
BOE Membership Dues and Fees	16,885		16,885	16,885	
Total Undist. Expend.-Support Serv.-Gen. Admin.	624,003	244,087	868,090	802,594	65,496
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	722,202	158,839	881,041	881,040	1
Salaries of Secretarial and Clerical Assistants	246,815	5,662	252,477	252,477	
Unused Vacation Payment to Terminated/Retired Staff		6,220	6,220	6,218	2
Purchased Professional and Technical Services	445		445	445	
Other Purchased Services (400-500 series)	33,895	(16,544)	17,351	16,424	927
Supplies and Materials	22,220	(12,193)	10,027	9,123	904
Other Objects	25,517	563	26,080	21,903	4,177
Total Undist. Expend.-Support Serv.-School Adm.	1,051,094	142,547	1,193,641	1,187,630	6,011

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 393,183	\$ 13,560	\$ 406,743	\$ 406,742	\$ 1
Purchased Technical Services	62,501	(6,167)	56,334	35,661	20,673
Miscellaneous Purchased Services (400-500 series other than 594)	27,187	(1,025)	26,162	16,980	9,182
Supplies and Materials	9,740	5,275	15,015	14,968	47
Other Objects	8,400	(225)	8,175	7,450	725
Total Undist. Expend. - Central Services	501,011	11,418	512,429	481,801	30,628
Undist. Expend. - Admin. Info. Technology:					
Salaries	245,863	3,151	249,014	249,014	
Purchased Technical Services		2,000	2,000	1,184	816
Other Purchased Services (400-500 series)	202,352	(2,000)	200,352	155,725	44,627
Supplies and Materials	45,669	6,230	51,899	24,063	27,836
Total Undist. Expend. - Admin. Info. Technology	493,884	9,381	503,265	429,986	73,279
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	307,635	2,000	309,635	296,756	12,879
Cleaning, Repair, and Maintenance Services	246,031	42,894	288,925	184,177	104,748
Lead Testing of Drinking Water		8,080	8,080	7,694	386
General Supplies	145,041	10,665	155,706	114,329	41,377
Other Objects	2,261	570	2,831	1,814	1,017
Total Undist. Expend.- Required Maint. for School Facilities	700,968	64,209	765,177	604,770	160,407

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries	\$ 877,297	\$ (26,860)	\$ 850,437	\$ 782,423	\$ 68,014
Purchased Professional and Technical Services	90,221	2,250	92,471	74,167	18,304
Cleaning, Repair, and Maintenance Services	53,683		53,683	42,681	11,002
Other Purchased Property Services	73,568	37,104	110,672	99,624	11,048
Insurance	222,750	(17,556)	205,194	205,194	
Miscellaneous Purchased Services	40,000	(5,061)	34,939	14,034	20,905
General Supplies	94,417	(18,635)	75,782	64,423	11,359
Energy (Natural Gas)	252,248		252,248	205,856	46,392
Energy (Electricity)	402,009	(20,657)	381,352	312,197	69,155
Other Objects	525		525		525
Total Undist. Expend.-Custodial Services	2,106,718	(49,415)	2,057,303	1,800,599	256,704
Care and Upkeep of Grounds:					
Salaries	244,554	4,473	249,027	247,058	1,969
Purchased Professional and Technical Services	7,580	(2,287)	5,293	2,000	3,293
Cleaning, Repair, and Maintenance Services	98,355	13,600	111,955	77,708	34,247
General Supplies	88,311	32,310	120,621	109,075	11,546
Total Care And Upkeep Of Grounds	438,800	48,096	486,896	435,841	51,055
Security:					
Purchased Professional and Technical Services	110,826	5,840	116,666	88,995	27,671
Cleaning, Repair, and Maintenance Services	2,000		2,000		2,000
General Supplies	2,004	17,411	19,415	1,434	17,981
Total Security	114,830	23,251	138,081	90,429	47,652
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	3,361,316	86,141	3,447,457	2,931,639	515,818

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Student Transportation Serv.:					
Salaries of Non-Instructional Aides	\$ 56,000	\$ 4,127	\$ 60,127	\$ 60,127	
Sal. for Pupil Trans. (Bet. Home and Sch)-Reg.	1,006,474	(4,127)	1,002,347	593,481	\$ 408,866
Sal. for Pupil Trans. (Bet. Home and Sch)-Spl. Ed.	250,000	(4,968)	245,032	105,754	139,278
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	181,087	4,968	186,055	173,705	12,350
Sal. For Pupil Trans. (Bet. Home & Sch) Non Public	60,000		60,000		60,000
Management Fee - ESC&CTSA Transportation Program	1,200	1,265	2,465	2,463	2
Other Purchased Professional and Technical Services	8,485	2,680	11,165	7,255	3,910
Cleaning, Repair, and Maint. Services	10,751	1,520	12,271	6,951	5,320
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studis	93,200	11,030	104,230	103,053	1,177
Contr Serv.-Aid in Lieu of Payments-Choice Stud.	4,660	(2,306)	2,354	2,354	
Contract. Serv.(Spl. Ed. Students)-Vendors	17,715	25,710	43,425	29,733	13,692
Contract. Serv.(Reg. Students)-ESCs & CTSAs	340,000	(30,240)	309,760	158,239	151,521
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSAs	710,000	(5,194)	704,806	633,637	71,169
Misc. Purchased Serv. - Transportation	91,250	(4,560)	86,690	80,179	6,511
General Supplies	810		810	160	650
Transportation Supplies	314,210	(10,565)	303,645	232,076	71,569
Other Objects	5,000		5,000	4,598	402
Total Undist. Expend.-Student Trans. Serv.	3,150,842	(10,660)	3,140,182	2,193,765	946,417

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Social Security Contributions	\$ 605,000		\$ 605,000	\$ 589,299	\$ 15,701
Other Retirement Contributions - PERS	805,000		805,000	751,152	53,848
Other Retirement Contributions - Regular	55,000		55,000	38,779	16,221
Workers Compensation	380,278	\$ 28,216	408,494	366,413	42,081
Health Benefits	6,765,000	(79,368)	6,685,632	6,022,085	663,547
Tuition Reimbursement	25,000		25,000	21,266	3,734
Other Employee Benefits	28,870		28,870	23,140	5,730
TOTAL UNALLOCATED BENEFITS	8,664,148	(51,152)	8,612,996	7,812,134	800,862
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				1,477,202	(1,477,202)
TPAF Pension Contributions (Non-Budgeted)				4,993,578	(4,993,578)
TPAF Non-Contributory Insurance (Non-Budgeted)				61,857	(61,857)
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,062	(2,062)
Reimbursed TPAF Social Security Contributions				1,086,945	(1,086,945)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				7,621,644	(7,621,644)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	8,664,148	(51,152)	8,612,996	15,433,778	(6,820,782)
TOTAL UNDISTRIBUTED EXPENDITURES	28,965,790	(4,453)	28,961,337	33,130,365	(4,169,028)
TOTAL GENERAL CURRENT EXPENSE	43,893,251	43,331	43,936,582	47,171,126	(3,234,544)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Grades 9-12	\$ 139,569	\$ (113,556)	\$ 26,013	\$ 20,749	\$ 5,264
Vocational Programs:					
School-Sponsored and Other Instructional Programs		4,999	4,999	4,990	9
Undistributed:					
Undist. Expend. - Supp Serv. - Related & Extraord.	6,000	9,880	15,880	11,011	4,869
Undistributed Expenditures - Admin. Info. Tech.	168,886	33,785	202,671	202,224	447
Undist. Expend. - Required Maint for School Fac.	48,633	(5,999)	42,634	37,724	4,910
Undist. Expend. - Care and Upkeep of Grounds		8,399	8,399	8,175	224
Undist. Expend. - Security	56,000		56,000		56,000
School Buses - Regular	435,000	(4,999)	430,001	418,487	11,514
Undistributed Expenditures - Non-Inst. Serv.	52,386		52,386	52,386	
Total Equipment	906,474	(67,491)	838,983	755,746	83,237
Facilities Acquisition and Construction Serv.:					
Assessment for Debt Service on SDA Funding	106,465		106,465	106,465	
Total Facilities Acquisition and Const. Serv.	106,465		106,465	106,465	
TOTAL CAPITAL OUTLAY	1,012,939	(67,491)	945,448	862,211	83,237
Transfer of Funds to Charter Schools		24,160	24,160	15,384	8,776
TOTAL EXPENDITURES	44,906,190		44,906,190	48,048,721	(3,142,531)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	\$ (5,926,157)		\$ (5,926,157)	\$ 307,703	\$ 6,233,860
Other Financing Sources/(Uses):					
Transfer from Capital Projects Fund - Interest Earnings				1,605,612	1,605,612
Transfer from Capital Projects Fund - Unexpended Balances (Capital Outlay)				1,433	1,433
Capital Reserve - Transfer to Capital Projects Fund	(150,000)		(150,000)	(150,000)	
Total Other Financing Sources/(Uses)	<u>(150,000)</u>		<u>(150,000)</u>	<u>1,457,045</u>	<u>1,607,045</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(6,076,157)		(6,076,157)	1,764,748	7,840,905
Fund Balance, July 1	<u>17,752,275</u>		<u>17,752,275</u>	<u>17,752,275</u>	
Fund Balance, June 30	<u>\$ 11,676,118</u>	<u>\$ - 0 -</u>	<u>\$ 11,676,118</u>	<u>\$ 19,517,023</u>	<u>\$ 7,840,905</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2026-2027				\$ 5,643,839	
Excess Surplus - Restricted For 2025-2026				7,065,913	
Capital Reserve				4,017,700	
Maintenance Reserve				66,330	
Unemployment Compensation				158,272	
Assigned Fund Balance:					
Year End Encumbrances				485,384	
Designated for Subsequent Year's Expenditures				592,331	
Unassigned Fund Balance				1,487,254	
				<u>19,517,023</u>	
Reconciliation to Governmental Funds Statement (GAAP):				<u>(224,511)</u>	
Last State Aid Payments not Recognized on GAAP basis					
Fund Balance per Governmental Funds (GAAP)				<u>\$ 19,292,512</u>	

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources	\$ 578,296	\$ 19,556	\$ 597,852	\$ 612,008	\$ 14,156
State Sources		5,800	5,800	5,800	
Federal Sources	298,079	92,876	390,955	369,091	(21,864)
Total Revenue	876,375	118,232	994,607	986,899	(7,708)
EXPENDITURES:					
Instruction:					
Other Purchased Services	252,358	78,137	330,495	324,995	5,500
General Supplies	27,682	(11,780)	15,902	15,092	810
Total Instruction	280,040	66,357	346,397	340,087	6,310
Support Services:					
Purchased Professional and Technical Services	11,000	12,705	23,705	15,324	8,381
Other Purchased Services	3,335	8,233	11,568	10,908	660
Supplies and Materials	8,000	6,775	14,775	8,572	6,203
Scholarships Awarded	24,000	9,528	33,528	33,218	310
Student Activities	550,000	14,634	564,634	564,634	
Total Support Services	596,335	51,875	648,210	632,656	15,554
Total Expenditures	876,375	118,232	994,607	972,743	21,864
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 14,156	\$ 14,156

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 48,356,424	\$ 986,899
Differences - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that		
the Budgetary Basis recognizes Encumbrances as Expenditures		
and Revenue while the GAAP Basis does not.		
Cancellation of Prior Year Encumbrances		(109)
Prior Year Encumbrances		20,902
Prior Year State Aid Payments Recognized for GAAP Statements, not		
Recognized for Budgetary Basis	215,879	
Current Year State Aid Payments Recognized for Budgetary Purposes,		
not Recognized for GAAP Statements	(224,511)	
Total Revenues as Reported on the Statement of Revenues,		
Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 48,347,792</u>	<u>\$ 1,007,692</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the		
Budgetary Comparison Schedule	\$ 48,048,721	\$ 972,743
Differences - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that		
the Budgetary Basis recognizes Encumbrances as Expenditures		
and Revenue while the GAAP Basis does not.		
Cancellation of Prior Year Encumbrances		(109)
Prior Year Encumbrances		20,902
Total Expenditures as Reported on the Statement of Revenue,		
Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 48,048,721</u>	<u>\$ 993,536</u>

