

SCHOOL DISTRICT OF HANOVER TOWNSHIP

Hanover Township School District
Hanover, New Jersey

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

Annual Comprehensive Financial Report

of the

Hanover Township School District

Hanover, New Jersey

For the Fiscal Year Ended June 30, 2025

Prepared by

Hanover Township Board of Education

Finance Department

HANOVER TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

Hanover Township Public Schools

61 Highland Avenue
Whippany, New Jersey 07981-1399

Marci Krasny
Business Administrator/Board Secretary

973-515-2407
FAX 973-540-1023

October 1, 2025

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

Dear Board Members:

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

The Hanover Township School District is a K-8 operating school system serving the residents of Hanover Township in Morris County. Hanover Township is located in southeastern Morris County northeast of Morristown, the county seat. It borders on the Borough of Florham Park and Morris Township in the south, the Borough of Morris Plains in the west, Parsippany-Troy Hills Township in the north and East Hanover Township in the east. The School District is a constituent District of the Hanover Park Regional High School District.

The Hanover Township School District currently operates four schools based on a K-5 and 6-8 building/grade organization plan: the Bee Meadow, Mountview Road and Salem Drive Elementary Schools, which serve grades K-5, and the Memorial Junior School, which serves grades 6-8.

The Bee Meadow School was constructed in 1974; the Mountview Road School was constructed in 1959, and an addition was made to it in 1966; the Salem Drive School was constructed in 1956 and a library addition was completed in 1994; the original section of the Memorial Junior School was constructed in 1953, and substantial additions were made to it in 1966 and 1974. Each elementary school received an addition for various purposes that were completed in 2004.

Significant educational program changes have been made since the schools were built, many state mandated. The new programs often require special spaces that were not conceived of when the schools were designed and built, and usually require substantially more space per pupil to properly accommodate the educational programs.

The District provides a full range of educational services appropriate to grade levels K through 8 for the students residing in Hanover Township. These include programs for regular, gifted and talented and special education students. The District completed the 2024-25 fiscal year with an average daily enrollment of 1,234 students, which is an increase of 7 students from the previous year's enrollment.

Elementary School (K-5)

The emphasis in the elementary curriculum includes instruction in mathematics, science, world languages, social studies, reading and language arts, art, music, physical education, computer technology, health and safety. Provisions are made for instruction in study skills, world language (Spanish), character education and media as appropriate for the grade level. Instructional materials in language arts literacy and mathematics support national Common Core Standards.

Middle School (6-8)

The middle school offers a transitional program between the self-contained classroom experience of elementary school and the departmental organization of the high school.

The classes and faculty at each grade level are divided into teams, so that the faculty members in one group teach all the major subject areas to the students assigned to that team. Daily common preparation periods help the team teachers coordinate instruction and monitor student progress from one subject to another. Trips and other activities are frequently undertaken on a team basis.

The major subject areas for the middle school grades are language arts, mathematics, reading, science, social studies, physical education, health and world languages, currently French and Spanish.

Special subjects in the middle school are organized into a "cycle program". Every year, the students receive between nine and eighteen weeks of instruction in technology, music, art and computers.

The use of technology as an instructional tool in grades K-8 is consistently expanded and enhanced by the acquisition of new equipment and materials, and numerous opportunities for staff training. Computer upgrades in the computer labs at each school, coupled with creative applications of educational software and use of the Internet, result in motivating and productive learning experiences for students across the grades. Smartboard Technology is now available in all of our schools.

The Board of Education also offers the Hanover Township School Age Child Care Program providing before and after school care as well as a summer program.

The program is very popular and has been enhanced since its inception ten years ago providing a very affordable means to care for school age children living in Hanover Township.

2) ECONOMIC CONDITION AND OUTLOOK: Hanover Township encompasses 10.8 square miles of Morris County. The Township, comprised of Cedar Knolls and Whippany, is home to more than 13,000 residents. The Township presents an ideal suburban tapestry of residential neighborhoods, parkland and commercial & industrial businesses. Currently, a large amount of redevelopment is either proposed or taking place throughout the Township.

3) MAJOR INITIATIVES: During the 2024-2025 school year the Board of Education and administration in consultation with parents and faculty established and accomplished or made significant progress towards four district wide goals.

DISTRICT GOALS FOR THE 2024-2025 SCHOOL YEAR

1. The district will prepare for the district's strategic planning process.
2. The district will establish updated school zoning map and boundaries.
3. The district will standardize district wide programs, processes and procedures.
4. The district will modernize central administrative and operational systems.

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 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 major 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, 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 restrictions, commitments or assignments of fund balance at June 30, 2025.

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

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on J-20.

9) 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 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 the Uniform Guidance and New Jersey's OMB Circular 15-08. The auditor's 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 are included in the single audit section of this report.

10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Hanover Township School 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 the financial and accounting staff.

Respectfully submitted,



Marci Krasny
School Business Administrator/Board Secretary



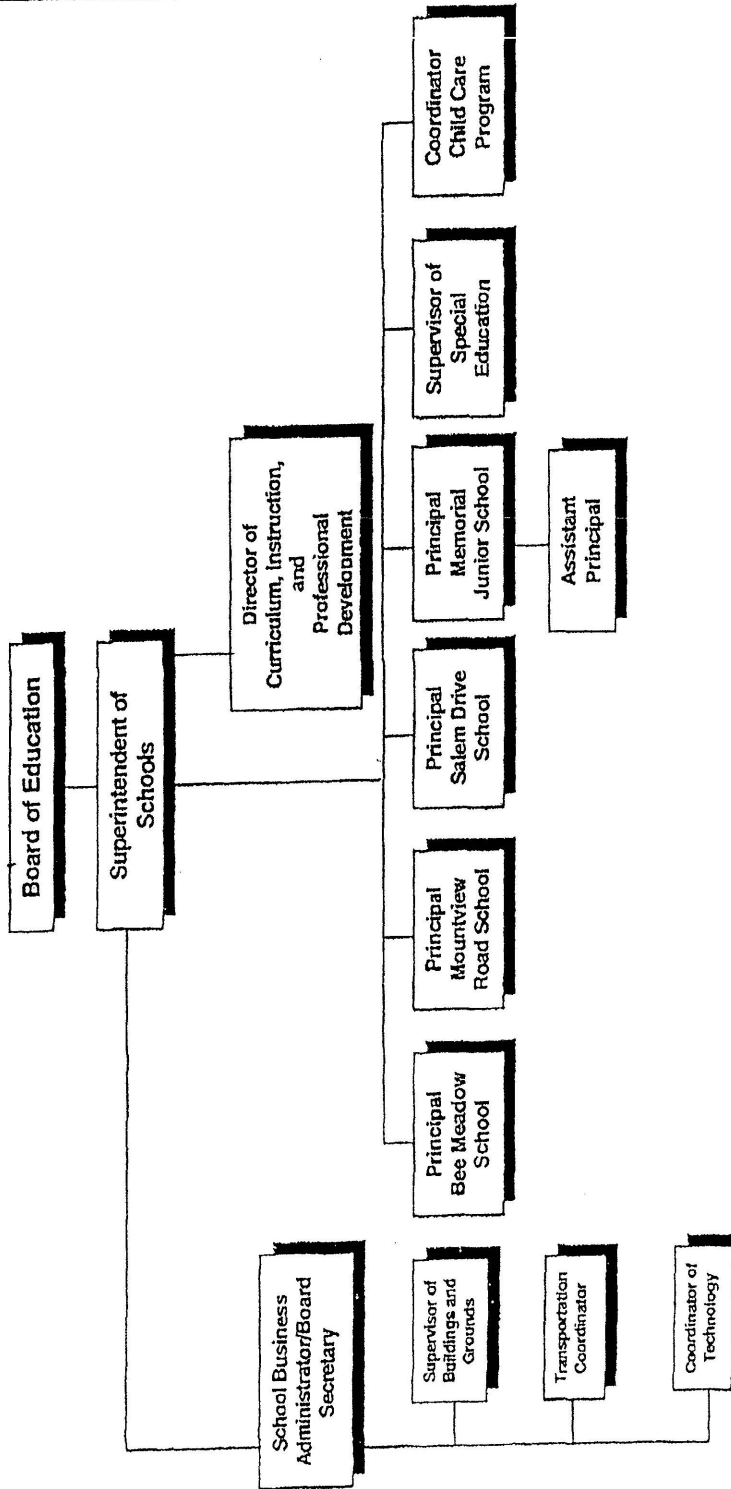
Justin Toomey
Superintendent

POLICY

HANOVER TOWNSHIP BOARD OF EDUCATION

ADMINISTRATION
1110/Page 1 of 1
Organizational Chart

1110 ORGANIZATIONAL CHART



Adopted: 12/20/71
Revised: 12/18/72
Revised: 4/28/87
Revised: 10/22/91
org chart 2013.doc

Revised: 11/15/94
Revised: 03/18/97
Revised: 12/15/98
Revised: 11/15/01
Revised: 11/30/01
Revised: 8/25/03
Revised: 9/23/08
Revised: 10/29/13

Note: Each administrator with instructional responsibilities will be assigned to provide leadership, coordination, and support for specific components of the overall instructional program.

**HANOVER TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2025**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lisa Bomengo, President	2027
Marc Amoresano, Vice President	2027
Karin Coffey	2027
Christine Egbert	2025
Gina Johnston	2025
Gregory Skiff	2025
Christopher Mattessich	2026
William McCabe	2026
Michelle Stricchiola	2026

<u>Other Officers</u>	<u>Title</u>
Justin Toomey	Superintendent of Schools
Dr. Edward Izbicki	Interim School Business Administrator/Board Secretary (To 8/17/25)
Marci Krasny	School Business Administrator/Board Secretary (From 8/18/2025)

HANOVER TOWNSHIP SCHOOL DISTRICT

Consultants and Advisors

Architect

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Gianforcaro Architects & Engineers
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Chester, NJ 07930

Audit Firm

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And
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Newton, New Jersey 07860
And
1140 Route 22 East Suite 203
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Oakland, NJ 07436

Insurance Advisors

Burton Agency, Inc.
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Westwood, NJ 07675

Official Depository

PNC Bank, N.A.
Route 10
Whippany, NJ 07981

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Hanover Township 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 Board of Education of the Hanover Township 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.

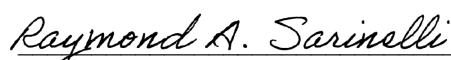
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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 October 1, 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.

October 1, 2025
Mount Arlington, New Jersey

NISIVOCIA LLP


Raymond A. Sarinelli
Licensed Public School Accountant #2549
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management Discussion and Analysis

This section of Hanover Township School District'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 for the milk program and child care services.
- *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 Township School District's Financial Report

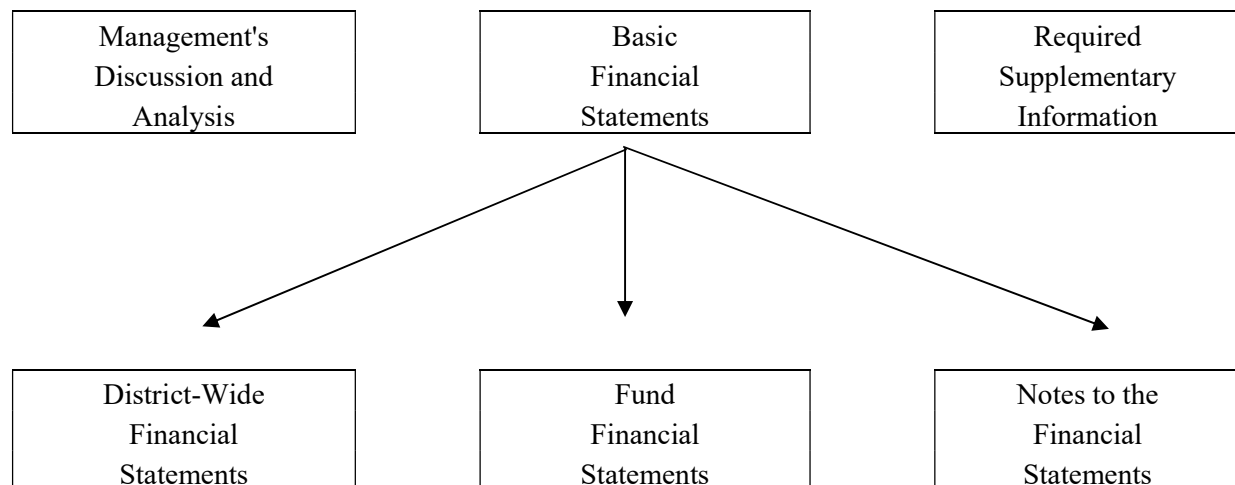


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

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: milk services and child care services
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, expenses and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources 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

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 – the difference between the District's assets, deferred inflows and outflows and liabilities – 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 milk program and child care program 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. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

Notes to the Basic Financial Statements: Provide additional information essential to a full understanding of the District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position decreased by \$106,382. Net position from governmental activities decreased by \$166,472 and net position from business-type activities increased by \$60,090. Net investment in capital assets decreased by \$715,475, restricted net position increased by \$189,157 and unrestricted net position increased by \$419,936.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2024/25
Current and							
Other Assets	\$ 4,857,688	\$ 4,588,916	\$ 1,029,730	\$ 1,145,299	\$ 5,887,418	\$ 5,734,215	
Capital Assets, Net	13,691,808	12,925,734			13,691,808	12,925,734	
Total Assets	<u>18,549,496</u>	<u>17,514,650</u>	<u>1,029,730</u>	<u>1,145,299</u>	<u>19,579,226</u>	<u>18,659,949</u>	-4.70%
Deferred Outflows of Resources	<u>726,026</u>	<u>738,223</u>			<u>726,026</u>	<u>738,223</u>	1.68%
Other Liabilities	1,781,425	1,657,499	407,285	462,764	2,188,710	2,120,263	
Long-Term Liabilities							
Outstanding	<u>8,455,663</u>	<u>7,530,701</u>			<u>8,455,663</u>	<u>7,530,701</u>	
Total Liabilities	<u>10,237,088</u>	<u>9,188,200</u>	<u>407,285</u>	<u>462,764</u>	<u>10,644,373</u>	<u>9,650,964</u>	-9.33%
Deferred Inflows of Resources	<u>692,593</u>	<u>885,304</u>			<u>692,593</u>	<u>885,304</u>	27.82%
Net Position:							
Net Investment in							
Capital Assets	13,000,446	12,284,971			13,000,446	12,284,971	
Restricted	2,778,865	2,968,022			2,778,865	2,968,022	
Unrestricted/(Deficit)	<u>(7,433,470)</u>	<u>(7,073,624)</u>	<u>622,445</u>	<u>682,535</u>	<u>(6,811,025)</u>	<u>(6,391,089)</u>	
Total Net Position	<u>\$ 8,345,841</u>	<u>\$ 8,179,369</u>	<u>\$ 622,445</u>	<u>\$ 682,535</u>	<u>\$ 8,968,286</u>	<u>\$ 8,861,904</u>	-1.19%

Changes in Net Position. The District's combined net position was \$8,861,904 on June 30, 2025 \$106,382 or 1.19% less than the previous year (See Figure A-3). Net investment in capital assets decreased mainly due to depreciation, offset by capital asset additions. Restricted net position increased primarily due to increases in the capital reserve. Unrestricted net position increased primarily due to the decrease in net pension liability and related changes in deferred outflows and inflows of resources.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	Change
Revenue:							
Program Revenue:							
Charges for Services	\$ 166,672	\$ 269,020	\$ 972,079	\$ 1,027,111	\$ 1,138,751	\$ 1,296,131	
Operating Grants and Contributions	5,976,899	5,268,647			5,976,899	5,268,647	
General Revenue:							
Property Taxes	28,884,040	29,781,939			28,884,040	29,781,939	
Unrestricted State Aid	372,255	421,830			372,255	421,830	
Other	311,031	334,309	22,612	27,360	333,643	361,669	
Total Revenue	35,710,897	36,075,745	994,691	1,054,471	36,705,588	37,130,216	1.16%
Expenses:							
Instruction	20,601,525	20,402,470			20,601,525	20,402,470	
Pupil and Instruction Services	6,016,518	6,187,380			6,016,518	6,187,380	
Administrative and Business	3,468,838	3,478,283			3,468,838	3,478,283	
Maintenance and Operations	3,123,543	3,308,809			3,123,543	3,308,809	
Transportation	2,279,836	2,407,861			2,279,836	2,407,861	
Other	302,938	368,566	995,693	1,083,229	1,298,631	1,451,795	
Total Expenses	35,793,198	36,153,369	995,693	1,083,229	36,788,891	37,236,598	1.22%
Transfers	(92,102)	(88,848)	92,102	88,848			
Increase/(Decrease) in							
Net Position	\$ (174,403)	\$ (166,472)	\$ 91,100	\$ 60,090	\$ (83,303)	\$ (106,382)	-27.70%

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Figure A-5 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

As discussed elsewhere in this commentary, the financial position of the District remains more or less stable. However, maintaining existing programs and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources.

