

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

East Hanover Township, New Jersey

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

of the

East Hanover Township Board of Education

East Hanover Township, New Jersey

For The Fiscal Year Ended June 30, 2024

Prepared by

Business Office

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INTRODUCTORY SECTION

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

20 School Avenue
East Hanover, New Jersey 07936
(973)-887-2112
(973)887-2773 FAX

Carol Delsandro
Business Administrator/Board Secretary

Natalee Bartlett
Superintendent of Schools

November 4, 2024

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

Dear President Sullivan and Board of Education Members:

The annual comprehensive financial report of the East Hanover Township School District for the fiscal year ended June 30, 2024, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the East Hanover Township Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, as amended, Uniform Guidance and the New Jersey Circular 15-08-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

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

1. REPORTING ENTITY AND ITS SERVICES (continued):

The District provides a full range of educational services appropriate to grade Kindergarten through eighth grade for the students residing in East Hanover Township. These include regular as well as special services for children with special needs. The District's average enrollment for the 2023-2024 fiscal year was 998 students, which is an increase of 15 students from the previous year's average enrollment.

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

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	
	<u>Student Enrollment</u>	<u>Percent Change</u>
2023-24	998	1.53%
2022-23	983	5.36%
2021-22	933	4.25%
2020-21	895	-4.18%
2019-20	934	3.66%
2018-19	901	-3.22%
2017-18	931	-4.32%
2016-17	973	0.41%
2015-16	969	-2.81%
2014-15	997	-2.35%

2. ECONOMIC CONDITION AND OUTLOOK:

There has been an increase in the student population, which will continue due to two new real estate projects. The 80-acre Mondalez site is under construction with a plan of building approximately 600-mixed rate units for sale and rent. The second real estate project is on Eagle Rock Avenue with a plan to build 300 apartments.

3. MAJOR INTIATIVES:

The East Hanover Township School District (EHTSD) continues to systematically review and update curricula and resources. Mathematics instruction will be further supported in the 2023-2024 school year with the support of a math coach and job-embedded professional development. All schools require increased classroom libraries supplies. Classroom libraries will provide up-to-date materials for students' independent reading and book club groups.

3. MAJOR INITIATIVES (continued):

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

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

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is ensuring compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-

appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance at June 30, 2024.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. DEBT ADMINISTRATION:

As of June 30, 2024, the District's outstanding bonded debt totals \$11,610,000.

8. CASH MANAGEMENT:

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

9. RISK MANAGEMENT:

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

10. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Bliss, LLP was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act, Uniform Guidance and New Jersey Circular Letter 15-08-OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGEMENTS:

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

Respectfully submitted



Carol Delsandro

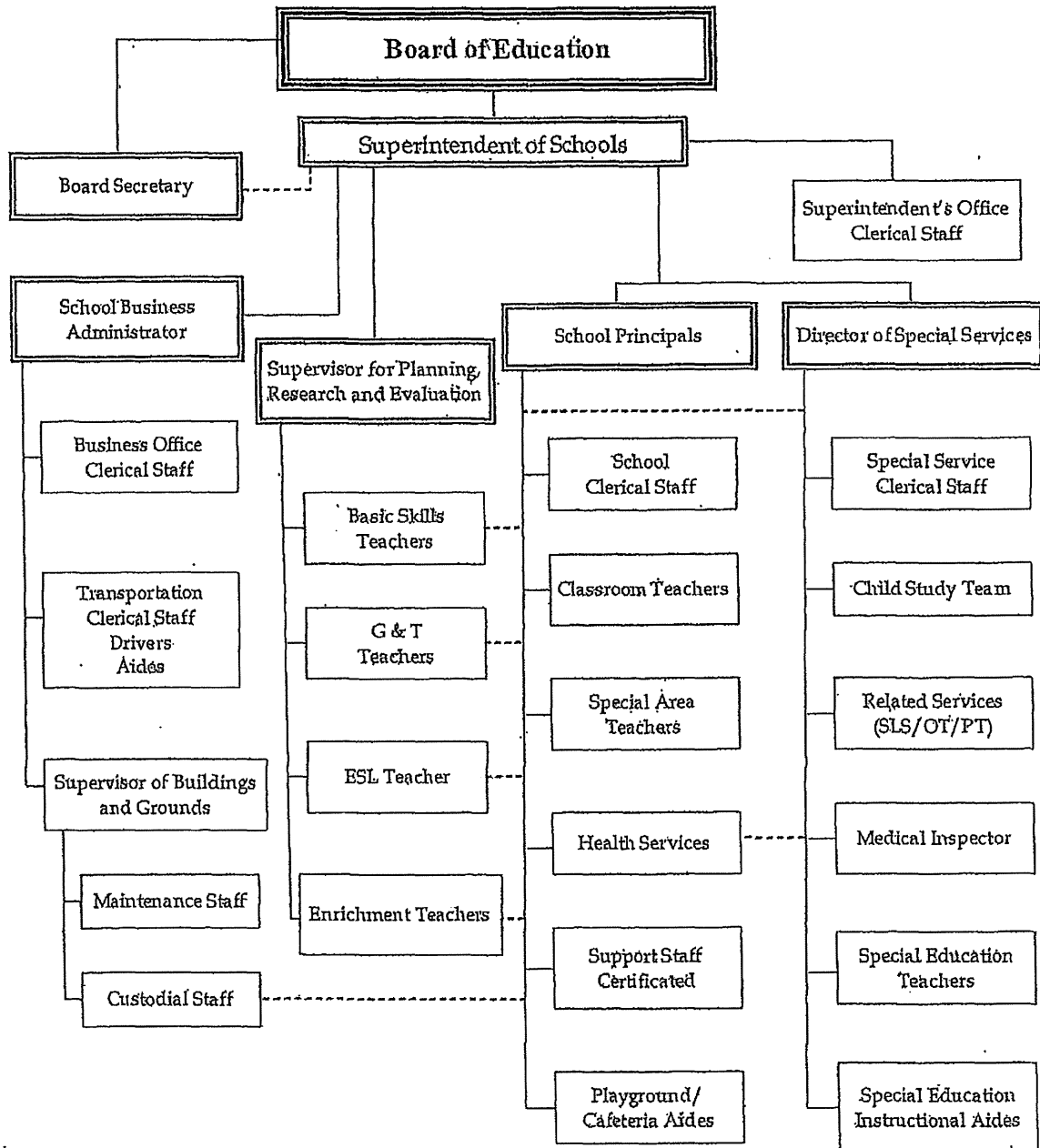
School Business Administrator/Board Secretary

POLICY

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Administration
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ORGANIZATIONAL CHART

1110 ORGANIZATIONAL CHART



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

ROSTER OF OFFICIALS

JUNE 30, 2024

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

Other Officials

Natalee Bartlett, Superintendent

Carol Delsandro, Business Administrator/ Board Secretary

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Architect

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

Attorneys

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

Audit Firm

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

Bond Counsel

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

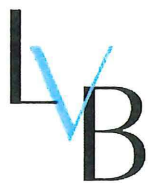
Financial Advisor

Phoenix Advisors, LLC
625 Farnsworth Avenue
Bordentown, NJ 08505

Official Depository

TD Bank
50 River Road
East Hanover, New Jersey 07936

FINANCIAL SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Hanover Township Board of Education, as of and for the fiscal year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

In our opinion, the 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 East Hanover Township Board of Education as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits information be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Hanover Township Board of Education's basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the East Hanover Township Board of Education. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

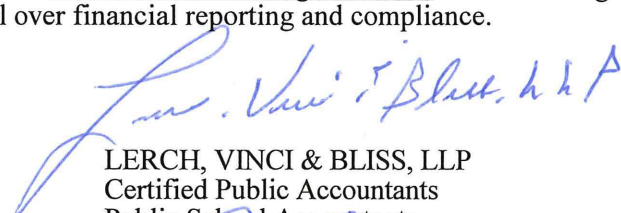
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 4, 2024 on our consideration of the East Hanover Township Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the East Hanover Township Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the East Hanover Township Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 4, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Management's Discussion and Analysis

This section of East Hanover Township Board of Education's annual comprehensive financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. The intent of this section is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement. Certain comparative information between the current year (2023-2024) and the prior year (2022-2023) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2023-2024 fiscal year include the following:

- The assets and deferred outflows of resources of the East Hanover Township Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$17,516,299 (net position).
- Overall District revenues were \$29,777,623. General revenues accounted for \$24,245,518 or 81% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,532,105 or 19% of total revenues.
- The School District had \$27,268,097 in expenses for governmental activities; only \$4,941,227 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and unrestricted State aid) of \$24,245,518 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$14,714,311 a decrease of \$4,813,100 when compared to the ending fund balance at June 30, 2023 of \$19,527,411.
- The General Fund unassigned fund balance at June 30, 2024 was in a surplus position of \$351,301, a decrease of \$1,214 when compared with the ending fund balance of \$352,515 at June 30, 2023.
- The General Fund unassigned budgetary fund balance at June 30, 2024 was \$868,316 which represents an increase of \$99,307 when compared to the ending unassigned fund balance at June 30, 2023 of \$769,009.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

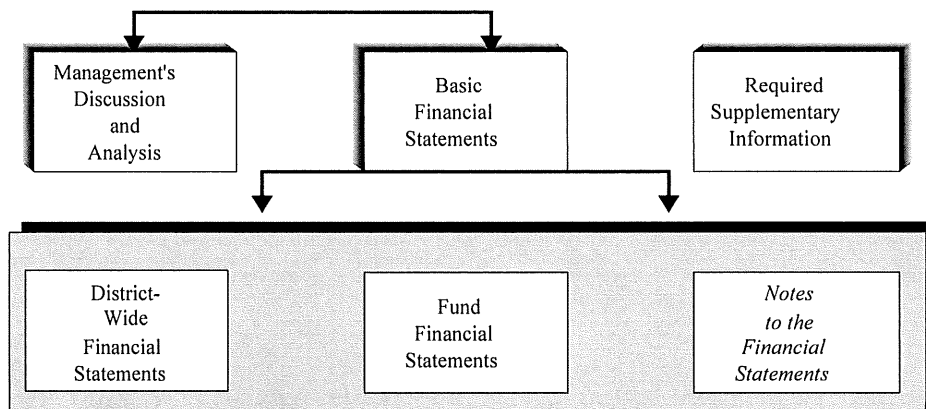
Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are district wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The Governmental Funds statements tell how basic services were financed in the short term as well as what remains for future spending.
 - Proprietary Funds statements offer short-term and long-term financial information about the activities the district operated like businesses.

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



EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain are summarized below. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

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

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Management's Discussion and Analysis

District-Wide Financial Statements

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

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

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

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

- *Governmental Activities* – Most of the District's basic services are included here, such as regular instruction and special education, transportation, administration, and plant operation and maintenance. State and Federal Aids and tuition charged to other school districts finance most of these activities.
- *Business Type Activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund and After School Child Care Program Fund 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 bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Management's Discussion and Analysis

Fund Financial Statements (Continued)

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's Enterprise Fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found following the fund financial statements.

Other Information

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

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

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

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Management's Discussion and Analysis

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$17,516,299 and \$15,589,723 as of June 30, 2024 and 2023, respectively, as shown below.

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

Net Position as of June 30, 2024 and 2023						
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and Other Assets	\$ 15,098,055	\$ 19,640,002	\$ 588,145	\$ 567,471	\$ 15,686,200	\$ 20,207,473
Capital Assets	<u>18,820,287</u>	<u>13,005,884</u>	<u>2,184</u>	<u>2,668</u>	<u>18,822,471</u>	<u>13,008,552</u>
Total Assets	<u>33,918,342</u>	<u>32,645,886</u>	<u>590,329</u>	<u>570,139</u>	<u>34,508,671</u>	<u>33,216,025</u>
Deferred Outflows of Resources						
Deferred Amounts on Net Pension Liability	<u>84,183</u>	<u>226,414</u>	<u>-</u>	<u>-</u>	<u>84,183</u>	<u>226,414</u>
Total Assets and Deferred Outflows	<u>34,002,525</u>	<u>32,872,300</u>	<u>590,329</u>	<u>570,139</u>	<u>34,592,854</u>	<u>33,442,439</u>
Liabilities						
Long-Term Liabilities	15,883,722	16,671,438			15,883,722	16,671,438
Other Liabilities	<u>517,179</u>	<u>267,183</u>	<u>267,058</u>	<u>269,796</u>	<u>784,237</u>	<u>536,979</u>
Total Liabilities	<u>16,400,901</u>	<u>16,938,621</u>	<u>267,058</u>	<u>269,796</u>	<u>16,667,959</u>	<u>17,208,417</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	<u>408,596</u>	<u>644,299</u>	<u>-</u>	<u>-</u>	<u>408,596</u>	<u>644,299</u>
Total Liabilities and Deferred Inflows	<u>16,809,497</u>	<u>17,582,920</u>	<u>267,058</u>	<u>269,796</u>	<u>17,076,555</u>	<u>17,852,716</u>
Net Position						
Net Investment in Capital Assets	10,625,356	10,894,751	2,184	2,668	10,627,540	10,897,419
Restricted	5,737,979	5,270,489			5,737,979	5,270,489
Unrestricted	<u>829,693</u>	<u>(875,860)</u>	<u>321,087</u>	<u>297,675</u>	<u>1,150,780</u>	<u>(578,185)</u>
Total Net Position	<u>\$ 17,193,028</u>	<u>\$ 15,289,380</u>	<u>\$ 323,271</u>	<u>\$ 300,343</u>	<u>\$ 17,516,299</u>	<u>\$ 15,589,723</u>

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Management's Discussion and Analysis

The changes in net position for fiscal years ended 2024 and 2023 are as follows:

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues						
Program Revenues						
Charges for Services	\$ 174,182	\$ 63,750	\$ 590,878	\$ 584,915	\$ 765,060	\$ 648,665
Operating Grants and Contributions	4,707,921	4,628,883	-	-	4,707,921	4,628,883
Capital Grants and Contributions	59,124	733,743			59,124	733,743
General Revenues						
Property Taxes	23,577,059	22,174,920			23,577,059	22,174,920
State Aid for Debt Service Principal	39,081	-			39,081	-
Miscellaneous	629,378	275,687	-	-	629,378	275,687
Total Revenues	<u>29,186,745</u>	<u>27,876,983</u>	<u>590,878</u>	<u>584,915</u>	<u>29,777,623</u>	<u>28,461,898</u>
Expenses						
Instruction						
Regular	9,973,914	9,300,146			9,973,914	9,300,146
Special Education	4,467,660	4,041,199			4,467,660	4,041,199
Other Instruction	1,002,063	869,511			1,002,063	869,511
School Sponsored Activities and Athletics	425,547	383,433			425,547	383,433
Support Services	-	-			-	-
Student and Instruction Related Services	4,333,591	4,129,988			4,333,591	4,129,988
General Administration Services	655,196	670,411			655,196	670,411
School Administration Services	1,338,119	1,290,452			1,338,119	1,290,452
Business Services	613,597	625,217			613,597	625,217
Plant Operation and Maintenance	2,376,416	2,382,956			2,376,416	2,382,956
Pupil Transportation	1,568,913	1,414,492			1,568,913	1,414,492
Interest and Other Chgs on Long-Term Debt	513,081	229,094			513,081	229,094
Food Service	-	-	11,891	8,528	11,891	8,528
After School Child Care	-	-	571,059	527,499	571,059	527,499
Total Expenses	<u>27,268,097</u>	<u>25,336,899</u>	<u>582,950</u>	<u>536,027</u>	<u>27,851,047</u>	<u>25,872,926</u>
Change in Net Position Before Transfers	1,918,648	2,540,084	7,928	48,888	1,926,576	2,588,972
Transfers	(15,000)	(5,000)	15,000	5,000	-	-
Change in Net Position	<u>1,903,648</u>	<u>2,535,084</u>	<u>22,928</u>	<u>53,888</u>	<u>1,926,576</u>	<u>2,588,972</u>
Net Position, Beginning of Year	<u>15,289,380</u>	<u>12,754,296</u>	<u>300,343</u>	<u>246,455</u>	<u>15,589,723</u>	<u>13,000,751</u>
Net Position, End of Year	<u>\$ 17,193,028</u>	<u>\$ 15,289,380</u>	<u>\$ 323,271</u>	<u>\$ 300,343</u>	<u>\$ 17,516,299</u>	<u>\$ 15,589,723</u>

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Management's Discussion and Analysis

Governmental Activities

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

Total and Net Cost of Governmental Activities. The following schedule presents the District's total costs of services provided by major activity. After applying program revenues, derived from charges for services, operating grants and contributions and capital grants and contributions, the net cost of these services is presented. The following is a comparative analysis of the total and the net cost of governmental activities for the fiscal years ended June 30, 2024 and 2023.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Instruction				
Regular	\$ 9,973,914	\$ 9,300,146	\$ 8,531,010	\$ 7,207,643
Special Education	4,467,660	4,041,199	2,362,716	2,080,458
Other Instruction	1,002,063	869,511	836,025	677,369
School Sponsored Activities and Athletics	425,547	383,433	287,333	251,622
Support Services	-			
Student and Instruction Related Services	4,333,591	4,129,988	3,752,919	3,545,151
General Administration	655,196	670,411	604,693	607,550
School Administration Services	1,338,119	1,290,452	1,178,074	1,099,557
Central Services	613,597	625,217	613,597	626,813
Plant Operation and Maintenance	2,376,416	2,382,956	2,320,665	2,364,078
Pupil Transportation	1,568,913	1,414,492	1,360,619	1,221,188
Interest and Other Charges on Long-Term Debt	<u>513,081</u>	<u>229,094</u>	<u>479,219</u>	<u>229,094</u>
Total	<u>\$ 27,268,097</u>	<u>\$ 25,336,899</u>	<u>\$ 22,326,870</u>	<u>\$ 19,910,523</u>

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$14,714,311 a decrease of \$4,813,100 from last year's fund balance of \$19,527,411.

Revenues for the District's governmental funds were \$32,067,601; total expenditures were \$36,865,701.

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

Revenues of the General Fund were \$30,424,101 for the fiscal year ended June 30, 2024. State sources amounts to \$6,937,464 or 23%.

Expenditures of the General Fund were \$28,631,457. Instructional expenditures were \$16,974,333 for support services were \$11,283,954, capital expenditures totaled \$190,991 and debt service totaled \$182,179 for the fiscal year ended June 30, 2024.

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

Revenues of the Special Revenue Fund were \$775,382 for the fiscal year ended June 30, 2024.

Expenditures of the Special Revenue Fund were \$766,269. Instructional expenditures were \$546,072, for support services were \$161,073 and capital expenditures totaled \$59,124 for the fiscal year ended June 30, 2024.

Capital Projects - The capital projects expenditures exceeded revenues by \$6,599,857 decreasing the fund balance from \$11,065,264 at June 30, 2023 to \$4,465,407 at June 30, 2024.

Proprietary Funds

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

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

- Business-type activities revenues exceeded expenses and transfers by \$22,928.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Management's Discussion and Analysis

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reappropriation of June 30, 2023 encumbrances.
- Appropriation of Capital Reserve and Maintenance Reserve

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2024 and 2023 amounts to \$18,822,471 and \$13,008,552 (net of accumulated depreciation), respectively. The capital assets consist of land, site improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for the fiscal year 2023-2024 amounted to \$1,035,569 for governmental activities and \$484 for the Business-Type activities.

The following is a comparative analysis of capital assets at June 30, 2024 and 2023.

	<u>Governmental</u> <u>Activities</u>		<u>Business- Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 139,675	\$ 139,675			\$ 139,675	\$ 139,675
Construction in Progress	7,551,593	951,736			7,551,593	951,736
Land Improvements	594,482	643,581			594,482	643,581
Buildings & Building Improvements	9,999,956	10,875,780			9,999,956	10,875,780
Machinery and Equipment	534,581	395,112	\$ 2,184	\$ 2,668	536,765	397,780
Total	<u>\$ 18,820,287</u>	<u>\$ 13,005,884</u>	<u>\$ 2,184</u>	<u>\$ 2,668</u>	<u>\$ 18,822,471</u>	<u>\$ 13,008,552</u>

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

EAST HANOVER TOWNSHIP BOARD OF EDUCATION

Management's Discussion and Analysis

LONG TERM LIABILITIES

At June 30, 2024, the District's long-term liabilities consisted of compensated absences payable of \$405,301, serial bonds of \$11,610,000, capital financing agreements of \$1,050,338 and net pension liability of \$2,818,083 totaling \$15,883,722. This is in comparison to long-term liabilities at June 30, 2023 of \$16,671,438 or a decrease of \$787,716.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2024-2025 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing labor and related employee benefit costs. Other budgetary increases are anticipated with special education, and utilizes the required investment to repair the District's aging facilities.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2024**

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 14,913,757	\$ 491,192	\$ 15,404,949
Accounts Receivables, net	184,298		184,298
Prepaid Expense		96,953	96,953
Capital Assets, net			
Not Being Depreciated	7,691,268		7,691,268
Being Depreciated	<u>11,129,019</u>	<u>2,184</u>	<u>11,131,203</u>
Total Assets	<u>33,918,342</u>	<u>590,329</u>	<u>34,508,671</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Amounts on Net Pension Liability	<u>84,183</u>	<u>-</u>	<u>84,183</u>
Total Deferred Outflows of Resources	<u>84,183</u>	<u>-</u>	<u>84,183</u>
Total Assets and Deferred Outflows of Resources	<u>34,002,525</u>	<u>590,329</u>	<u>34,592,854</u>
LIABILITIES:			
Accounts Payable:			
Other	370,077	-	370,077
Unearned Revenue	13,667	267,058	280,725
Accrued Interest Payable	133,435		133,435
Noncurrent Liabilities			-
Due Within One Year	467,323		467,323
Due Beyond One Year	<u>15,416,399</u>	<u>-</u>	<u>15,416,399</u>
Total Liabilities	<u>16,400,901</u>	<u>267,058</u>	<u>16,667,959</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Amounts on Net Pension Liability	<u>408,596</u>	<u>-</u>	<u>408,596</u>
Total Liabilities and Deferred Inflows of Resources	<u>16,809,497</u>	<u>267,058</u>	<u>17,076,555</u>
NET POSITION:			
Net Investment in Capital Assets	10,625,356	2,184	10,627,540
Restricted for			
Debt Service	444		444
Capital Projects	4,504,058		4,504,058
Plant Maintenance	897,995		897,995
Other Purposes	335,482		335,482
Unrestricted	<u>829,693</u>	<u>321,087</u>	<u>1,150,780</u>
Total Net Position	<u>\$ 17,193,028</u>	<u>\$ 323,271</u>	<u>\$ 17,516,299</u>

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Governmental Activities:							
Instruction:							
Regular	\$ 9,973,914	\$ 75,375	\$ 1,308,405	\$ 59,124	\$ (8,531,010)		\$ (8,531,010)
Special Education	4,467,660		2,104,944		(2,362,716)		(2,362,716)
Other Instruction	1,002,063		166,038		(836,025)		(836,025)
School Sponsored Activities and Athletics	425,547	98,807	39,407		(287,333)		(287,333)
Support Services:							
Student and Instruction Related Services	4,333,591		580,672		(3,752,919)		(3,752,919)
General Administrative Services	655,196		50,503		(604,693)		(604,693)
School Administrative Services	1,338,119		160,045		(1,178,074)		(1,178,074)
Central Services	613,597		-		(613,597)		(613,597)
Plant Operations and Maintenance	2,376,416		55,751		(2,320,665)		(2,320,665)
Pupil Transportation	1,568,913		208,294		(1,360,619)		(1,360,619)
Interest on Long-Term Debt	513,081	-	33,862	-	(479,219)	-	(479,219)
Total Governmental Activities	27,268,097	174,182	4,707,921	59,124	(22,326,870)	-	(22,326,870)
Business-Type Activities:							
Food Service	11,891					\$ (11,891)	(11,891)
After School Child Care Program	571,059	590,878	-	-	-	19,819	19,819
Total Business-Type Activities	582,950	590,878	-	-	-	7,928	7,928
Total Government	\$ 27,851,047	\$ 765,060	\$ 4,707,921	\$ 59,124	(22,326,870)	7,928	(22,318,942)
General Revenues:							
Property Taxes:							
Levied for General Purpose					22,781,884		22,781,884
Levied for Debt Service					795,175		795,175
State Aid for Debt Service Principal					39,081		39,081
Miscellaneous					629,378		629,378
Transfers					(15,000)	15,000	-
Total General Revenues and Transfers					24,230,518	15,000	24,245,518
Change in Net Position					1,903,648	22,928	1,926,576
Net Position, July 1					15,289,380	300,343	15,589,723
Net Position, June 30					\$ 17,193,028	\$ 323,271	\$ 17,516,299

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

FUND FINANCIAL STATEMENTS

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 10,133,275	\$ 35,242	\$ 4,745,240		\$ 14,913,757
Interfunds Accounts Receivable	133,999			\$ 444	134,443
Intergovernmental Accounts Receivable:					
Federal		113,266			113,266
State	<u>49,297</u>	<u>21,735</u>	<u>-</u>	<u>-</u>	<u>71,032</u>
Total Assets	<u>\$ 10,316,571</u>	<u>\$ 170,243</u>	<u>\$ 4,745,240</u>	<u>\$ 444</u>	<u>\$ 15,232,498</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interfunds Accounts Payable		\$ 133,999	\$ 444		\$ 134,443
Accounts Payable:					
Accrued Salaries and Wages	\$ 2,424				2,424
Payroll Deductions and Withholdings Payable	85,837				85,837
Other	2,427	-	279,389		281,816
Unearned Revenue	<u>12,665</u>	<u>1,002</u>	<u>-</u>	<u>-</u>	<u>13,667</u>
Total Liabilities	<u>103,353</u>	<u>135,001</u>	<u>279,833</u>	<u>-</u>	<u>518,187</u>
Fund Balances:					
Restricted:					
Capital Reserve	4,504,058				4,504,058
Maintenance Reserve	897,995				897,995
Excess Surplus	1,731,501				1,731,501
Excess Surplus - Designated for					
Subsequent Year's Expenditures	1,828,084				1,828,084
Unemployment Compensation Reserve	300,240				300,240
Capital Projects			4,465,407		4,465,407
Debt Service				\$ 444	444
Student Activities		35,242			35,242
Assigned:					
Year-End Encumbrances	600,039				600,039
Unassigned	<u>351,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>351,301</u>
Total Fund Balances	<u>10,213,218</u>	<u>35,242</u>	<u>4,465,407</u>	<u>444</u>	<u>14,714,311</u>
Total Liabilities and Fund Balances	<u>\$ 10,316,571</u>	<u>\$ 170,243</u>	<u>\$ 4,745,240</u>	<u>\$ 444</u>	<u>\$ 15,232,498</u>

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2024

Total Governmental Fund Balances (Exhibit B-1) \$ 14,714,311

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the capital assets is \$35,724,311 and the accumulated depreciation is \$16,904,024. 18,820,287

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

Deferred Outflows of Resources	\$ 84,183	
Deferred Inflows of Resources	(408,596)	
		(324,413)

Accrued interest payable on long-term debt is not due and payable in the current period and therefore is not reported in the funds (133,435)

Long-term liabilities, including bonds payable, capital lease and capital financing agreements payable, and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year end consist of:

Bonds Payable	(11,610,000)	
Capital Financing Agreements	(1,050,338)	
Compensated Absences	(405,301)	
Net Pension Liability	(2,818,083)	
		(15,883,722)

Net Position of Governmental Activities (Exhibit A-1) \$ 17,193,028

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:					
Local Property Tax Levy	\$ 22,781,884			\$ 795,175	\$ 23,577,059
Tuition Charges	75,375				75,375
Unrestricted Miscellaneous Revenues	558,861		-		558,861
Unemployment (non-budget)	70,517				70,517
Federal Sources		\$ 642,790			642,790
State Sources	6,937,464	26,835		72,943	7,037,242
Local Sources	-	105,757	-	-	105,757
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	30,424,101	775,382	-	868,118	32,067,601
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:					
Current:					
Regular Instruction	10,894,316	154,149			11,048,465
Special Education Instruction	4,635,732	258,266			4,893,998
Other Instruction	1,071,745	43,963			1,115,708
School-Sponsored Activities and Athletics	372,540	89,694			462,234
Support Services and Undistributed Costs:					
Student and Instruction Related Services	4,563,142	161,073			4,724,215
General Administrative Services	702,214				702,214
School Administrative Services	1,495,974				1,495,974
Central Services	604,920				604,920
Plant Operations and Maintenance	2,352,205				2,352,205
Pupil Transportation	1,565,499				1,565,499
Capital Outlay	190,991	59,124	\$ 6,599,857		6,849,972
Debt Service:					
Principal	113,059			403,000	516,059
Interest and Other Charges	69,120	-	-	465,118	534,238
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	28,631,457	766,269	6,599,857	868,118	36,865,701
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,792,644	9,113	(6,599,857)	-	(4,798,100)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):					
Serial Bond Proceeds	-		-		-
Transfers Out	(15,000)	-	-	-	(15,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources and Uses	(15,000)	-	-	-	(15,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	1,777,644	9,113	(6,599,857)	-	(4,813,100)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance, July 1	8,435,574	26,129	11,065,264	444	19,527,411
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance, June 30	\$ 10,213,218	\$ 35,242	\$ 4,465,407	\$ 444	\$ 14,714,311
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ (4,813,100)**