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2025 was submitted to the County office and was approved by a vote by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments and transfers must be made by school Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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 generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis except for student activities and scholarships. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the is State recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	NJDCA Local Recreation Improvement	IDEA Part B Basic	Elementary and Secondary Education Act			
			Title I	Title IIA	Title III	Title IV
REVENUE:						
Local Sources						
State Sources						
Federal Sources	\$ 5,800	\$ 324,505	\$ 13,731	\$ 20,271	\$ 1,773	\$ 7,387
Total Revenue	5,800	324,505	13,731	20,271	1,773	7,387
EXPENDITURES:						
Instruction:						
Other Purchased Services		324,505	13,731		1,361	
General Supplies						
Total Instruction		324,505	13,731		1,361	
Support Services:						
Purchased Professional & Technical Services	5,800			9,524		
Other Purchased Services				10,747		
Supplies and Materials					412	7,387
Total Support Services	5,800			20,271	412	7,387
Total Expenditures	\$ 5,800	\$ 324,505	\$ 13,731	\$ 20,271	\$ 1,773	\$ 7,387

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

COVID-19 - American Rescue Plan

Accelerated

Learning Coach & NITSS

Educator Support Mental Health

Student Activities

Scholarships

Totals

REVENUE:	ESSER III									
Local Sources						\$	586,108	\$	25,900	\$ 612,008
State Sources										5,800
Federal Sources	21	\$	490	\$	913					369,091
Total Revenue	21		490		913		586,108		25,900	986,899

EXPENDITURES:

Instruction:

Other Purchased Services
General Supplies

Total Instruction

			490							324,995
										15,092
			490							340,087

Support Services:

Purchased Professional & Technical Services

Other Purchased Services

Supplies and Materials

Scholarships Awarded

Student Activities

Total Support Services

										15,324
										10,908
	21									8,572
									33,218	33,218
							564,634			564,634

	21				913		564,634		33,218	632,656
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Total Expenditures

\$	21	\$	490	\$	913	\$	564,634	\$	33,218	\$ 972,743
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CAPITAL PROJECTS FUND

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Revenue and Other Financing Sources:	
Transfer from Capital Reserve	\$ 150,000
Interest Income	<u>1,766,710</u>
Total Revenue and Other Financing Sources	<u>1,916,710</u>
Expenditures:	
Other Purchased Professional Technical Services	782,879
Construction Services	<u>11,978,438</u>
Total Expenditures	<u>12,761,317</u>
Deficit of Revenue and Other Financing Sources	
Under Expenditures	(10,844,607)
Other Financing Uses:	
Transfer Out - General Fund - Interest Earnings	(1,605,612)
Transfer Out - General Fund Capital Outlay - Unexpended Balances	(1,433)
Transfer Out - Debt Service Fund - Unexpended Balances	<u>(734,000)</u>
Total Other Financing Uses	<u>(2,341,045)</u>
Deficit of Revenues and Other Financing Sources	
Under Expenditures and Other Financing Uses	(13,185,652)
Fund Balance - Beginning	<u>44,410,476</u>
Fund Balance - Ending	<u><u>\$ 31,224,824</u></u>
<u>Recapitulation of Fund Balance:</u>	
Restricted	\$ 12,512,487
Restricted - Year End Encumbrances	16,843,842
Committed	299,400
Committed - Year End Encumbrances	202,095
Assigned - Arbitrage Rebate	<u>1,367,000</u>
Fund Balance per Governmental Funds (GAAP Basis)	<u><u>\$ 31,224,824</u></u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICTCAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASISADDITIONS, ALTERATIONS AND RENOVATIONS TO HANOVER PARK HIGH SCHOOLFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 20,195,767		\$ 20,195,767	\$ 20,195,767
Local Share	42		42	42
SDA Grant	9,616,996		9,616,996	9,616,996
Total Revenue and Other Financing Sources	29,812,805		29,812,805	29,812,805
Expenditures and Other Financing Uses:				
Other Purchased Professional Technical Services	3,192,895		3,192,895	3,192,895
Construction Services	23,685,851		23,685,851	23,685,851
Other Objects	471,829		471,829	471,829
Transfer of Unexpended Proceeds to Debt Service Fund	1,999,581	\$ 462,649	2,462,230	2,462,230
Total Expenditures	29,350,156	462,649	29,812,805	29,812,805
Excess/(Deficit) of Revenue & Other Financing Sources				
Over/(Under) Expenditures and Other Financing Sources	\$ 462,649	\$ (462,649)	\$ - 0 -	\$ - 0 -

Additional Project Information:

Project Number	1990-050-04-1000
Grant Date	5/12/2005
Bond Authorization Date	April 2005
Bonds Authorized	\$ 20,195,767
Bonds Issued	\$ 20,195,767
Original Authorized Cost	\$ 29,812,805
Additional Authorized Cost	\$ - 0 -
Revised Authorized Cost	\$ 29,812,805
% Increase over Original Authorized Cost	0%
% Completion	100%
Original Target Completion Date	September 2008
Revised Target Completion Date	June 2011

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICTCAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASISADDITIONS, ALTERATIONS AND RENOVATIONS TO WHIPPANY PARK HIGH SCHOOLFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 11,518,233		\$ 11,518,233	\$ 11,518,233
Local Share	42		42	42
SDA Grant	4,879,272		4,879,272	4,879,272
Total Revenues and Other Financing Sources	16,397,547		16,397,547	16,397,547
Expenditures and Other Financing Uses:				
Other Purchased Professional Technical Services	1,768,239		1,768,239	1,768,239
Construction Services	11,379,287		11,379,287	11,379,287
Other Objects	305,111		305,111	305,111
Transfer of Unexpended Proceeds to Debt Service Fund	1,140,419	\$ 271,351	1,411,770	2,944,910
Total Expenditures	14,593,056	271,351	14,864,407	16,397,547
Excess/(Deficit) of Revenue & Other Financing Sources Over/(Under) Expenditures and Other Financing Sources	\$ 1,804,491	\$ (271,351)	\$ 1,533,140	\$ -0 -

Additional Project Information:

Project Number	1990-070-04-1000
Grant Date	5/12/2005
Bond Authorization Date	April 2005
Bonds Authorized	\$ 11,518,233
Bonds Issued	\$ 11,518,233
Original Authorized Cost	\$ 16,397,547
Additional Authorized Cost	\$ -0 -
Revised Authorized Cost	\$ 16,397,547
% Increase over Original Authorized Cost	0%
% Completion	100%
Original Target Completion Date	September 2008
Revised Target Completion Date	June 2011

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
ATHLETIC AND PHYSICAL EDUCATION FACILITY REFURBISHMENT AT HANOVER PARK AND WHIPPANY PARK HIGH SCHOOLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 9,795,000		\$ 9,795,000	\$ 9,795,444
Local Contribution	500,000		500,000	500,000
Total Revenues and Other Financing Sources	10,295,000		10,295,000	10,295,444
Expenditures:				
Other Purchased Professional Technical Services	1,056,633		1,056,633	1,056,633
Construction Services	8,991,970	\$ 124,217	9,116,187	9,088,090
General Supplies	80,773		80,773	100,000
Other Objects	41,407		41,407	50,721
Total Expenditures	10,170,783	124,217	10,295,000	10,295,444
Excess/(Deficit) of Revenue over Expenditures	124,217	(124,217)		
Other Financing Sources:				
Cancellation of Prior Year Accounts Payable	1,433	(1,433)		
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 125,650	\$ (125,650)	\$ - 0 -	\$ - 0 -
Additional Project Information:				
Project Number	1990-070-13-3000			
Grant Date	N/A			
Bond Authorization Date	1/1/2014			
Bonds Authorized	\$ 9,795,444			5%
Bonds Issued	\$ 9,795,000			100%
Original Authorized Cost	\$ 9,795,444			
Additional Authorized Cost	\$ 500,000			
Revised Authorized Cost	\$ 10,295,444			
		% Increase over Original Authorized Cost		
		% Completion		
		Original Target Completion Date		October 2015
		Revised Target Completion Date		June 2025

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICTCAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASISWHIPPANY PARK HIGH SCHOOL JV BASEBALL FIELDFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:			
Transfer from Capital Reserve	\$ 150,000	\$ 150,000	\$ 150,000
Total Revenues and Other Financing Sources	150,000	150,000	150,000
Expenditures:			
Other Purchased Professional Technical Services	9,000	9,000	25,000
Construction Services			125,000
Total Expenditures	9,000	9,000	150,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 141,000	\$ 141,000	\$ - 0 -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 150,000
Returned to Capital Outlay	\$ - 0 -
Revised Authorized Cost	\$ 150,000
% Increase over Original Authorized Cost	0%
% Completion	6%
Original Target Completion Date	June 2026

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICTCAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
REHABILITATION, RENOVATIONS, ALTERATIONS AND IMPROVEMENTS TO HANOVER PARK AND WHIPPANY PARK HIGH SCHOOLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 44,349,000		\$ 44,349,000	\$ 44,349,000
Total Revenue and Other Financing Sources	44,349,000		44,349,000	44,349,000
Expenditures:				
Other Purchased Professional Technical Services	1,791,747	\$ 760,554	2,552,301	4,371,660
Construction Services	2,932,169	11,039,841	13,972,010	39,242,854
Other Objects	1,500		1,500	734,486
Total Expenditures	4,725,416	11,800,395	16,525,811	44,349,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 39,623,584	\$ (11,800,395)	\$ 27,823,189	\$ - 0 -

Additional Project Information:

Project Numbers	1990-070-22-1000;
Grant Date	1990-050-22-1000;
Bond Authorization Date	1990-050-22-2000
Bonds Authorized	N/A
Bonds Issued	12/13/2022
Original Authorized Cost	\$ 44,349,835
% Completion	\$ 44,349,000
Original Target Completion Date	37%
Revised Target Completion Date	October 2025
	October 2026

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICTCAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASISINSTALLATION OF FIRE ALARM SYSTEM - HANOVER PARK HIGH SCHOOLFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 496,009		\$ 496,009	\$ 496,009
Transfer from Capital Outlay	738,991		738,991	738,991
Total Revenues and Other Financing Sources	1,235,000		1,235,000	1,235,000
Expenditures:				
Other Purchased Professional Technical Services	46,800	\$ 13,325	60,125	119,218
Construction Services		814,380	814,380	1,105,730
Other Objects				10,052
Total Expenditures	46,800	827,705	874,505	1,235,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 1,188,200	\$ (827,705)	\$ 360,495	\$ - 0 -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,235,000
% Completion	71%
Original Target Completion Date	December 2025

PROPRIETARY FUNDS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2025

	Non-Major Fund Summer Enrichment	Major Fund Food Service	Total Enterprise Funds
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 31,172	\$ 119,660	\$ 150,832
Interfund Receivable - General Fund		32,979	32,979
Inventories		9,439	9,439
Total Current Assets	31,172	162,078	193,250
Non-Current Assets:			
Capital Assets:			
Depreciable Furniture, Machinery & Equipment		398,188	398,188
Less: Accumulated Depreciation		(397,065)	(397,065)
Total Non-Current Assets		1,123	1,123
Total Assets	31,172	163,201	194,373
<u>LIABILITIES:</u>			
Current Liabilities:			
Unearned Revenue	5,400	20,470	25,870
Accounts Payable - Vendors		52,397	52,397
Total Liabilities	5,400	72,867	78,267
<u>NET POSITION:</u>			
Investment in Capital Assets		1,123	1,123
Unrestricted	25,772	89,211	114,983
Total Net Position	\$ 25,772	\$ 90,334	\$ 116,106