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and 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	
	2023/24	2024/25	2023/24	2024/25
Instruction	\$ 20,601,525	\$ 20,402,470	\$ 15,221,491	\$ 15,520,125
Pupil and Instruction Services	6,016,518	6,187,380	5,849,846	6,052,985
Administrative and Business	3,468,838	3,478,283	3,110,186	3,195,962
Maintenance and Operations	3,123,543	3,308,809	3,123,543	3,308,809
Transportation	2,279,836	2,407,861	2,041,623	2,169,255
Other	302,938	368,566	302,938	368,566
	<u>\$ 35,793,198</u>	<u>\$ 36,153,369</u>	<u>\$ 29,649,627</u>	<u>\$ 30,615,702</u>

Business-Type Activities

Net position from the District's business-type activities increased \$91,100, due increased participation in the afterschool program, increasing revenue. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's General Fund experienced a net decrease in fund balance of \$117,812 on the budgetary basis of accounting. However, due to regulations regarding the reporting of state aid receivables, this balance must be adjusted to \$133,442. This difference of (\$15,630) is the difference between Hanover Township's final 23/24 and 24/25 General Fund state aid payments.

General Fund Budgetary Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. Over the course of the year the school district amended its General Fund budget as needed.

Capital Asset**Figure A-6****Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	Change 2024/25
Land	\$ 288,109	\$ 288,109			\$ 288,109	\$ 288,109	
Site Improvements	234,144	207,055			234,144	207,055	
Buildings and Building Improvements	12,513,682	11,750,294			12,513,682	11,750,294	
Machinery and Equipment	655,873	680,576			655,873	680,576	
Total Capital Assets (Net of Depreciation)	<u>\$ 13,691,808</u>	<u>\$ 12,926,034</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 13,691,808</u>	<u>\$ 12,926,034</u>	-5.59%

Overall capital assets decreased \$765,774 from fiscal year 2024 to fiscal year 2025 due to the addition of a financed purchase of \$180,491 offset by depreciation expenses of \$946,255 for the year.

Long-Term Liabilities

At June 30, 2025, the School District had \$7,530,701 of outstanding long-term liabilities – a decrease of \$924,962 from last year – as shown in Figure A-7.

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Percentage Change
	2023/24	2024/25	
Net Pension Liability	\$ 6,780,619	\$ 5,938,307	
Financed Purchases Payable	691,362	641,063	
Other Long- Term Liabilities	983,682	951,331	
	<u>\$ 8,455,663</u>	<u>\$ 7,530,701</u>	-10.94%

- The Net Pension Liability decreased \$842,312.

Factors Bearing on the District's Future Revenue/Expense Changes

The Hanover Township Public School District is in fair financial condition at present. The District has a strong capital reserve. However, the unassigned fund balance is under 2%. The Township of Hanover currently has several proposed residential developments that may impact the District's enrollment and future budgets.

Hanover Township Board of Education is a member of ACES, a consortium of school districts seeking financial savings due to the deregulation of energy pricing and participates in cooperative bidding along with over 200 other New Jersey school districts for the purchase of classroom supplies (general and subject specific), office supplies, copy duplicator supplies, custodial supplies, trade skills and furniture. It also participates in the Universal Service Program to receive rebates on telecommunications fees. In addition, the District's system for financial planning, budgeting, and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet future challenges.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 61 Highland Avenue, Whippany, New Jersey 07981.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HANOVER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 1,258,087	\$ 1,138,904	\$ 2,396,991
Receivables:			
Other Governments	465,524		465,524
Other	145,934	6,395	152,329
Restricted Assets:			
Cash and Cash Equivalents	2,719,071		2,719,071
Capital Assets, Net:			
Sites (Land)	288,109		288,109
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	12,637,925		12,637,925
Total Assets	<u>17,514,650</u>	<u>1,145,299</u>	<u>18,659,949</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows Related to Pensions	738,223		738,223
Total Deferred Outflows of Resources	<u>738,223</u>		<u>738,223</u>
LIABILITIES:			
Accounts Payable	1,014,899		1,014,899
Payable to State Government	607,443		607,443
Unearned Revenue	35,157	462,764	497,921
Noncurrent Liabilities:			
Due Within One Year	265,262		265,262
Due Beyond One Year	7,265,439		7,265,439
Total Liabilities	<u>9,188,200</u>	<u>462,764</u>	<u>9,650,964</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows Related to Pensions	885,304		885,304
Total Deferred Inflows of Resources	<u>885,304</u>		<u>885,304</u>
NET POSITION:			
Net Investment in Capital Assets	12,284,971		12,284,971
Restricted for:			
Excess Surplus 2026-2027	248,951		248,951
Capital Projects	2,330,630		2,330,630
Unemployment Compensation	279,511		279,511
Student Activities	96,448		96,448
Scholarships	12,482		12,482
Unrestricted/(Deficit)	(7,073,624)	682,535	(6,391,089)
Total Net Position	<u>\$ 8,179,369</u>	<u>\$ 682,535</u>	<u>\$ 8,861,904</u>

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

HANOVER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Functions/Programs	Program Revenue		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 14,650,750	\$ 134,625	\$ 2,262,136	\$ (12,253,989)		\$ (12,253,989)
Special Education	4,481,953		2,307,154	(2,174,799)		(2,174,799)
Other Special Instruction	1,045,229		153,012	(892,217)		(892,217)
Other Instruction	224,538		25,418	(199,120)		(199,120)
Support Services:						
Tuition	881,228			(881,228)		(881,228)
Student & Instruction Related Services	5,306,152	134,395		(5,171,757)		(5,171,757)
General Administrative Services	689,203			(689,203)		(689,203)
School Administrative Services	1,954,664		282,321	(1,672,343)		(1,672,343)
Plant Operations and Maintenance	3,308,809			(3,308,809)		(3,308,809)
Pupil Transportation	2,407,861		238,606	(2,169,255)		(2,169,255)
Central Services and Admin Info Tech	834,416			(834,416)		(834,416)
Transfer to Charter School	235,733			(235,733)		(235,733)
Capital Outlay	132,833			(132,833)		(132,833)
Total Governmental Activities	36,153,369	269,020	5,268,647	(30,615,702)		(30,615,702)

HANOVER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

Functions/Programs	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
Business-Type Activities:					
School Age Child Care	\$ 975,788	\$ 1,027,111		\$ 51,323	\$ 51,323
Milk Service	107,441			(107,441)	(107,441)
Total Business-Type Activities	1,083,229	1,027,111		(56,118)	(56,118)
Total Primary Government	\$ 37,236,598	\$ 1,296,131	\$ 5,268,647	\$ (30,615,702)	\$ (30,671,820)
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes, Net				\$ 29,781,939	\$ 29,781,939
Federal and State Aid not Restricted				421,830	421,830
Investment Earnings				77,413	9,392
Miscellaneous Income				256,896	17,968
Transfers				(88,848)	88,848
Total General Revenues and Transfers				30,449,230	116,208
Change in Net Position				(166,472)	60,090
Net Position - Beginning				8,345,841	622,445
Net Position - Ending				\$ 8,179,369	\$ 682,535
					\$ 8,861,904

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

FUND FINANCIAL STATEMENTS

HANOVER TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 1,236,092	\$ 21,995	\$ 1,258,087
Receivables:			
Other Governments	465,172	352	465,524
Other	145,838	96	145,934
Restricted Cash and Cash Equivalents	2,610,141	108,930	2,719,071
Total Assets	<u>\$ 4,457,243</u>	<u>\$ 131,373</u>	<u>\$ 4,588,616</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 1,014,899		\$ 1,014,899
Unearned Revenue	35,157		35,157
Payable to State Government		\$ 22,443	22,443
Total Liabilities	<u>1,050,056</u>	<u>22,443</u>	<u>1,072,499</u>
Fund Balances:			
Restricted for:			
Excess Surplus 2026-2027	248,951		248,951
Capital Reserve Account	2,330,630		2,330,630
Unemployment Compensation	279,511		279,511
Student Activities		96,448	96,448
Scholarships		12,482	12,482
Assigned:			
Year End Encumbrances	53,609		53,609
Unassigned	494,486		494,486
Total Fund Balances	<u>3,407,187</u>	<u>108,930</u>	<u>3,516,117</u>
Total Liabilities and Fund Balances	<u>\$ 4,457,243</u>	<u>\$ 131,373</u>	

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.	12,926,034
Long-term liabilities, including bonds payable and other long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(1,592,394)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(5,938,307)
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	153,223
Deferred Inflows	(885,304)
Net Position of Governmental Activities	<u>\$ 8,179,369</u>

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

HANOVER TOWNSHIP 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	Total Governmental Funds
REVENUES			
Local Sources:			
Local Tax Levy	\$ 29,781,939		\$ 29,781,939
Tuition Charges	134,625		134,625
Rents and Royalties	43,360		43,360
Interest Earned on Capital Reserve Funds	77,413		77,413
Restricted Miscellaneous Revenue	29,215	\$ 134,395	163,610
Unrestricted Miscellaneous Revenue	184,321		184,321
Total - Local Sources	30,250,873	134,395	30,385,268
State Sources	8,957,332	141,307	9,098,639
Federal Sources		403,238	403,238
Total Revenues	39,208,205	678,940	39,887,145
EXPENDITURES:			
Current:			
Regular Instruction	9,093,043	101,874	9,194,917
Special Education Instruction	2,763,302	337,474	3,100,776
Other Special Instruction	661,550		661,550
Other Instruction	134,619		134,619
Support Services and Undistributed Costs:			
Tuition	881,228		881,228
Student & Instruction Related Services	4,021,610	136,099	4,157,709
General Administration Services	589,878		589,878
School Administration Services	1,223,812		1,223,812
Central Services	512,855		512,855
Administrative Information Technology Services	139,202		139,202
Plant Operations and Maintenance	2,990,871		2,990,871
Pupil Transportation	2,049,470		2,049,470
Allocated and Unallocated Benefits	13,927,990		13,927,990
Transfer to Charter School	235,733		235,733
Capital Outlay	208,117	105,197	313,314
Total Expenditures	39,433,280	680,644	40,113,924

HANOVER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues over/(under) Expenditures	\$ (225,075)	\$ (1,704)	\$ (226,779)
OTHER FINANCING SOURCES/(USES):			
Financed Purchases (Non-Budgeted)	180,481		180,481
Transfers to Cover Deficit (Enterprise Fund)	(88,848)		(88,848)
Total Other Financing Sources/(Uses)	<u>91,633</u>		<u>91,633</u>
Net Change in Fund Balances	(133,442)	(1,704)	(135,146)
Fund Balances - July 1	<u>3,540,629</u>	<u>110,634</u>	<u>3,651,263</u>
Fund Balances - June 30	<u><u>\$ 3,407,187</u></u>	<u><u>\$ 108,930</u></u>	<u><u>\$ 3,516,117</u></u>

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

HANOVER TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, 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) \$ (135,146)

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

Capital outlays 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 capital outlays differs from depreciation in the period.

Depreciation expense	\$ (946,255)
Capital outlays	<u>180,481</u>
	(765,774)

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. (+)

32,351

Financed purchases agreements entered into by the District are an other financing source in the governmental funds, but the acquisition increases long-term liabilities in the statement of net position and is not reported in the statement of activities.

(180,481)

Repayment of financed purchases payable 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.

230,780

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	842,312
Deferred Outflows	2,197
Deferred Inflows	<u>(192,711)</u>

\$ (166,472)

Change in Net Position of Governmental Activities (Exhibit A-2)

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

HANOVER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

		Enterprise Funds	
		Major Fund	
	Non-Major Fund	School Age Child Care	Total Funds
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 2,446	\$ 1,136,458	\$ 1,138,904
Accounts Receivable:			
Other		6,395	6,395
Total Current Assets	2,446	1,142,853	1,145,299
Total Assets	2,446	1,142,853	1,145,299
LIABILITIES:			
Current Liabilities:			
Unearned Revenue		462,764	462,764
Total Current Liabilities		462,764	462,764
NET POSITION:			
Unrestricted	2,446	680,089	682,535
Total Net Position	\$ 2,446	\$ 680,089	\$ 682,535

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

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

	Enterprise Funds		
	Non-Major Fund	Major Fund	Total Funds
		School Age Child Care	
Operating Revenue:			
Local Sources:			
Other	\$ 17,968		\$ 17,968
Child Care Fees		\$ 1,027,111	1,027,111
Total Operating Revenue	17,968	1,027,111	1,045,079
Operating Expenses:			
Cost of Sales - Non-Reimbursable Programs	107,441		107,441
Salaries		531,891	531,891
Benefits and Taxes		229,952	229,952
Purchased Services		76,599	76,599
Supplies/Field Trips/Travel		33,499	33,499
Memberships		103,847	103,847
Total Operating Expenses	107,441	975,788	1,083,229
Operating Income/(Loss)	(89,473)	51,323	(38,150)
Non-Operating Revenue:			
Local Sources:			
Interest Revenue		9,392	9,392
Total Non-Operating Revenue		9,392	9,392
Change in Net Position Before Transfers	(89,473)	60,715	(28,758)
Transfer in - General Fund	88,848		88,848
Change in Net Position	(625)	60,715	60,090
Net Position - Beginning of Year	3,071	619,374	622,445
Net Position - End of Year	\$ 2,446	\$ 680,089	\$ 682,535

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

HANOVER TOWNSHIP 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	Total Funds
		School Age Child Care	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 17,968	\$ 1,082,281	\$ 1,100,249
Payments to Employees		(531,891)	(531,891)
Payments for Employee Benefits		(229,952)	(229,952)
Payments to Suppliers	(107,441)	(213,945)	(321,386)
Net Cash Provided by/(Used for) Operating Activities	(89,473)	106,493	17,020
Cash Flows from Noncapital Financing Activities:			
Cash Received from General Fund	88,848		88,848
Net Cash Provided by Noncapital Financing Activities	88,848		88,848
Cash Flows from Investing Activities:			
Interest on Investments		9,392	9,392
Net Cash Provided by Investing Activities		9,392	9,392
Net Increase/Decrease in Cash and Cash Equivalents	(625)	115,885	115,260
Cash and Cash Equivalents, July 1	3,071	1,020,573	1,023,644
Cash and Cash Equivalents, June 30	\$ 2,446	\$ 1,136,458	\$ 1,138,904
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (89,473)	\$ 51,323	\$ (38,150)
Adjustment to Reconcile Operating Income/(Loss) to Cash Changes in Assets and Liabilities:			
(Increase) in Accounts Receivable		(309)	(309)
Increase in Unearned Revenue		55,479	55,479
Net Cash Provided by/(Used for) Operating Activities	\$ (89,473)	\$ 106,493	\$ 17,020

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

HANOVER TOWNSHIP 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 Hanover Township 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.

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.