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

Depreciation Expense	\$ (1,035,569)	
Capital Outlays	<u>6,849,972</u>	5,814,403

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

Bond Proceeds		-
Principal Repayments		
Bond Principal	403,000	
Capital Financing Principal	113,059	
Accrued Interest	<u>21,157</u>	537,216

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

Decrease in Net Pension Liability	350,705	
Decrease Compensated Absences	<u>14,424</u>	365,129

Change in net position of governmental activities (Exhibit A-2) **\$ 1,903,648**

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2024**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Non-Major Food Service</u>	<u>After School Child Care Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 5,972	\$ 485,220	\$ 491,192
Prepaid Expense	<u>-</u>	<u>96,953</u>	<u>96,953</u>
Total Current Assets	<u>5,972</u>	<u>582,173</u>	<u>588,145</u>
Noncurrent Assets:			
Capital Assets	74,665		74,665
Less: Accumulated Depreciation	<u>(72,481)</u>	<u>-</u>	<u>(72,481)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>2,184</u>	<u>-</u>	<u>2,184</u>
Total Noncurrent Assets	<u>2,184</u>	<u>-</u>	<u>2,184</u>
Total Assets	<u>8,156</u>	<u>582,173</u>	<u>590,329</u>
LIABILITIES:			
Current Liabilities			
Unearned Revenue	<u>-</u>	<u>267,058</u>	<u>267,058</u>
Total Current Liabilities	<u>-</u>	<u>267,058</u>	<u>267,058</u>
Total Liabilities	<u>-</u>	<u>267,058</u>	<u>267,058</u>
NET POSITION:			
Net Investment in Capital Assets	2,184		2,184
Unrestricted	<u>5,972</u>	<u>315,115</u>	<u>321,087</u>
Total Net Position	<u>\$ 8,156</u>	<u>\$ 315,115</u>	<u>\$ 323,271</u>

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Non-Major Food Service</u>	<u>After School Child Care Program</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services			
Program Fee	-	\$ 590,878	\$ 590,878
Total Operating Revenues	-	590,878	590,878
OPERATING EXPENSES:			
Employee Salaries		311,477	311,477
Employee Benefits		57,157	57,157
Other Purchased Services		163,528	163,528
Supplies and Materials		23,409	23,409
Depreciation	\$ 484		484
Miscellaneous	11,407	15,488	26,895
Total Operating Expenses	11,891	571,059	582,950
Operating Income (Loss) Before Transfers	(11,891)	19,819	7,928
Transfer from General Fund	15,000	-	15,000
Change in Net Position	3,109	19,819	22,928
Net Position, July 1	5,047	295,296	300,343
Net Position, June 30	\$ 8,156	\$ 315,115	\$ 323,271

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Non-Major Food Service</u>	<u>After School Child Care Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Other Funds		\$ 588,140	\$ 588,140
Payments to employees		(311,477)	(311,477)
Payments for employee benefits		(57,157)	(57,157)
Payments to Suppliers	\$ (11,407)	(204,522)	(215,929)
Net Cash Provided by (Used for) Operating Activities	(11,407)	14,984	3,577
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Transfer from General Fund	15,000	-	15,000
Net Cash Provided by (Used for) Noncapital and Related Financing Activities	15,000	-	15,000
Net Increase (Decrease) in Cash and Cash Equivalents	3,593	14,984	18,577
Cash and Cash Equivalents, Beginning of Year	2,379	470,236	472,615
Cash and Cash Equivalents, End of Year	<u>\$ 5,972</u>	<u>\$ 485,220</u>	<u>\$ 491,192</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (11,891)	\$ 19,819	\$ 7,928
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation and Net Amortization	484		484
(Increase) Decrease in Prepaid Expense		(2,097)	(2,097)
Increase (Decrease) in Unearned Revenue	-	(2,738)	(2,738)
Total Adjustments	484	(4,835)	(4,351)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (11,407)</u>	<u>\$ 14,984</u>	<u>\$ 3,577</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2024, the District adopted the following GASB statements:

- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

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

- GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB Statement No. 102, *Certain Risk Disclosures*, will be effective beginning with the fiscal year ending June 30, 2025. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a school district vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a school district's financial condition.
- GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective beginning with the fiscal year ending June 30, 2026. The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from school district to school district, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position. The requirement for presentation of major component unit information will improve comparability. The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements. Currently the District has no fiduciary funds.

District-Wide Financial Statements

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

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

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Prepaid Items

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets*

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

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

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

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

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item, one type which arises only under a modified accrual basis of accounting, and one type which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Compensated Absences

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

7. Pensions

In the district-wide financial statements and proprietary fund types in the fund financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

8. Financing Agreements

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

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

9. Long-Term Obligations

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

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Long-Term Obligations (Continued)*

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

10. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2024 audited excess surplus that is required to be appropriated in the 2025/2026 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2023 audited excess surplus that was appropriated in the 2024/2025 original budget certified for taxes.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

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

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

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

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

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

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

11. *Fund Balance Policies*

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

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Fund Balance Policies (Continued)

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Tuition Revenues and Expenditures

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

Tuition Expenditures - Tuition charges for the fiscal years 2022-2023 and 2023-2024 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey on-behalf of the District for social security, pension, long-term disability insurance and post-retirement medical benefit contributions for District employees enrolled in the Teacher Pension and Annuity Fund (TPAF) retirement system.

Revenues and expenses of governmental activities, include the State's proportionate share of the on-behalf actuarial determined pension and post-retirement medical benefit amounts attributable to the District for District employees enrolled in the TPAF retirement system.

5. Proprietary Funds, Operating and Nonoperating Revenues and Expenses

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. The Board adopted a resolution to move its annual election to the third Tuesday in April; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District’s board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2023/2024. Also, during 2023/2024 the Board increased the original budget of the general fund by \$157,152 and the special revenue fund by \$450,129. The increases were funded by the additional appropriation of capital reserve and maintenance reserve, grant awards, student activity revenues, and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved additional fund balance appropriations of capital reserve of \$77,877 and maintenance reserve of \$16,839 from the general fund.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Special Revenue Fund			
Facilities Acquisition and Construction			
Services			
Non-Instructional Equipment	\$20,500	\$21,735	\$1,235

The above variances were offset with other available resources.

C. Capital Reserve

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

Funds placed in the capital reserve are restricted to capital projects in the District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2024 is as follows:

Balance, July 1, 2023	\$ 4,081,935
Increased by	
Deposits Approved in Board Resolution	<u>500,000</u>
	4,581,935
Decreased by:	
Withdrawals Approved by Board Resolution	<u>77,877</u>
Balance, June 30, 2024	<u>\$ 4,504,058</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the District’s Long Range Facilities Plan.

D. Maintenance Reserve

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

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

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2024 is as follows:

Balance, July 1, 2023	\$ 914,834
Decreased by:	
Withdrawals Approved by Board Resolution	<u>16,839</u>
Balance, June 30, 2024	<u>\$ 897,995</u>

The June 30, 2024 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$914,834. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

E. Transfers to Capital Outlay

During the 2023/2024 school year, the district transferred \$72,877 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to supplement a capital project previously approved for costs related to various projects for the 23/24 school year.

F. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2024 is \$3,559,585. Of this amount, \$1,828,084 was designated and appropriated in the 2024/2025 original budget certified for taxes and the remaining amount of \$1,731,501 will be appropriated in the 2025/2026 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for deposits in excess of the FDIC and NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2024, the book value of the Board's deposits was \$15,404,949 and bank and brokerage firm balances of the Board's deposits amounted to \$16,008,761. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 15,907,875
Uninsured and Collateralized	<u>100,886</u>
	<u>\$ 16,008,761</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2024 the Board's bank balance of \$100,886 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Board's name	\$ <u>100,886</u>
	<u>\$ 100,886</u>

Investments

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

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2024, the Board had no outstanding investments.

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial credit risk.

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

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

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

B. Receivables

Receivables as of June 30, 2024 for the district’s individual major funds are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receivables:			
Intergovernmental-			-
Federal		\$ 113,266	\$ 113,266
State	\$ 49,297	21,735	71,032
Net Total Receivables	<u>\$ 49,297</u>	<u>\$ 135,001</u>	<u>\$ 184,298</u>

C. Unearned Revenue

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

General Fund	
Prepaid Tuition/Fees	\$ 12,665
Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>1,002</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 13,667</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2024 was as follows:

	Balance, <u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2024</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 139,675			\$ 139,675
Construction in Progress	<u>951,736</u>	<u>\$ 6,599,857</u>	<u>-</u>	<u>7,551,593</u>
Total Capital Assets, Not Being Depreciated	<u>1,091,411</u>	<u>6,599,857</u>	<u>-</u>	<u>7,691,268</u>
Capital Assets, Being Depreciated:				
Land Improvements	1,027,933	-		1,027,933
Building and Building Improvements	24,925,474	9,026		24,934,500
Machinery and Equipment	<u>1,829,521</u>	<u>241,089</u>	<u>-</u>	<u>2,070,610</u>
Total Capital Assets Being Depreciated	<u>27,782,928</u>	<u>250,115</u>	<u>-</u>	<u>28,033,043</u>
Less Accumulated Depreciation for:				
Land Improvements	(384,352)	(49,099)		(433,451)
Building and Building Improvements	(14,049,694)	(884,850)		(14,934,544)
Machinery and Equipment	<u>(1,434,409)</u>	<u>(101,620)</u>	<u>-</u>	<u>(1,536,029)</u>
Total Accumulated Depreciation	<u>(15,868,455)</u>	<u>(1,035,569)</u>	<u>-</u>	<u>(16,904,024)</u>
Total Capital Assets, Being Depreciated, Net	<u>11,914,473</u>	<u>(785,454)</u>	<u>-</u>	<u>11,129,019</u>
Government Activities Capital Assets, Net	<u>\$ 13,005,884</u>	<u>\$ 5,814,403</u>	<u>\$ -</u>	<u>\$ 18,820,287</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	Balance <u>June 30, 2024</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 74,665	-	-	\$ 74,665
Total Capital Assets Being Depreciated	74,665	-	-	74,665
Less Accumulated Depreciation for:				
Machinery and Equipment	(71,997)	\$ (484)	-	(72,481)
Total Accumulated Depreciation	(71,997)	(484)	-	(72,481)
Total Capital Assets, Being Depreciated, Net	-	-	-	-
Business-Type Activities Capital Assets, Net	<u>\$ 2,668</u>	<u>\$ (484)</u>	<u>\$ -</u>	<u>\$ 2,184</u>

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

Governmental Activities:

Instruction	
Regular	\$ 439,052
Special Education	174,198
Other Instruction	46,434
School-Sponsored/Activities and Athletics	14,990
Total Instruction	674,674
Support Services	
Student and Instruction Related Services	159,606
General Administrative Services	19,210
School Administrative Services	64,499
Central Services & Info. Technology	28,109
Plant Operations and Maintenance	78,417
Pupil Transportation	11,054
Total Support Services	360,895
Total Governmental Funds	1,035,569
Total Depreciation Expense - Governmental Activities	<u>\$ 1,035,569</u>
Business-Type Activities:	
Food Service Fund	\$ 484
Total Depreciation Expense-Business-Type Activities	<u>\$ 484</u>

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2024:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
BOE & East Hanover Middle School Site Improvements	\$ 982,090	\$ 123,910
Classroom Additions - Central School	4,957,241	929,759
Interior Improvements		328,962
Emergency Generator	-	549,077
Total	<u>\$ 5,939,331</u>	<u>\$ 1,931,708</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2024, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 133,999
Debt Service Fund	Capital Projects Fund	444
Total		<u>\$ 134,443</u>

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

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

Interfund Transfers

	<u>Transfer In:</u>
	Enterprise
	Food
	<u>Service</u>
Transfer Out:	
General Fund	<u>\$ 15,000</u>

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Financing Agreements

Capital Financing Agreements

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

Capital financing agreements at June 30, 2024 are comprised of the following:

\$1,696,601, fiscal year 2016 Agreement for Energy Savings Improvements for a term of 20 years due in semi-annual principal installments of \$29,036 to \$58,602 through June 20, 2036 interest at 2.65%	\$ 1,050,338
Total	<u>\$ 1,050,338</u>

Governmental Activities:

Fiscal Year Ending June 30,	<u>Capital Agreements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 62,323	\$ 27,457	\$ 89,780
2026	66,302	25,777	92,079
2027	70,446	23,991	94,437
2028	74,764	22,094	96,858
2029	79,262	20,080	99,342
2030-2034	470,512	65,806	536,318
2035-2039	<u>226,729</u>	<u>7,609</u>	<u>234,338</u>
Total	<u>\$ 1,050,338</u>	<u>\$ 192,814</u>	<u>\$ 1,243,152</u>

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2024 are comprised of the following issues:

\$12,013,000, 2022 Serial Bonds, due in annual
installments of \$403,000 to \$800,000
through July 15, 2043, interest at 3.00% to 4.00% \$ 11,610,000

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

Governmental Activities:

Fiscal Year Ending	<u>Serial Bonds</u>		
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 405,000	\$ 422,537	\$ 827,537
2026	420,000	408,100	828,100
2027	440,000	393,050	833,050
2028	460,000	377,300	837,300
2029	485,000	360,763	845,763
2030-2034	2,765,000	1,528,013	4,293,013
2035-2039	3,450,000	978,850	4,428,850
2040-2043	<u>3,185,000</u>	<u>255,700</u>	<u>3,440,700</u>
Total	<u>\$ 11,610,000</u>	<u>\$ 4,724,313</u>	<u>\$ 16,334,313</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2024 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 108,615,937
Less: Net Debt Issued and Authorized But Not Issued	<u>(11,610,163)</u>
Remaining Borrowing Power	<u>\$ 97,005,774</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2024, was as follows:

	Balance, July 1, 2023	Additions	Reductions	Balance, June 30, 2024	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 12,013,000	-	\$ 403,000	\$ 11,610,000	\$ 405,000
Capital Financing Agreements	1,163,397		113,059	1,050,338	62,323
Compensated Absences	419,725	-	14,424	405,301	-
Net Pension Liability	3,075,316	-	257,233	2,818,083	-
Governmental Activity Long-Term Liabilities	<u>\$ 16,671,438</u>	<u>\$ -</u>	<u>\$ 787,716</u>	<u>\$ 15,883,722</u>	<u>\$ 467,323</u>

Liabilities for compensated absences, capital financing agreements and net pension liability are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

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

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

Fiscal Year Ended June 30,	District Contributions	Employee Contributions	Interest Earnings	Amount Reimbursed	Ending Balance
2024		\$ 25,539		\$ 14,501	\$ 300,240
2023		24,006		38,137	247,147
2022		22,006		495	247,147

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2024, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2024, the District has not estimated its arbitrage earnings due to the IRS, if any.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

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

The following represents the membership tiers for PERS:

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

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

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

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

The following represent the membership tiers for TPAF:

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS or TPAF on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PERS and new employees who would otherwise be eligible to participate in PERS or TPAF on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollments but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2023 is \$14.6 billion and the plan fiduciary net position as a percentage of the total pension liability is 65.23%. The collective net pension liability of the State funded TPAF at June 30, 2023 is \$51.1 billion and the plan fiduciary net position as a percentage of total pension liability is 34.68%.