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Non-Major Fund	Major Fund	Total Enterprise Funds
	<u>Summer Enrichment</u>	<u>Food Service</u>	<u></u>
Operating Revenue:			
Local Sources:			
Daily Sales - Non-Reimbursable Programs		\$ 747,419	\$ 747,419
Special Events		1,327	1,327
Free and Reduced Lunches Subsidized by District		54,735	54,735
Summer Enrichment Program Fees	\$ 5,400		5,400
Total Operating Revenue	<u>5,400</u>	<u>803,481</u>	<u>808,881</u>
Operating Expenses:			
Cost of Sales- Non-Reimbursable Programs		354,229	354,229
Salaries, Benefits & Payroll Taxes	7,059	323,331	330,390
Supplies and Materials		34,468	34,468
Management Fee		45,200	45,200
Miscellaneous Expense		17,932	17,932
Depreciation Expense		433	433
Total Operating Expenses	<u>7,059</u>	<u>775,593</u>	<u>782,652</u>
Operating Income/(Loss)	<u>(1,659)</u>	<u>27,888</u>	<u>26,229</u>
Non-Operating Income:			
Interest Income		5,222	5,222
Total Non-Operating Income		<u>5,222</u>	<u>5,222</u>
Change in Net Position	(1,659)	33,110	31,451
Net Position - Beginning of Year	<u>27,431</u>	<u>57,224</u>	<u>84,655</u>
Net Position - End of Year	<u>\$ 25,772</u>	<u>\$ 90,334</u>	<u>\$ 116,106</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Non-Major Fund Summer Enrichment	Major Fund Food Service	Total Enterprise Funds
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 5,400	\$ 747,334	\$ 752,734
Receipts from District		54,735	54,735
Payments by District for Free and Reduced Lunches		(54,735)	(54,735)
Payments to Food Service Vendor		(677,025)	(677,025)
Payments to Summer Enrichment Employees	(7,059)		(7,059)
Net Cash Provided by/(Used for) Operating Activities	(1,659)	70,309	68,650
Cash Flows from Investing Activities:			
Interest Income		5,222	5,222
Net Cash Provided by Investing Activities		5,222	5,222
Net Cash from Noncapital Financing Activities:			
Interfund Advanced - General Fund		(32,979)	(32,979)
Net Cash Used for Noncapital Financing Activities		(32,979)	(32,979)
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,659)	42,552	40,893
Cash and Cash Equivalents, July 1	32,831	77,108	109,939
Cash and Cash Equivalents, June 30	\$ 31,172	\$ 119,660	\$ 150,832
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (1,659)	\$ 27,888	\$ 26,229
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation		433	433
Changes in Assets and Liabilities:			
(Increase)/Decrease in Inventory		6,252	6,252
Increase/(Decrease) in Unearned Revenue		(1,412)	(1,412)
Increase/(Decrease) in Accounts Payable		37,148	37,148
Net Cash Provided by/(Used for) Operating Activities	\$ (1,659)	\$ 70,309	\$ 68,650

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITIES

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds					
			Outstanding		Interest Rate	Balance June 30, 2024	Balance June 30, 2025	
			Date	Amount				
School Refunding Bonds	3/14/13	\$ 18,480,000	10/1/25	\$ 1,845,000	4.00%	\$ 3,780,000	\$ 1,935,000	\$ 1,845,000
School Bonds, Series 2023	3/15/23	44,349,000	3/15/26	2,050,000	3.00%			
			3/15/27	2,150,000	3.00%			
			3/15/28	2,150,000	3.00%			
			3/15/29	2,150,000	3.50%			
			3/15/30	2,150,000	3.50%			
			3/15/31	2,150,000	3.50%			
			3/15/32	2,200,000	3.50%			
			3/15/33	2,250,000	3.50%			
			3/15/34	2,300,000	3.50%			
			3/15/35	2,350,000	3.50%			
			3/15/36	2,400,000	3.50%			
			3/15/37	2,400,000	3.50%			
			3/15/38	2,400,000	3.75%			
			3/15/39	2,400,000	3.75%			
3/15/40	2,400,000	4.00%						
3/15/41	2,400,000	4.00%						
3/15/42	2,400,000	4.00%						
3/15/43	2,400,000	4.00%						
				43,145,000		2,045,000	41,100,000	
						\$ 3,980,000	\$ 42,945,000	

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,730,552		\$ 2,730,552	\$ 2,730,552	
State Sources:					
Debt Service State Aid Support	2,156,048		2,156,048	2,156,048	
Total Revenues	4,886,600		4,886,600	4,886,600	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,640,600		1,640,600	1,640,600	
Redemption of Principal	3,980,000		3,980,000	3,980,000	
Total Regular Debt Service	5,620,600		5,620,600	5,620,600	
Total Expenditures	5,620,600		5,620,600	5,620,600	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(734,000)	- 0 -	(734,000)	(734,000)	- 0 -
Other Financing Sources:					
Operating Transfers In:					
Capital Projects Fund	734,000		734,000	734,000	
Total Other Financing Sources	734,000		734,000	734,000	
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Fund Balance, July 1	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Fund Balance, June 30	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

STATISTICAL SECTION
(UNAUDITED)

This part of the District'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

	<u>Exhibit</u>
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 thru J-5
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru 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 thru 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 and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information	
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Net Investment in Capital Assets	\$ 25,279,530	\$ 28,303,100	\$ 30,898,483	\$ 32,647,525	\$ 34,496,166	\$ 36,250,700	\$ 38,768,530	\$ 42,141,573	\$ 45,763,483	\$ 49,858,496
Restricted	13,410,036	12,120,246	11,749,521	12,573,801	15,613,943	16,484,110	17,137,321	17,759,545	17,918,560	18,909,145
Unrestricted (Deficit)	(12,829,026)	(13,501,743)	(13,873,891)	(13,768,988)	(13,869,606)	(11,094,280)	(8,869,720)	(7,364,655)	(6,562,113)	(6,211,358)
Total Governmental Activities Net Position	\$ 25,860,540	\$ 26,921,603	\$ 28,774,113	\$ 31,452,338	\$ 36,240,503	\$ 41,640,530	\$ 47,036,131	\$ 52,536,463	\$ 57,119,930	\$ 62,556,283
Business-Type Activities:										
Investment in Capital Assets	\$ 18,389	\$ 11,140	\$ 8,805	\$ 5,766	\$ 4,270	\$ 3,536	\$ 2,802	\$ 2,179	\$ 1,556	\$ 1,123
Unrestricted	18,781	656	34,260	28,196	31,801	24,515	45,852	67,570	83,099	114,983
Total Business-Type Activities Net Position	\$ 37,170	\$ 11,796	\$ 43,065	\$ 33,962	\$ 36,071	\$ 28,051	\$ 48,654	\$ 69,749	\$ 84,655	\$ 116,106
District-Wide:										
Net Investment in Capital Assets	\$ 25,297,919	\$ 28,314,240	\$ 30,907,288	\$ 32,653,291	\$ 34,500,436	\$ 36,254,236	\$ 38,771,332	\$ 42,143,752	\$ 45,765,039	\$ 49,859,619
Restricted	13,410,036	12,120,246	11,749,521	12,573,801	15,613,943	16,484,110	17,137,321	17,759,545	17,918,560	18,909,145
Unrestricted (Deficit)	(12,810,245)	(13,501,087)	(13,839,631)	(13,740,792)	(13,837,805)	(11,069,765)	(8,823,868)	(7,297,085)	(6,479,014)	(6,096,375)
Total District-Wide Net Position	\$ 25,897,710	\$ 26,933,399	\$ 28,817,178	\$ 31,486,300	\$ 36,276,574	\$ 41,668,581	\$ 47,084,785	\$ 52,606,212	\$ 57,204,585	\$ 62,672,389

Source: Hanover Park Regional High School District Financial Reports.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 14,743,726	\$ 17,101,592	\$ 17,177,855	\$ 16,493,189	\$ 15,994,563	\$ 17,055,178	\$ 16,310,775	\$ 16,163,277	\$ 17,193,434	\$ 16,527,945
Special Education	2,651,199	2,393,442	2,331,871	2,006,974	1,833,035	1,934,473	2,126,130	2,066,768	1,916,018	2,074,799
Other Special Instruction	36,577	46,320	47,121	46,492	46,391	46,129	42,614	20,969	73,174	109,891
Other Instruction	2,097,579	2,317,701	2,391,972	2,334,672	2,236,493	2,139,343	2,208,843	2,152,041	2,218,566	2,230,721
Support Services:										
Tuition	3,411,037	3,831,583	4,192,126	4,243,694	4,456,900	3,900,814	3,768,077	3,950,507	3,732,861	4,551,253
Student & Instruction Related Services	4,595,140	5,795,009	5,971,107	6,901,532	6,586,606	7,181,361	7,699,734	7,726,444	8,134,622	8,073,654
General Administration Services	1,035,800	1,105,341	1,240,375	1,150,639	1,053,905	1,134,269	1,105,474	1,043,364	1,168,140	1,083,870
School Administration Services	1,691,586	1,806,720	1,864,273	1,782,775	1,783,319	1,810,157	1,747,366	1,692,987	1,761,133	1,762,879
Central Services	710,431	829,242	1,480,983	825,874	821,460	843,675	684,646	675,046	691,394	698,453
Administration Information Technology	145,989	293,046	193,340	209,375	266,632	287,531	453,627	511,458	610,563	557,651
Plant Operations And Maintenance	2,992,791	3,383,351	3,401,157	3,219,826	2,733,500	2,690,572	3,060,945	3,053,945	3,171,536	3,103,519
Pupil Transportation	2,788,823	3,209,866	3,230,215	2,855,927	2,244,244	1,943,389	2,356,632	3,003,754	2,595,898	2,643,625
Interest On Long-Term Liabilities	826,164	764,227	705,648	629,365	539,869	443,069	343,289	695,454	2,891,939	1,708,706
Capital Outlay			418,597	106,465	106,465	106,465	106,465	106,465	106,465	106,465
Transfer of Funds to Charter School									17,195	15,384
Unallocated Depreciation	1,066,012	1,033,998	1,033,955	1,031,965	1,051,513	1,053,499	1,065,608	1,071,651	1,071,651	1,076,735
Total Governmental Activities Expenses	38,792,854	43,911,438	45,680,595	43,838,764	41,754,895	42,569,924	43,080,225	43,934,130	47,354,589	46,325,550
Business-Type activities:										
Food Service	548,625	551,217	466,636	426,115	307,893	42,077	594,480	733,823	817,256	775,593
Summer Enrichment	1,920	1,615	4,521	14,151	9,070	200	6,014	5,011	6,459	7,059
Total Business-Type Activities Expense	550,545	552,832	471,157	440,266	316,963	42,277	600,494	738,834	823,715	782,652
Total District-Wide Expenses	39,343,399	44,464,270	46,151,752	44,279,030	42,071,858	42,612,201	43,680,719	44,672,964	48,178,304	47,108,202

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	\$ 7,693,517	\$ 10,190,340	\$ 11,531,282	\$ 9,480,989	\$ 8,364,241	\$ 9,280,610	\$ 8,886,751	\$ 7,608,806	\$ 7,456,099	\$ 6,134,900
Capital Grants and Contributions	35,606									
Charges for Services				16,650	18,500	340,102	460,290	602,836	575,495	647,399
Total Governmental Activities	7,729,123	10,190,340	11,531,282	9,497,639	8,382,741	9,620,712	9,347,041	8,211,642	8,031,594	6,782,299
Business-Type Activities:										
Charges for Services:										
Food Service	516,706	425,180	452,660	418,685	287,151		602,962	745,062	768,794	803,481
Summer Enrichment	2,301	1,890	14,650	12,451	16,900	7,800		12,000	8,400	5,400
Total Business Type Activities	519,007	427,070	467,310	431,136	304,051	7,800	602,962	757,062	777,194	808,881
Total District-Wide Program Revenues	8,248,130	10,617,410	11,998,592	9,928,775	8,686,792	9,628,512	9,950,003	8,968,704	8,808,788	7,591,180
Net (Expense)/Revenue:										
Governmental Activities	(31,063,731)	(33,721,098)	(34,149,313)	(34,341,125)	(33,372,154)	(32,949,212)	(33,733,184)	(35,722,488)	(39,322,995)	(39,543,251)
Business-Type Activities	(31,538)	(125,762)	(3,847)	(9,130)	(12,912)	(34,477)	2,468	18,228	(46,521)	26,229
Total District-Wide Net (Expense)/Revenue	(31,095,269)	(33,846,860)	(34,153,160)	(34,350,255)	(33,385,066)	(32,983,689)	(33,730,716)	(35,704,260)	(39,369,516)	(39,517,022)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for										
General Purposes, Net	28,946,490	30,390,920	31,276,813	32,046,873	32,936,210	33,594,935	34,266,834	34,952,171	35,651,214	36,336,662
Taxes Levied for Debt Service	2,913,403	3,131,407	3,138,986	3,181,550	3,232,937	3,241,312	3,226,817	3,164,098	2,731,533	2,730,552
Unrestricted Grants and Contributions	904,287	776,577	841,490	888,668	919,267	1,117,255	1,312,281	957,192	1,195,676	3,041,689
Investment Earnings	27,611	7,838	9,866	5,859	5,268	1,495	8,328	749,303	2,585,158	1,882,328
Miscellaneous Income	947,138	558,566	787,374	896,400	670,890	419,260	332,623	1,400,465	1,799,314	988,373
Transfers		(83,147)	(52,706)		(15,000)	(26,451)	(18,098)	(409)	(56,433)	