HANOVER TOWNSHIP 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):

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 TOWNSHIP 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)

The District reports the following governmental funds: (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 fund:

Enterprise (Milk Service and School Age Child Care) Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria and child care operations. The milk service fund and school age child care fund 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 TOWNSHIP 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 and special revenue funds. The budget for the fiscal year ended June 30, 2025 was submitted to the County office and 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 budgetary 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).

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 recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

HANOVER TOWNSHIP 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	\$ 39,223,835	\$ 620,415
Difference - Budget 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.		58,525
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary purposes	162,211	
Current Year State Aid Payments Recognized for Budgetary Purposes, not recognized for GAAP Statements	(177,841)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 39,208,205</u>	<u>\$ 678,940</u>
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 39,433,280	\$ 622,119
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		58,525
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 39,433,280</u>	<u>\$ 680,644</u>

E. Cash and Cash Equivalents

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.

HANOVER TOWNSHIP 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 (Cont'd)

New Jersey school districts are limited as to the types 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 revenue. 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 nonoperating revenue/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, 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.

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.

HANOVER TOWNSHIP 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)

J. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as expenditures 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 fund 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 their 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:

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

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental funds 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.

HANOVER TOWNSHIP 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)

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 government 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. 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 but undisbursed amounts be retained in a separate bank account. As of June 30, 2025, the amount earned by these employees but not disbursed was \$930,613.

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.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various employee contracts/agreements. Upon termination, employees are paid for accrued vacation. These employee contracts/agreements permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's applicable employee contracts/agreements.

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. Lease Assets

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. Subscription Payable

In the district-wide financial statements, subscription payables 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.

HANOVER TOWNSHIP 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

General Fund: Of the \$3,407,187 General Fund fund balance at June 30, 2025, \$53,609 is assigned fund balance of which \$53,609 is for year-end encumbrances; \$248,951 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), and will be appropriated for the fiscal year ending June 30, 2027; \$2,330,630 is restricted in the capital reserve account; \$279,511 is restricted for unemployment compensation; and \$494,486 is unassigned fund balance which is \$177,841 more than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which is not recognized until the fiscal year ended June 30, 2026.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2025 is \$108,930 and is restricted for student activities and scholarships.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), 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 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 has excess surplus of \$248,951 at June 30, 2025.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$177,841 as reported in the fund statements (modified accrual basis). 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 \$7,073,624 in governmental activities, which is primarily a result of compensated absences payable, net pension liability and the related deferred inflows and outflows related to pensions. The deficit does not mean that the District is facing financial difficulties and is a permitted practice by 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.

HANOVER TOWNSHIP 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)

V. Net Position (Cont'd)

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 outflows of resources for Pensions at June 30, 2025.

The District had deferred inflows of resources for Pensions at June 30, 2025. 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.

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 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 has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, capital reserve, unemployment compensation, student activities and scholarships.

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 no committed resources at June 30, 2025.

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 in the General Fund at June 30, 2025.

HANOVER TOWNSHIP 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)

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, 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.

Y. Operating Revenue and Expenses

Operating revenue is revenue that is generated directly from the primary activity of the Enterprise Funds. For the School District, this revenue is sales for food service and school age child care fees. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

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.

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

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

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as 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 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 investments matures within the 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 permitted under state statutes as detailed on the following pages.

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

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.

HANOVER TOWNSHIP 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:

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;
- (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 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

HANOVER TOWNSHIP 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):

- (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.

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

Cash and Cash Equivalents	Restricted Cash and Cash Equivalents				Total
	Capital Reserve	Unemployment Compensation	Student Activities	Scholarships	
Checking and Savings Accounts	\$ 2,396,991	\$ 2,330,630	\$ 279,511	\$ 96,448	\$ 12,482
					\$ 5,116,062

During the period ended June 30, 2025, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2025, was \$5,116,062 and the bank balance was \$5,576,542.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Hanover Township School District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amount or both.

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

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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-5.1(d)7*, 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, July 1, 2024	\$ 2,144,604
Deposits:	
Transfer by Board Resolution (June 2025)	114,177
Interest Earnings	<u>71,849</u>
Ending balance, June 30, 2025	<u><u>\$ 2,330,630</u></u>

The June 30, 2025 LRFP balance of local support costs exceeds the balance in the capital reserve account at June 30, 2025. Withdrawals from the capital reserve are for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by the Hanover Township Board of Education. The emergency reserve account is maintained in the General Fund and its activity is included in the general fund annual budget.

The emergency reserve is restricted to be used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The Department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1st and June 30th. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or for a withdrawal that was included in the original budget certified for taxes to finance school security improvements, including improvements to school facilities.

There were no funds in the emergency reserve account as of June 30, 2025.

HANOVER TOWNSHIP 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	Adjustments/ (Decreases)	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 288,109			\$ 288,109
Total Capital Assets Not Being Depreciated	288,109			288,109
Capital Assets Being Depreciated:				
Site Improvements	1,829,615			1,829,615
Buildings and Building Improvements	29,936,947			29,936,947
Machinery and Equipment	3,910,355	\$ 180,481	\$ 85,698	4,005,138
Total Capital Assets Being Depreciated	35,676,917	180,481	85,698	35,771,700
Governmental Activities Capital Assets	35,965,026	180,481	85,698	36,059,809
Less Accumulated Depreciation for:				
Site Improvements	1,595,471	27,089		1,622,560
Buildings and Building Improvements	17,423,265	763,388		18,186,653
Machinery and Equipment	3,254,482	155,778	(85,698)	3,324,562
	22,273,218	946,255	(85,698)	23,133,775
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 13,691,808</u>	<u>\$ (765,774)</u>	<u>\$ -0-</u>	<u>\$ 12,926,034</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 634,009
Special Education Instruction	35,655
Other Special Instruction	7,609
Other Instruction	27,446
Student and Instruction Related Services	67,819
General Administrative Services	5,166
School Administrative Services	24,137
Operations and Maintenance of Plant	43,935
Pupil Transportation	88,657
Central Services	11,822
	<u>\$ 946,255</u>

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2025, the District transferred \$5,512 to capital outlay equipment line, which did not require county superintendent approval.

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

NOTE 8. LONG-TERM LIABILITIES

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

	Balance 6/30/2023	Accrued	Retired	Balance 6/30/2024
Net Pension Liability	\$ 6,780,619		\$ 842,312	\$ 5,938,307
Compensated Absences Payable	983,682		32,351	951,331
Financed Purchases Payable	691,362	\$ 180,481	230,780	641,063
	<u>\$ 8,455,663</u>	<u>\$ 180,481</u>	<u>\$ 1,105,443</u>	<u>\$ 7,530,701</u>

A. Bonds Payable:

As of June 30, 2025, the Board had no bonds issued.

B. Bonds Authorized But Not Issued:

As of June 30, 2025, the Board had no bonds authorized but not issued.

C. Financed Purchase Payable:

The District has a financed purchases agreement for an energy savings improvement program totaling \$2,865,552 of which \$2,399,781 has been liquidated as of June 30, 2025. The finance purchase agreement is for a term of fifteen years. The District has a financed purchases agreement for various copiers totaling \$180,481 of which \$5,189 has been liquidated as of June 30, 2025. The finance purchase agreement is for a term of five years.

The following is a schedule of the future minimum financed purchases payments, and the present value of the net minimum financed purchases payments at June 30, 2025.

<u>Year</u>	<u>Amount</u>
2026	\$ 280,968
2027	280,968
2028	41,850
2029	41,850
2030	34,875
Total Minimum Financed Purchase Payments	680,511
Less: Amount representing interest	39,448
Present value of net minimum lease payments	<u>\$ 641,063</u>

The current portion of the financed purchases payable as of June 30, 2025 in the governmental activities is \$262,662 and the long-term portion is \$378,401. The General Fund will be used to liquidate the financed purchases payable in the governmental activities.

HANOVER TOWNSHIP 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:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$2,600 and is separated from the long-term portion of \$948,731.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2025, no liability existed for compensated absences in the 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 current and long-term portions 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 \$5,938,307. See Note 9 for further information on the PERS.

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 TOWNSHIP 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 $1/55^{\text{th}}$ 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 $1/60^{\text{th}}$ 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 members 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 50 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 \$554,674 for fiscal year 2025. During the fiscal year ended June 30, 2024, the State of New Jersey contributed \$21,146 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 TOWNSHIP 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 \$5,938,307 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 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 0.0437%, which was a decrease of 0.0031% from its proportion measured as of June 30, 2024.

For the fiscal year ended June 30, 2025, the District recognized an actual pension benefit of \$52,267. Additionally, for the fiscal year ended June 30, 2024, the State recognized pension expense on behalf of the District in the amount of \$19,145 and the District recognized pension benefit and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2024.

HANOVER TOWNSHIP 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)

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources 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	2020	5.16		\$ 43,154
	2021	5.13	\$ 7,377	
	2022	5.04		24,410
			<u>7,377</u>	<u>67,564</u>
Difference Between Expected and Actual Experience	2020	5.16	2,404	
	2021	5.13		5,866
	2022	5.04		9,943
	2023	5.08	30,546	
	2024	5.08	86,005	
			<u>118,955</u>	<u>15,809</u>
Changes in Proportion	2020	5.16		6,975
	2021	5.13		26,580
	2022	5.04	26,891	
	2023	5.08		113,648
	2024	5.08		379,385
			<u>26,891</u>	<u>526,588</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2021	5.00		407,627
	2022	5.00		(646,636)
	2023	5.00		167,684
	2024	5.00		346,668
				<u>275,343</u>
District Contribution Subsequent to the Measurement Date	2024	1.00	585,000	
			<u>\$ 738,223</u>	<u>\$ 885,304</u>

HANOVER TOWNSHIP 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 of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in the pension benefit as follows:

Fiscal Year Ending June 30,	Total
2025	\$ (252,126)
2026	195,088
2027	(112,238)
2028	(64,794)
2029	1,686
	<u>\$ (232,384)</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	3.75 - 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.

HANOVER TOWNSHIP 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

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 following table:

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

HANOVER TOWNSHIP 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)

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		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 7,890,550	\$ 5,938,307	\$ 4,276,959

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 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:

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

HANOVER TOWNSHIP 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)

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 to Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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 actuarially 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 employers. During the fiscal year ended 2025, the State of New Jersey contributed \$4,420,906 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required benefit of (\$188,285).

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

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

At June 30, 2025, the State's proportionate share of the net pension liability associated with the District was \$51,615,441. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 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 0.1044%, which was a decrease of 0.0042% from its proportion measured as of June 30, 2024.

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

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>51,615,441</u>
Total	<u>\$ 51,615,441</u>

For the fiscal year ended June 30, 2024, the State recognized pension benefit on behalf of the District in the amount of \$118,285 and the District recognized pension benefit and revenue for \$188,285 in the fiscal year ended June 30, 2025 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources 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	4.84		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></u>	<u>403,364,319</u>
			<u>\$ 1,108,112,477</u>	<u>\$ 10,545,101,790</u>

HANOVER TOWNSHIP 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:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
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><u>\$ (9,436,989,313)</u></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 TOWNSHIP 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 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%

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.

HANOVER TOWNSHIP 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)

Sensitivity of the District's Proportionate Share of the Net Pension Liability 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, 2024		
	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	\$ 61,352,258	\$ 51,615,441	\$ 43,415,200

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.

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 \$40,598 for the fiscal year ended June 30, 2025. Employee contributions to DCRP amounted to \$54,935 for the fiscal year ended June 30, 2025.

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

NOTE 10. 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.

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:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	153,556
Active Plan Members	<u>219,185</u>
Total	<u><u>372,741</u></u>

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

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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.

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>
Salary Increases:	2.75 - 5.65%	2.75 - 6.55%
	based on service	based on service
	years	years

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%.

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

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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.

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	\$ 63,671,059
Changes for Year:	
Service Cost	2,308,141
Interest on the Total OPEB Liability	2,387,729
Changes of Assumptions	5,426,693
Differences between Expected and Actual Experience	503,956
Gross Benefit Payments by the State	(1,823,547)
Contributions from Members	<u>62,440</u>
Net Changes in Total OPEB Liability	<u>8,865,412</u>
Balance at June 30, 2024	<u><u>\$ 72,536,471</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	\$ 84,955,742	\$ 72,536,471	\$ 62,439,357

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

NOTE 10. 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

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:

	June 30, 2024		
	1%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Total OPEB Liability Attributable to the District	\$ 60,423,408	\$ 72,536,471	\$ 88,314,534

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 \$2,105,585 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.

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

NOTE 10. 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)

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:

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,391,078
	2018	9.51		1,698,280
	2019	9.29	\$ 267,941	
	2020	9.24	6,911,712	
	2021	9.24	40,826	
	2022	9.13		11,092,628
	2023	9.30	100,739	
	2024	9.33	4,845,054	
			<u>12,166,272</u>	<u>14,181,986</u>
Differences Between Expected and Actual Experience	2018	9.51		1,605,402
	2019	9.29		3,153,690
	2020	9.24	6,441,987	
	2021	9.24		7,851,208
	2022	9.13	1,142,381	
	2023	9.30		935,827
	2024	9.33	172,553	
			<u>7,756,921</u>	<u>13,546,127</u>
Changes in Proportion	N/A	N/A	<u>795,781</u>	<u>1,130,471</u>
N/A - Not Available			<u>\$ 20,718,974</u>	<u>\$ 28,858,584</u>

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:

Fiscal Year Ending June 30,	Total
2025	\$ (2,572,954)
2026	(2,157,436)
2027	(1,024,714)
2028	269,313
2029	(1,869,908)
Thereafter	<u>(449,221)</u>
	<u>\$ (7,804,920)</u>

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

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 provides health benefit coverage through Horizon Blue Cross/Blue Shield of NJ. The District provides vision and dental coverage via a direct contract with VSP and Delta Dental.

The Hanover Township School District is currently a member of the Morris Essex Insurance Group (the "Group"). The Group provides its members with Workers' Compensation insurance coverage. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report. The Group is a risk-sharing public entity risk pool that is 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 TOWNSHIP 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 audit for the year ended June 30, 2025 was not available as of the date of this report.

Selected financial information for the Group as of June 30, 2024 is as follows:

	Morris Essex Insurance Group
Total Assets	\$ 12,155,134
Net Position	\$ 7,171,024
Total Revenue	\$ 4,993,509
Total Expenses and Adjustments	\$ 4,260,396
Change in Net Position	\$ (173,894)
Members Dividends	\$ 907,007

Financial statements are available at the Administrator's Office.

Morris Essex Insurance Group

Burton Agency
44 Bergen Street
PO Box 270
Westwood, NJ 07675
(201) 664-0310

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 New Jersey Unemployment 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 chart below is a summary of District and employee contributions, interest earned, 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	Employee/ District Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2024-2025	\$ 48,395	\$ 8,591	\$ 27,771	\$ 279,511
2023-2024	45,924	1,485	21,971	250,296
2022-2023	45,507	22	46,651	224,858

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

NOTE 12. 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 13. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

There were no interfund balances on the balance sheet at June 30, 2025:

NOTE 14. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Equitable	MetLife Resources
Individual Annuity Center	125 17th Street
Raritan Plaza III	Denver, CO
101 Fieldcrest Avenue	
Edison, NJ 08837	
Faller Company	Variable Annuity Life Insurance
Lincoln Investment	Company (VALIC)
133 Ganttown Road	90 Woodbridge Ctr. Dr., Suite 300
Tunnersville, NJ 08012	Woodbridge, NJ 07095
The Legend Group	
100 Canal Pointe Blvd.	
Princeton, NJ 08540	

Metropolitan Life and Equitable are the plan administrators for the District's Internal Revenue Code Section 457 plans.

NOTE 15. TAX CALENDAR

Property taxes are levied by the District's constituent municipality 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 municipality and are remitted to the local school District on a predetermined mutually agreed-upon schedule.

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

NOTE 16. COMMITMENTS AND CONTINGENCIES

Grant Programs

The school district participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the 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 the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the District.