The total pension liabilities for the June 30, 2023 measurement date were determined based on actuarial valuations as of July 1, 2022 which were rolled forward to June 30, 2023.

Actuarial Methods and Assumptions

In the July 1, 2022 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2023.

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2024 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was more than the actuarial determined amount. For local PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2024, 2023 and 2022 were equal to the required contributions.

During the fiscal years ended June 30, 2024, 2023 and 2022 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

<u>Fiscal Year Ended June 30,</u>	<u>PERS</u>	<u>On-behalf TPAF</u>	<u>DCRP</u>
2024	\$ 260,035	\$ 3,543,771	\$ 47,763
2023	259,047	3,351,038	45,178
2022	235,149	3,367,351	37,060

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2024, 2023 and 2022 the State contributed \$1,642, \$1,421 and \$1,433, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$744,504 during the fiscal year ended June 30, 2024 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense based on a measurement date no earlier than the end of the employer's prior fiscal year. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2022 through June 30, 2023. Employer allocation percentages have been rounded for presentation purposes. Contributions from employers are recognized when due based on statutory requirements.

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2023 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2023.

At June 30, 2024, the District reported in the statement of net position (accrual basis) a liability of \$2,818,083 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2023. At June 30, 2023, the District's proportionate share was .01946 percent, which was a decrease of 0.00092 percent from its proportionate share measured as of June 30, 2023 of 0.02038 percent.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2024, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$90,670 for PERS. The pension contribution made by the District during the current 2023/2024 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2024 with a measurement date of the prior fiscal year end of June 30, 2023. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2024 for contributions made subsequent to the measurement date. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 26,944	\$ 11,519
Changes of Assumptions	6,191	170,788
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	12,978	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>38,070</u>	<u>226,289</u>
Total	<u>\$ 84,183</u>	<u>\$ 408,596</u>

At June 30, 2024, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2024	\$ (215,784)
2025	(148,995)
2026	91,956
2027	(49,682)
2028	(1,908)
Thereafter	<u>-</u>
	<u>\$ (324,413)</u>

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District’s total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

Mortality Rates

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	6.21%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Investment Grade Credit	7.00%	5.19%
US Equity	28.00%	8.98%
Non-US Developed Markets Equity	12.75%	9.22%
Emerging Markets Equity	5.50%	11.13%
High Yield	4.50%	6.97%
Real Assets	3.00%	8.40%
Private Credit	8.00%	9.20%
Real Estate	8.00%	8.58%
Private Equity	13.00%	12.50%
International Small Cap Equity	1.25%	9.22%

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of Net Pension Liability

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

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>3,668,544</u>	\$ <u>2,818,083</u>	\$ <u>2,094,228</u>

The sensitivity analysis was based on the proportionate share of the District’s net pension liability as of the measurement date of June 30, 2023. A sensitivity analysis specific to the District’s net pension liability at June 30, 2023 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense based on a measurement date no earlier than the end of the employer's prior fiscal year. The non-employer allocation percentages presented are based on the ratio of the State's actual contributions made as an employer and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2022 through June 30, 2023. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2022, the State's pension contribution was more than the actuarial determined amount.

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

For the fiscal year ended June 30, 2024, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,013,632 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2024 the State's proportionate share of the net pension liability attributable to the District is \$41,259,738. The net pension liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2023. At June 30, 2023, the State's share of the net pension liability attributable to the District was .08085 percent, which was an increase of .00019 percent from its proportionate share measured as of June 30, 2022 of .08066 percent.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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:	2.75-4.25%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	6.21%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Investment Grade Credit	7.00%	5.19%
US Equity	28.00%	8.98%
Non-US Developed Markets Equity	12.75%	9.22%
Emerging Markets Equity	5.50%	11.13%
High Yield	4.50%	6.97%
Real Assets	3.00%	8.40%
Private Credit	8.00%	9.20%
Real Estate	8.00%	8.58%
Private Equity	13.00%	12.50%
International Small Cap Equity	1.25%	9.22%

Discount Rate

The discount rate used to measure the total pension liability for TPAF was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Sensitivity of Net Pension Liability

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	\$ 48,652,718	\$ 41,259,738	\$ 35,033,091

The sensitivity analysis was based on the State’s proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2023. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the District at June 30, 2023 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

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

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

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

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2022:

Active Plan Members	217,212
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>152,383</u>
Total	<u>369,595</u>

Measurement Focus and Basis of Accounting

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

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

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2023 is \$52.4 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities at June 30, 2023 were determined based on actuarial valuations as of June 30, 2022 which were rolled forward to June 30, 2023.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2022 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.44 billion to the OPEB plan in fiscal year 2023.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2024, 2023 and 2022 were \$964,485, \$880,310 and \$786,749, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense based on a measurement date no earlier than the end of the employer's prior fiscal year. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2022 through June 30, 2023. Nonemployer allocation percentages have been rounded for presentation purposes.

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

For the fiscal year ended June 30, 2024, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$613,768. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2024 the State's proportionate share of the OPEB liability attributable to the District is \$39,926,534. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2023 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2023. At June 30, 2023, the state's share of the OPEB liability attributable to the District was 0.08 percent, which unchanged from its proportionate share measured as of June 30, 2022 of 0.08 percent.

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

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions

The OPEB liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>	<u>TPAF</u>
Salary Increases	2.75% to 6.55%	2.75% to 4.25%
	Based on Years of Service	Based on Years of Service

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2018 to June 30, 2021.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% 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 4.5% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.5% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Discount Rate

The discount rate for June 30, 2023 was 3.65%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2024 (measurement date June 30, 2023) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2022 Measurement Date	\$ 38,860,572
Changes Recognized for the Fiscal Year:	
Service Cost	1,605,566
Interest on the Total OPEB Liability	1,406,164
Differences Between Expected and Actual Experience	(966,150)
Changes of Assumptions	80,475
Gross Benefit Payments	(1,096,128)
Contributions from the Member	36,035
Net Changes	\$ 1,065,962
Balance, June 30, 2023 Measurement Date	\$ 39,926,534

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% in 2022 to 3.65% in 2023.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2023.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.65%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	1% Decrease <u>(2.65%)</u>	Current Discount Rate <u>(3.65%)</u>	1% Increase <u>(4.65%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 46,807,007</u>	<u>\$ 39,926,534</u>	<u>\$ 34,402,313</u>

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

	1% Decrease <u></u>	Healthcare Cost Trend Rates	1% Increase <u></u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 33,145,179</u>	<u>\$ 39,926,534</u>	<u>\$ 48,799,955</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2023. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2023 were not provided by the pension system.

NOTE 5 RECENT HEALTHCARE DEVELOPMENTS

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 RECENT HEALTHCARE DEVELOPMENTS (Continued)

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Original Budget	Budget Modification / Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 22,781,884		\$ 22,781,884	\$ 22,781,884	
Tuition from Individuals	48,000		48,000	75,375	\$ 27,375
Unrestricted Miscellaneous Revenues	11,500		11,500	558,861	547,361
Unemployment (non-budget)	-	-	-	70,517	70,517
Total - Local Sources	22,841,384	-	22,841,384	23,486,637	645,253
State Sources:					
Special Education Aid	1,065,923		1,065,923	1,065,923	
Security Aid	88,752		88,752	88,752	
Transportation Aid	201,133		201,133	201,133	
Extraordinary Aid				387,580	387,580
Additional Nonpublic Transportation Aid				13,195	13,195
Lead Testing				-	-
On-Behalf T.P.A.F. Pension Contribution - Normal Cost (non-budgeted)				3,503,812	3,503,812
On-Behalf T.P.A.F. Pension Contribution - Non-Contributory Group Insurance (non-budgeted)				39,959	39,959
On-Behalf T.P.A.F. Pension Contribution - Post-Retirement Medical (non-budgeted)				964,485	964,485
On-Behalf T.P.A.F. Pension Contribution - Long-Term Disability Insurance (non-budgeted)				1,642	1,642
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	744,504	744,504
Total - State Sources	1,355,808	-	1,355,808	7,010,985	5,655,177
Total Revenues	24,197,192	-	24,197,192	30,497,622	6,300,430
EXPENDITURES:					
Current Expense:					
Regular Programs:					
Instruction:					
Salaries of Teachers					
Preschool	149,010	\$ 1,530	150,540	150,540	-
Kindergarten	456,280	4,103	460,383	460,383	-
Grades 1-5	2,890,308	(20,371)	2,869,937	2,785,112	84,825
Grades 6-8	2,543,475	1,829	2,545,304	2,324,855	220,449
Home Instruction:					
Salaries of Teachers	4,500	20,753	25,253	24,052	1,201
Purchased Professional - Educational Services	6,000	(4,327)	1,673	1,191	482
Undistributed Instruction:					
Other Salaries for Instruction	328,126	111,593	439,719	259,699	180,020
Purchased Professional - Educational Services	10,850	26,328	37,178	36,400	778
Purchased Technical Services	188,099	(3,511)	184,588	179,534	5,054
Other Purchased Services	137,365	(20,841)	116,524	96,755	19,769
General Supplies	506,934	2,284	509,218	467,365	41,853
Other Objects	4,500	(1,500)	3,000	725	2,275
Total Regular Programs	7,225,447	117,870	7,343,317	6,786,611	556,706
Multiple Disabilities					
Salaries	173,220	41,010	214,230	107,115	107,115
Other Salaries for Instruction	54,050	-	54,050	50,849	3,201
General Supplies	7,995	-	7,995	3,349	4,646
Total Multiple Disabilities	235,265	41,010	276,275	161,313	114,962

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Original Budget	Budget Modification / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
Current Expense					
Special Education - Instruction (Continued)					
Resource Room:					
Salaries of Teachers	\$ 1,820,350	\$ (24,587)	\$ 1,795,763	\$ 1,790,597	\$ 5,166
Other Salaries for Instruction	306,321	2,838	309,159	253,268	55,891
General Supplies	13,900	-	13,900	11,948	1,952
Total Resource Room	2,140,571	(21,749)	2,118,822	2,055,813	63,009
Preschool Disabilities - Part - Time:					
Salaries of Teachers	107,115	-	107,115	107,115	-
Other Salaries for Instruction	55,345	18,108	73,453	73,453	-
General Supplies	3,000	(200)	2,800	1,679	1,121
Other Object	-	200	200	200	-
Total Preschool Disabilities - Part - Time	165,460	18,108	183,568	182,447	1,121
Home Instruction:					
Purchased Professional-Educational Services	6,000	-	6,000	-	6,000
Total Home Instruction	6,000	-	6,000	-	6,000
Total Special Education - Instruction	2,547,296	37,369	2,584,665	2,399,573	185,092
Basic Skills/Remedial:					
Salaries of Teachers	493,327	77,328	570,655	570,655	-
General Supplies	4,500	-	4,500	-	4,500
Total Basic Skills/Remedial	497,827	77,328	575,155	570,655	4,500
Bilingual Education:					
Salaries of Teachers	62,005	2,393	64,398	64,398	-
General Supplies	-	-	-	-	-
Total Bilingual Education	62,005	2,393	64,398	64,398	-
School Sponsored Co-Curricular Activities:					
Salaries	89,088	-	89,088	72,084	17,004
Other Objects	-	292	292	187	105
Total School Sponsored Co-Curricular Activities	89,088	292	89,380	72,271	17,109
School Sponsored Athletics - Instruction:					
Salaries	61,940	-	61,940	58,698	3,242
Purchased Services	11,500	(280)	11,220	8,990	2,230
General Supplies	4,800	-	4,800	4,791	9
Other Objects	1,855	70	1,925	1,925	-
Total School Sponsored Athletics - Instruction	80,095	(210)	79,885	74,404	5,481
After School Program "Best" - Instruction:					
Salaries of Teachers	10,780	184	10,964	2,901	8,063
General Supplies	1,500	(180)	1,320	1,214	106
Total After School Program "Best" - Instruction	12,280	4	12,284	4,115	8,169
Summer School Program - Instruction:					
Salaries of Teachers	36,230	-	36,230	34,005	2,225
Other Salaries for Instruction	45,366	-	45,366	37,319	8,047
Purchased Services	18,041	(242)	17,799	9,924	7,875
General Supplies	300	-	300	-	300
Total Summer School Program - Instruction	99,937	(242)	99,695	81,248	18,447
Total - Instruction	10,613,975	234,804	10,848,779	10,053,275	795,504

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Budget Modification / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
Current Expense					
Undistributed Expenditures:					
Tuition:					
Tuition to Private Schools for the Disabled - Within State	\$ 580,196	\$ 17,720	\$ 597,916	\$ 597,916	-
Total Tuition	580,196	17,720	597,916	597,916	-
Attendance and Social Work:					
Salaries	24,640	-	24,640	13,343	\$ 11,297
Total Attendance and Social Work	24,640	-	24,640	13,343	11,297
Health Services:					
Salaries	269,225	36,587	305,812	305,812	-
Purchased Professional and Technical Services	145,835	31,351	177,186	177,186	-
Supplies and Materials	4,690	(599)	4,091	3,031	1,060
Other Objects	600	-	600	451	149
Total Health Services	420,350	67,339	487,689	486,480	1,209
Speech, OT, PT and Related Services:					
Salaries	235,215	-	235,215	213,577	21,638
Purchased Professional -Educational Services	387,580	(17,163)	370,417	310,954	59,463
Supplies and Materials	13,500	-	13,500	9,759	3,741
Other Objects	1,000	-	1,000	-	1,000
Total Speech, OT, PT and Related Services	637,295	(17,163)	620,132	534,290	85,842
Other Support Services Students - Related Services:					
Salaries	258,058	91,712	349,770	275,023	74,747
Purchased Professional -Educational Services	85,820	21,840	107,660	107,660	-
Total Other Support Services Students - Related Services:	343,878	113,552	457,430	382,683	74,747
Guidance:					
Salaries of Other Professional Staff	219,090	6,746	225,836	225,356	480
Other Salaries	82,155	-	82,155	81,888	267
Other Purchased Professional -Technical Services	1,300	-	1,300	1,300	-
Supplies and Materials	890	(313)	577	49	528
Total Guidance	303,435	6,433	309,868	308,593	1,275
Child Study Teams:					
Salaries of Other Professional Staff	614,874	(11,414)	603,460	597,424	6,036
Salaries of Secretarial and Clerical Assistants	63,163	6,333	69,496	69,496	-
Other Salaries	20,725	-	20,725	9,337	11,388
Purchased Professional-Educational Services	12,000	958	12,958	6,823	6,135
Other Purchased Professional -Technical Services	14,500	-	14,500	6,529	7,971
Supplies and Materials	15,010	1,271	16,281	11,980	4,301
Other Objects	5,100	-	5,100	1,900	3,200
Total Child Study Teams	745,372	(2,852)	742,520	703,489	39,031
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	131,825	1,903	133,728	133,728	-
Other Salaries	59,760	(1,903)	57,857	18,792	39,065
Other Purchased Professional -Technical Services	42,630	-	42,630	22,923	19,707
Other Purchased Services	2,200	-	2,200	540	1,660
Supplies and Materials	500	-	500	-	500
Other Objects	2,000	-	2,000	1,310	690
Total Improvement of Instruction Services:	238,915	-	238,915	177,293	61,622