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

		Fiscal Year Ending June 30,									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenues and Other Changes in Net Position:											
Governmental Activities:											
Other Item - SDA Grants Cancelled		\$ (29,650)									
Other Item -											
Prior Year Accounts Payable Cancelled							\$ 1,433				
Total Governmental Activities		33,709,279	\$ 34,782,161	\$ 36,001,823	\$ 37,019,350	\$ 37,749,572	\$ 38,349,239	\$ 39,128,785	\$ 41,222,820	\$ 43,906,462	\$ 44,979,604
Business-Type Activities:											
Investment Earnings		133	92	51	27	21	6	37	2,458	4,994	5,222
Transfers			83,147	17,619		15,000	26,451	18,098	409	56,433	
Other Item - Board Contribution				3,256							
Other Item - Food Service Management		18,621	17,149	14,190							
Contractor Contribution											
Total Business-Type Activities		18,754	100,388	35,116	27	15,021	26,457	18,135	2,867	61,427	5,222
Total District-Wide General Revenues and Other Changes in Net Position		33,728,033	34,882,549	36,036,939	37,019,377	37,764,593	38,375,696	39,146,920	41,225,687	43,967,889	44,984,826
Change in Net Position:											
Governmental Activities		2,645,548	1,061,063	1,852,510	2,678,225	4,377,418	5,400,027	5,395,601	5,500,332	4,583,467	5,436,353
Business-Type Activities		(12,784)	(25,374)	31,269	(9,103)	2,109	(8,020)	20,603	21,095	14,906	31,451
Total District-Wide Change in Net Position		\$ 2,632,764	\$ 1,035,689	\$ 1,883,779	\$ 2,669,122	\$ 4,379,527	\$ 5,392,007	\$ 5,416,204	\$ 5,521,427	\$ 4,598,373	\$ 5,467,804

Source: Hanover Park Regional High School District Financial Reports.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Restricted	\$ 5,172,166	\$ 4,182,462	\$ 4,652,229	\$ 5,791,362	\$ 11,142,954	\$ 9,517,408	\$ 10,533,140	\$ 11,813,967	\$ 15,115,975	\$ 16,952,054
Assigned	429,470	810,542	786,067	947,809	660,303	947,029	1,316,146	2,073,282	1,158,279	1,077,715
Unassigned	680,794	800,903	843,330	908,637	(1,566,614)	1,826,514	2,128,551	1,074,589	1,262,142	1,262,743
Total General Fund	<u>\$ 6,282,430</u>	<u>\$ 5,793,907</u>	<u>\$ 6,281,626</u>	<u>\$ 7,647,808</u>	<u>\$ 10,236,643</u>	<u>\$ 12,290,951</u>	<u>\$ 13,977,837</u>	<u>\$ 14,961,838</u>	<u>\$ 17,536,396</u>	<u>\$ 19,292,512</u>
Other Governmental Funds:										
Restricted	\$ 8,237,870	\$ 7,937,784	\$ 7,097,292	\$ 6,725,227	\$ 6,941,830	\$ 6,966,702	\$ 6,604,181	\$ 49,821,377	\$ 42,426,169	\$ 29,780,280
Committed				57,212		964,994	624,390	1,089,153	1,188,200	501,495
Assigned									1,205,902	1,367,000
Total Other Governmental Funds	<u>\$ 8,237,870</u>	<u>\$ 7,937,784</u>	<u>\$ 7,097,292</u>	<u>\$ 6,782,439</u>	<u>\$ 6,941,830</u>	<u>\$ 7,931,696</u>	<u>\$ 7,228,571</u>	<u>\$ 50,910,530</u>	<u>\$ 44,820,271</u>	<u>\$ 31,648,775</u>
Total All Governmental Funds	<u>\$ 14,520,300</u>	<u>\$ 13,731,691</u>	<u>\$ 13,378,918</u>	<u>\$ 14,430,247</u>	<u>\$ 17,178,473</u>	<u>\$ 20,222,647</u>	<u>\$ 21,206,408</u>	<u>\$ 65,872,368</u>	<u>\$ 62,356,667</u>	<u>\$ 50,941,287</u>

Source: Hanover Park Regional High School District Financial Reports.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

Fiscal Year Ending June 30,

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Tax Levy	\$31,859,893	\$33,522,327	\$34,415,799	\$35,228,423	\$36,169,147	\$36,836,247	\$37,493,651	\$38,116,269	\$38,382,747	\$ 39,067,214
Tuition from Individuals				16,650	18,500		12,857		21,833	35,391
Interest Earnings	5,029	7,838	9,866	5,859	5,268	1,042	3,506	60,437	103,273	104,786
Miscellaneous	973,628	564,039	794,720	904,300	672,974	789,542	799,234	2,692,889	4,837,275	3,377,923
State Sources	4,661,622	4,933,835	5,545,498	6,525,821	6,959,796	8,083,708	9,978,242	10,113,111	10,815,118	13,025,135
Federal Sources	331,470	319,877	356,744	361,191	240,386	458,684	893,193	995,442	1,041,877	398,345
Total Revenue	37,831,642	39,347,916	41,122,627	43,042,244	44,066,071	46,169,223	49,180,683	51,978,148	55,202,123	56,008,794
Expenditures:										
Instruction:										
Regular	8,914,967	9,218,032	9,248,537	9,352,857	9,385,209	10,236,532	10,471,879	10,956,663	11,872,532	11,351,944
Special Education	1,593,049	1,273,597	1,229,822	1,124,870	1,062,100	1,213,926	1,518,342	1,467,231	1,266,125	1,382,905
Other Special Instruction	22,166	24,586	24,741	25,904	27,343	26,681	26,575	13,795	48,707	73,775
Other Instruction	1,396,951	1,413,266	1,412,380	1,448,442	1,431,509	1,330,218	1,522,050	1,537,941	1,583,421	1,627,821
Support Services:										
Tuition	3,411,037	3,831,583	4,192,126	4,243,694	4,456,900	3,900,814	3,768,077	3,950,507	3,732,861	4,551,253
Student/Instruction-Related Services	2,915,661	3,287,571	3,663,619	4,186,521	3,998,436	4,462,485	5,307,639	5,469,587	5,762,173	5,715,771
General Administration Services	732,412	722,773	795,773	763,885	736,010	793,509	810,473	782,611	881,296	802,594
School Administration Services	1,022,066	974,136	1,005,853	1,008,106	1,043,201	1,056,203	1,109,887	1,126,826	1,205,086	1,187,630
Central Services	394,671	400,575	415,391	412,904	426,617	435,106	444,290	463,524	465,186	481,801
Administrative Information Technology	145,989	286,686	191,046	211,630	263,012	286,791	348,274	386,364	482,333	429,986
Plant Operations And Maintenance	2,192,206	2,327,849	2,368,685	2,328,650	2,199,899	2,233,499	2,682,667	2,884,587	3,110,489	2,931,639
Pupil Transportation	1,782,101	1,869,950	1,875,919	1,871,380	1,536,576	1,351,849	1,879,445	2,583,282	2,190,315	2,193,765
Unallocated Benefits	8,193,403	8,939,068	9,763,858	10,884,666	11,009,337	11,845,289	13,587,145	14,055,760	14,810,855	15,433,778

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
Expenditures: (Cont'd)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Capital Outlay	\$ 7,083,247	\$ 2,147,731	\$ 1,872,244	\$ 718,856	\$ 670,043	\$ 455,529	\$ 1,228,281	\$ 2,695,751	\$ 5,104,597	\$ 13,623,528
Transfer of Funds to Charter School									17,195	15,384
Debt Service:										
Principal	2,425,000	2,500,000	2,585,000	708,550	622,400	526,600	428,800	326,350	1,784,220	1,640,600
Interest and Other Charges	901,350	835,975	777,700	2,700,000	2,845,000	2,945,000	3,045,000	3,090,000	4,344,000	3,980,000
Total Expenditures	43,126,276	40,053,378	41,422,694	41,990,915	41,713,592	43,100,031	48,178,824	51,790,779	58,661,391	67,424,174
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(5,294,634)	(705,462)	(300,067)	1,051,329	2,352,479	3,069,192	1,001,859	187,369	(3,459,268)	(11,415,380)
Other Financing Sources/(Uses):										
Bond Proceeds								44,349,000		
Financed Purchases (Non-budgeted)	(29,650)							130,000		
SDA Grants Cancelled						1,433				
Prior Year Accounts Payable Cancelled										
Transfers In	94,766	976,854	48,975	260,426	45,765					
Transfers Out	(94,766)	(1,060,001)	(101,681)	(260,426)	(60,765)	(26,451)	(18,098)	(409)	(56,433)	
Total Other Financing Sources/(Uses)	(29,650)	(83,147)	(52,706)		(15,000)	(25,018)	(18,098)	44,478,591	(56,433)	
Net Change In Fund Balances	\$ (5,324,284)	\$ (788,609)	\$ (352,773)	\$ 1,051,329	\$ 2,337,479	\$ 3,044,174	\$ 983,761	\$44,665,960	\$ (3,515,701)	\$ (11,415,380)
Debt Service As A Percentage Of Noncapital Expenditures	9.23%	8.80%	8.50%	8.26%	8.45%	8.14%	7.40%	6.96%	11.44%	10.45%

Source: Hanover Park Regional High School District Financial Reports.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Rentals -</u> <u>Use</u> <u>of Facilities</u>	<u>Athletic</u> <u>Fees</u>	<u>Tuition</u>	<u>Other</u>	<u>Total</u>
2016	\$ 27,611	\$ 3,435	\$ 8,801	\$ 41,226	\$ 363,550	\$ 444,623
2017	60,292	11,467	16,585		465,206	553,550
2018	28,938	5,713	8,977	1,850	727,587	773,065
2019	36,401	5,115	16,723	16,650	813,479	888,368
2020	24,912	619	10,095	18,500	620,888	675,014
2021	73,670				343,767	417,437
2022	98,666	6,407	2,916	12,857	228,784	349,630
2023	876,031	1,362	11,194		577,473	1,466,060
2024	975,179	29,460	4,454	21,833	900,558	1,931,484
2025	870,072	412	10,163	35,391	223,344	1,139,382

Source: Hanover Park Regional High School District Financial Reports.