Encumbrances

At June 30, 2025, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue	Total Governmental Funds
\$ 53,609	\$ -0-	\$ 53,609

NOTE 17. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental Funds, Governmental Activities, and Business-Type Activities as of June 30, 2025 consisted of the following:

	Governmental Funds		District Contribution	Total
	General Fund	Special Revenue	Subsequent to the Measurement Date	Governmental Activities
Vendors	\$ 14,425			\$ 14,425
Payroll Deductions and Withholdings	69,856			69,856
Accrued Salaries and Wages	930,618			930,618
Due to:				
State of New Jersey		\$ 22,443	\$ 585,000	607,443
	<u>\$ 1,014,899</u>	<u>\$ 22,443</u>	<u>\$ 585,000</u>	<u>\$ 1,622,342</u>

REQUIRED SUPPLEMENTARY INFORMATION

HANOVER TOWNSHIP 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	0.0506270674%	0.0511884638%	0.0504523354%	0.0494372585%	0.0491417013%	0.048141890%	0.047588701%	0.047937984%	0.046813336%	0.043702437%
District's proportionate share of the net pension liability	\$ 11,364,762	\$ 15,160,555	\$ 11,744,497	\$ 9,733,950	\$ 8,854,589	\$ 7,850,683	\$ 5,637,595	\$ 7,234,502	\$ 6,780,619	\$ 5,938,307
District's covered employee payroll	\$ 3,487,396	\$ 3,441,428	\$ 3,506,581	\$ 3,424,800	\$ 3,485,511	\$ 3,415,943	\$ 3,415,684	\$ 3,450,173	\$ 3,426,601	\$ 3,167,568
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	325.88%	440.53%	334.93%	284.22%	254.04%	229.82%	165.05%	209.69%	197.88%	187.47%
Plan fiduciary net position as a percentage 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 TOWNSHIP 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	\$ 390,257	\$ 411,548	\$ 425,897	\$ 447,479	\$ 479,512	\$ 526,648	\$ 517,319	\$ 567,195	\$ 585,673	\$ 554,674
Contributions in relation to the contractually required contribution	(390,257)	(411,548)	(425,897)	(447,479)	(479,512)	(526,648)	(517,319)	(567,195)	(585,673)	(554,674)
Contribution deficiency/ (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 3,441,428	\$ 3,506,581	\$ 3,424,800	\$ 3,485,511	\$ 3,415,943	\$ 3,415,684	\$ 3,450,173	\$ 3,426,601	\$ 3,167,568	\$ 3,327,500
Contributions as a percentage of covered employee payroll	15.94%	11.74%	12.44%	12.84%	14.04%	15.42%	14.99%	16.55%	18.49%	16.67%

HANOVER TOWNSHIP 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	0.1049605154%	0.1056243150%	0.1075573721%	0.1090771087%	0.1101094773%	0.1088235091%	0.1104221743%	0.1092499218%	0.1086523174%	0.1044316224%
State's proportionate share of the net pension liability attributable to the District	\$ 66,339,528	\$ 83,090,811	\$ 72,519,059	\$ 69,392,514	\$ 67,575,225	\$ 71,658,971	\$ 53,085,669	\$ 56,366,859	\$ 55,448,178	\$ 51,615,441
District's covered employee payroll	\$ 10,856,307	\$ 11,364,760	\$ 11,393,594	\$ 11,590,604	\$ 12,224,184	\$ 12,236,946	\$ 12,231,185	\$ 12,467,310	\$ 13,009,047	\$ 13,275,481
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	583.73%	731.13%	636.49%	598.70%	552.80%	585.60%	434.02%	452.12%	426.23%	388.80%
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 TOWNSHIP 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	\$ 4,050,625	\$ 6,243,118	\$ 5,023,753	\$ 4,045,341	\$ 3,985,767	\$ 4,456,060	\$ 1,249,129	\$ 1,516,990	\$ 1,362,200	\$ (188,285)
Contributions in relation to the contractually required contribution	(845,670)	(1,167,507)	(1,606,321)	(2,165,587)	(2,386,916)	(3,209,839)	(4,497,443)	(4,441,771)	(4,450,179)	(4,420,906)
Contribution deficiency/(excess)	<u>\$ 3,204,955</u>	<u>\$ 5,075,611</u>	<u>\$ 3,417,432</u>	<u>\$ 1,879,754</u>	<u>\$ 1,598,851</u>	<u>\$ 1,246,221</u>	<u>\$ (3,248,314)</u>	<u>\$ (2,924,781)</u>	<u>\$ (3,087,979)</u>	<u>\$ (4,609,191)</u>
District's covered employee payroll	\$ 11,364,760	\$ 11,393,594	\$ 11,590,604	\$ 12,224,184	\$ 12,236,946	\$ 12,231,185	\$ 12,467,310	\$ 13,009,047	\$ 13,275,481	\$ 13,702,265
Contributions as a percentage of covered employee payroll	7.44%	10.25%	13.86%	17.72%	19.51%	26.24%	36.07%	34.14%	33.52%	32.26%

HANOVER TOWNSHIP 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
Service Cost	\$ 2,677,543	\$ 2,223,493	\$ 1,969,546	\$ 2,040,563	\$ 3,564,433	\$ 3,084,684	\$ 2,355,876	\$ 2,308,141
Interest Cost	2,063,340	2,389,599	2,262,688	1,851,000	1,901,582	1,639,342	2,242,417	2,387,729
Changes of Benefit Terms	(8,470,530)	(6,570,649)	768,347	13,051,615	(12,790,390)	(16,594,340)	128,335	5,426,693
Changes in Assumptions					(78,023)			
Differences between Expected and Actual Experience		(4,563,894)	(9,191,603)	14,993,806	72,320	1,997,481	(1,224,439)	503,956
Member Contributions	55,657	52,916	46,891	43,313	48,614	52,093	57,465	62,440
Gross Benefit Payments	(1,511,506)	(1,531,060)	(1,581,880)	(1,429,003)	(1,497,914)	(1,623,817)	(1,748,000)	(1,823,547)
Net Change in Total OPEB Liability	(5,185,496)	(7,999,595)	(5,726,011)	30,551,294	(8,779,378)	(11,444,557)	1,811,654	8,865,412
Total OPEB Liability - Beginning	70,443,148	65,257,652	57,258,057	51,532,046	82,083,340	73,303,962	61,859,405	63,671,059
Total OPEB Liability - Ending	<u>\$ 65,257,652</u>	<u>\$ 57,258,057</u>	<u>\$ 51,532,046</u>	<u>\$ 82,083,340</u>	<u>\$ 73,303,962</u>	<u>\$ 61,859,405</u>	<u>\$ 63,671,059</u>	<u>\$ 72,536,471</u>
District's Covered Employee Payroll*	\$ 6,900,935	\$ 15,015,404	\$ 15,709,695	\$ 15,709,695	\$ 15,652,889	\$ 15,646,869	\$ 15,917,483	\$ 16,435,648
Total OPEB Liability as a Percentage of Covered Employee Payroll	946%	381%	328%	523%	468%	395%	400%	441%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024 are based on the payroll on the June 30, 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 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 TOWNSHIP 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 TOWNSHIP 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	\$ 29,781,939		\$ 29,781,939	\$ 29,781,939	
Tuition From Individuals	60,000		60,000	39,600	\$ (20,400)
Tuition From Other LEAs Within the State				95,025	95,025
Rents and Royalties				43,360	43,360
Unrestricted Miscellaneous Revenues	100,000		100,000	184,321	84,321
Interest Earned on Capital Reserve Funds	210		210	77,413	77,203
Other Restricted Miscellaneous Revenues				29,215	29,215
Total Revenues from Local Sources	29,942,149		29,942,149	30,250,873	308,724
Revenues from State Sources:					
Categorical Transportation Aid	239,688		239,688	239,688	
Extraordinary Aid	400,000		400,000	280,357	(119,643)
Categorical Special Education Aid	1,439,444		1,439,444	1,439,444	
Categorical Security Aid	119,653		119,653	119,653	
Other State Aids - Nonpublic Transportation Aid				22,416	22,416
Other State Aids - Homeless Tuition Reimbursement				114,177	114,177
TPAF Post Retirement Contributions (Non-Budgeted)				1,307,794	1,307,794
TPAF Pension Contributions (Non-Budgeted)				4,420,906	4,420,906
TPAF Non-Contributory Insurance (Non-Budgeted)				54,763	54,763
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,738	1,738
Reimbursed TPAF Social Security Contributions				972,026	972,026
Total Revenues from State Sources	2,198,785		2,198,785	8,972,962	6,774,177
TOTAL REVENUE	32,140,934		32,140,934	39,223,835	7,082,901

HANOVER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 553,931	\$ 13,214	\$ 567,145	\$ 566,981	\$ 164
Grades 1-5 - Salaries of Teachers	4,603,187	(5,481)	4,597,706	4,596,872	834
Grades 6-8 - Salaries of Teachers	3,201,829	(57,156)	3,144,673	3,141,443	3,230
Regular Programs - Home Instruction:					
Salaries of Teachers	6,000	8,740	14,740	14,740	
Purchased Professional-Educational Services		8,480	8,480	8,480	
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	55,200	4,792	59,992	29,907	30,085
Other Purchased Services (400-500 series)	53,940	(900)	53,040	49,778	3,262
General Supplies	563,372	(79,756)	483,616	440,412	43,204
Textbooks	233,869	(5,550)	228,319	225,661	2,658
Other Objects	19,266	38.00	19,304	18,769	535
Total Regular Programs - Instruction	9,290,594	(113,579)	9,177,015	9,093,043	83,972
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	277,280	(34,305)	242,975	242,975	
Other Salaries for Instruction	205,273	41,043	246,316	246,224	92
General Supplies	8,864	(4,390)	4,474	4,266	208
Textbooks	500	(500)			
Other Objects	2,818	(940)	1,878	1,580	298
Total Multiple Disabilities	494,735	908	495,643	495,045	598

HANOVER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,508,741	\$ 36,150	\$ 1,544,891	\$ 1,544,024	\$ 867
General Supplies	7,470	(1,066)	6,404	5,612	792
Total Resource Room/Resource Center	1,516,211	35,084	1,551,295	1,549,636	1,659
Autism:					
Other Salaries for Instruction		14,924	14,924	14,264	660
Purchased Professional-Educational Services	404,585	(1,538)	403,047	403,046	1
Other Objects	1,000	(825)	175.00	175.00	
Total Autism	405,585	12,561	418,146	417,485	661
Preschool Disabilities - Part-Time:					
Salaries of Teachers	168,312	54,165	222,477	222,407	70
Other Salaries for Instruction	58,822	18,334	77,156	77,149	7
General Supplies	2,900	(801)	2,099	1,580	519
Other Objects	1,622		1,622.00		1,622
Total Preschool Disabilities - Part-Time	231,656	71,698	303,354	301,136	2,218
TOTAL SPECIAL EDUCATION - INSTRUCTION	2,648,187	120,251	2,768,438	2,763,302	5,136
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	482,657	3,152	485,809	485,314	495
General Supplies	6,525	(3,152)	3,373	3,349	24
Total Basic Skills/Remedial - Instruction	489,182		489,182	488,663	519

HANOVER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 171,103		\$ 171,103	\$ 170,603	\$ 500
Other Purchased Services (400-500 series)	485		485	195	290
General Supplies	4,600	\$ (2,511)	2,089	2,089	
Total Bilingual Education - Instruction	176,188	(2,511)	173,677	172,887	790
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	102,010	(7,430)	94,580	51,330	43,250
Supplies and Materials	6,300		6,300	5,523	777
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	108,310	(7,430)	100,880	56,853	44,027
School-Sponsored Athletics - Instruction:					
Salaries	50,400	7,230	57,630	57,630	
Purchased Services (300-500 series)	7,000	160	7,160	6,703	457
Supplies and Materials	9,000	503	9,503	9,503	
Other Objects	3,900	30	3,930	3,930	
Total School-Sponsored Athletics - Instruction	70,300	7,923	78,223	77,766	457
TOTAL INSTRUCTION	12,782,761	4,654	12,787,415	12,652,514	134,901
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular		6,700	6,700	6,327	373
Tuition to Other LEAs Within the State-Special	122,949	(122,949)			
Tuition to CSSD & Reg. Day Schools	124,403	(91,987)	32,416	32,416	
Tuition to Priv. Sch. for the Handicap. W/I State	546,776	327,310	874,086	842,485	31,601
Total Undistributed Expenditures - Instruction	794,128	119,074	913,202	881,228	31,974

HANOVER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expend. - Attend. & Social Work:					
Salaries	\$ 10,423		\$ 10,423	\$ 10,423	
Total Undist. Expend. - Attendance and Social Work	10,423		10,423	10,423	
Undistributed Expenditures - Health Services:					
Salaries	410,054	\$ 3,123	413,177	412,711	\$ 466
Purchased Professional and Technical Services	18,000	10,134	28,134	26,290	1,844
Other Purchased Services (400-500 series)	13,600	7,523	21,123	20,433	690
Supplies and Materials	24,900	(1,437)	23,463	23,091	372
Other Objects	1,350	(1,070)	280	280	
Total Undist. Expenditures - Health Services	467,904	18,273	486,177	482,805	3,372
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	348,090	3,591	351,681	350,484	1,197
Purchased Professional - Educational Services	545,456	(198,378)	347,078	330,740	16,338
Supplies and Materials	1,662		1,662	1,564	98
Total Undist. Expend. - Speech, OT, PT, Related Svcs	895,208	(194,787)	700,421	682,788	17,633
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Salaries	619,023	(42,793)	576,230	576,193	37
Purchased Professional - Educational Services	2,500	(2,065)	435	435	
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	621,523	(44,858)	576,665	576,628	37

HANOVER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	\$ 455,465	\$ 3,937	\$ 459,402	\$ 459,402	
Salaries of Secretarial and Clerical Assistants	63,985		63,985	63,485	\$ 500
Other Purchased Prof. and Tech. Services	53,740	(14,939)	38,801	38,761	40
Other Purchased Services (400-500 series)	700	(700)			
Supplies and Materials	3,712		3,712	2,213	1,499
Total Undist Expend. - Guidance	577,602	(11,702)	565,900	563,861	2,039
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	832,893	(2,915)	829,978	829,839	139
Salaries of Secretarial and Clerical Assistants	83,238	32	83,270	83,270	
Other Purchased Prof. and Tech. Services	25,049		25,049	24,982	67
Other Purchased Services (400-500 series)	8,930	(3,733)	5,197	4,738	459
Supplies and Materials	12,468	(1,463)	11,005	11,005	
Other Objects	1,840	(1,273)	567	567	
Total Undist Expend. - Child Study Team	964,418	(9,352)	955,066	954,401	665
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	161,579	(1,200)	160,379	159,993	386
Salaries of Other Professional Staff	17,000	1,000	18,000	12,495	5,505
Salaries of Secretarial and Clerical Assistants	49,812	799	50,611	50,610	1
Other Purchased Prof. and Tech. Services	37,500	14,965	52,465	48,564	3,901
Other Purchased Services (400-500 series)	1,000	200	1,200	1,165	35
Supplies and Materials		162	162	162	
Other Objects	3,000	(162)	2,838	2,399	439
Total Undist. Expend.-Improv. of Inst. Serv.	269,891	15,764	285,655	275,388	10,267