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Original Budget	Budget Modification / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
Current Expense					
Undistributed Expenditures (Continued)					
Educational Media Services / School Library:					
Salaries	\$ 181,795	-	\$ 181,795	\$ 181,735	\$ 60
Salaries of Technology Coordinators	57,815	-	57,815	57,315	500
Purchased Professional and Technical Services	166,324	-	166,324	166,324	-
Other Purchased Services	1,400	-	1,400	1,073	327
Supplies and Materials	13,000	-	13,000	11,015	1,985
Other Objects	5,175	-	5,175	2,664	2,511
Total Educational Media Services / School Library	425,509	-	425,509	420,126	5,383
Instructional Staff Training Services:					
Purchased Professional and Technical Services	41,389	-	41,389	32,002	9,387
Other Purchased Services	67,221	-	67,221	8,838	58,383
Total Instructional Staff Training Services	108,610	-	108,610	40,840	67,770
Support Services - General Administration:					
Salaries	289,781	\$ (175)	289,606	262,730	26,876
Legal Services	38,000	527	38,527	9,470	29,057
Audit Fees	40,000	38,000	78,000	38,840	39,160
Other Purchased Professional Services	9,565	22,702	32,267	32,267	-
Purchased Technical Services	18,573	-	18,573	18,573	-
Communications / Telephone	25,100	-	25,100	22,068	3,032
BOE Other Purchased Services	4,650	-	4,650	3,715	935
Miscellaneous Purchased Services	93,026	3,564	96,590	75,498	21,092
General Supplies	2,800	19,925	22,725	3,903	18,822
Miscellaneous Expenditures	7,825	(1,455)	6,370	4,864	1,506
BOE Membership Dues and Fees	9,800	2,624	12,424	12,424	-
Total Support Services - General Administration	539,120	85,712	624,832	484,352	140,480
Support Services - School Administration:					
Salaries of Principals/Asst. Principals	523,036	1,393	524,429	524,417	12
Salaries of Secretarial and Clerical Assistants	353,675	4,085	357,760	357,689	71
Other Purchased Services	6,000	-	6,000	1,740	4,260
Supplies and Materials	13,500	10,330	23,830	3,507	20,323
Other Objects	4,500	275	4,775	4,068	707
Total Support Services School Administration	900,711	16,083	916,794	891,421	25,373
Central Services:					
Salaries	398,801	(1,246)	397,555	384,436	13,119
Purchased Professional Services	25,568	(25,568)	-	-	-
Purchased Technical Services	5,106	22,051	27,157	27,157	-
Miscellaneous Purchased Services	-	5,233	5,233	5,178	55
Travel	-	3,020	3,020	1,807	1,213
Supplies and Materials	7,650	31,728	39,378	6,015	33,363
Other Objects	2,575	1,587	4,162	4,162	-
Total Central Services	439,700	36,805	476,505	428,755	47,750
Administration Information Technology:					
Purchased Technical Services	24,853	-	24,853	24,853	-
Supplies and Materials	3,500	-	3,500	-	3,500
Total Administration Information Technology	28,353	-	28,353	24,853	3,500

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Original Budget	Budget Modification / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
Current Expense					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities:					
Salaries	\$ 301,065	\$ (30,776)	\$ 270,289	\$ 255,700	\$ 14,589
Cleaning, Repair and Maintenance	198,843	(33,884)	164,959	140,860	24,099
Travel		1,000	1,000	738	262
General Supplies	51,000	22,546	73,546	70,472	3,074
Other Objects	4,550	2,050	6,600	6,600	-
Total Required Maintenance for School Facilities	555,458	(39,064)	516,394	474,370	42,024
Custodial Services:					
Salaries	567,572	1,270	568,842	543,352	25,490
Salaries for Non-Instructional Aides	133,039	36,597	169,636	168,592	1,044
Purchased Professional & Technical Services	4,000	651	4,651	4,215	436
Cleaning, Repair and Maintenance Services	39,143	-	39,143	31,329	7,814
Lease Purchase Payments - Energy Savings Improvement	87,541	-	87,541	87,541	-
Insurance	100,513	17,356	117,869	117,869	-
General Supplies	41,600	(41,193)	407	407	-
Energy (Natural Gas)	120,000	-	120,000	89,856	30,144
Energy (Electricity)	140,000	14,759	154,759	154,759	-
Energy (Gasoline)	4,000	-	4,000	3,842	158
Other Objects	1,745	-	1,745	1,122	623
Total Custodial Services	1,239,153	29,440	1,268,593	1,202,884	65,709
Care and Upkeep of Grounds:					
Cleaning, Repair & Maintenance	22,000	(11,325)	10,675	-	10,675
General Supplies	1,000	-	1,000	-	1,000
Total Care and Upkeep of Grounds	23,000	(11,325)	11,675	-	11,675
Security					
Salaries	100,370	4,443	104,813	104,812	1
Purchased Professional and Technical Services	132,654	40,551	173,205	140,625	32,580
General Supplies	-	1,128	1,128	758	370
Total Security	233,024	46,122	279,146	246,195	32,951
Total Operation and Maintenance of Plant Services	2,050,635	25,173	2,075,808	1,923,449	152,359
Student Transportation Services:					
Salaries for Pupil Transportation					
(Between Home and School) - Regular	179,244	-	179,244	151,175	28,069
Contracted Services (Between Home and School)					
- Joint Agreement	917,000	51,437	968,437	961,848	6,589
Contracted Services (Other Than Between Home and School) - Vendors	45,000	7,103	52,103	47,215	4,888
Contracted Services (Special Education Students) - Joint Agreement	216,600	(55,816)	160,784	157,131	3,653
Contracted Services (Special Education Students) - ESCs & CTSAs	150,000	(23,689)	126,311	126,311	-
Contracted Services - Aid in Lieu of Payments - Non-Public	65,000	(12,279)	52,721	34,756	17,965
Misc. Purchased Services - Transportation	12,035	5,753	17,788	17,788	-
Supplies and Materials	750	-	750	-	750
Other Objects	100	-	100	-	100
Total Student Transportation Services	1,585,729	(27,491)	1,558,238	1,496,224	62,014
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	298,000	22,868	320,868	320,753	115
Other Retirement Contributions - PERS	268,000	-	268,000	260,035	7,965
Other Retirement Contributions - ERIP	45,573	(45,573)	-	-	-
Other Retirement Contributions - DCRP	-	47,763	47,763	47,763	-
Unemployment Compensation (non-budget)		-		17,424	(17,424)
Workmen's Compensation	137,500	-	137,500	126,160	11,340
Health Benefits	3,809,865	(511,898)	3,297,967	3,080,244	217,723
Tuition Reimbursement	54,100	-	54,100	20,691	33,409
Other Employee Benefits	219,700	-	219,700	195,943	23,757
Unused Sick Payment to Terminated / Retired Staff	55,000	-	55,000	38,590	16,410
Total Unallocated Benefits - Employee Benefits	4,887,738	(486,840)	4,400,898	4,107,603	293,295

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Budget Modification / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
Current Expense					
Undistributed Expenditures (Continued)					
On-Behalf T.P.A.F. Pension Contribution - Normal Cost (non-budgeted)				\$ 3,503,812	\$ (3,503,812)
On-Behalf T.P.A.F. Pension Contribution - Non-Contributory Group Insurance (non-budgeted)				39,959	(39,959)
On-Behalf T.P.A.F. Pension Contribution - Post-Retirement Medical (non-budgeted)				964,485	(964,485)
On-Behalf T.P.A.F. Pension Contribution - Long-Term Disability Insurance (non-budgeted)				1,642	(1,642)
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	744,504	(744,504)
Total On-Behalf Contributions	-	-	-	5,254,402	(5,254,402)
Total Personal Services - Employee Benefits	\$ 4,887,738	\$ (486,840)	\$ 4,400,898	9,362,005	(4,961,107)
Total Undistributed Expenditures	14,260,186	(165,529)	14,094,657	18,276,112	(4,181,455)
Total General Current Expense	24,874,161	69,275	24,943,436	28,329,387	(3,385,951)
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Instruction	144,500		144,500	142,607	1,893
Custodial Services	80,700	5,000	85,700	82,209	3,491
Total Equipment	225,200	5,000	230,200	224,816	5,384
Facilities Acquisition and Construction Services:					
Architectural / Engineering Services	56,800	-	56,800	37,800	19,000
Construction Services	476,200	72,877	549,077	-	549,077
Assessment for Debt Service on SDA Funding	39,454	-	39,454	39,454	-
Total Facilities Acquisition and Construction Services	572,454	72,877	645,331	77,254	568,077
Interest Deposit to Capital Reserve	-	-	-	-	-
Total Capital Outlay	797,654	77,877	875,531	302,070	573,461
Total Expenditures	25,671,815	147,152	25,818,967	28,631,457	(2,812,490)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,474,623)	(147,152)	(1,621,775)	1,866,165	3,487,940
Other Financing Sources (Uses):					
Transfer to Food Service Fund	(7,000)	(10,000)	(17,000)	(15,000)	2,000
Total Other Financing Sources (Uses)	(7,000)	(10,000)	(17,000)	(15,000)	2,000
Net Change in Fund Balances	(1,481,623)	(157,152)	(1,638,775)	1,851,165	3,489,940
Fund Balance, July 1	8,879,068	-	8,879,068	8,879,068	-
Fund Balance, June 30	\$ 7,397,445	\$ (157,152)	\$ 7,240,293	\$ 10,730,233	\$ 3,489,940
RECAPITULATION:					
Restricted:					
Capital Reserve				\$ 4,504,058	
Maintenance Reserve				897,995	
Excess Surplus:					
Prior Year - Designated for Subsequent Year's Expenditures				1,828,084	
Current Year				1,731,501	
Unemployment Compensation Reserve				300,240	
Assigned:					
Year-End Encumbrances				600,039	
Unassigned:				868,316	
Reconciliation to Governmental Funds Statements (GAAP):				10,730,233	
Less: Fiscal Year 2024 Extraordinary Aid Payment Not Recognized on GAAP Basis			\$ 387,580		
Fiscal Year 2024 Last State Aid Payments Not Recognized on GAAP Basis			129,435		
				517,015	
Fund Balance Per Governmental Funds (GAAP)				\$ 10,213,218	

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Budget Transfers / Modification</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 289,528	\$ 416,579	\$ 706,107	\$ 642,790	\$ (63,317)
State Sources		25,600	25,600	26,835	1,235
Local Sources	-	7,950	7,950	105,757	97,807
Total Revenues	<u>289,528</u>	<u>450,129</u>	<u>739,657</u>	<u>775,382</u>	<u>35,725</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers		133,080	133,080	83,858	49,222
Purchased Services		-		-	-
Tuition	205,157	53,109	258,266	258,266	-
Instructional Supplies	-	115,455	115,455	114,254	1,201
Student Activities-Non Budget	-	-	-	89,694	(89,694)
Total Instruction	<u>205,157</u>	<u>301,644</u>	<u>506,801</u>	<u>546,072</u>	<u>(39,271)</u>
Support Services:					
Salaries		2,904	2,904	2,268	636
Salaries - Benefits	-	10,163	10,163	6,589	3,574
Purchased Professional Technical Service	76,371	76,224	152,595	143,210	9,385
Other Purchased Services	-	8,305	8,305	8,305	-
Supplies and Materials	8,000	(7,000)	1,000	701	299
Total Support Services	<u>84,371</u>	<u>90,596</u>	<u>174,967</u>	<u>161,073</u>	<u>13,894</u>
Facilities Acquisition and Constructions Services:					
Non-Instructional Equipment	-	20,500	20,500	21,735	(1,235)
Instructional Equipment	-	37,389	37,389	37,389	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>57,889</u>	<u>57,889</u>	<u>59,124</u>	<u>(1,235)</u>
Total Expenditures	<u>289,528</u>	<u>450,129</u>	<u>739,657</u>	<u>766,269</u>	<u>(26,612)</u>
Net Change in Fund Balance	-	-	-	9,113	9,113
Fund Balance, July 1	<u>26,129</u>	<u>-</u>	<u>26,129</u>	<u>26,129</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 26,129</u>	<u>\$ -</u>	<u>\$ 26,129</u>	<u>\$ 35,242</u>	<u>\$ 9,113</u>

Restricted Fund Balances:

Restricted Fund Balance

Student Activities and Athletics

\$ 35,242

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	(C-1) \$ 30,497,622	(C-2) \$ 775,382
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2023		
Encumbrances, June 30, 2024		
State Aid payments and Extraordinary Aid (2022/2023) recognized for GAAP purposes, not recognized for budgetary statements.	443,494	
State Aid payments and Extraordinary Aid (2023/2024) not recognized for GAAP purposes, recognized for budgetary statements.	(517,015)	-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ 30,424,101	(B-2) \$ 775,382
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-series)	(C-1) \$ 28,631,457	(C-2) \$ 766,269
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2023		
Encumbrances, June 30, 2024	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	(B-2) \$ 28,631,457	(B-2) \$ 766,269

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

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

Public Employees Retirement System

Last Ten Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Position Liability (Asset)	0.01946%	0.02038%	0.02008%	0.02115%	0.02127%	0.02085%	0.02127%	0.02406%	0.02291%	0.02336%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,818,083	\$ 3,075,316	\$ 2,378,685	\$ 3,448,768	\$ 3,832,171	\$ 4,105,773	\$ 4,952,627	\$ 7,124,695	\$ 5,141,255	\$ 4,374,279
District's Covered-Employee Payroll	\$ 1,559,224	\$ 1,406,444	\$ 1,488,712	\$ 1,453,022	\$ 1,466,724	\$ 1,510,695	\$ 1,425,126	\$ 1,495,957	\$ 1,620,572	\$ 1,600,512
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	180.74%	218.66%	159.78%	237.35%	261.27%	271.78%	347.52%	476.26%	317.25%	273.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.23%	62.91%	70.33%	58.32%	56.27%	53.59%	48.10%	40.14%	47.92%	52.08%