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**

LAST TEN YEARS

UNAUDITED

EAST HANOVER TOWNSHIP

Year Ended Dec. 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School	
												Tax Rate ^b	Estimated Actual (County Equalized Value)
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	\$ 117,909,300	.47	\$ 3,604,117,281
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	117,250,700	.48	3,401,886,141
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	117,639,400	.45	3,315,434,416
2018	20,196,800	1,444,642,100			875,268,277	199,799,700	153,000	2,540,059,877	7,669	2,540,067,546	118,090,800	.48	3,328,486,435
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	117,049,100	.50	3,380,933,325
2020	20,798,600	1,452,283,400			867,249,677	192,928,500		2,533,260,177	7,669	2,533,267,846	118,597,700	.47	3,281,161,384
2021	45,596,600	1,456,093,400			820,642,400	192,928,500		2,515,260,900	7,669	2,515,268,569	118,314,800	.47	3,418,222,673
2022	40,920,100	1,458,839,000			822,001,700	204,943,500		2,526,704,300	7,669	2,526,711,969	118,539,900	.43	3,445,279,655
2023	65,101,000	1,458,905,900			768,147,570	204,579,000		2,496,733,470	7,669	2,496,741,139	119,227,700	.41	3,492,379,566
2024	20,914,400	1,492,124,000			762,675,070	218,455,300	28,139,900	2,522,308,670	7,669	2,522,316,339	119,551,440	.42	3,984,622,822

FLORHAM PARK BOROUGH

Year Ended Dec. 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School	
												Tax Rate ^b	Estimated Actual (County Equalized Value)
2015	\$ 95,113,200	\$ 2,003,842,000	\$ 748,300	\$ 119,800	\$ 883,268,500	\$ 94,644,600	\$ 175,484,100	\$ 3,253,220,500	\$ 4,080,033	\$ 3,257,300,533	\$ 447,962,000	.24	\$ 3,021,413,939
2016	98,191,900	2,014,682,600	748,300	119,800	903,530,300	92,180,200	175,484,100	3,284,937,200	4,079,867	3,289,017,067	446,298,000	.25	3,126,935,377
2017	96,791,400	2,035,336,200	748,300	119,800	894,116,700	88,344,300	193,577,400	3,309,034,100	4,107,211	3,313,141,311	401,517,100	.27	3,415,130,920
2018	64,953,700	2,050,951,700	748,300	119,800	929,394,900	88,344,300	245,944,100	3,380,456,800	3,974,458	3,384,431,258	413,888,900	.28	3,503,649,795
2019	67,831,000	2,060,266,800	748,300	119,800	972,198,500	88,344,300	248,969,900	3,438,478,600	4,002,145	3,442,480,745	413,893,900	.28	3,586,933,719
2020	82,509,400	2,070,552,600	748,300	119,800	985,194,200	85,544,300	272,985,400	3,497,654,000	4,089,215	3,501,743,215	411,064,300	.31	3,622,796,572
2021	99,798,400	2,148,372,800	748,300	10,800	971,753,600	85,544,300	279,709,700	3,585,937,900	4,168,259	3,590,106,159	418,186,200	.31	3,704,718,662
2022	81,616,800	2,221,513,000	748,300	10,800	968,786,300	85,544,300	279,709,700	3,637,929,200	4,102,053	3,642,031,253	403,919,300	.30	3,796,565,280
2023	37,984,800	2,393,485,388	748,300	10,800	952,258,300	85,544,300	279,709,700	3,749,741,588	4,191,032	3,753,932,620	405,210,900	.29	3,988,653,048
2024	33,482,200	2,428,235,179	748,300	10,800	1,038,468,900	85,544,300	279,709,700	3,866,199,379		3,866,199,379	405,210,900	.30	4,674,415,972

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when ordered by the County Board of Taxation.

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

^b Tax rates are per \$100 of assessed value.

Source: Municipal Tax Assessors.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN YEARS

UNAUDITED

HANOVER TOWNSHIP

Year Ended Dec. 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2015	\$ 73,645,700	\$ 2,101,021,300	\$ 433,000	\$ 5,900	\$ 1,016,994,300	\$ 429,302,700	\$ 75,960,100	\$ 3,697,363,000		\$ 3,697,363,000	\$ 375,229,600	.33	\$ 3,946,715,598
2016	75,035,800	2,106,119,300	433,000	5,900	983,192,400	425,684,100	84,700,100	3,675,170,600		3,675,170,600	372,465,700	.36	4,093,380,765
2017	74,177,300	2,124,601,600	441,800	5,900	1,034,213,600	422,412,500	84,734,600	3,740,587,300		3,740,587,300	372,788,000	.37	4,242,471,702
2018	58,906,700	2,131,024,700	441,800	5,900	1,081,238,100	410,507,800	91,543,400	3,773,668,400		3,773,668,400	373,380,000	.36	4,338,309,152
2019	56,232,200	2,143,494,800	441,800	5,900	1,073,553,300	405,775,400	91,510,400	3,771,013,800		3,771,013,800	374,390,800	.37	4,225,423,719
2020	60,419,100	2,158,648,600	441,800	5,900	1,169,370,000	387,703,900	91,510,400	3,868,099,700		3,868,099,700	374,996,700	.36	4,156,836,963
2021	58,453,000	2,165,221,600	441,800	5,900	1,173,554,700	389,012,500	91,510,400	3,878,199,900		3,878,199,900	373,708,100	.38	4,252,138,066
2022	71,670,700	2,168,654,800	441,800	5,900	1,125,754,800	387,594,400	91,510,400	3,845,632,800		3,845,632,800	373,204,300	.42	4,660,569,378
2023	68,902,700	2,173,704,200	441,800	5,900	1,132,499,900	392,906,600	91,510,400	3,859,971,500		3,859,971,500	371,493,300	.44	5,136,455,374
2024	76,454,900	2,177,077,300	441,800	5,900	1,146,322,000	381,740,792	115,354,600	3,897,397,292		3,897,397,292	397,065,300	.43	5,279,726,727

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when ordered by the County Board of Taxation.

- ^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.
^b Tax rates are per \$100 of assessed value.

Source: Municipal Tax Assessors.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

(Rate per \$100 of Assessed Value)

EAST HANOVER TOWNSHIP

Year Ended December 31,	Hanover Park Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate						
	General			East	East		
	Basic Rate ^a	Obligation Debt ^b	Total Direct	Hanover School	Hanover Township	Morris County	
2015	\$ 0.43	\$ 0.04	\$ 0.47	\$ 0.67	\$ 0.55	\$ 0.36	\$ 2.05
2016	0.44	0.04	0.48	0.66	0.63	0.34	2.11
2017	0.41	0.04	0.45	0.77	0.65	0.34	2.20
2018	0.44	0.04	0.48	0.76	0.69	0.34	2.27
2019	0.46	0.04	0.50	1.29	0.71	0.35	2.85
2020	0.43	0.04	0.47	0.75	0.83	0.34	2.39
2021	0.43	0.04	0.47	0.75	0.70	0.35	2.27
2022	0.39	0.04	0.43	0.79	0.77	0.35	2.35
2023	0.38	0.03	0.41	0.93	0.80	0.36	2.49
2024	0.39	0.03	0.42	0.96	0.82	0.39	2.59

FLORHAM PARK BOROUGH

Year Ended December 31,	Hanover Park Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate						
	General			Florham	Florham		
	Basic	Obligation	Total	Park	Park	Morris	
	Rate ^a	Debt ^b	Direct	School	Borough	County	
2015	\$ 0.22	\$ 0.02	\$ 0.24	\$ 0.52	\$ 0.37	\$ 0.23	\$ 1.36
2016	0.23	0.02	0.25	0.51	0.41	0.24	1.41
2017	0.25	0.02	0.27	0.54	0.41	0.25	1.47
2018	0.25	0.03	0.28	0.55	0.42	0.27	1.51
2019	0.25	0.03	0.28	0.84	0.42	0.27	1.82
2020	0.28	0.03	0.31	0.56	0.43	0.27	1.57
2021	0.28	0.03	0.31	0.56	0.41	0.27	1.54
2022	0.28	0.02	0.30	0.57	0.45	0.27	1.58
2023	0.27	0.02	0.29	0.59	0.45	0.27	1.60
2024	0.28	0.02	0.30	0.57	0.46	0.30	1.62

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

(Rate per \$100 of Assessed Value)

HANOVER TOWNSHIP

Year Ended December 31,	Hanover Park Regional High School						Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates			
	General			Hanover			
	Basic Rate ^a	Obligation Debt ^b	Total Direct	Township School	Hanover Township	Morris County	
2015	\$ 0.30	\$ 0.03	\$ 0.33	\$ 0.60	\$ 0.43	\$ 0.27	\$ 1.63
2016	0.33	0.03	0.36	0.57	0.44	0.28	1.65
2017	0.34	0.03	0.37	0.66	0.45	0.28	1.76
2018	0.33	0.03	0.36	0.69	0.45	0.29	1.80
2019	0.34	0.03	0.37	1.07	0.46	0.29	2.19
2020	0.33	0.03	0.36	0.71	0.47	0.28	1.81
2021	0.35	0.03	0.38	0.69	0.46	0.27	1.80
2022	0.39	0.03	0.42	0.65	0.49	0.31	1.86
2023	0.41	0.03	0.44	0.73	0.50	0.34	2.01
2024	0.40	0.03	0.43	0.75	0.52	0.33	2.02

Note: NJSA 18A:7F-5d limits the amount that the District can submit for a General Fund tax levy. The levy when added to other components of the District's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

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

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

Source: Municipal Tax Collectors and School Business Administrator.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

EAST HANOVER TOWNSHIP

2024		2015	
Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value
Novartis	\$ 415,030,700	Novartis Pharmaceuticals	\$ 340,399,200
Mondelez Global, LLC	36,987,600	Nabisco Inc	72,591,200
New Hanover, LLC	23,900,000	EH Route 10 Realty	33,218,700
Givaudan Fragrances Corporation	21,400,000	New Hanover, LLC	34,917,000
E H Route Ten Realty Corp	21,218,700	Givaudan Fragrances Corporation	21,400,000
Castle Ridge Plaza	18,500,000	Paradigm East Hanover, LLC	21,303,497
Givaudan Flavors Corporation	16,000,000	Givaudan Flavors Corporation	19,872,200
Mondelez Global, LLC	15,975,000	Eagle Rock Executive C/O Well Main	19,000,000
Costco Wholesale Corp	13,920,000	Castle Ridge Plaza	18,500,000
Eric Richard D.R. Company LLC	13,880,000	Eric Richard DR Company, LLC	15,500,000
Total	\$ 596,812,000		\$ 596,701,797
			23.55%

Source: Municipal Tax Assessor.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

FLORHAM PARK BOROUGH

2024			2015		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Sun Valley Plaza II, LLC	\$ 111,239,800	2.88%	300 Campus Drive LLC	\$ 108,017,200	3.32%
KBSII 300-600 Campus Drive, LLC	93,517,700	2.42%	100 Campus Drive, LLC	73,000,900	2.24%
LCS-Florham Park Venture Property	77,770,500	2.01%	BASF Corporation	68,000,000	2.09%
KCI FP Owner LLC % Ave Mgmt.	63,500,000	1.64%	Avalonbay Communities, Inc	63,369,900	1.95%
Avalonbay Communities, Inc	63,369,900	1.64%	Wells Reit II	60,000,000	1.84%
KBSII 100-200 Campus Drive, LLC	61,742,300	1.60%	Sun Valley Plaza, LLC	52,445,600	1.61%
Welltower, Inc.	52,511,000	1.36%	L.H. Florham Holding	43,000,000	1.32%
BASF Corporation	50,000,000	1.29%	100-200 Campus Drive, LLC	37,283,200	1.14%
LIPT 140 Park Avenue, LLC	35,014,200	0.91%	Advance Realty Management	34,865,300	1.07%
KBII 190-200 Campus Drive LLC	34,052,800	0.88%	LFT Real Est & Lifetime Fitness	33,900,000	1.04%
Total	\$ 642,718,200	16.62%	Total	\$ 573,882,100	17.62%

Source: Municipal Tax Assessor.