HANOVER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	\$ 281,504		\$ 281,504	\$ 281,504	
Salaries of Technology Coordinators	83,021	\$ 2,387	85,408	85,408	
Supplies and Materials	38,809	(2,157)	36,652	29,008	\$ 7,644
Other Objects	43,595	1,350	44,945	44,788	157
Total Undist Expend-Edu. Media Serv./Sch. Library	446,929	1,580	448,509	440,708	7,801
Undist.Expend.-Instructional Staff Training Services:					
Purchased Professional - Educational Service	8,000	5,050	13,050	13,032	18
Other Purchased Services (400-500 series)	21,000	(597)	20,403	20,195	208
Supplies and Materials	1,535		1,535	1,381	154
Total Undist.Expend.-Instructional Staff Training Services	30,535	4,453	34,988	34,608	380
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	270,089	2,937	273,026	273,026	
Legal Services	45,000	(9,200)	35,800	33,006	2,794
Audit Fees	44,000	(95)	43,905	43,905	
Other Purchased Professional Services	5,000		5,000	4,965	35
Communications / Telephone	91,000	(6,667)	84,333	78,501	5,832
BOE Other Purchased Services	5,000	4,900	9,900	9,823	77
Other Purch. Serv. (400-500 series other than 530 & 585)	112,200	14,307	126,507	125,011	1,496
General Supplies	1,500	321	1,821	1,673	148
BOE In-house training/ Meeting Supplies		149	149	149	
Miscellaneous Expenditures	5,000		5,000	4,821	179
BOE Membership Dues and Fees	14,000	1,000	15,000	14,998	2
Total Undist. Expend.-Support Serv.-Gen. Admin.	592,789	7,652	600,441	589,878	10,563

HANOVER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	\$ 733,693		\$ 733,693	\$ 733,693	
Salaries of Secretarial and Clerical Assistants	456,534	\$ 21,041	477,575	476,536	\$ 1,039
Other Purchased Services (400-500 series)	11,500	(7,666)	3,834	3,529	305
Supplies and Materials	3,900	(1,571)	2,329	1,427	902
Other Objects	1,900	8,118	10,018	8,627	1,391
Total Undist. Expend.-Support Serv.-School Adm.	1,207,527	19,922	1,227,449	1,223,812	3,637
Undist. Expend. - Central Services:					
Salaries	447,741	4,906	452,647	452,647	
Purchased Technical Services	43,000	468	43,468	43,468	
Miscellaneous Purchased Services	14,800	(1,180)	13,620	13,620	
Supplies and Materials	3,000	350	3,350	2,978	372
Other Objects	2,000	(1,011)	989	142	847
Total Undist. Expend. - Central Services	510,541	3,533	514,074	512,855	1,219
Undist. Expend. - Admin. Info. Technology:					
Salaries	138,564	638	139,202	139,202	
Total Undist. Expend. - Admin. Info. Technology	138,564	638	139,202	139,202	
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	310,678	24,454	335,132	335,132	
Cleaning, Repair, and Maintenance Services	289,953	(57,700)	232,253	210,825	21,428
General Supplies	40,000	(4,570)	35,430	27,209	8,221
Total Undist. Expend.- Required Maint. for School Facilities	640,631	(37,816)	602,815	573,166	29,649

HANOVER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries	\$ 1,028,773	\$ (54,817)	\$ 973,956	\$ 956,886	\$ 17,070
Salaries of Non-Instructional Aides	179,234	(30,288)	148,946	145,767	3,179
Cleaning, Repair, and Maintenance Services	49,223	(32,975)	16,248	14,407	1,841
Rental of Land & Bldg. Oth. than Lease Pur. Agrmt.	1,600	(30)	1,570	502	1,068
Other Purchased Property Services	37,000	4,000	41,000	40,843	157
Insurance	165,000	28,543	193,543	193,543	
Miscellaneous Purchased Services	2,100	974	3,074	2,983	91
General Supplies	187,716	(11,543)	176,173	175,352	821
Energy (Natural Gas)	175,000	11,000	186,000	140,358	45,642
Energy (Electricity)	260,000	37,500	297,500	289,857	7,643
Energy (Gasoline)	7,500		7,500	5,052	2,448
Other Objects	14,375	(299)	14,076	13,757	319
Interest - Energy Savings Impr Prog Bonds	13,527		13,527	13,527	
Principal - Energy Savings Impr Prog Bonds	225,591		225,591	225,591	
Total Undist. Expend.-Custodial Services	2,346,639	(47,935)	2,298,704	2,218,425	80,279
Care and Upkeep of Grounds:					
Salaries	103,993	(28,340)	75,653	74,357	1,296
Cleaning, Repair, and Maintenance Services	23,000	(9,554)	13,446	10,629	2,817
Total Care And Upkeep Of Grounds	126,993	(37,894)	89,099	84,986	4,113
Security:					
Purchased Professional and Technical Services	115,000		115,000	114,294	706
Total Security	115,000		115,000	114,294	706
Total Undist. Expend.-Oper. And Maint. Of Plant Serv.	3,229,263	(123,645)	3,105,618	2,990,871	114,747

HANOVER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Student Transportation Serv.:					
Salaries of Non-Instructional Aides	\$ 3,000	\$ 8,763	\$ 11,763	\$ 11,346	\$ 417
Sal. for Pupil Trans. (Bet. Home and Sch)-Reg.	502,589	50,691	553,280	551,182	2,098
Sal. for Pupil Trans. (Bet. Home and Sch)-Spl. Ed.	45,435	45,847	91,282	91,282	
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	80,000	34,164	114,164	106,703	7,461
Sal. For Pupil Trans. (Bet. Home & Sch) Non Public		20,293	20,293	20,269	24
Management Fee - ESC&CTSA Transportation Program		5,935	5,935	5,935	
Cleaning, Repair, and Maint. Services	15,000	(6,983)	8,017	8,017	
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studs	49,056	(6,056)	43,000	41,430	1,570
Contr. Serv. -Aid in Lieu of Payments-Charter Sch Stud.	10,220	(214)	10,006	7,651	2,355
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	700		700		700
Contract. Serv.(Reg. Students)-ESCs & CTSA	364,148	(364,148)			
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA	382,225	182,938	565,163	561,774	3,389
Misc. Purchased Serv. - Transportation	57,000	24,182	81,182	80,033	1,149
General Supplies	75,000	36,399	111,399	103,281	8,118
Total Undist. Expend.-Student Trans. Serv.	1,584,373	31,811	1,616,184	1,588,903	27,281
ALLOCATED BENEFITS					
Student Transportation Services:					
Social Security Contributions	40,000	23,838	63,838	63,054	784
Workers Compensation	34,000	8,914	42,914	42,323	591
Health Benefits	324,495	31,015	355,510	355,190	320
Total Student Transportation Services	398,495	63,767	462,262	460,567	1,695
TOTAL ALLOCATED BENEFITS	398,495	63,767	462,262	460,567	1,695

HANOVER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Social Security Contributions	\$ 360,000		\$ 360,000	\$ 356,628	\$ 3,372
Other Retirement Contributions - PERS	585,000	\$ (30,326)	554,674	554,674	
Other Retirement Contributions - Regular	35,000	6,000	41,000	40,598	402
Workers Compensation	140,000	13,263	153,263	153,263	
Health Benefits	5,912,190	55,105	5,967,295	5,965,782	1,513
Tuition Reimbursement	50,000		50,000	49,997	3
Other Employee Benefits	15,000	34,821.00	49,821	49,821	
TOTAL UNALLOCATED BENEFITS	7,097,190	78,863	7,176,053	7,170,763	5,290
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				1,307,794	(1,307,794)
TPAF Pension Contributions (Non-Budgeted)				4,420,906	(4,420,906)
TPAF Non-Contributory Insurance (Non-Budgeted)				54,763	(54,763)
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,738	(1,738)
Reimbursed TPAF Social Security Contributions				972,026	(972,026)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				6,757,227	(6,757,227)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	7,495,685	142,630	7,638,315	14,388,557	(6,750,242)
TOTAL UNDISTRIBUTED EXPENDITURES	19,837,303	(19,014)	19,818,289	26,336,916	(6,518,627)
TOTAL GENERAL CURRENT EXPENSE	32,620,064	(14,360)	32,605,704	38,989,430	(6,383,726)

HANOVER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Undistributed:					
Undist. Expend.-Student Trans.- Non-Inst. Equip.		\$ 5,512	\$ 5,512	\$ 5,512	
Total Equipment		5,512	5,512	5,512	
Facilities Acquisition and Construction Serv.:					
Assessment for Debt Service on SDA Funding	\$ 22,124		22,124	22,124	
Total Facilities Acquisition and Const. Serv.	22,124		22,124	22,124	
Assets Acquired Under Financed Purchases (Non-Budgeted):					
Regular Programs - Equipment				180,481	\$ (180,481)
Total Assets Acquired Under Financed Purchases (Non-Budgeted)				180,481	(180,481)
TOTAL CAPITAL OUTLAY	22,124	5,512	27,636	208,117	(180,481)
Transfer of Funds to Charter Schools	263,528		263,528	235,733	27,795
Total Transfer of Funds to Charter Schools	263,528		263,528	235,733	27,795
TOTAL EXPENDITURES	32,905,716	(8,848)	32,896,868	39,433,280	(6,536,412)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(764,782)	8,848	(755,934)	(209,445)	546,489
Other Financing Sources/(Uses):					
Financed Purchases (Non-budgeted)				180,481	180,481
Transfers to Cover Deficit (Enterprise Fund)	(80,000)	(8,848)	(88,848)	(88,848)	
Capital Reserve - Transfer to Capital Projects Fund	(210)		(210)		210
Total Other Financing Sources/(Uses)	(80,210)	(8,848)	(89,058)	91,633	180,691

HANOVER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficit) of Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing Uses	\$ (844,992)		\$ (844,992)	\$ (117,812)	\$ 727,180
Fund Balance, July 1	3,702,840		3,702,840	3,702,840	
Fund Balance, June 30	<u>\$ 2,857,848</u>	<u>\$ -0-</u>	<u>\$ 2,857,848</u>	<u>\$ 3,585,028</u>	<u>\$ 727,180</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus 2026-2027				\$ 248,951	
Capital Reserve				2,330,630	
Unemployment Compensation				279,511	
Assigned Fund Balance:					
Year End Encumbrances				53,609	
Unassigned Fund Balance				<u>672,327</u>	
				<u>\$ 3,585,028</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(177,841)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,407,187</u>	

HANOVER TOWNSHIP 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
REVENUES:					
State Sources	\$ 78,466	\$ 27,708	\$ 106,174	\$ 82,782	\$ (23,392)
Federal Sources	378,691	30,546	409,237	403,238	(5,999)
Local Sources	90,000	44,395	134,395	134,395	
Total Revenues	547,157	102,649	649,806	620,415	(29,391)
EXPENDITURES:					
Instruction					
Other Purchased Services	39,085	(7,698)	31,387	14,538	16,849
Tuition	322,087	10,543	332,630	330,170	2,460
General Supplies	102,469	(98,598)	3,871	3,852	19
Textbooks	5,272	(1,232)	4,040	4,038	2
Total Instruction	468,913	(96,985)	371,928	352,598	19,330
Support Services					
Purchased Professional - Educational Services	33,216	24,946	58,162	55,378	2,784
Purchased Professional - Technical Services	15,388	902	16,290	16,290	
Other Purchased Services	10,944	8,237	19,181	13,682	5,499
Other Objects		1,400	1,400	1,400	
Student Activities		135,596	135,596	135,596	
Scholarships Awarded		503	503	503	
Total Support Services	59,548	171,584	231,132	222,849	8,283
Facilities Acquisition and Construction Services:					
Non Instructional Equipment	18,696	28,050	46,746	46,672	74
Total Facilities Acquisition and Construction Services	18,696	28,050	46,746	46,672	74
Total Expenditures	547,157	102,649	649,806	622,119	27,687
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ (1,704)	\$ 1,704

HANOVER TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
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 Differences - Budget to GAAP:		\$ 39,223,835	\$ 620,415
Grant Accounting Budgetary Basis differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does			58,525
Prior year State Aid payments not recognized for budgetary purposes, recognized for GAAP Statements		162,211	
Current year State Aid payments recognized for Budgetary purposes, not recognized for GAAP Statements		(177,841)	
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.		<u>\$ 39,208,205</u>	<u>\$ 678,940</u>
Uses/Outflows of Resources:			
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule Differences - Budget to GAAP:		\$ 39,433,280	\$ 622,119
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			58,525
Total Expenditures as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds		<u>\$ 39,433,280</u>	<u>\$ 680,644</u>

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue 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)l. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary 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).

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 the 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 the GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

	SDA Emergent and Capital Maintenance Needs	Student Activities	IDEA Part B	
			Preschool	Basic
REVENUE:				
Local Sources		\$ 134,004		
State Sources	\$ 30,551		\$ 19,291	\$ 318,183
Federal Sources				
Total Revenue	\$ 30,551	134,004	\$ 19,291	\$ 318,183
EXPENDITURES:				
Instruction:				
Other Purchased Services				
Tuition			19,291	310,879
General Supplies				
Textbooks				
Total Instruction			19,291	310,879
Support Services:				
Purchased Professional - Educational Services				7,304
Purchased Professional/Technical Services				
Other Purchased Services				
Other Objects		135,596		
Student Activities				
Scholarships Awarded				
Total Support Services		135,596		7,304
Facilities Acquisition:				
Non-Instructional Equipment	30,551			
Total Facilities Acquisition	30,551			
Total Expenditures	\$ 30,551	\$ 135,596	\$ 19,291	\$ 318,183

HANOVER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	Elementary and Secondary Education Act			
	Title I	Title II A	Title III	Title IV
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 40,086	\$ 14,562	\$ 1,728	\$ 9,388
Total Revenue	<u>\$ 40,086</u>	<u>\$ 14,562</u>	<u>\$ 1,728</u>	<u>\$ 9,388</u>
EXPENDITURES:				
Instruction:				
Other Purchased Services				
Tuition				
General Supplies				
Textbooks				
Total Instruction				
Support Services:				
Purchased Professional/Educational Services	38,686	14,562	1,728	9,388
Purchased Professional/Technical Services				
Other Purchased Services				
Other Objects	1,400			
Student Activities				
Scholarships Awarded				
Total Support Services	<u>40,086</u>	<u>14,562</u>	<u>1,728</u>	<u>9,388</u>
Facilities Acquisition:				
Non-Instructional Equipment				
Total Facilities Acquisition				
Total Expenditures	<u>\$ 40,086</u>	<u>\$ 14,562</u>	<u>\$ 1,728</u>	<u>\$ 9,388</u>

HANOVER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	Nonpublic Handicapped Services			Nonpublic Auxiliary Services	
	Examination & Classification	Corrective Speech	Supplemental Instruction	Compensatory Education	Scholarship
REVENUE:					
Local Sources					
State Sources	\$ 3,412	\$ 4,464	\$ 1,404	\$ 8,670	\$ 391
Federal Sources					
Total Revenue	\$ 3,412	\$ 4,464	\$ 1,404	\$ 8,670	\$ 391
EXPENDITURES:					
Instruction:					
Other Purchased Services		4,464	1,404	8,670	
Tuition					
General Supplies					
Textbooks					
Total Instruction		4,464	1,404	8,670	
Support Services:					
Purchased Professional/Educational Services					
Purchased Professional/Technical Services					
Other Purchased Services	3,412				
Other Objects					
Student Activities					
Scholarships Awarded					503
Total Support Services	3,412				503
Facilities Acquisition:					
Non-Instructional Equipment					
Total Facilities Acquisition					
Total Expenditures	\$ 3,412	\$ 4,464	\$ 1,404	\$ 8,670	\$ 503

HANOVER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	Nonpublic Nursing	Nonpublic Technology	Nonpublic Security	Nonpublic Textbook	Total
REVENUE:					
Local Sources					\$ 134,395
State Sources	\$ 10,270	\$ 3,852	\$ 16,121	\$ 4,038	82,782
Federal Sources					403,238
Total Revenue	<u>10,270</u>	<u>\$ 3,852</u>	<u>\$ 16,121</u>	<u>\$ 4,038</u>	<u>620,415</u>
EXPENDITURES:					
Instruction:					
Other Purchased Services					14,538
Tuition					330,170
General Supplies		3,852			3,852
Textbooks				4,038	4,038
Total Instruction		<u>3,852</u>		<u>4,038</u>	<u>352,598</u>
Support Services:					
Purchased Professional/Educational Services					55,378
Purchased Professional/Technical Services					16,290
Other Purchased Services	10,270				13,682
Other Objects					1,400
Student Activities					135,596
Scholarships Awarded					503
Total Support Services	<u>10,270</u>				<u>222,849</u>
Facilities Acquisition:					
Non-Instructional Equipment			16,121		46,672
Total Facilities Acquisition			<u>16,121</u>		<u>46,672</u>
Total Expenditures	<u>\$ 10,270</u>	<u>\$ 3,852</u>	<u>\$ 16,121</u>	<u>\$ 4,038</u>	<u>\$ 622,119</u>