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

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

Public Employees Retirement System

Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 260,035	\$ 259,047	\$ 235,149	\$ 231,355	\$ 206,876	\$ 207,416	\$ 197,879	\$ 213,710	\$ 196,604	\$ 192,605
Contributions in Relation to the Contractually Required Contribution	<u>260,035</u>	<u>259,047</u>	<u>235,149</u>	<u>231,355</u>	<u>206,876</u>	<u>207,416</u>	<u>197,879</u>	<u>213,710</u>	<u>196,604</u>	<u>192,605</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 1,623,214	\$ 1,559,224	\$ 1,406,444	\$ 1,488,712	\$ 1,453,022	\$ 1,466,724	\$ 1,510,695	\$ 1,425,126	\$ 1,495,957	\$ 1,620,572
Contributions as a Percentage of Covered-Employee Payroll	16.02%	16.61%	16.72%	15.54%	14.24%	14.14%	13.10%	15.00%	13.14%	11.89%

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

Teachers Pension and Annuity Fund

Last Ten Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 41,259,738</u>	<u>\$ 41,616,165</u>	<u>\$ 38,556,470</u>	<u>\$ 52,346,951</u>	<u>\$ 49,328,934</u>	<u>\$ 50,897,573</u>	<u>\$ 55,908,567</u>	<u>\$ 63,752,247</u>	<u>\$ 51,752,796</u>	<u>\$ 45,634,900</u>
Total	<u>\$ 41,259,738</u>	<u>\$ 41,616,165</u>	<u>\$ 38,556,470</u>	<u>\$ 52,346,951</u>	<u>\$ 49,328,934</u>	<u>\$ 50,897,573</u>	<u>\$ 55,908,567</u>	<u>\$ 63,752,247</u>	<u>\$ 51,752,796</u>	<u>\$ 45,634,900</u>
District's Covered-Employee Payroll	\$ 9,955,511	\$ 9,512,309	\$ 9,160,814	\$ 9,017,956	\$ 8,670,880	\$ 8,345,460	\$ 8,644,850	\$ 8,059,613	\$ 8,210,419	\$ 7,961,442
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	34.68%	32.29%	35.52%	24.60%	26.95%	26.48%	25.41%	22.33%	28.74%	33.64%

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Change of Benefit Terms: None.

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

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

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last Seven Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability							
Service Cost	\$ 1,605,566	\$ 2,100,750	\$ 2,444,258	\$ 1,396,310	\$ 1,318,417	\$ (773,501)	\$ 1,745,921
Interest on Total OPEB Liability	1,406,164	1,029,848	1,204,814	1,197,832	1,486,521	1,293,980	1,400,353
Changes of Benefit Terms	-	-	(49,434)				
Differences Between Expected and Actual Experience	(966,150)	697,753	(9,538,375)	8,559,309	(6,620,657)		
Changes of Assumptions	80,475	(10,424,697)	45,821	9,727,942	496,105	(4,965,366)	(5,817,524)
Gross Benefit Payments	(1,096,128)	(1,020,095)	(949,056)	(927,134)	(1,021,385)	(2,081,918)	(984,877)
Contributions from the Member	<u>36,035</u>	<u>32,725</u>	<u>30,801</u>	<u>28,101</u>	<u>30,277</u>	<u>76,661</u>	<u>36,266</u>
Net Change in Total OPEB Liability	1,065,962	(7,583,716)	(6,811,171)	19,982,360	(4,310,722)	(6,450,144)	(3,619,861)
Total OPEB Liability - Beginning	<u>38,860,572</u>	<u>46,444,288</u>	<u>53,255,459</u>	<u>33,273,099</u>	<u>37,583,821</u>	<u>44,033,965</u>	<u>47,653,826</u>
Total OPEB Liability - Ending	<u>39,926,534</u>	<u>38,860,572</u>	<u>46,444,288</u>	<u>53,255,459</u>	<u>33,273,099</u>	<u>37,583,821</u>	<u>44,033,965</u>
 District's Proportionate Share of OPEB Liability	 \$0	 \$0	 \$0	 \$0	 \$0	 \$0	 \$0
State's Proportionate Share of OPEB Liability	<u>39,926,534</u>	<u>38,860,572</u>	<u>46,444,288</u>	<u>53,255,459</u>	<u>33,273,099</u>	<u>37,583,821</u>	<u>44,033,965</u>
Total OPEB Liability - Ending	<u>39,926,534</u>	<u>38,860,572</u>	<u>46,444,288</u>	<u>53,255,459</u>	<u>33,273,099</u>	<u>37,583,821</u>	<u>44,033,965</u>
 District's Covered-Employee Payroll	 \$ 11,514,735	 \$ 10,918,753	 \$ 10,649,526	 \$ 10,470,978	 \$ 10,137,604	 \$ 9,856,155	 \$ 10,069,976
 District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Employee Payroll	 0%	 0%	 0%	 0%	 0%	 0%	 0%

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

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

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

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Changes in Benefit Terms: None.

Changes of Assumptions Assumptions used in calculating the OPEB liability
are presented in Note 4E.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Every Student Succeeds Act (E. S. S. A.)				I. D. E. A.		Chapter 193		Total Exhibit E-1a	Total
	Title I Part A	Title II Part A	Title III Immigrant	Title IV	Part B Basic	Part B Preschool	Exam and Classification	Corrective Speech		
REVENUES:										
Federal Sources	\$ 38,095	\$ 20,950	\$ 1,204	\$ 9,981	\$ 258,266	\$ 16,570			\$ 297,724	\$ 642,790
State Sources							\$ 4,263	\$ 837	21,735	26,835
Local Sources	-	-	-	-	-	-	-	-	105,757	105,757
Total Revenues	38,095	20,950	1,204	9,981	258,266	16,570	4,263	837	425,216	775,382
EXPENDITURES:										
Instruction:										
Salaries of Teachers	6,048		1,118	7,500					69,192	83,858
Purchased Services									-	-
Tuition					258,266				-	258,266
Instructional Supplies	27,390			1,907					84,957	114,254
Student Activities	-	-	-	-	-	-	-	-	89,694	89,694
Total Instruction	33,438	-	1,118	9,407	258,266	-	-	-	243,843	546,072
Support Services:										
Salaries	2,268								-	2,268
Employee Benefits	636		86	574					5,293	6,589
Purchased Professional Technical Service	1,052	20,950				16,570			104,638	143,210
Other Purchased Services							4,263	837	3,205	8,305
Supplies and Materials	701	-	-	-	-	-	-	-	-	701
Total Support Services	4,657	20,950	86	574	-	16,570	4,263	837	113,136	161,073
Facilities Acquisition and Constructions Services:										
Non-Instructional Equipment									21,735	21,735
Instructional Equipment	-	-	-	-	-	-	-	-	37,389	37,389
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-	-	59,124	59,124
Total Expenditures	38,095	20,950	1,204	9,981	258,266	16,570	4,263	837	416,103	766,269
Net Change in Fund Balance	-	-	-	-	-	-	-	-	9,113	9,113
Fund Balance, July 1	-	-	-	-	-	-	-	-	26,129	26,129
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,242	\$ 35,242

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	ESSER II			ARP ESSER III					SDA	Student		Total
	CRRSA ESSER II	Learning Acceleration	Mental Health	ARP ESSER III	Accelerated Learning Coach	Evidence Based Summer	Evidence Based Comprehensive	NJTSS Mental Health	Emergent and Capital Needs	Activities / Athletics	Local	Exhibit E-1a
REVENUES:												
Federal Sources	\$ 12,875	\$ 10,767	\$ 4,703	\$ 108,221	\$ 71,600	\$ 27,522	\$ 36,196	\$ 25,840	\$ 21,735			\$ 297,724
State Sources												21,735
Local Sources	-	-	-	-	-	-	-	-	-	\$ 98,807	\$ 6,950	105,757
Total Revenues	12,875	10,767	4,703	108,221	71,600	27,522	36,196	25,840	21,735	98,807	6,950	425,216
EXPENDITURES:												
Instruction:												
Salaries of Teachers		10,110				25,458	33,624					69,192
Purchased Services												-
Tuition	12,875			70,832					-		1,250	84,957
Instructional Supplies	-	-	-	-	-	-	-	-	-	89,694	-	89,694
Student Activities												
Total Instruction	12,875	10,110	-	70,832	-	25,458	33,624	-	-	89,694	1,250	243,843
Support Services:												
Salaries												-
Employee Benefits		657				2,064	2,572					5,293
Purchased Professional Technical Service			1,498		71,600			25,840			5,700	104,638
Other Purchased Services			3,205									3,205
Supplies and Materials	-	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	-	657	4,703	-	71,600	2,064	2,572	25,840	-	-	5,700	113,136
Facilities Acquisition and Construction Services:												
Non-Instructional Equipment		-	-	-	-	-	-	-	21,735	-	-	21,735
Instructional Equipment	-	-	-	37,389	-	-	-	-	-	-	-	37,389
Total Facilities Acquisition and Construction Services	-	-	-	37,389	-	-	-	-	21,735	-	-	59,124
Total Expenditures	12,875	10,767	4,703	108,221	71,600	27,522	36,196	25,840	21,735	89,694	6,950	416,103
Net Change in Fund Balance	-	-	-	-	-	-	-	-	-	9,113	-	9,113
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	26,129	-	26,129
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,242	\$ -	\$ 35,242

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOT APPLICABLE

**STUDENT ACTIVITIES
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Balance, July 1, <u>2023</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2024</u>
Frank J. Smith School	\$ 5,220	\$ 6,132	\$ 6,183	\$ 5,169
Central School	2,518	19,497	20,009	2,006
Middle School	18,391	66,093	56,417	28,067
Athletic Account	<u>-</u>	<u>7,085</u>	<u>7,085</u>	<u>-</u>
 Total All Schools	 <u>\$ 26,129</u>	 <u>\$ 98,807</u>	 <u>\$ 89,694</u>	 <u>\$ 35,242</u>

CAPITAL PROJECTS FUND

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<u>Project</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance, June 30, 2024</u>
		<u>Prior Periods</u>	<u>Current Year</u>	
FY2023 School Bond Referendum - District Wide Additions, Renovations, Alterations and Improvements	\$ 12,013,163	\$ 947,736	\$ 6,599,857	\$ 4,465,570
	<u>\$ 12,013,163</u>	<u>\$ 947,736</u>	<u>\$ 6,599,857</u>	<u>\$ 4,465,570</u>
Project Balance				\$ 4,465,570
Less: Authorized But Not Issued				<u>(163)</u>
Fund Balance - GAAP Basis, June 30, 2024				<u>\$ 4,465,407</u>
<u>Reconciliation to GAAP</u>				
Restricted for Capital Projects:				
Reserve for Encumbrances				1,650,237
Available for Capital Projects				<u>\$ 2,815,170</u>
Total Fund Balance - Restricted for Capital Projects - GAAP Basis - June 30, 2024				<u>\$ 4,465,407</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Expenditures and Other Financing Uses

Architect and Engineering Fees	\$ 368,560
Purchased Professional and Technical Services	19,039
Construction Services	<u>6,212,258</u>

Total Expenditures and Other Financing Uses	<u>6,599,857</u>
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Excess (Deficit) of Revenues over (under) Expenditures	<u>(6,599,857)</u>
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Fund Balance- Beginning	<u>11,065,264</u>
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Fund Balance- Ending	<u><u>\$ 4,465,407</u></u>
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Reconciliation to GAAP:

Project Fund Balances- Budgetary	<u>\$ 4,465,407</u>
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GAAP Fund Balance- Ending	<u><u>\$ 4,465,407</u></u>
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EAST HANOVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
DISTRICT WIDE ADDITIONS, RENOVATIONS, ALTERATIONS, AND IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Proceeds from Bond Sale	\$ 12,013,000	-	\$ 12,013,000	\$ 12,013,163
Total Revenues and Other Financing Sources	12,013,000	-	12,013,000	12,013,163
Expenditures and Other Financing Uses				
Architect and Engineering Fees	693,610	\$ 368,560	1,062,170	1,038,800
Legal and Professional Fees	24,643	-	24,643	100,000
Purchased Professional and Technical Services	75,695	19,039	94,734	150,000
Construction Services	153,788	6,212,258	6,366,046	10,148,463
Equipment	-	-	-	575,900
Total Expenditures and Other Financing Uses	947,736	6,599,857	7,547,593	12,013,163
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 11,065,264	\$ (6,599,857)	\$ 4,465,407	\$ -
Additional Project Information				
Project Number	1190-X01-22-1000/1190-050-22-2000/1190-035-22-1000/ 1190-030-22-1000/1190-030-22-2000			
Grant Date	N/A			
Bond Authorization Date	12/21/2022			
Bonds Authorized	\$ 12,013,000			
Bonds Issued	12,013,000			
Original Authorized Cost	12,013,163			
Additional Authorized Cost	-			
Revised Authorized Cost	12,013,163			
Percentage Increase (Decrease) Over Original Authorized Cost	0.00%			
Percentage Completion	62.83%			
Original Target Completion Date	9/30/2025			
Revised Target Completion Date	9/30/2025			

PROPRIETARY FUNDS

EXHIBIT G-1

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING SCHEDULE OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2023</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2024</u>		
School Bonds, Series 2022	12/15/2022	\$ 12,013,000	7/15/2024	\$ 405,000	3.50%						
			7/15/2025	420,000	3.50%						
			7/15/2026	440,000	3.50%						
			7/15/2027	460,000	3.50%						
			7/15/2028	485,000	3.50%						
			7/15/2029	505,000	3.50%						
			7/15/2030	530,000	3.50%						
			7/15/2031	550,000	3.50%						
			7/15/2032	575,000	3.50%						
			7/15/2033	605,000	3.50%						
			7/15/2034	630,000	3.50%						
			7/15/2035	660,000	3.50%						
			7/15/2036	690,000	3.50%						
			7/15/2037	720,000	4.00%						
			7/15/2038	750,000	4.00%						
			7/15/2039	785,000	4.00%						
			7/15/2040	800,000	4.00%						
			7/15/2041	800,000	4.00%						
			7/15/2042	800,000	4.00%						
								\$ 12,013,000	\$ -	\$ 403,000	\$ 11,610,000
								\$ 12,013,000	\$ -	\$ 403,000	\$ 11,610,000
Paid By Budget Appropriation								\$ 403,000			