2024			2015		
Taxpayer	Taxable	% of Total	Taxpayer	Taxable	% of Total
	Assessed Value	District Net Assessed Value		Assessed Value	District Net Assessed Value
Bayer Healthcare LLC	\$ 155,670,300	3.99%	67 Whippany Investors	\$ 64,962,500	1.76%
US Real Estate Holdings	102,459,700	2.63%	BREOF BNK3A Whippany	56,000,000	1.51%
TR Sterling Hanover LLC	57,261,000	1.47%	Sterling Apartments LLC	55,101,100	1.49%
SFP ML I LLC (Metlife)	54,465,900	1.40%	Interstate Realty Company	20,290,300	0.55%
LSAC Morris County LP	42,954,600	1.10%	Kraft Foods Global Inc	43,400,000	1.17%
AVR Hanover Hotel LLC	37,260,100	0.96%	LSAC Morris County LP	42,954,600	1.16%
Interstate Realty Company LLC	35,000,000	0.90%	Ravine Development Company LLC	38,945,800	1.05%
Agree Eastern LLC	31,224,400	0.80%	Fan Pier Land Company	38,158,600	1.03%
Novartis Pharmaceuticals Corp	30,000,000	0.77%	HEI Hanover, LLC	35,950,000	0.97%
Woodmont Realty Group	27,065,500	0.69%	River Park Business Center LLC	34,590,400	0.94%
Total	\$ 573,361,500	14.71%	Total	\$ 430,353,300	11.64%

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
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 ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	\$ 31,859,893	\$ 31,859,893	100.00%	\$ - 0 -
2017	33,522,327	32,163,424	95.95%	1,358,903
2018	34,415,799	34,415,799	100.00%	- 0 -
2019	35,228,423	35,228,423	100.00%	- 0 -
2020	36,169,147	36,140,864	99.92%	28,283
2021	36,836,247	36,836,247	100.00%	- 0 -
2022	37,493,651	37,493,651	100.00%	- 0 -
2023	38,116,269	38,115,959	100.00%	310
2024	38,382,747	38,382,747	100.00%	- 0 -
2025	39,067,214	39,067,175	100.00%	39

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

Source: Hanover Park Regional High School District records including the Certificate and Report of School Taxes (A4F form).

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of District Personal Income ^a	District Per Capita ^a
	General Obligation Bonds	Financed Purchases			
2016	\$ 26,630,000		\$ 26,630,000	0.78%	\$ 711.54
2017	24,130,000		24,130,000	0.69%	646.45
2018	21,545,000		21,545,000	0.60%	581.03
2019	18,845,000		18,845,000	0.52%	513.04
2020	16,000,000		16,000,000	0.42%	434.02
2021	13,055,000		13,055,000	0.31%	335.75
2022	10,010,000		10,010,000	0.23%	256.07
2023	51,269,000	\$ 130,000	51,399,000	1.11%	1,288.94
2024	46,925,000		46,925,000	0.99%	1,148.49
2025	42,945,000		42,945,000	0.91%	1,051.08

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

^a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Source: Hanover Park Regional High School District Financial Reports.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Taxable Value ^a of Property	District Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2016	\$ 26,630,000	\$ - 0 -	\$ 26,630,000	0.84%	\$ 711.54
2017	24,130,000	- 0 -	24,130,000	0.76%	646.45
2018	21,545,000	- 0 -	21,545,000	0.67%	581.03
2019	18,845,000	- 0 -	18,845,000	0.58%	513.04
2020	16,000,000	- 0 -	16,000,000	0.49%	434.02
2021	13,055,000	- 0 -	13,055,000	0.40%	335.75
2022	10,010,000	- 0 -	10,010,000	0.30%	256.07
2023	51,269,000	- 0 -	51,269,000	1.54%	1,285.68
2024	46,925,000	- 0 -	46,925,000	1.39%	1,583.91
2025	42,945,000	- 0 -	42,945,000	1.25%	2,845.36

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

^a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

^b Population data can be found on Exhibit J-14. This ratio is calculated using valuation data for the prior calendar year.

Source: Hanover Park Regional High School District Financial Reports.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2024

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
East Hanover Township	\$ 52,098,798	100.00%	\$ 52,098,798
Florham Park Borough	3,637,000	100.00%	3,637,000
Hanover Township	1,500,000.00	100.00%	1,500,000.00
Morris County General Obligation Debt (All Constituent Municipalities)	324,225,727	8.79%	<u>28,491,963</u>
Subtotal, Overlapping Debt			85,727,761
Hanover Park Regional School District Direct Debt			<u>44,990,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 130,717,761</u></u>

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

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

Sources: Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation; debt outstanding data provided by each governmental unit.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Limit	\$ 306,920,090	\$ 315,071,809	\$ 320,662,297	\$ 326,012,344	\$ 318,255,511	\$ 330,688,683	\$ 338,060,070	\$ 354,256,972	\$ 378,373,022	\$ 405,605,726
Total Net Debt Applicable to Limit	26,630,000	24,130,000	21,545,000	18,845,000	16,000,000	13,055,000	10,010,000	51,269,000	46,925,000	42,945,000
Legal Debt Margin	\$ 280,290,090	\$ 290,941,809	\$ 299,117,297	\$ 307,167,344	\$ 302,255,511	\$ 317,633,683	\$ 328,050,070	\$ 302,987,972	\$ 331,448,022	\$ 362,660,726
Total Net Debt Applicable to the Limit as a % of the Debt Limit	8.68%	7.66%	6.72%	5.78%	5.03%	3.95%	2.96%	14.47%	12.40%	10.59%

Legal Debt Margin Calculation for Fiscal Year 2025

	East Hanover Township	Florham Park Borough	Hanover Township	Total
Equalized Valuation Basis				
2022	\$ 3,518,596,714	\$ 3,851,290,705	\$ 5,061,375,099	\$ 12,431,262,518
2023	3,928,770,212	4,523,040,861	5,170,066,301	13,621,877,374
2024	4,260,656,537	5,127,585,383	5,119,190,753	14,507,432,673
	<u>\$ 11,708,023,463</u>	<u>\$ 13,501,916,949</u>	<u>\$ 15,350,632,153</u>	<u>\$ 40,560,572,565</u>
Average Equalized Valuation of Taxable Property				<u>\$ 13,520,190,855</u>
Debt Limit (3% of Average Equalization Value) ^a				\$ 405,605,726
Net Bonded School Debt - June 30, 2025				<u>42,945,000</u>
Legal Debt Margin				<u>\$ 362,660,726</u>

^a Limit set by NJSIA 18A:24-19 for a regional school district; other % limits would be applicable for other districts.

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
UNAUDITED

EAST HANOVER TOWNSHIP

Year	Township Population ^a	Morris County		Township Personal Income ^c	Township Unemployment Rate ^d
		Per Capita Personal Income ^b			
2016	11,124	\$ 91,252		\$ 1,015,087,248	4.00%
2017	11,104	93,544		1,038,712,576	3.60%
2018	11,028	97,244		1,072,406,832	3.30%
2019	10,913	99,140		1,081,914,820	2.70%
2020	10,868	102,227		1,111,003,036	9.20%
2021	11,094	107,767		1,195,567,098	5.20%
2022	11,120	111,597		1,240,958,640	3.10%
2023	11,137	115,850		1,290,221,450	3.60%
2024	11,232	115,850	*	1,301,227,200	*** 3.50%
2025	11,232 **	115,850	*	1,301,227,200	*** N/A

FLORHAM PARK BOROUGH

Year	Borough Population ^a	Morris County		Borough Personal Income ^c	Borough Unemployment Rate ^d
		Per Capita Personal Income ^b			
2016	11,755	\$ 91,252		\$ 1,072,667,260	3.70%
2017	11,734	93,544		1,097,645,296	3.50%
2018	11,657	97,244		1,133,573,308	3.10%
2019	11,575	99,140		1,147,545,500	2.70%
2020	11,824	102,227		1,208,732,048	7.30%
2021	13,149	107,767		1,417,028,283	5.00%
2022	13,325	111,597		1,487,030,025	3.10%
2023	14,092	115,850		1,632,558,200	3.90%
2024	14,533	115,850	*	1,683,648,050	*** 4.00%
2025	14,533 **	115,850	*	1,683,648,050	*** N/A

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
UNAUDITED

HANOVER TOWNSHIP

<u>Year</u>	<u>Township Population ^a</u>	<u>Morris County Per Capita Personal Income ^b</u>	<u>Township Personal Income ^c</u>	<u>Township Unemployment Rate ^d</u>
2016	14,547	\$ 91,252	\$ 1,327,442,844	3.50%
2017	14,489	93,544	1,355,359,016	3.40%
2018	14,396	97,244	1,399,924,624	3.00%
2019	14,244	99,140	1,412,150,160	2.80%
2020	14,173	102,227	1,448,863,271	7.70%
2021	14,640	107,767	1,577,708,880	4.90%
2022	14,646	111,597	1,634,449,662	3.00%
2023	14,648	115,850	1,696,970,800	3.40%
2024	15,093	115,850 *	1,748,524,050 ***	3.50%
2025	15,093 **	115,850 *	1,748,524,050 ***	N/A

* - Latest Morris County per capita personal income available (2023) was used for calculation purposes.

** - Latest population data available (2024) was used for calculation purposes.

***- Latest population data (2024) and latest per capita personal income (2023) was used for calculations

N/A - Information is not available.

Sources:

- ^a Population information provided by the NJ Department of Labor and Workforce Development.
- ^b Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- ^c Personal income has been estimated based upon the municipal population and per capita personal income presented.
- ^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF MORRIS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2024		2015	
Employer	Percentage of Total Employees	Employer	Percentage of Total Employees
Atlantic Health System	10,581	U.S. Army Armament Research and Development	6090
U.S. Army Armament R&D	6,200	Atlantic Health System	4844
Novartis	6,178	Novartis Corporation	4749
Barclays	4,320	Bayer Healthcare, LLC	2665
ADP	2,600	St. Claire's	1756
Accenture	2,134	County of Morris	1667
PricewaterhouseCoopers	1,911	Accenture	1621
Bayer Healthcare LLC	1,730	Wyndham Worldwide Corporation	1546
Cigna	1,629	BASF Corporation	1500
Deloitte & Touche	1,627	Greystone Psychiatric Hospital	1244
Total	38,910		27,682
Total County Labor Force	268,226		267,632

Source: Morris County Treasurer's Office and employment data provided by the NJ Department of Labor and Workforce Development.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Instruction:										
Regular	116.1	116.2	116.4	113.2	113.2	111.2	109.3	110.6	110.6	110.4
Special Education	27.5	16.7	16.6	15.6	15.6	12.6	18.2	17.2	17.2	17.6
Basic Skills/Bilingual	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.2	0.4	0.4
Co-Curricular Athletics	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Support Services:										
Student & Instruction										
Related Services	31.8	42.0	51.4	50.5	54.9	54.1	53.6	60.6	60.6	56.5
School Administration	9.7	9.3	9.3	8.9	8.9	9.3	9.3	9.3	9.3	9.3
General/Business										
Administration	10.1	11.5	12.0	10.5	10.5	11.5	12.5	12.5	12.5	12.5
Plant Operations										
and Maintenance	21.0	21.0	22.6	23.6	23.6	18.6	11.6	19.1	19.1	20.5
Pupil Transportation	41.0	42.0	43.4	45.4	45.4	40.4	35.4	36.4	36.4	43.5
Total	259.6	261.1	274.1	270.1	274.5	260.1	252.3	267.9	268.1	272.7

Source: Hanover Park Regional High School District Personnel Records.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/ Teacher Ratio		Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change Average Daily Enrollment	Student Attendance Percentage
						High	School				
2016	1,553.0	\$ 32,716,679	\$ 21,067	7.09%	134	1:11.4	1:11.4	1,527.5	1,454.6	-4.50%	95.23%
2017	1,512.5	34,569,672	22,856	8.49%	134	1:11.3	1:11.3	1,494.6	1,425.1	-2.15%	95.35%
2018	1,489.0	36,187,750	24,303	6.33%	135	1:11.0	1:11.0	1,491.0	1,421.0	-0.24%	95.31%
2019	1,461.5	37,863,509	25,907	6.60%	134	1:10.9	1:10.9	1,442.6	1,383.3	-3.25%	95.89%
2020	1,431.0	37,576,149	26,259	1.36%	130	1:11.0	1:11.0	1,415.5	1,375.2	-1.88%	97.15%
2021	1,431.0	39,172,902	27,374	4.25%	128	1:11.2	1:11.2	1,393.3	1,344.9	-1.57%	96.53%
2022	1,344.0	43,476,743	32,349	18.17%	128	1:11.2	1:11.2	1,347.3	1,257.2	-3.30%	93.31%
2023	1,300.0	45,678,678	35,137	8.62%	129	1:10.0	1:10.0	1,203.2	1,137.9	-10.70%	94.58%
2024	1,275.0	47,428,574	37,199	5.87%	128	1:9.9	1:9.9	1,274.9	1,197.7	5.96%	93.94%
2025	1,257.0	48,180,155	38,329	3.04%	130	1:9.7	1:9.7	1,250.9	1,176.0	-1.88%	94.01%

Note: Enrollment based on annual October District count.