CAPITAL PROJECTS FUND
NOT APPLICABLE

PROPRIETARY FUNDS

HANOVER TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Non-Major Fund <u>Milk Service</u>	Major Fund <u>School Age Child Care</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 2,446	\$ 1,136,458	\$ 1,138,904
Accounts Receivable:			
Other		6,395	6,395
Total Current Assets	<u>2,446</u>	<u>1,142,853</u>	<u>1,145,299</u>
Total Assets	<u>2,446</u>	<u>1,142,853</u>	<u>1,145,299</u>
LIABILITIES:			
Current Liabilities:			
Unearned Revenue		462,764	462,764
Total Current Liabilities		<u>462,764</u>	<u>462,764</u>
NET POSITION:			
Unrestricted	<u>2,446</u>	<u>680,089</u>	<u>682,535</u>
Total Net Position	<u>\$ 2,446</u>	<u>\$ 680,089</u>	<u>\$ 682,535</u>

HANOVER TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Non-Major Fund	Major Fund	
	Milk Service	School Age Child Care	Total
Operating Revenue:			
Local Sources:			
Child Care Fees		\$ 1,027,111	\$ 1,027,111
Other	\$ 17,968		17,968
Total Operating Revenue	17,968	1,027,111	1,045,079
Operating Expenses:			
Cost of Sales - Non-Reimbursable Programs	107,441		107,441
Salaries		531,891	531,891
Benefits and Taxes		229,952	229,952
Purchased Services		76,599	76,599
Supplies/Field Trips/Travel		33,499	33,499
Memberships		103,847	103,847
Total Operating Expenses	107,441	975,788	1,083,229
Operating Income/(Loss)	(89,473)	51,323	(38,150)
Non-Operating Revenue:			
Local Sources:			
Interest Revenue		9,392	9,392
Total Non-Operating Revenue		9,392	9,392
Change in Net Position Before Transfers	(89,473)	60,715	(28,758)
Transfer in - General Fund	88,848		88,848
Change in Net Position	(625)	60,715	60,090
Net Position - Beginning of Year	3,071	619,374	622,445
Net Position - End of Year	\$ 2,446	\$ 680,089	\$ 682,535

HANOVER TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Non-Major Fund Milk Service	Major Fund School Age Child Care	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 17,968	\$ 1,082,281	\$ 1,100,249
Payments to Employees		(531,891)	(531,891)
Payments for Employee Benefits		(229,952)	(229,952)
Payments to Suppliers	(107,441)	(213,945)	(321,386)
Net Cash Provided by/(Used for) Operating Activities	(89,473)	106,493	17,020
Cash Flows from Noncapital Financing Activities:			
Cash Received from General Fund	88,848		88,848
Net Cash Provided by Noncapital Financing Activities	88,848		88,848
Cash Flows from Investing Activities:			
Interest on Investments		9,392	9,392
Net Cash Provided by Investing Activities		9,392	9,392
Net Increase/Decrease in Cash and Cash Equivalents	(625)	115,885	115,260
Cash and Cash Equivalents, July 1	3,071	1,020,573	1,023,644
Cash and Cash Equivalents, June 30	\$ 2,446	\$ 1,136,458	\$ 1,138,904
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (89,473)	\$ 51,323	\$ (38,150)
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:			
Changes in Assets and Liabilities:			
(Increase) in Accounts Receivable		(309)	(309)
Increase in Unearned Revenue		55,479	55,479
Net Cash Provided by/(Used for) Operating Activities	\$ (89,473)	\$ 106,493	\$ 17,020

FIDUCIARY ACTIVITIES
NOT APPLICABLE

LONG-TERM LIABILITIES

HANOVER TOWNSHIP SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2024</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2025</u>
Various Copiers	5.90%	\$ 180,481		\$ 180,481	\$ 5,189	\$ 175,292
Energy Savings	2.12%	2,865,552	<u>\$ 691,362</u>	<u></u>	<u>225,591</u>	<u>465,771</u>
			<u>\$ 691,362</u>	<u>\$ 180,481</u>	<u>\$ 230,780</u>	<u>\$ 641,063</u>

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

Exhibit

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 TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
 LAST TEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Net Investment in Capital Assets	\$ 14,012,558	\$ 14,096,888	\$ 13,888,447	\$ 13,724,882	\$ 13,649,885	\$ 13,484,834	\$ 13,477,126	\$ 13,497,009	\$ 13,000,446	\$ 12,284,971
Restricted	448,975	401,835	682,945	787,552	1,853,165	2,467,250	2,586,664	2,994,656	2,778,865	2,968,022
Unrestricted/(Deficit)	(10,060,799)	(11,090,460)	(11,449,388)	(11,228,619)	(11,299,550)	(10,402,742)	(8,540,221)	(7,971,421)	(7,433,470)	(7,073,624)
Total Governmental Activities Net Position	\$ 4,400,734	\$ 3,408,263	\$ 3,122,004	\$ 3,283,815	\$ 4,203,500	\$ 5,549,342	\$ 7,523,569	\$ 8,520,244	\$ 8,345,841	\$ 8,179,369
Business-Type Activities:										
Unrestricted	\$ 596,447	\$ 661,507	\$ 765,172	\$ 840,430	\$ 588,240	\$ 324,157	\$ 361,945	\$ 531,345	\$ 622,445	\$ 682,535
Total Business-Type Activities Net Position	\$ 596,447	\$ 661,507	\$ 765,172	\$ 840,430	\$ 588,240	\$ 324,157	\$ 361,945	\$ 531,345	\$ 622,445	\$ 682,535
District-Wide:										
Net Investment in Capital Assets	\$ 14,012,558	\$ 14,096,888	\$ 13,888,447	\$ 13,724,882	\$ 13,649,885	\$ 13,484,834	\$ 13,477,126	\$ 13,497,009	\$ 13,000,446	\$ 12,284,971
Restricted	448,975	401,835	682,945	787,552	1,853,165	2,467,250	2,586,664	2,994,656	2,778,865	2,968,022
Unrestricted/(Deficit)	(9,464,352)	(10,428,953)	(10,684,216)	(10,388,189)	(10,711,310)	(10,078,585)	(8,178,276)	(7,440,076)	(6,811,025)	(6,391,089)
Total District Net Position	\$ 4,997,181	\$ 4,069,770	\$ 3,887,176	\$ 4,124,245	\$ 4,791,740	\$ 5,873,499	\$ 7,885,514	\$ 9,051,589	\$ 8,968,286	\$ 8,861,904

HANOVER TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 14,777,730	\$ 16,387,022	\$ 17,960,884	\$ 16,605,303	\$ 15,421,283	\$ 16,648,716	\$ 16,904,090	\$ 14,915,738	\$ 14,937,900	\$ 14,650,750
Special Education	4,143,667	4,520,561	4,685,420	4,551,559	4,463,397	4,634,928	4,879,358	4,194,584	4,415,277	4,481,953
Other Special Instruction	725,467	849,600	974,242	897,287	929,988	406,057	1,186,889	1,060,442	1,068,609	1,045,229
Other Instruction	230,730	268,722	297,403	270,432	267,921	109,573	187,596	187,124	179,739	224,538
Support Services:										
Tuition	624,151	729,894	754,586	722,231	744,134	645,895	651,445	784,792	836,404	881,228
Student and Instruction Related Services	4,211,188	4,784,042	4,617,913	4,739,950	4,884,271	4,483,931	4,314,967	4,554,255	5,180,114	5,306,152
School Administrative Services	1,699,971	641,632	1,094,246	635,617	677,838	634,678	598,589	740,957	728,340	689,203
General Administrative Services	556,855	1,750,859	1,943,898	2,046,175	1,912,340	2,041,786	2,221,044	1,890,084	1,937,412	1,954,664
Plant Operations and Maintenance	2,833,742	3,099,103	2,827,410	3,003,094	2,903,290	3,054,207	2,935,974	3,183,430	3,123,543	3,308,809
Pupil Transportation	1,383,555	1,792,139	1,393,017	1,493,196	1,457,769	1,524,275	1,691,779	1,812,988	2,279,836	2,407,861
Central Services and Admin Info Tech	795,474	869,827	322,467	751,442	763,882	748,260	664,862	729,564	803,086	834,416
Charter Schools	142,452	97,287	63,299	94,593	52,746	83,618	164,374	215,123	251,164	235,733
Capital Outlay	25,892	22,124	22,124	39,621	28,618	12,507	143,174	268,100	51,774	132,833
Interest on Long-Term Debt	77,676	67,208	55,008	42,809	30,608	18,500	6,500			
Unallocated Benefits		389,657								
Total Governmental Activities Expenses	32,228,550	35,880,020	37,401,574	35,893,309	34,538,085	35,046,931	36,550,641	34,537,181	35,793,198	36,153,369
Business-Type Activities:										
Enterprise Funds	948,571	1,092,843	999,798	998,414	1,029,405	518,627	648,925	829,395	995,693	1,083,229
Total Business-Type Activities Expense	948,571	1,092,843	999,798	998,414	1,029,405	518,627	648,925	829,395	995,693	1,083,229
Total District Expenses	33,177,121	36,972,863	38,401,372	36,891,723	35,567,490	35,565,558	37,199,566	35,366,576	36,788,891	37,236,598
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (tuition)				\$ 32,900	\$ 23,300	\$ 18,600	\$ 116,791	\$ 162,294	\$ 166,672	\$ 269,020
Operating Grants and Contributions	\$ 7,109,627	\$ 9,379,277	\$ 10,971,490	8,858,968	7,614,121	8,209,893	9,872,969	6,578,692	5,976,899	5,268,647
Total Governmental Activities Program Revenues	7,109,627	9,379,277	10,971,490	8,891,868	7,637,421	8,228,493	9,989,760	6,740,986	6,143,571	5,537,667
Business-Type Activities:										
Charges for Services:										
Enterprise Funds	1,055,402	1,146,457	1,091,374	1,062,151	754,770	223,330	610,429	902,371	972,079	1,027,111
Operating Grants and Contributions	12,102	11,366	11,668	8,871	5,547					
Total Business Type Activities Program Revenues	1,067,504	1,157,823	1,103,042	1,071,022	760,317	223,330	610,429	902,371	972,079	1,027,111
Total District Program Revenues	8,177,131	10,537,100	12,074,532	9,962,890	8,397,738	8,451,823	10,600,189	7,643,357	7,115,650	6,564,778

HANOVER TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED
(Continued)

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net (Expense)/Revenue:										
Governmental Activities	\$ (25,118,923)	\$ (26,500,743)	\$ (26,430,084)	\$ (27,001,441)	\$ (26,900,664)	\$ (26,818,438)	\$ (26,560,881)	\$ (27,796,195)	\$ (29,649,627)	\$ (30,615,702)
Business-Type Activities	118,933	64,980	103,244	72,608	(269,088)	(295,297)	(38,496)	72,976	(23,614)	(56,118)
Total District-Wide Net Expense	\$ (24,999,990)	\$ (26,435,763)	\$ (26,326,840)	\$ (26,928,833)	\$ (27,169,752)	\$ (27,113,735)	\$ (26,599,377)	\$ (27,723,219)	\$ (29,673,241)	\$ (30,671,820)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 23,973,068	\$ 24,452,429	\$ 25,189,021	\$ 26,161,164	\$ 26,684,387	\$ 27,218,075	\$ 27,762,437	\$ 28,317,686	\$ 28,884,040	\$ 29,781,939
Taxes Levied for Debt Service	381,701	377,792	365,600	353,400	341,200	324,000	312,000	406,408	372,255	421,830
Federal and State Aid Not Restricted	480,397	362,255	364,902	404,763	339,882	550,012	442,065	137	10,087	77,413
Investment Earnings	2,821	20	636	35,104	30,975	1,422	145	145,806	300,944	256,896
Miscellaneous Income	444,818	315,676	223,666	208,821	156,962	101,939	79,331	(77,167)	(92,102)	(88,848)
Transfers					(13,382)	(31,168)	(60,870)			
Total Governmental Activities	25,282,805	25,508,172	26,143,825	27,163,252	27,540,024	28,164,280	28,535,108	28,792,870	29,475,224	30,449,230
Business-Type Activities:										
Investment Earnings	72	80	421	2,650	3,516	46	50	61	1,889	9,392
Miscellaneous							15,364	19,196	20,723	17,968
Transfers					13,382	31,168	60,870	77,167	92,102	88,848
Total Business-Type Activities	72	80	421	2,650	16,898	31,214	76,284	96,424	114,714	116,208
Total District-Wide	\$ 25,282,877	\$ 25,508,252	\$ 26,144,246	\$ 27,165,902	\$ 27,556,922	\$ 28,195,494	\$ 28,611,392	\$ 28,889,294	\$ 29,589,938	\$ 30,565,438
Change in Net Position:										
Governmental Activities	\$ 163,882	\$ (992,571)	\$ (286,259)	\$ 161,811	\$ 639,360	\$ 1,345,842	\$ 1,974,227	\$ 996,675	\$ (174,403)	\$ (166,472)
Business-Type Activities	119,005	65,060	103,665	75,258	(252,190)	(264,083)	37,788	169,400	91,100	60,090
Total District	\$ 282,887	\$ (927,511)	\$ (182,594)	\$ 237,069	\$ 387,170	\$ 1,081,759	\$ 2,012,015	\$ 1,166,075	\$ (83,303)	\$ (106,382)

Source: School District Financial Reports

HANOVER TOWNSHIP SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Restricted	\$ 441,050	\$ 401,835	\$ 682,945	\$ 787,552	\$ 1,758,698	\$ 2,378,457	\$ 2,484,341	\$ 2,890,011	\$ 2,668,231	\$ 2,859,092
Assigned	576,774	569,697	567,869	683,060	514,748	294,185	630,367	586,265	571,661	53,609
Unassigned	430,612	440,929	481,938	587,365	511,548	1,143,659	1,148,411	474,476	300,737	494,486
Total General Fund	<u>\$ 1,448,436</u>	<u>\$ 1,412,461</u>	<u>\$ 1,732,752</u>	<u>\$ 2,057,977</u>	<u>\$ 2,784,994</u>	<u>\$ 3,816,301</u>	<u>\$ 4,263,119</u>	<u>\$ 3,950,752</u>	<u>\$ 3,540,629</u>	<u>\$ 3,407,187</u>
All Other Governmental Funds:										
Restricted:										
Debt Service Fund	\$ 8									
Special Revenue Fund					\$ 94,467	\$ 88,793	\$ 102,323	\$ 104,645	\$ 110,634	\$ 108,930
Unassigned:										
Capital Projects Fund	7,917									
Total All Other Governmental Funds	<u>\$ 7,925</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 94,467</u>	<u>\$ 88,793</u>	<u>\$ 102,323</u>	<u>\$ 104,645</u>	<u>\$ 110,634</u>	<u>\$ 108,930</u>