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL FINANCING AND OTHER FINANCING AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, June 30, 2023</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2024</u>
<u>Capital Financing Agreements</u>						
Energy Savings Incentive Program	\$ 1,696,601	2.65%	\$ 1,108,845	-	\$ 58,507	\$ 1,050,338
Technology 2019-20	51,541	2.04%	13,278		13,278	-
Technology 2020-21	159,435	1.16%	<u>41,274</u>	<u>-</u>	<u>41,274</u>	<u>-</u>
Total			<u>\$ 1,163,397</u>	<u>\$ -</u>	<u>\$ 113,059</u>	<u>\$ 1,050,338</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES:					
Local Sources					
Local Property Tax Levy	\$ 795,175	-	\$ 795,175	\$ 795,175	-
State Sources					
Debt Service Aid	72,943	-	72,943	72,943	-
Total Revenues	868,118	-	868,118	868,118	-
EXPENDITURES:					
Debt Service:					
Interest	465,118		465,118	465,118	
Principal	403,000	-	403,000	403,000	-
Total Expenditures	868,118	-	868,118	868,118	-
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, July 1	444	-	444	444	-
Fund Balance, June 30	\$ 444	\$ -	\$ 444	\$ 444	\$ -
Reserve for Debt Service				\$ 444	

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities										
Net Investment in Capital Assets	\$ 7,241,344	\$ 7,493,042	\$ 8,696,052	\$ 8,785,656	\$ 9,151,459	\$ 9,683,384	\$ 9,417,450	\$ 9,841,417	\$ 10,894,751	\$ 10,625,356
Restricted	1,891,884	3,582,166	2,193,979	2,682,130	2,570,523	3,185,017	3,510,398	4,140,605	5,270,489	5,737,979
Unrestricted	(4,122,738)	(5,958,124)	(4,812,999)	(4,913,124)	(4,918,609)	(4,794,003)	(2,898,496)	(1,227,726)	(875,860)	829,693
Total Governmental Activities Net Position	\$ 5,010,490	\$ 5,117,084	\$ 6,077,032	\$ 6,554,662	\$ 6,803,373	\$ 8,074,398	\$ 10,029,352	\$ 12,754,296	\$ 15,289,380	\$ 17,193,028
Business-Type Activities										
Net Investment in Capital Assets	\$ 11,062	\$ 10,429	\$ 8,064	\$ 5,805	\$ 5,538	\$ 4,121	\$ 3,637	\$ 3,153	\$ 2,668	\$ 2,184
Unrestricted	288,652	269,349	185,102	296,409	336,779	285,010	215,334	243,302	297,675	321,087
Total Business-Type Activities Net Position	\$ 299,714	\$ 279,778	\$ 193,166	\$ 302,214	\$ 342,317	\$ 289,131	\$ 218,971	\$ 246,455	\$ 300,343	\$ 323,271
District-Wide										
Net Investment in Capital Assets	7,503,471	8,704,116	8,791,461	9,156,997	9,687,505	9,421,087	10,897,863	9,844,570	10,897,419	10,627,540
Restricted	3,582,166	2,193,979	2,682,130	2,570,523	3,185,017	3,510,398	5,061,898	4,140,605	5,270,489	5,737,979
Unrestricted	(5,688,775)	(4,627,897)	(4,616,715)	(4,581,830)	(4,508,993)	(2,683,162)	(370,038)	(984,424)	(578,185)	1,150,780
Total District Net Position	\$ 5,396,862	\$ 6,270,198	\$ 6,856,876	\$ 7,145,690	\$ 8,363,529	\$ 10,248,323	\$ 15,589,723	\$ 13,000,751	\$ 15,589,723	\$ 17,516,299

Source: District's Financial Records

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 8,936,445	\$ 8,707,360	\$ 9,904,703	\$ 10,699,992	\$ 9,593,360	\$ 9,577,100	\$ 10,386,524	\$ 9,421,376	\$ 9,300,146	\$ 9,973,914
Special Education	4,235,965	3,895,131	4,324,798	4,405,633	4,183,035	4,184,729	4,412,459	4,024,939	4,041,199	4,467,660
Other Instruction	869,224	983,484	1,258,396	1,322,777	1,578,091	1,405,316	1,333,203	1,253,236	869,511	1,002,063
School Sponsored Activities and Athletics	334,569	332,910	240,345	264,852	246,975	226,335	202,501	308,517	383,433	425,547
Support Services:										
Student & Instruction Related Services	3,259,064	4,141,148	4,349,703	4,023,086	3,778,594	3,921,968	4,373,893	4,010,653	4,129,988	4,333,591
General Administration	614,681	649,908	689,535	671,562	638,959	584,467	719,216	670,106	670,411	655,196
School Administrative Services	1,644,589	1,691,757	1,855,209	2,019,721	1,794,844	1,656,709	1,804,626	1,282,752	1,290,452	1,338,119
Central Services	422,750	402,680	413,915	464,749	451,630	453,648	547,680	585,579	625,217	613,597
Plant Operations And Maintenance	1,696,158	1,726,163	1,812,516	2,069,552	2,778,847	1,988,414	2,374,161	2,352,485	2,382,956	2,376,416
Pupil Transportation	1,139,088	1,156,246	1,182,336	1,383,351	1,339,441	1,255,265	1,129,202	1,285,603	1,414,492	1,568,913
Interest and Other Charges	171,960	167,715	191,884	174,347	157,734	139,173	116,909	103,330	229,094	513,081
Total Governmental Activities Expenses	<u>23,324,493</u>	<u>23,854,502</u>	<u>26,223,340</u>	<u>27,499,622</u>	<u>26,541,510</u>	<u>25,393,124</u>	<u>27,400,374</u>	<u>25,298,576</u>	<u>25,336,899</u>	<u>27,268,097</u>
Business-Type Activities:										
Food Service	17,816	15,863	19,335	19,113	18,140	10,275	484	5,117	8,528	11,891
After School Child Care Program	609,313	751,655	775,617	725,720	659,660	560,527	232,947	405,134	527,499	571,059
Total Business-Type Activities Expense	<u>627,129</u>	<u>767,518</u>	<u>794,952</u>	<u>744,833</u>	<u>677,800</u>	<u>570,802</u>	<u>233,431</u>	<u>410,251</u>	<u>536,027</u>	<u>582,950</u>
Total District Expenses	<u>\$ 23,951,622</u>	<u>\$ 24,622,020</u>	<u>\$ 27,018,292</u>	<u>\$ 28,244,455</u>	<u>\$ 27,219,310</u>	<u>\$ 25,963,926</u>	<u>\$ 27,633,805</u>	<u>\$ 25,708,827</u>	<u>\$ 25,872,926</u>	<u>\$ 27,851,047</u>
Program Revenues										
Governmental Activities:										
Charges For Services	\$ 85,255	\$ 57,350	\$ 71,800	\$ 80,838	\$ 58,900	\$ 68,434	\$ 35,000	\$ 46,150	\$ 63,750	\$ 174,182
Operating Grants And Contributions	5,076,324	5,784,143	7,492,737	8,280,886	6,563,686	5,656,817	7,858,117	5,916,388	4,628,883	4,707,921
Capital Grants And Contributions	82,600	4,195	693,423	12,155	-	-	16,595	181,357	733,743	59,124
Total Governmental Activities Program Revenues	<u>5,244,179</u>	<u>5,845,688</u>	<u>8,257,960</u>	<u>8,373,879</u>	<u>6,622,586</u>	<u>5,725,251</u>	<u>7,909,712</u>	<u>6,143,895</u>	<u>5,426,376</u>	<u>4,941,227</u>
Business-Type Activities:										
Charges For Services										
Food Service	\$ 10,610	\$ 10,427	\$ 10,958	\$ 10,020	\$ 9,978	\$ 6,928				
After School Child Care Program	706,399	737,155	694,382	837,861	700,226	508,378	156,271	\$ 437,735	\$ 584,915	\$ 590,878
Operating Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	<u>717,009</u>	<u>747,582</u>	<u>705,340</u>	<u>847,881</u>	<u>710,204</u>	<u>515,306</u>	<u>156,271</u>	<u>437,735</u>	<u>584,915</u>	<u>590,878</u>
Total District Program Revenues	<u>\$ 5,961,188</u>	<u>\$ 6,593,270</u>	<u>\$ 8,963,300</u>	<u>\$ 9,221,760</u>	<u>\$ 7,332,790</u>	<u>\$ 6,240,557</u>	<u>\$ 8,065,983</u>	<u>\$ 6,581,630</u>	<u>\$ 6,011,291</u>	<u>\$ 5,532,105</u>

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net (Expense)/Revenue										
Governmental Activities	\$ (18,080,314)	\$ (18,008,814)	\$ (17,965,380)	\$ (19,125,743)	\$ (19,918,924)	\$ (19,667,873)	\$ (19,490,662)	\$ (19,154,681)	\$ (19,910,523)	\$ (22,326,870)
Business-Type Activities	89,880	(19,936)	(89,612)	103,048	32,404	(55,496)	(77,160)	27,484	48,888	7,928
Total District-Wide Net Expense	\$ (17,990,434)	\$ (18,028,750)	\$ (18,054,992)	\$ (19,022,695)	\$ (19,886,520)	\$ (19,723,369)	\$ (19,567,822)	\$ (19,127,197)	\$ (19,861,635)	\$ (22,318,942)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 17,089,582	\$ 17,422,828	\$ 18,214,980	\$ 18,779,280	\$ 19,470,149	\$ 20,014,879	\$ 20,764,389	\$ 21,179,676	\$ 21,603,270	\$ 22,781,884
Taxes Levied For Debt Service	516,191	616,762	621,662	631,262	639,112	635,813	625,850	598,600	571,650	795,175
State Aid for Debt Service Principal										39,081
Unrestricted Grants And Contributions	17,854	19,108	27,322	27,841	1,947					
Miscellaneous Income	237,690	56,710	65,762	170,990	84,974	37,907	62,377	101,349	275,687	629,378
Loss on Disposal of Capital Assets	-	-	(1,398)		(20,848)					
Transfers	54,454	-	(3,000)	(6,000)	(7,699)	(2,310)	(7,000)	-	(5,000)	(15,000)
Total Governmental Activities	17,915,771	18,115,408	18,925,328	19,603,373	20,167,635	20,688,289	21,445,616	21,879,625	22,445,607	24,230,518
Business-Type Activities:										
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-
Transfers	(54,454)	-	3,000	6,000	7,699	2,310	7,000	-	5,000	15,000
Total Business-Type Activities	(54,454)	-	3,000	6,000	7,699	2,310	7,000	-	5,000	15,000
Total District-Wide	\$ 17,861,317	\$ 18,115,408	\$ 18,928,328	\$ 19,609,373	\$ 20,175,334	\$ 20,688,599	\$ 21,452,616	\$ 21,879,625	\$ 22,450,607	\$ 24,245,518
Change in Net Position										
Governmental Activities	\$ (164,543)	\$ 106,594	\$ 959,948	\$ 477,630	\$ 248,711	\$ 1,018,416	\$ 1,954,954	\$ 2,724,944	\$ 2,535,084	\$ 1,903,648
Business-Type Activities	35,426	(19,936)	(86,612)	109,048	40,103	(53,186)	(70,160)	27,484	53,888	22,928
Total District	\$ (129,117)	\$ 86,658	\$ 873,336	\$ 586,678	\$ 288,814	\$ 965,230	\$ 1,884,794	\$ 2,752,428	\$ 2,588,972	\$ 1,926,576

Source: District's Financial Records

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Restricted	\$ 2,366,212	\$ 2,339,551	\$ 2,484,350	\$ 2,902,082	\$ 2,854,399	\$ 3,605,525	\$ 4,211,114	\$ 5,782,058	\$ 8,020,623	\$ 9,261,878
Assigned	78,522	54,097	182,895	106,998	58,588	105,113	836,438	813,720	62,436	600,039
Unassigned	<u>177,631</u>	<u>315,595</u>	<u>340,463</u>	<u>352,094</u>	<u>363,951</u>	<u>218,951</u>	<u>744,345</u>	<u>769,246</u>	<u>352,515</u>	<u>351,301</u>
Total General Fund	<u>\$ 2,622,365</u>	<u>\$ 2,709,243</u>	<u>\$ 3,007,708</u>	<u>\$ 3,361,174</u>	<u>\$ 3,276,938</u>	<u>\$ 3,929,589</u>	<u>\$ 5,791,897</u>	<u>\$ 7,365,024</u>	<u>\$ 8,435,574</u>	<u>\$ 10,213,218</u>
All Other Governmental Funds										
Reserved										
Unreserved										
Restricted	\$ 1	\$ 1,449,548	\$ 238,240	\$ 68,753		\$ 14,157	\$ 17,294	\$ 25,048	\$ 11,091,837	\$ 4,501,093
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 1</u>	<u>\$ 1,449,548</u>	<u>\$ 238,240</u>	<u>\$ 68,753</u>	<u>\$ -</u>	<u>\$ 14,157</u>	<u>\$ 17,294</u>	<u>\$ 25,048</u>	<u>\$ 11,091,837</u>	<u>\$ 4,501,093</u>

Source: District's Financial Records

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Tax Levy	\$ 17,605,773	\$ 18,039,590	\$ 18,836,642	\$ 19,410,542	\$ 20,109,261	\$ 20,650,692	\$ 21,390,239	\$ 21,778,276	\$ 22,174,920	\$ 23,577,059
Tuition Charges	68,300	57,350	71,800	80,838	58,900	68,434	35,000	46,150	63,750	75,375
Miscellaneous	399,814	81,410	125,562	180,627	119,743	95,878	62,377	101,349	275,687	629,378
Federal Sources	289,775	311,940	384,803	361,261	384,371	370,704	465,101	846,347	1,120,348	642,790
State Sources	2,728,931	2,955,485	3,218,064	3,523,594	3,997,234	4,176,180	4,888,701	6,162,096	6,414,579	7,037,242
Local Sources	-	-	-	-	-	-	22,783	73,768	113,034	105,757
Total Revenue	21,092,593	21,445,775	22,636,871	23,556,862	24,669,509	25,361,888	26,864,201	29,007,986	30,162,318	32,067,601
Expenditures										
Instruction										
Regular Instruction	7,557,356	7,270,858	7,642,298	8,304,763	8,324,111	8,748,504	9,026,336	9,877,583	10,200,639	11,048,465
Special Education Instruction	3,610,983	3,285,328	3,430,341	3,533,748	3,703,499	3,839,023	3,856,886	4,199,016	4,407,815	4,893,998
Other Instruction	715,642	807,384	983,824	1,042,562	1,362,673	1,279,573	1,148,390	1,315,794	953,521	1,115,708
School Sponsored Activities and Athletics	296,814	293,581	179,814	202,943	213,548	206,248	176,935	321,432	411,766	462,234
Support Services:										
Student and Inst. Related Services	2,828,558	3,556,406	3,439,956	3,238,844	3,329,225	3,636,335	3,880,378	4,170,349	4,468,859	4,724,215
General Administration	550,189	574,400	570,290	551,572	572,461	543,918	640,672	693,696	715,117	702,214
School Administrative Services	1,361,043	1,392,146	1,407,316	1,536,950	1,542,925	1,501,879	1,549,758	1,349,580	1,426,215	1,495,974
Central Services	397,838	384,379	385,078	401,887	413,966	435,856	509,015	539,989	614,195	604,920
Plant Operations And Maintenance	1,615,423	1,667,048	1,717,250	1,857,241	2,651,294	1,932,940	2,188,485	2,223,924	2,354,482	2,352,205
Pupil Transportation	1,121,141	1,143,650	1,160,734	1,332,420	1,315,997	1,246,997	1,108,230	1,268,961	1,411,151	1,565,499
Capital Outlay	713,248	701,517	1,769,935	437,545	603,924	792,341	205,605	654,271	2,317,572	6,849,972
Debt Service										
Principal	500,000	587,462	728,152	794,656	758,750	689,187	735,439	704,585	663,655	516,059
Interest and Other Charges	161,216	154,012	188,557	175,095	160,396	144,119	128,359	107,925	87,992	534,238
Total Expenditures	21,429,451	21,818,171	23,603,545	23,410,226	24,952,769	24,996,920	25,154,488	27,427,105	30,032,979	36,865,701
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(336,858)	(372,396)	(966,674)	146,636	(283,260)	364,968	1,709,713	1,580,881	129,339	(4,798,100)