^a Operating expenditures equal total expenditures less debt service and capital outlay.

^b Cost per pupil is calculated based upon enrollment and operating expenditures as presented and may not be the same as other cost per pupil calculations.

^c Teaching staff includes only full-time equivalents of certificated staff.

^d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: Hanover Park Regional High School District records.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

District Buildings	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Hanover Park High School:										
Square Feet	166,264	166,264	166,264	166,264	166,264	166,264	166,264	166,264	166,264	166,264
Capacity (Students)	1,204	1,204	1,204	1,204	1,204	1,204	1,204	1,204	1,204	1,204
Enrollment	824	822	840	822	806	785	736	714	696	690
Whippany Park High School:										
Square Feet	156,451	156,451	156,451	156,451	156,451	156,451	156,451	156,451	156,451	156,451
Capacity (Students)	908	908	908	908	908	908	908	908	908	908
Enrollment	692	691	648	640	626	607	609	586	579	567

Number of Schools at June 30, 2025:

High Schools = 2

Note: Enrollment is based on the annual October District count.

Source: Hanover Park Regional High School District Facilities Office.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance for School Facilities (Account #11-000-261-XXX)

School Facilities*	Project # (s)	Fiscal Year Ended June 30,									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Hanover Park High School	N/A	\$ 291,529	\$ 277,720	\$ 319,275	\$ 285,063	\$ 335,163	\$ 272,748	\$ 358,312	\$ 415,581	\$ 594,451	\$ 346,482
Whippany Park High School	N/A	243,293	245,114	265,537	244,399	244,450	278,238	305,219	344,168	339,131	258,288
Total School Facilities		<u>\$ 534,822</u>	<u>\$ 522,834</u>	<u>\$ 584,812</u>	<u>\$ 529,462</u>	<u>\$ 579,613</u>	<u>\$ 550,986</u>	<u>\$ 663,531</u>	<u>\$ 759,749</u>	<u>\$ 933,582</u>	<u>\$ 604,770</u>

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

Source: Hanover Park Regional High School District records.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICTINSURANCE SCHEDULEJUNE 30, 2025UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Package - New Jersey Schools Insurance Group		
Blanket Buildings & Contents	\$ 500,000,000	\$5,000
Blanket Extra Expense	50,000,000	\$5,000
Blanket Valuable Papers & Records	10,000,000	\$5,000
Demolition and Increased Cost of Const.	25,000,000	
Loss of Rents	200,000	
Limited Builders Risk	10,000,000	
Fire Department Service Charge	10,000	
Arson Reward	10,000	
Pollutant Clean-up and Removal	250,000	
Sublimits: Flood Zones (SFHA)	25,000,000	
All Flood Zones Per Occurrence		\$500,000/\$10,000
Annual Aggregate	75,000,000	
Earthquake Per Occurrence		
NJSIG Annual Aggregate	50,000,000	
Terrorism	1,000,000	
Accounts Receivable	250,000	
Electronic Data Processing		\$1,000
Blanket Hardware/Software	500,000	
Blanket Extra Expense	Included	
Coverage Extensions: Transit	Included	
Loss of Income	Included	
Computer Virus	250,000	
Special Flood Hazard Area Flood Deductible:		
Per Building		\$500,000
All Other Flood Zones		\$10,000
Boiler & Machinery		\$25,000
Combined Single Limit Per Accident For Property	100,000,000	
Damage & Business Income		
Sublimits: Property Damage	Included	
Off Premises Property Damage	1,000,000	
Extra Expense/Service Interruption	10,000,000	
Business Income	Included	
Contingent Business Income/Perishable Goods	1,000,000	
Data Restoration/Demolition/Ordinance or Law	1,000,000	
Expediting Expenses/Hazardous Substances	1,000,000	
Newly Acquired Locations (120 day notice)	1,000,000	
Data Restoration/Hazardous Substances/Ordinance	1,000,000	

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICTINSURANCE SCHEDULEJUNE 30, 2025UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Crime		
Public Employee Dishonesty	\$ 500,000	\$500/\$1000
w/ Faithful Performance	50,000	
Theft, Disappearance & Destruction		
Loss of Money & Securities	50,000	
Theft, Disappearance & Destruction		
Money Orders & Counterfeit Paper Currency	50,000	
Forgery or Altercation	50,000	
Computer Fraud	1,000,000	
Comprehensive General Liability		
Bodily Injury & Property Damage	16,000,000	
Bodily Injury Products & Completed OPS	16,000,000	
Sexual Abuse	16,000,000	
Annual Pool Aggregate	27,000,000	
Communicable Disease Outbreak	9,000,000	
Communicable Disease Outbreak	1,000,000	
Personal Injury & Advertising Injury	16,000,000	
Employee Benefits Liability	16,000,000	
Employee Benefits Liability Deductible	1,000	
Premises Medical Payments EA ACC	10,000	
Limit Per Person	5,000	
Terrorism Per Occurrence / Annual	1,000,000	
School Leaders Errors & Omissions		
Coverage Limit	16,000,000	
Deductible Each Claim	10,000	
Coverage B Limit Each Claim	100,000	
Each Policy Period	300,000	
Deductible Each Claim	10,000	
Automobile Coverage		
Symbol 1 Any Auto		
Combined Single Limit for Bodily Injury and Property Damage Per Accident	16,000,000	
Symbol 6 Uninsured/Underinsured Motorist		
Private Passenger	1,000,000	
Symbol 6 Uninsured/Underinsured Motorist		
All Other Vehicles	15/30/5	
Symbol 5 Personal Inj. Protection	250,000	
Medical Payments Private Passenger Vehicles	10,000	
All Other Vehicles	5,000	
Personal Injury Protection	250,000	
Terrorism NJSIG Annual Aggregate	1,000,000	

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2025
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Physical Damage - Symbol 7		
Scheduled Vehicles Only		
Comprehensive Deductible	\$ 1,000	
Collision Deductible	1,000	
Hired Car Physical Damage Limit	110,000	
Deductible	1,000	
Garagekeepers	Included	
Workers Compensation		
Estimated Professional & Clerical Payroll	20,009,999	
Estimated Non Professional	2,862,946	
Part II Employers Liability EA Accident	3,000,000	
Bodily Injury by Disease	3,000,000	
Bodily Injury by Disease Aggregate	3,000,000	
Workers Compensation	Statutory	
Environmental Impairment Liability		
Site Specific		
Claims Made Form		
Per Pollution Condition	1,000,000	
Total Policy Aggregate	11,000,000	
Deductible Each Pollution Incident	50,000	
Excess Umbrella - NJUEP	10,000,000	
New Jersey Unshared Excess Program		
Coverage Parts: Auto Liability, General Liability, Educator's Legal Liability, Employment Practices Liability		
Cyber Liability		
Per Incident / Event		
Policy Aggregate Limit of Liability	2,000,000	
Deductibles	Various	
Public Official Bonds		
William F. Albert, Jr., Business Administrator	275,000	
Susan Young, Treasurer	275,000	

Source: Hanover Park Regional High School District records.

SINGLE AUDIT SECTION



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Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Hanover Park Regional High School District
County of Morris, 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hanover Park Regional High School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2025.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 the 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 or significant deficiencies may exist that were not identified.

The Honorable President and Members
of the Board of Education
Hanover Park Regional High School District
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 14, 2025
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOC CIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant



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Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance Required by NJOMB 15-08

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Hanover Park Regional High School District
County of Morris, New Jersey

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Hanover Park Regional High School District (the District's) compliance with the types of compliance requirements identified as subject to audit in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2025. The District's major state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Qualified Opinion on Extraordinary Special Education Costs Aid Major State Program

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Extraordinary Special Education Costs Aid major state program for the fiscal year ended June 30, 2025.

Unmodified Opinion on Each of the Other Major State Programs

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major state programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2025.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

The Honorable President and Members
of the Board of Education
Hanover Park Regional High School District
Page 2

We are required to be independent of the District 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 qualified and unmodified opinion on compliance for each major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Extraordinary Special Education Costs Aid Major State Program

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding eligibility and types of services allowed or unallowed for its Extraordinary Special Education Costs Aid as described in Finding 2025-001. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditors' 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 District'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 GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's 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 omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we

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

The Honorable President and Members
of the Board of Education
Hanover Park Regional High School District
Page 3

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2025-001, to be a significant deficiency.

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, as discussed above, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 the Uniform Guidance or New Jersey's OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

November 14, 2025
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass Through Grant Program/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2024		Cash Received	Budgetary Expenditures	Adjust- ment	Cancel Prior Year Encumbrances	Balance June 30, 2025		Amounts Provided to Subrecipients
					Accounts Receivable	Unearned Revenue					Accounts Receivable	Unearned Revenue	
U.S. Department of Education: Passed-through State Department of Education: Special Revenue Fund: Special Education Cluster (IDEA): I.D.E.A. Part B, Basic I.D.E.A. Part B, Basic Total Special Education Cluster (IDEA)	84.027	IDEA 199025	7/1/24-9/30/25	\$ 296,810			\$ 273,851	\$ (296,810)			\$ (22,959)		
	84.027	IDEA 199024	7/1/23-9/30/24	309,197		\$ 27,695		(27,695)					
						27,695	273,851	(324,505)			(22,959)		
Elementary and Secondary Education Act Grant: Title I Total Title I Title I/A Title I/A Total Title I/A Title III Title IV Total Elementary and Secondary Education Act Grant	84.010	ESEA199024	7/1/23-9/30/24	38,008		944	12,787	(13,731)					
						944	12,787	(13,731)					
	84.367A	ESEA199025	7/1/24-9/30/25	24,975			17,058	(20,221)			(3,163)		
	84.367A	ESEA199024	7/1/23-9/30/24	29,615	\$ (9,395)		8,953	(50)	\$ 492				
					(9,395)		26,011	(20,271)	492		(3,163)		
Education Stabilization Fund: COVID 19 - American Rescue Plan: ESSER III Accelerated Learning Coach and Educator Support Evidence Based Summer Learning and Enrichment Evidence Based Comprehensive Beyond the School Day NJTSS Mental Health Support Staffing Total Education Stabilization Fund Total U.S. Department of Education	84.365A	ESEA199024	7/1/23-9/30/24	20,404	(8,455)		10,119	(1,773)		\$ 109			
	84.424	ESEA199025	7/1/24-9/30/25	10,000			7,387	(7,387)					
					(17,850)	944	56,304	(43,162)	492	109	(3,163)		
Education Stabilization Fund: COVID 19 - American Rescue Plan: ESSER III Accelerated Learning Coach and Educator Support Evidence Based Summer Learning and Enrichment Evidence Based Comprehensive Beyond the School Day NJTSS Mental Health Support Staffing Total Education Stabilization Fund Total U.S. Department of Education	84.425U	S425U210027	3/13/20-9/30/24	219,227			21	(21)					
	84.425U	S425U210027	3/13/20-9/30/24	106,502	(376)		866	(490)					
	84.425U	S425U210027	3/13/20-9/30/24	40,000	(6,798)		6,798						
	84.425U	S425U210027	3/13/20-9/30/24	40,000	(1,557)		1,557						
	84.425U	S425U210027	3/13/20-9/30/24	45,000	(30,896)		31,809	(913)					
Education Stabilization Fund: COVID 19 - American Rescue Plan: ESSER III Accelerated Learning Coach and Educator Support Evidence Based Summer Learning and Enrichment Evidence Based Comprehensive Beyond the School Day NJTSS Mental Health Support Staffing Total Education Stabilization Fund Total U.S. Department of Education					(39,627)		41,051	(1,424)					
					(57,477)	28,639	371,206	(369,091)	492	109	(26,122)		

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass Through Grantor Program/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2024		Cash Received	Budgetary Expenditures	Adjust- ment	Cancel Prior Year Encumbrances	Balance June 30, 2025		Amounts Provided to Subrecipients
					Accounts Receivable	Unearned Revenue					Accounts Receivable	Unearned Revenue	
U.S. Department of Treasury Passed-through State Department of Education: COVID 19 - Additional or Compensatory Special Education and Related Services (ACSERS)	21.027	N/A	7/1/23-6/30/24	\$ 362,698	\$ (168,520)	\$ 168,520							
Total U.S. Department of Treasury					(168,520)	168,520							
Total Special Revenue Fund					(225,997)	\$ 28,639	539,726	\$ (369,091)	\$ 492	\$ 109	\$ (26,122)		
U.S. Department of Health and Human Services - Passed-through State Department of Human Services: General Fund: Medicaid Cluster: Medical Assistance Program (SEMI)	93.778	N/A	7/1/24-9/30/25	8,461		8,461	(8,461)						
Total General Fund						8,461	(8,461)						
Total U.S. Department of Health and Human Services/ Medicaid Cluster						8,461	(8,461)						
Total Federal Awards					\$(225,997)	\$ 28,639	\$ 548,187	\$ (377,552)	\$ 492	\$ 109	\$ (26,122)	\$ - 0 -	\$ - 0 -

N/A - Information is not available.