Source: School District Financial Reports

HANOVER TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Tax Levy	\$ 24,354,769	\$ 24,830,321	\$ 25,554,621	\$ 26,514,564	\$ 27,025,587	\$ 27,542,075	\$ 28,074,437	\$ 28,317,686	\$ 28,884,040	\$ 29,781,939
Tuition Charges				32,900	23,300	18,600	25,900	37,040	43,960	134,625
Rents and Royalties	2,805				29,959	1,422			56,419	43,360
Interest Earned on Investments	16	20	636	5,444	5,016	155	145	137	10,087	77,413
Miscellaneous	444,818	315,676	223,666	238,481	152,962	153,134	170,222	271,010	367,237	347,931
State Sources	4,032,232	4,306,060	4,794,370	5,520,336	5,655,901	6,910,738	8,317,804	8,572,887	8,724,170	9,098,639
Federal Sources	352,837	359,861	353,832	312,175	412,680	388,705	588,118	849,895	532,456	403,238
Total Revenue	29,187,477	29,811,938	30,927,125	32,623,900	33,305,405	35,014,829	37,176,626	38,048,655	38,618,369	39,887,145
Expenditures:										
Instruction:										
Regular Instruction	7,966,561	7,870,668	8,451,877	8,551,246	8,349,270	8,944,590	8,645,904	9,062,898	9,083,345	9,194,917
Special Education Instruction	2,660,979	2,695,772	2,297,164	2,670,948	2,793,250	2,846,681	2,899,951	2,786,572	2,989,787	3,100,776
Other Special Instruction	390,087	406,425	433,129	456,644	508,311	216,664	579,789	643,715	655,102	661,550
Other Instruction	121,112	126,226	130,149	135,749	141,372	50,312	113,623	106,514	103,679	134,619
Support Services:										
Tuition	624,151	3,351,768	714,898	722,231	744,134	645,895	651,445	784,792	836,404	881,228
Student and Instruction Related Services	3,175,946	497,920	3,441,030	3,580,429	3,762,877	3,564,571	3,872,687	3,902,292	4,159,353	4,157,709
General Administrative Services	501,060	967,669	530,061	533,914	585,451	547,652	560,171	683,150	632,124	589,878
School Administrative Services	1,019,700	427,289	1,008,933	1,037,248	1,042,251	1,089,626	1,115,732	1,140,222	1,176,143	1,223,812
Central Services	434,803	167,525	445,724	437,151	456,973	464,013	483,229	485,909	488,742	512,855
Administrative Information Technology Services	161,860	2,620,524	111,614	114,683	118,123	121,667	125,317	129,202	134,202	139,202
Plant Operations and Maintenance	2,447,138	1,001,170	2,507,557	2,670,425	2,628,072	2,775,584	2,896,966	3,097,226	2,877,489	2,990,871
Pupil Transportation	1,277,644	8,035,817	1,009,986	1,014,839	972,066	1,002,814	1,596,702	1,615,088	2,023,709	2,049,470
Unallocated Benefits	7,138,111	97,287	8,871,362	9,619,380	9,812,323	10,941,367	12,006,146	12,542,510	13,185,427	13,927,990
Charter Schools	142,452	142,452	63,299	94,593	52,746	83,618	164,374	215,123	251,164	235,733
Debt Service:										
Principal	300,000	305,000	305,000	305,000	305,000	300,000	300,000			
Interest and Other Charges	81,800	72,800	60,600	48,400	36,200	24,000	12,000			
Capital Outlay	581,099	713,575	224,451	305,795	442,445	338,974	631,372	1,086,370	333,731	313,314
Total Expenditures	29,024,503	29,499,887	30,606,834	32,298,675	32,750,864	33,958,028	36,655,408	38,281,583	38,930,401	40,113,924

HANOVER TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED
(Continued)

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 162,974	\$ 312,051	\$ 320,291	\$ 325,225	\$ 554,541	\$ 1,056,801	\$ 521,218	\$ (232,928)	\$ (312,032)	\$ (226,779)
Other Financing Sources (Uses)										
Financed Purchases	203,256	231,491								180,481
Transfers In		7,917								
Transfers Out		(7,917)			(13,382)	(31,168)	(60,870)	(77,167)	(92,102)	(88,848)
Total Other Financing Sources (Uses)	203,256	231,491			(13,382)	(31,168)	(60,870)	(77,167)	(92,102)	91,633
Net Change in Fund Balances	\$ 366,230	\$ 543,542	\$ 320,291	\$ 325,225	\$ 541,159	\$ 1,025,633	\$ 460,348	\$ (310,095)	\$ (404,134)	\$ (135,146)
Debt Service as a Percentage of Noncapital Expenditures	1.34%	1.31%	1.20%	1.10%	1.06%	0.96%	0.87%	0.00%	0.00%	0.00%

Source: School District Financial Reports

HANOVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

<u>Fiscal Year Ending</u> <u>June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Miscellaneous</u>	<u>Total</u>
2016	\$ 2,821		\$ 155,279	\$ 286,718	\$ 444,818
2017	2,496		14,407	298,793	315,696
2018	6,940		80,529	(82,025)	5,444
2019	35,104	\$ 18,600	100,025	(134,984)	18,745
2020	30,975	23,300	86,489	70,473	211,237
2021	1,422	18,600	98,562	3,377	121,961
2022	145	25,900	78,932	399	105,376
2023	137	37,040	133,712	12,094	182,983
2024	10,087	43,960	123,864	177,080	354,991
2025	173,119	134,625	6,671	154,519	468,934

Source: School District Records

HANOVER TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Net Valuation Taxable	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	\$ 375,229,600	\$ 3,697,363,000	\$ 0.66	\$ 3,891,141,865
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	372,465,700	3,675,170,600	0.68	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	372,788,000	3,740,587,300	0.68	4,226,174,783
2018	58,906,700	2,121,024,700	441,800	5,900	1,081,238,100	410,507,800	91,543,400	3,763,668,400	373,380,000	3,773,668,400	0.69	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	374,390,800	3,771,013,800	0.71	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	374,996,700	3,868,099,700	0.70	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	373,708,100	3,878,199,900	0.73	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	373,204,300	3,845,632,800	0.74	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	371,493,300	3,859,971,500	0.74	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	397,065,300	3,897,397,292	0.75	5,279,726,727

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies^b Tax rates are per \$100 of Assessed Valuation

HANOVER TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(RATE PER \$100 OF ASSESSED VALUE)
UNAUDITED

Year Ended December 31,	Hanover Township School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Hanover Township	Hanover Park Regional High School	Morris County	
2015	\$ 0.65	\$ 0.01	\$ 0.66	\$ 0.44	\$ 0.32	\$ 0.26	\$ 1.68
2016	0.67	0.01	0.68	0.43	0.33	0.44	1.88
2017	0.67	0.01	0.68	0.44	0.36	0.28	1.77
2018	0.68	0.01	0.69	0.45	0.36	0.29	1.80
2019	0.70	0.01	0.71	0.46	0.36	0.29	1.82
2020	0.69	0.01	0.70	0.47	0.36	0.28	1.81
2021	0.72	0.01	0.73	0.47	0.37	0.29	1.85
2022	0.74		0.74	0.49	0.40	0.31	1.93
2023	0.74		0.74	0.50	0.43	0.34	2.01
2024	0.75		0.75	0.52	0.43	0.33	2.03

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 Collector and School Business Administrator

HANOVER TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Taxpayer	2025	
	Taxable Assessed Value	% of Total District Net Assessed Value
Bayer Healthcare LLC	\$ 110,000,000	2.85%
US Real Estate Holdings	102,459,700	2.66%
TR Sterling Hanover LLC	57,264,100	1.49%
SFP ML I LLC (Metlife)	54,465,900	1.41%
26 Parisippany Road LLC	37,303,300	0.97%
AVR Hanover Hotel LLC	37,260,100	0.97%
Interstate Realty Company	35,000,000	0.91%
Novartis Pharmaceuticals Corp	30,000,000	0.78%
Agree Eastern LLC	29,433,400	0.76%
4 Apollo Drive LLC	28,000,000	0.73%
Total	<u>\$ 521,186,500</u>	<u>13.53%</u>

Taxpayer	2016	
	Taxable Assessed Value	% of Total District Net Assessed Value
Bayer Healthcare LLC	\$ 155,670,300	4.21%
115 SJ Investors	56,000,000	1.51%
Sterling Apartments LLC	55,101,100	1.49%
Interstate Realty Company LLC	50,290,300	1.36%
Kraft Foods Global Inc	43,400,000	1.17%
LSAC Morris County LP	42,954,600	1.16%
DCT IND Realty Inc	39,194,500	1.06%
Ravine Development Company LLC	38,945,800	1.05%
LSREF Three / AH Chicago LLC	37,635,000	1.02%
ISBI Hanover Hotel LLC	35,950,500	0.97%
Total	<u>\$ 555,142,100</u>	<u>15.00%</u>

Source: Municipal Tax Assessor

HANOVER TOWNSHIP 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	\$ 24,354,769	\$ 24,354,769	100.00%	-0-
2017	24,830,321	24,830,321	100.00%	-0-
2018	25,554,621	25,554,621	100.00%	-0-
2019	26,514,564	26,514,564	100.00%	-0-
2020	27,025,587	27,025,587	100.00%	-0-
2021	27,542,075	27,542,075	100.00%	-0-
2022	28,074,437	28,074,437	100.00%	-0-
2023	28,317,686	28,317,686	100.00%	-0-
2024	28,884,040	28,884,040	100.00%	-0-
2025	29,781,939	29,781,939	100.00%	-0-

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

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

HANOVER TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Financed Purchases			
2016	\$ 1,820,000	\$ 2,487,553	\$ 4,307,553	0.32%	\$ 296
2017	1,515,000	2,404,546	3,919,546	0.29%	271
2018	1,210,000	2,047,032	3,257,032	0.23%	226
2019	905,000	1,770,132	2,675,132	0.19%	188
2020	600,000	1,547,426	2,147,426	0.15%	152
2021	300,000	1,340,161	1,640,161	0.10%	112
2022	-0-	1,128,459	1,128,459	0.07%	77
2023	-0-	912,225	912,225	0.05%	62
2024	-0-	691,362	691,362	0.04%	46
2025	-0-	641,063	641,063	0.04%	42

Note: Details regarding the district's outstanding debt can be found in the notes to the 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: School District Financial Reports

HANOVER TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value ^a of Property</u>	<u>Per Capita ^b</u>
2016	\$ 1,820,000	\$ -0-	\$ 1,820,000	0.05%	\$ 128
2017	1,515,000	-0-	1,515,000	0.04%	105
2018	1,210,000	-0-	1,210,000	0.03%	84
2019	905,000	-0-	905,000	0.02%	64
2020	600,000	-0-	600,000	0.02%	42
2021	300,000	-0-	300,000	0.01%	20
2022	-0-	-0-	-0-	0.00%	
2023	-0-	-0-	-0-	0.00%	
2024	-0-	-0-	-0-	0.00%	
2025	-0-	-0-	-0-	0.00%	

Source: School District Financial Reports

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 See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

HANOVER TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2024
UNAUDITED

<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			
Hanover Township	\$ 1,500,000	100.00%	\$ 1,500,000
County of Morris General Obligation Debt	324,225,727	4.51%	<u>14,624,835</u>
Subtotal, Overlapping Debt			16,124,835
Hanover Township School District Direct Debt			<u>-0-</u>
Total Direct and Overlapping Debt			<u><u>\$ 16,124,835</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 governments that is borne by the residents and businesses of Hanover Township. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 County of Morris Board of Taxation; debt outstanding data provided by each governmental unit.

Legal Debt Margin Calculation for Fiscal Year 2025	Equalized Valuation Basis
2024	\$ 5,126,130,859
2023	5,170,066,301
2022	5,061,375,099
	<u>\$ 15,357,572,259</u>
Average Equalized Valuation of Taxable Property	5,119,190,753
Debt Limit (3% of Average Equalization Value) ^a	153,575,723
Net Bonded School Debt as of June 30, 2025	-0-
Legal Debt Margin	<u>\$ 153,575,723</u>

	Fiscal Year,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Limit	\$ 112,127,474	\$ 120,536,373	\$ 123,643,240	\$ 125,659,197	\$ 124,126,079	\$ 123,582,043	\$ 128,332,424	\$ 138,956,633	\$ 148,776,615	\$ 153,575,723
Total Net Debt Applicable to Limit	1,820,000	1,515,000	1,210,000	905,000	600,000	300,000	-0-	-0-	-0-	-0-
Legal Debt Margin	\$ 110,307,474	\$ 119,021,373	\$ 122,433,240	\$ 124,754,197	\$ 123,526,079	\$ 123,282,043	\$ 128,332,424	\$ 138,956,633	\$ 148,776,615	\$ 153,575,723
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.62%	1.26%	0.98%	0.72%	0.48%	0.24%	0.00%	0.00%	0.00%	0.00%

^a Limit set by NJSA 18A:24-19 for a K through 8 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 TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Morris County Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2016	14,547	\$ 1,325,929,956	\$ 91,148	3.50%
2017	14,489	1,356,648,537	93,633	3.40%
2018	14,396	1,408,202,324	97,819	3.00%
2019	14,244	1,412,150,160	99,140	2.80%
2020	14,173	1,448,863,271	102,227	7.70%
2021	14,640	1,577,708,880	107,767	4.90%
2022	14,646	1,634,449,662	111,597	3.00%
2023	14,648	1,696,970,800	115,850	3.40%
2024	15,093	1,748,524,050 ***	115,850 *	3.70%
2025	15,093 **	1,748,524,050 ***	115,850 *	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 available population data (2024) and latest available Morris County per capita personal income (2023) was used for calculation purposes.

N/A - Information Unavailable

Sources:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

HANOVER TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - MORRIS COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2025		2016			
	Employer	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment	
Atlantic Health System		10,581	3.94%	U.S Army Armament R&D	5,841	N/A
U.S. Army Armament R&D		6,200	2.31%	Novartis Corporation	5,035	N/A
Novartis		6,178	2.30%	Atalantic Health System	4,463	N/A
Barclays		4,320	1.61%	ADP	2,060	N/A
ADP		2,600	0.97%	Bayer Healthcare, LLC	1,900	N/A
Accenture		2,134	0.80%	County of Morris	1,674	N/A
PricewaterhouseCoopers		1,911	0.71%	Wyndham Worldwide Coporation	1,653	N/A
Bayer Healthcare LLC		1,730	0.64%	St Clare's	1,642	N/A
Cigna		1,629	0.61%	BASF Corporation	1,500	N/A
Deloitte & Touche		1,627	0.61%	Accenture	1,480	N/A
Total		38,910	14.51%	Total	27,248	N/A
Total Employment *		268,226		Total Employment *	N/A	

* Employment data provided by NJ Dept of Labor and Workforce Development

Note - Information is for Morris County

N/A - Not Available

Source: Morris County Economic Development Corporation

HANOVER TOWNSHIP 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	102.28	102.24	102.64	102.64	102.07	107.07	99.87	98.20	97.56	97.64
Special education	34.85	36.22	35.22	35.56	35.40	31.40	37.85	36.36	38.02	39.83
Support Services:										
Student & instruction related services	45.14	47.19	50.29	50.98	51.82	46.06	50.93	51.51	51.87	50.75
School administrative services	12.23	12.23	11.78	12.34	12.34	12.34	12.34	12.34	12.34	12.34
General and business administrative services	8.85	8.85	7.85	7.85	7.85	7.85	7.85	7.85	7.85	7.85
Plant operations and maintenance	31.92	32.53	33.83	31.59	32.29	29.91	29.91	29.24	29.16	28.73
Pupil transportation	17.27	16.67	16.87	15.67	15.67	15.67	15.67	14.67	11.67	14.60
Total	<u>252.54</u>	<u>255.93</u>	<u>258.48</u>	<u>256.63</u>	<u>257.44</u>	<u>250.30</u>	<u>254.42</u>	<u>250.17</u>	<u>248.47</u>	<u>251.74</u>

Source: District Personnel Records

HANOVER TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2016	1,464	\$ 27,096,431	\$ 18,508	6.18%	152	1:18	1:19	1,464	1,411	2.03%	96.38%
2017	1,458	28,995,954	19,887	7.45%	152	1:18	1:19	1,458	1,451	2.83%	99.52%
2018	1,447	30,216,783	20,882	5.00%	152	1:18	1:19	1,450	1,391	-4.14%	95.93%
2019	1,390	31,639,880	22,763	9.00%	152	1:18	1:19	1,377	1,320	-5.10%	95.86%
2020	1,368	31,967,219	23,368	2.66%	152	1:18	1:19	1,357	1,321	0.08%	97.34%
2021	1,300	33,295,054	25,612	9.60%	152	1:18	1:19	1,295	1,269	-3.96%	97.95%
2022	1,262	35,712,036	28,298	10.49%	152	1:18	1:19	1,266	1,207	-4.86%	95.32%
2023	1,251	37,195,213	29,732	5.07%	152	1:18	1:19	1,237	1,171	-3.01%	94.64%
2024	1,229	38,596,670	31,405	5.63%	147	1:18	1:19	1,227	1,166	-0.40%	95.03%
2025	1,233	39,800,610	32,279	2.78%	145	1:18	1:19	1,234	1,168	0.17%	94.71%

Source: Hanover Township School District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This Cost Per Pupil may be different from other Cost Per Pupil calculations.

HANOVER TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Buildings</u>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Bee Meadow School										
Square Feet	65,467	65,467	65,467	65,467	65,467	65,467	65,467	65,467	65,467	65,467
Capacity (students)	603	603	603	603	603	603	603	603	603	603
Enrollment	333	328	327	326	320	295	289	292	302	293
Salem Drive School										
Square Feet	45,707	45,707	45,707	45,707	45,707	45,707	45,707	45,707	45,707	45,707
Capacity (students)	499	499	499	499	499	499	499	499	499	499
Enrollment	277	344	257	248	244	249	256	232	237	276
Mountview Road School										
Square Feet	46,679	46,679	46,679	46,679	46,679	46,679	46,679	46,679	46,679	46,679
Capacity (students)	439	439	439	439	439	439	439	439	439	439
Enrollment	333	269	335	324	326	284	237	250	265	245
Memorial Junior School										
Square Feet	113,950	113,950	113,950	113,950	113,950	113,950	113,950	113,950	113,950	113,950
Capacity (students)	617	617	617	617	617	617	617	617	617	617
Enrollment	540	503	515	478	478	466	471	465	425	419

Number of Schools at June 30, 2025

 Elementary = 3

 Middle School = 1

Source: Hanover Township School District Facilities Office

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

HANOVER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance for School Facilities
Account # 11-000-261-xxx

School Facilities	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Bee Meadow School	\$ 113,802	\$ 134,656	\$ 98,851	\$ 152,418	\$ 119,944	\$ 132,059	\$ 189,289	\$ 191,716	\$ 146,390	\$ 144,076
Salem Drive School	68,820	94,013	75,877	99,550	85,866	120,315	123,036	161,543	100,067	92,122
Mountview School	85,869	96,012	81,384	101,897	100,557	104,256	128,678	137,255	131,817	117,644
Memorial Junior School	179,906	234,378	189,452	220,969	210,215	217,261	241,191	251,994	227,017	219,324
	<u>\$ 448,397</u>	<u>\$ 559,059</u>	<u>\$ 445,565</u>	<u>\$ 574,834</u>	<u>\$ 516,582</u>	<u>\$ 573,891</u>	<u>\$ 682,194</u>	<u>\$ 742,509</u>	<u>\$ 605,291</u>	<u>\$ 573,166</u>

Source: Hanover Township School District records.

HANOVER TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2025
UNAUDITED

<u>Type of Policy</u>	<u>Insurance Company</u>	<u>Policy Limits</u>	<u>Deductible</u>
PROPERTY:	National Union Ins Co		
Property - Blanket and Contents			
School Limit Per Statement of Values		\$ 91,481,921	\$ 5,000
Flood:			
Zones C and Unshaded X		10,000,000	50,000
Zones C and Unshaded X - Aggregate		50,000,000	
Earthquake		5,000,000	100,000
BOILER & MACHINERY:	National Union Ins Co	150,000,000	5,000
GENERAL LIABILITY:	National Union Ins Co		
General Aggregate		1,000,000	
Each Occurrence		1,000,000	
BUSINESS AUTO	National Union Ins Co		
Combined Single Limit for			
Bodily Injury & Property Damage		1,000,000	
COMMERCIAL UMBRELLA	National Union Ins Co	10,000,000	
EXCESS COMMERCIAL UMBRELLA			
(Note: Shared Limits)	Upland Speciality		
Per Occurrence	Evanston	15,000,000	
Aggregate			
EXCESS LIABILITY UNSHARED	Hudson Allied Great American	40,000,000	

HANOVER TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2025
UNAUDITED
(Continued)

Type of Policy	Insurance Company	Policy Limits	Deductible
CYBER & TECHNOLOGY LIABILITY			
1st Party Coverage	Cowbell	\$ 1,000,000	\$ 25,000
	Great American	5,000,000	25,000
WORKERS' COMPENSATION:	MEIG		
Limit of Indemnity Per Occurrence:			
(1) Part-One Workers' Compensation			500,000
(2) Part-Two - Employer's Liability		5,000,000	500,000
CRIME:	National Union		
Employee Theft		500,000	5,000
EDUCATORS' LEGAL LIABILITY	XL Catlin	1,000,000	10,000
EMPLOYMENT PRACTICES LIABILITY	XL Catlin	1,000,000	15,000
ENVIRONMENTAL	Evanston	1,000,000	25,000
INDIVIDUAL SURETY BONDS:			
Business Administrator/Board Secretary	Selective Insurance Company	225,000	
VOLUNTEER WORKER'S ACCIDENT	Chubb	100,000	

Source: School District records.

SINGLE AUDIT SECTION



Mount Arlington, NJ
 Newton, NJ
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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 Township 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 "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hanover Township 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 October 1, 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.

Report on Compliance and Other Matters

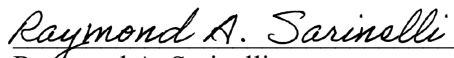
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 result 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.

October 1, 2025
Mount Arlington, New Jersey

NISIVOCIA LLP



Raymond A. Sarinelli
Licensed Public School Accountant #2549
Certified Public Accountant



Mount Arlington, NJ
Newton, NJ
Bridgewater, NJ

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Independent Member
BKR International

Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance Required by NJOMB15-08

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Hanover Township 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 Board of Education of the Hanover Township's (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 the District's major state program for the fiscal year ended June 30, 2025. The District's major state program is identified in the summary of auditors' results section of the accompanying schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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.

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 opinion on compliance for the major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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 the 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.

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.

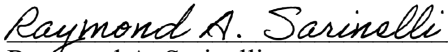
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

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

October 1, 2025
Mount Arlington, New Jersey

NISIVOCIA LLP


Raymond A. Sarinelli
Licensed Public School Accountant #2549
Certified Public Accountant

Schedule A
K-3

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

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance Unearned Revenue/ (Accounts Receivable) June 30, 2024	Cash Received	Budgetary Expenditures	Adjustments	Unearned Revenue/ (Accounts Receivable) June 30, 2025	Amount Provided to Subrecipients
U.S. Department of Education Passed-through State Department of Education:										
Special Revenue Fund:										
Elementary and Secondary Education Grant:										
Title I	84.010	ESEA-2000-25	7/1/24-9/30/25	\$40,086		\$ 40,086	\$ (40,086)			
Title II	84.367A	ESEA-2000-25	7/1/24-9/30/25	15,511		14,562	(14,562)			
Title III	84.365	ESEA-2000-25	7/1/24-9/30/25	1,728		1,728	(1,728)			
Title IV	84.424	ESEA-2000-25	7/1/24-9/30/25	10,000		9,388	(9,388)			
						65,764	(65,764)			
Special Education Cluster:										
IDEA, Part B, Basic	84.027	IDEA-2000-25	7/1/24-9/30/25	322,815		317,831	(318,183)	\$ 1	\$ (352)	
IDEA, Part B, Basic	84.027	IDEA-2000-24	7/1/23-9/30/24	329,706	\$ (2,802)	2,801				
IDEA, Part B, Preschool	84.173	IDEA-2000-25	7/1/24-9/30/25	19,291		19,291	(19,291)			
Total Special Education Cluster:					(2,802)	339,923	(337,474)	1	(352)	
Education Stabilization Aid										
COVID-19 ARP ESSER - Summer	84.425U	S425U210027	3/13/20-9/30/24	40,000	(4,309)	4,309				
Total Education Stabilization Aid					(4,309)	4,309				
Total U.S. Department of Education Total Special Revenue Fund					(7,111)	409,996	(403,238)	1	(352)	
					(7,111)	409,996	(403,238)	1	(352)	
Total Federal Awards					\$ (7,111)	\$ 409,996	\$ (403,238)	\$ 1	\$ (352)	\$ -0-

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

HANOVER TOWNSHIP 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 Due to Grantor/ (Accounts Receivable) June 30, 2024	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2025		MEMO	
								GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Account Receivable)	Cumulative Total Expenditures
State Department of Education:											
Transportation Aid	24-495-034-5120-014	7/1/23-6/30/24	\$ 239,688	\$ (22,615)	\$ 22,615	\$ (239,688)				\$ (23,697)	\$ 239,688
Transportation Aid	25-495-034-5120-014	7/1/24-6/30/25	239,688		215,991						239,688
Special Education Aid	24-495-034-5120-089	7/1/23-6/30/24	1,360,455	(128,362)	128,362	(1,439,444)				(142,314)	1,360,455
Special Education Aid	25-495-034-5120-089	7/1/24-6/30/25	1,439,444		1,297,130						1,439,444
Security Aid	24-495-034-5120-084	7/1/23-6/30/24	119,067	(11,234)	11,234	(119,653)				(11,830)	119,067
Security Aid	25-495-034-5120-084	7/1/24-6/30/25	119,653		107,823						119,653
District Reimbursement for Extraordinary Costs	24-495-034-5120-044	7/1/23-6/30/24	246,877	(246,877)	246,877	(280,357)		\$ (280,357)		(280,357)	246,877
District Reimbursement for Extraordinary Costs	25-495-034-5120-044	7/1/24-6/30/25	280,357		15,015						280,357
Nonpublic School Transportation Costs	24-495-034-5120-014	7/1/23-6/30/24	15,015	(15,015)		(22,416)		(22,416)		(22,416)	15,015
Nonpublic School Transportation Costs	25-495-034-5120-014	7/1/24-6/30/25	22,416			(114,177)		(114,177)		(114,177)	22,416
Homeless Tuition Reimbursement	24-495-034-5120-044	7/1/23-6/30/24	952,050	(47,238)	47,238	(972,026)				(48,222)	952,050
Reimbursed TPAF Social Security Contributions	25-495-034-5094-003	7/1/24-6/30/25	972,026		923,804						972,026
Reimbursed TPAF Social Security Contributions	25-495-034-5094-003	7/1/24-6/30/25	1,307,794		1,307,794	(1,307,794)					1,307,794
On-Behalf TPAF Post Retirement Contribution	25-495-034-5094-001	7/1/24-6/30/25	4,420,906		4,420,906	(4,420,906)					4,420,906
On-Behalf TPAF Pension Contribution	25-495-034-5094-002	7/1/24-6/30/25	54,763		54,763	(54,763)					54,763
On-Behalf TPAF Non-Contributory Insurance	25-495-034-5094-004	7/1/24-6/30/25	1,738		1,738	(1,738)					1,738
On-Behalf TPAF Long-Term Disability Insurance	25-495-034-5094-004	7/1/24-6/30/25	1,738	(471,341)	8,801,290	(8,972,962)		(465,172)		(643,013)	11,906,114
Total General Fund State Aid											
N.J. Nonpublic Aid:											
Textbook Aid	24-100-034-5120-064	9/1/23 - 6/30/24	6,590	1,037		(4,038)	\$ (1,037)		\$ 2		5,553
Textbook Aid	25-100-034-5120-064	9/1/24 - 6/30/25	4,040		4,040						4,038
Security Aid	24-100-034-5120-509	9/1/23 - 6/30/24	23,370	5,930		(16,121)	(5,930)				17,440
Security Aid	25-100-034-5120-509	9/1/24 - 6/30/25	16,195		16,195	(16,121)			74		16,121
Nursing Aid	24-100-034-5120-070	9/1/24 - 6/30/25	10,270		10,270	(10,270)					10,270
Technology Initiative Aid	24-100-034-5120-373	9/1/23 - 6/30/24	5,586	2		(3,852)	(2)				5,584
Technology Initiative Aid	25-100-034-5120-373	9/1/24 - 6/30/25	3,871		3,871				19		3,852
Auxiliary Services:											
English as a Second Language	24-100-034-5120-067	9/1/23 - 6/30/24	458	92			(92)				366
Compensatory Education	24-100-034-5120-067	9/1/23 - 6/30/24	22,477	5,034			(5,034)				17,443
Compensatory Education	25-100-034-5120-067	9/1/24 - 6/30/25	17,339		17,339	(8,670)			8,669		8,670
Handicapped Services:											
Supplemental Instruction	24-100-034-5120-066	9/1/23 - 6/30/24	8,260	5,286			(5,286)				2,974
Supplemental Instruction	25-100-034-5120-066	9/1/24 - 6/30/25	6,608		6,608	(1,404)			5,204		1,404
Examination and Classification	24-100-034-5120-066	9/1/23 - 6/30/24	9,291	3,606			(3,606)				5,685
Examination and Classification	25-100-034-5120-066	9/1/24 - 6/30/25	8,911		8,911	(3,412)			5,499		3,412
Corrective Speech	24-100-034-5120-066	9/1/23 - 6/30/24	8,370	2,511			(2,511)				5,859
Corrective Speech	25-100-034-5120-066	9/1/24 - 6/30/25	7,440		7,440	(4,464)			2,976		4,464
School Development Authority:											
Emergent and Capital Maintenance Needs	N/A	7/1/23-6/30/25	89,076	30,551		(30,551)					89,076
Total Special Revenue Fund				54,049	74,674	(82,782)	(23,498)		22,443		202,211
Total State Awards Subject to Single Audit Determination				\$ (417,292)	\$ 8,875,964	\$ (9,055,744)	\$ (23,498)	\$ (465,172)	\$ 22,443	\$ (643,013)	\$ 12,108,325
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Post Retirement Contribution	25-495-034-5094-001	7/1/24-6/30/25	1,307,794			\$ 1,307,794					
On-Behalf TPAF Pension Contribution	25-495-034-5094-002	7/1/24-6/30/25	4,420,906			4,420,906					
On-Behalf TPAF Non-Contributory Insurance	25-495-034-5094-004	7/1/24-6/30/25	54,763			54,763					
On-Behalf TPAF Long-Term Disability Insurance	25-495-034-5094-004	7/1/24-6/30/25	1,738			1,738					
Subtotal - On-Behalf TPAF Contributions						5,785,201					
Total State Awards Subject to Single Audit Major Program Determination						\$ (3,270,543)					

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

HANOVER TOWNSHIP 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 (the “Schedules”) include the federal and state grant activity of the Hanover Township 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 the 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 THE BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when 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 two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these 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.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$15,630) for the general fund and \$58,525 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 TOWNSHIP 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)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 8,957,332	\$ 8,957,332
Special Revenue Fund	\$ 403,238	141,307	544,545
Total Awards	<u>\$ 403,238</u>	<u>\$ 9,098,639</u>	<u>\$ 9,501,877</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 TOWNSHIP 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	_____	X	No
2.) Significant deficiencies identified?	_____	Yes	_____	X	None reported
Noncompliance material to basic financial statements noted?	_____	Yes	_____	X	No

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:

Unmodified

Internal control over major programs:

1.) Material weakness identified?	_____	Yes	_____	X	No
2.) Significant deficiencies identified?	_____	Yes	_____	X	None reported
Noncompliance material to basic financial statements noted?	_____	Yes	_____	X	No
Any audit findings disclosed that are required to be reported in accordance with New Jersey's OMB Circular 15-08?					
	_____	Yes	_____	X	No

Identification of major programs:

Program Name	State Grant No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
Reimbursed TPAF Social Security Contributions	25-495-034-5094-003	7/1/24	6/30/25	\$ 972,026	\$ 972,026
Dollar threshold used to distinguish between Type A and B programs				\$ 750,000	
Auditee qualified as low-risk auditee?		X	Yes		No

Section II - Financial Statement Findings - N/A

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

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

Status of Prior Year Findings:

The District had no prior year audit findings.