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2024		Cash Received	Budgetary Expenditures	Balance June 30, 2025		Memo	
				(Accounts Receivable)	Due to Grantor			GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
NJ Department of Education:											
Special Education Aid	25-495-034-5120-089	7/1/24-6/30/25	\$ 1,483,962			\$ 1,328,951	\$ (1,483,962)			\$ (155,011)	\$ (1,483,962)
Special Education Aid	24-495-034-5120-089	7/1/23-6/30/24	1,451,619	\$ (148,031)		148,031					(1,451,619)
Security Aid	25-495-034-5120-084	7/1/24-6/30/25	124,453			121,823	(124,453)			(2,630)	(124,453)
Security Aid	24-495-034-5120-084	7/1/23-6/30/24	122,212	(2,567)		2,567					(122,212)
Transportation Aid	25-495-034-5120-014	7/1/24-6/30/25	779,456			712,586	(779,456)			(66,870)	(779,456)
Transportation Aid	24-495-034-5120-014	7/1/23-6/30/24	702,432	(65,281)		65,281					(702,432)
Extraordinary Special Education Costs Aid	25-495-034-5120-044	7/1/24-6/30/25	752,790				(752,790)	\$ (752,790)		(752,790)	(752,790)
Extraordinary Special Education Costs Aid	24-495-034-5120-044	7/1/23-6/30/24	743,071	(743,071)		743,071					(743,071)
Non-Public Transportation	25-495-034-5120-014	7/1/24-6/30/25	72,922				(72,922)	(72,922)		(72,922)	(72,922)
Non-Public Transportation	24-495-034-5120-014	7/1/23-6/30/24	78,416	(78,416)		78,416					(78,416)
Homeless Tuition Reimbursement	25-495-034-5120-005	7/1/24-6/30/25	32,926				(32,926)	(32,926)		(32,926)	(32,926)
Homeless Tuition Reimbursement	24-495-034-5120-005	7/1/23-6/30/24	8,561	(8,561)		8,561					(8,561)
Menstrual Product Reimbursement	N/A	7/1/24-6/30/25	3,766				(3,766)	(3,766)		(3,766)	(3,766)
Reimbursed TPAF Social Security Contributions	25-495-034-5094-003	7/1/24-6/30/25	1,086,945			1,033,331	(1,086,945)	(53,614)		(53,614)	(1,086,945)
Reimbursed TPAF Social Security Contributions	24-495-034-5094-003	7/1/23-6/30/24	1,040,736	(52,121)		52,121					(1,040,736)
On-Behalf TPAF Post Retirement Contributions	25-495-034-5094-001	7/1/24-6/30/25	1,477,202			1,477,202	(1,477,202)				(1,477,202)
On-Behalf TPAF Pension Contributions	25-495-034-5094-002	7/1/24-6/30/25	4,993,578			4,993,578	(4,993,578)				(4,993,578)
On-Behalf TPAF Non-Contributory Insurance	25-495-034-5094-004	7/1/24-6/30/25	61,857			61,857	(61,857)				(61,857)
On-Behalf TPAF Long-Term Disability Insurance	25-495-034-5094-004	7/1/24-6/30/25	2,062			2,062	(2,062)				(2,062)
Total General Fund State Aid				(1,098,048)		10,829,438	(10,871,919)	(916,018)		(1,140,529)	(15,820,124)
Special Revenue Fund:											
NJ Department of Community Affairs:											
NJDCA Local Recreation Improvement Grant	N/A	7/1/24-6/30/26 7/1/22-6/30/25	67,000 30,588				(5,800)	(5,800)		(5,800)	(5,800) (30,588)
Total Special Revenue Fund				(30,588)		30,588	(5,800)	(5,800)		(5,800)	(36,388)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2024		Cash Received	Budgetary Expenditures	Balance June 30, 2025		Memo	
				(Accounts Receivable)	Due to Grantor			GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
NJ Department of Education:											
Debt Service Fund:											
Debt Service Aid	25-100-034-5120-075	7/1/24-6/30/25	\$ 2,156,048			\$ 2,156,048	\$ (2,156,048)				\$ (2,156,048)
Total Debt Service Fund						2,156,048	(2,156,048)				(2,156,048)
Total NJ Department of Education				\$ (1,128,636)	\$ - 0 -	13,016,074	(13,033,767)	\$ (921,818)	\$ - 0 -	\$ (1,146,329)	(18,012,560)
Total State Awards				<u>\$ (1,128,636)</u>	<u>\$ - 0 -</u>	<u>\$ 13,016,074</u>	<u>\$ (13,033,767)</u>	<u>\$ (921,818)</u>	<u>\$ - 0 -</u>	<u>\$ (1,146,329)</u>	<u>\$ (18,012,560)</u>
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Pension System Contributions:											
On-Behalf TPAF Post Retirement Contributions	25-495-034-5094-001	7/1/24-6/30/25	(1,477,202)				\$ 1,477,202				
On-Behalf TPAF Pension Contributions	25-495-034-5094-002	7/1/24-6/30/25	(4,993,578)				4,993,578				
On-Behalf TPAF Non-Contributory Insurance	25-495-034-5094-004	7/1/24-6/30/25	(61,857)				61,857				
On-Behalf TPAF Long-Term Disability Insurance	25-495-034-5094-004	7/1/24-6/30/25	(2,062)				2,062				
Subtotal - On-Behalf TPAF Pension System Contributions							<u>6,534,699</u>				
Total State Awards Subject to Single Audit Major Program Determination							<u>\$ (6,499,068)</u>				

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Hanover Park Regional High School District under programs of the federal and state governments for the fiscal year ended June 30, 2025. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

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

Note 4. Relationship to Basic Financial Statements

The basic financial statements present the General, Special Revenue Capital Projects and Debt Service Funds on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General, Special Revenue, Capital Projects and Debt Service Funds 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 the modified accrual basis with the exception of the revenue recognition of the last state aid payments for the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the current year payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two 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 revenue, whereas the GAAP basis does not. Grant revenue in the Capital Projects Fund is recognized on the budgetary basis in the fiscal year of award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$8,632) for the General Fund and \$20,793 for the Special Revenue Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

Note 4. Relationship to Basic Financial Statements (Cont'd)

Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as reported below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 8,461	\$ 10,863,287	\$ 10,871,748
Special Revenue Fund	389,884	5,800	395,684
Debt Service Fund	<u> </u>	<u>2,156,048</u>	<u>2,156,048</u>
Total Awards	<u>\$ 398,345</u>	<u>\$ 13,025,135</u>	<u>\$ 13,423,480</u>

Note 5. Relationship to Federal and State Financial Reports

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

Note 6. Other

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2025.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

1.) Material weakness identified?	Yes	<u>X</u>	No
2.) Significant deficiencies identified?	Yes	<u>X</u>	None reported

Noncompliance material to basic financial statements noted?	Yes	<u>X</u>	No
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Federal Awards

The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2025 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.

State Awards

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

Extraordinary Special Education Costs Aid	Qualified
Other major state programs	Unmodified

Internal control over major programs:

1.) Material weakness identified?	Yes	<u>X</u>	No
2.) Significant deficiencies identified?	<u>X</u>	Yes	None reported

Noncompliance material to basic financial statements noted?	Yes	<u>X</u>	No
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Any audit findings disclosed that are required to be reported in accordance with New Jersey's OMB Circular 15-08?

<u>X</u>	Yes	<u> </u>	No
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Identification of major programs:

Program Name or Cluster	State Grant No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
Extraordinary Special Education Costs Aid	25-495-034-5120-044	7/1/2024	6/30/2025	\$ 752,790	\$ 752,790
Debt Service Aid	25-100-034-5120-075	7/1/2024	6/30/2025	2,156,048	2,156,048

Dollar threshold used to distinguish between Type A and B programs	<u>\$ 750,000</u>
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Auditee qualified as low-risk auditee?	<u>X</u>	Yes	<u> </u>	No
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Section II - Financial Statement Findings - N/A

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

Findings and Questioned Costs for State Awards:

Finding 2025-001: N.J. Department of Education - Extraordinary Special Education Costs Aid - Eligibility,
Types of Services Allowed or Unallowed and Significant Deficiency.

Program Title	State Grant No.	Grant Period		Award Amount	Budgetary Expenditures	Questioned Costs
		Start	End			
Extraordinary Special Education Costs Aid	25-495-034-5120-044	7/1/2024	6/30/2025	\$ 752,790	\$ 752,790	\$ 102,292

Criteria:

The School Funding Reform Act of 2018 (SFRA) and N.J.S.A.18A:7F-55(c) requests a school district to file an application with the N.J. Department of Education for reimbursement of current year's expenses in which the actual cost of providing an education for an individual pupil, excluding transportation costs, exceeds a predetermined threshold within a single fiscal year. Extraordinary Aid is available for partial reimbursement of allowable/eligible costs incurred for individual classified pupils whose Individualized Education Plan (IEP) requires the provision of at least one intensive service. As per state regulations, (1) the student's IEP must indicate the intensive service(s) which will be provided to the student in order to claim those costs in the Extraordinary Aid application; and (2) the District must maintain work papers and supporting cost documentation. Costs must be pro-rated if they are incurred for multiple students.

Condition and Context:

During our review of the District's Extraordinary Aid (ExAid) application, we noted the following:

- 1.) The IEPs for 1 out of 8 students selected for testing did not agree to the intensive service(s) claimed on the Extraordinary Aid application.
- 2.) The tuition and classroom costs reported for 1 out of 5 Category 3 students were based on estimates. Although Districts are allowed to estimate costs on the application, the District is still required to provide a reasonable estimate. For the student tested, the actual tuition and classroom costs were lower than the estimated cost.
- 3.) The District chose not to report the cost for related services for Category 1 students which could possibly result in an increase in the total award amount. It is suggested that the District review the cost and benefit of calculating and reporting these related services costs as it might benefit the District.

Effect:

- 1.) The intensive services reported in the Extraordinary Aid application of \$89,630 for 1 student was not included in the student's IEP.
- 2.) The tuition and classroom costs reported on the Extraordinary Aid application for 1 student was overstated by \$12,662 based upon the supporting documentation.

Cause:

- 1.) The information for the Extraordinary Aid application is entered on electronic forms which contain drop down boxes to select the services provided to each student. District personnel inadvertently selected an intensive service for one student which was not included in the respective individual's IEP.
- 2.) The estimated tuition and classroom costs reported for one student were not reviewed for reasonableness.

Recommendation:

It is recommended that greater care is taken in preparing the Extraordinary Aid application to ensure that reported intensive services were provided to students and that estimated tuition and classroom costs are reviewed for reasonableness.

Management's Response:

District personnel will exercise greater care in preparing the Extraordinary Aid application to ensure that reported intensive services were provided to students and that estimated tuition and classroom costs are reviewed for reasonableness.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Status of Prior Year Findings:

There were no audit findings or questioned costs for the year ended June 30, 2024.