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Other Financing Sources (Uses)										
Lease Proceeds		\$ 1,908,821	\$ 56,831	\$ 43,343	\$ 137,970	\$ 51,541	\$ 162,732	-		
Bond Proceeds									\$ 12,013,000	-
Transfers In	\$ 160,024	395,480	1,243,968		68,753	1,190				
Transfers Out	(105,570)	(395,480)	(1,246,968)	(6,000)	(76,452)	(3,500)	(7,000)	-	(5,000)	\$ (15,000)
Total Other Financing Sources (Uses)	<u>54,454</u>	<u>-</u>	<u>53,831</u>	<u>37,343</u>	<u>130,271</u>	<u>49,231</u>	<u>155,732</u>	<u>-</u>	<u>12,008,000</u>	<u>(15,000)</u>
Net Change in Fund Balances	<u>\$ (282,404)</u>	<u>\$ (372,396)</u>	<u>\$ (912,843)</u>	<u>\$ 183,979</u>	<u>\$ (152,989)</u>	<u>\$ 414,199</u>	<u>\$ 1,865,445</u>	<u>\$ 1,580,881</u>	<u>\$ 12,137,339</u>	<u>\$ (4,813,100)</u>
Debt Service as a Percentage of										
Noncapital Expenditures	3.19%	3.51%	4.20%	4.22%	3.77%	3.44%	3.46%	3.03%	2.71%	3.50%

Source: District's Financial Records

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30,	Interest on Investments	Sale of Assets	Tuition	Prior Year Refunds	Transportation Fees	Cancel Prior Year Accounts Payable	E-Rate	New Jersey Clean Energy	Miscellaneous	Total
2015	\$ 3,879		\$ 68,300	\$ 19,268	\$ 16,253	\$ 126,830	\$ 4,978		\$ 82,735	\$ 322,243
2016	1,905		57,350	9,892	15,158		11,289		18,443	114,037
2017	2,294		71,800	9,774	6,668		13,020		33,948	137,504
2018	11,193	\$ 1,859	80,838	6,656			9,599	\$ 67,973	75,569	251,828
2019	21,916	11,238	58,900	14,392			9,599		39,067	143,874
2020	17,725	1,000	68,434	817	6,040		9,599	967	1,759	106,341
2021	5,476	1,972	35,000	23,906	9,650		2,811	484	18,078	97,377
2022	3,990		46,150	30,423			1,406		65,530	147,499
2023	238,211		63,750	12,142					24,890	338,993
2024	534,655		75,375			44,978			49,745	704,753

Source: District's Financial Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2015	\$ 21,366,100	\$ 1,426,212,000			\$ 882,190,797	\$ 202,322,900		\$ 2,532,091,797	\$ 1,974,647	\$ 2,534,066,444	\$ 3,583,486,834	\$ 0.704
2016	20,188,000	1,434,708,400			880,470,597	202,072,900	\$ 320,900	2,537,760,797	1,974,647	2,539,735,444	3,381,426,778	0.726
2017	19,877,800	1,440,661,700			879,706,097	200,693,600	153,100	2,541,092,297	1,974,647	2,543,066,944	3,274,603,476	0.752
2018	20,196,800	1,444,642,100			875,268,277	199,799,700	153,100	2,540,059,977	7,669	2,540,067,646	3,312,113,675	0.778
2019	20,128,100	1,448,660,200			872,269,477	195,927,500	153,100	2,537,138,377	7,669	2,537,146,046	3,364,905,009	0.804
2020	20,798,600	1,452,283,400			867,249,677	192,928,500		2,533,260,177	7,669	2,533,267,846	3,281,161,384	0.830
2021	45,596,600	1,456,093,400			820,642,400	192,928,500		2,515,260,900	7,669	2,515,268,569	3,403,140,170	0.859
2022	40,920,100	1,458,839,000			822,001,700	204,943,500		2,526,704,300	7,669	2,526,711,969	3,445,279,655	0.870
2023	65,101,000	1,458,905,900			768,147,570	204,579,000		2,496,733,470	7,669	2,496,741,139	3,492,379,566	0.917
2024	20,914,400	1,492,124,000			762,675,070	218,455,300	28,139,900	2,522,308,670	7,669	2,522,316,339	3,984,622,822	0.965

Source: County Abstract of Ratables

N/A - Information is not available.

Ⓔ a Tax rates are per \$100

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

<u>Assessment Year</u>	<u>Hanover Park Regional District</u>	<u>East Hanover School District</u>	<u>East Hanover Township</u>	<u>Morris County</u>	<u>Total</u>
2015	\$ 0.472	\$ 0.704	\$ 0.608	\$ 0.356	\$ 2.140
2016	0.471	0.726	0.631	0.343	2.171
2017	0.464	0.752	0.647	0.338	2.201
2018	0.466	0.778	0.689	0.342	2.275
2019	0.488	0.804	0.708	0.346	2.346
2020	0.485	0.830	0.749	0.326	2.390
2021	0.474	0.859	0.752	0.353	2.438
2022	0.452	0.870	0.773	0.351	2.446
2023	0.426	0.917	0.795	0.357	2.495
2024	0.417	0.965	0.823	0.389	2.594

Source: County Abstract of Ratables

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

INFORMATION NOT AVAILABLE

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2015	\$ 17,605,773	\$ 17,605,773	100.00%	N/A
2016	18,039,590	18,039,590	100.00%	N/A
2017	18,836,642	18,836,642	100.00%	N/A
2018	19,410,542	19,410,542	100.00%	N/A
2019	20,109,261	20,109,261	100.00%	N/A
2020	20,650,692	20,650,692	100.00%	N/A
2021	21,390,239	21,390,239	100.00%	N/A
2022	21,778,276	21,778,276	100.00%	N/A
2023	22,174,920	22,174,920	100.00%	N/A
2024	23,577,059	23,577,059	100.00%	N/A

Source: District Financial Records

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Financing Agreements			
2015	\$ 4,390,000	\$ 74,045	\$ 4,464,045	11,150	\$ 400
2016	3,885,000	1,900,404	5,785,404	11,124	520
2017	3,365,000	1,749,083	5,114,083	11,104	461
2018	2,825,000	1,537,770	4,362,770	11,028	396
2019	2,265,000	1,476,990	3,741,990	10,913	343
2020	1,695,000	1,409,344	3,104,344	10,868	286
2021	1,120,000	1,411,637	2,531,637	11,094	228
2022	555,000	1,272,052	1,827,052	11,120	164
2023	12,013,000	1,163,397	13,176,397	11,137	1,183
2024	11,610,000	1,050,338	12,660,338	11,137 *	1,137

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

* - Estimated

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2015	\$ 4,390,000		\$ 4,390,000	0.17%	\$ 394
2016	3,885,000		3,885,000	0.15%	349
2017	3,365,000		3,365,000	0.13%	303
2018	2,825,000		2,825,000	0.11%	256
2019	2,265,000		2,265,000	0.09%	208
2020	1,695,000		1,695,000	0.07%	156
2021	1,120,000		1,120,000	0.04%	101
2022	555,000		555,000	0.02%	50
2023	12,013,000		12,013,000	0.48%	1,079
2024	11,610,000		11,610,000	0.46%	1,042

Source: District Financial Records and Abstract of Ratables

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2023
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
East Hanover Township Board of Education	\$ 11,610,000
Regional High School - Township's Share	14,161,975
Township of East Hanover	<u>47,875,648</u>
	73,647,623
Overlapping Debt Apportioned to the Municipality:	
Morris County:	
County of Morris (A)	<u>14,100,011</u>
Total Direct and Overlapping Debt	<u><u>\$ 87,747,634</u></u>

Source:

(1) Township's 2023 Annual Debt Statement

(A) The debt for this entity was apportioned to East Hanover by dividing the municipality's 2023 equalized value by the total 2023 equalized value for Morris County.

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

Legal Debt Margin Calculation for Calendar Year 2023

Equalized Valuation Basis	
2023	\$ 3,928,770,212
2022	3,518,596,714
2021	3,414,226,822
	<u>\$ 10,861,593,748</u>
Average Equalized Valuation Of Taxable Property	<u>\$ 3,620,531,249</u>
Debt Limit (3% of Average Equalization Value)	\$ 108,615,937
Total Net Debt Applicable to Limit	<u>11,610,163</u>
Legal Debt Margin	<u>\$ 97,005,774</u>

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 104,347,483	\$ 103,990,799	\$ 102,270,057	\$ 99,576,432	\$ 99,525,499	\$ 99,525,907	\$ 99,525,907	\$ 101,120,711	\$ 103,603,167	\$ 108,615,937
Total Net Debt Applicable To Limit	<u>4,390,000</u>	<u>4,390,000</u>	<u>3,885,000</u>	<u>3,365,000</u>	<u>2,825,000</u>	<u>2,265,000</u>	<u>1,695,000</u>	<u>1,120,000</u>	<u>12,568,163</u>	<u>11,610,163</u>
Legal Debt Margin	<u>\$ 99,957,483</u>	<u>\$ 99,600,799</u>	<u>\$ 98,385,057</u>	<u>\$ 96,211,432</u>	<u>\$ 96,700,499</u>	<u>\$ 97,260,907</u>	<u>\$ 97,830,907</u>	<u>\$ 100,000,711</u>	<u>\$ 91,035,004</u>	<u>\$ 97,005,774</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.21%	4.22%	3.80%	3.38%	2.84%	2.28%	1.70%	1.11%	12.13%	10.69%

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2015	11,150	\$ 88,335	4.1%
2016	11,124	91,148	4.0%
2017	11,104	93,633	4.0%
2018	11,028	97,819	4.0%
2019	10,913	101,646	2.7%
2020	10,868	102,227	9.2%
2021	11,094	107,767	5.2%
2022	11,120	111,597	3.1%
2023	11,137	111,597 *	3.6%
2024	11,137 *	111,597 *	3.6% *

Source: New Jersey State Department of Education

*- Estimated

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

	2024		2015	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
<u>Employer</u>				

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Instruction										
Regular	64.0	63.5	66.6	72	71.7	72.8	75.6	76.5	81.4	90.3
Special Education	40.7	32.3	32.45	27	27.0	33.1	31.3	35.8	41.2	34.8
Other Special Education										
Vocational										
Other Instruction	6.9	7.0	6.95	6	10.3	9.5	9.2	8.7	7.5	9.4
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	28.3	38.6	31.85	28	25.3	23.9	27.7	30.7	30.8	33.6
General Administration	2.0	2.1	2.1	2	2.0	2.0	2.0	1.8	1.7	1.7
School Administrative Services	10.5	10.5	10.5	11	11.0	11.0	10.0	8.6	8.8	8.8
Other Administrative Services			0							
Central Services	3.5	3.5	3.5	4	3.5	3.5	3.5	4.3	4.6	3.9
Administrative Information Technology										
Plant Operations And Maintenance	26.5	18.6	18.9	19	19.0	18.5	19.2	19.3	19.1	21.0
Pupil Transportation	6.5	6.2	7.66	8	6.3	5.2	5.0	3.1	3.7	4.1
Other Support Services										
Special Schools										
Food Service										
Child Care	-	-	-	-	-	-	-	-	-	-
Total	<u>188.9</u>	<u>182.3</u>	<u>180.5</u>	<u>177.0</u>	<u>176.1</u>	<u>179.5</u>	<u>183.5</u>	<u>188.8</u>	<u>198.8</u>	<u>207.6</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School				
2015	997	\$ 20,054,987	\$ 20,115	6.79%	01:10.2	01:11.0	01:09.1	997	956	-2.35%	95.89%
2016	968	20,375,180	21,049	4.64%	01:09.9	01:10.5	01:09.0	969	930	-2.81%	95.98%
2017	973	20,916,901	21,497	2.13%	01:09.9	01:10.6	01:08.9	973	932	0.41%	95.79%
2018	933	22,002,930	23,583	9.70%	01:09.7	01:10.4	01:08.6	931	890	-4.32%	95.60%
2019	900	23,429,699	26,033	10.39%	01:09.3	01:10.3	01:07.6	901	864	-3.22%	95.89%
2020	922	23,371,273	25,348	-2.63%	01:09.6	01:10.5	01:08.0	930	904	3.22%	97.20%
2021	895	24,085,085	26,911	6.16%	01:09.1	01:09.8	01:07.8	895	875	-3.76%	97.77%
2022	933	25,960,324	27,825	3.40%	01:09.3	01:10.4	01:07.6	925	876	3.35%	94.70%
2023	972	26,963,760	27,740	-0.30%	01:09.6	01:10.8	01:07.6	967	914	4.54%	94.52%
2024	1,003	28,965,432	28,879	4.10%	01:09.6	01:10.8	01:07.8	998	946	3.21%	94.79%

Sources: District Financial Records and Personnel Records

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<u>District Building</u>										
<u>Elementary</u>										
Central School										
Square Feet	58,328	58,328	58,328	58,328	43,726	43,726	43,726	43,726	43,726	43,726
Capacity (students)	374	374	374	374	374	374	374	374	374	374
Enrollment	316	302	297	284	290	290	319	329	380	380
Frank J. Smith School										
Square Feet	39,197	39,197	39,197	39,197	40,750	40,750	40,750	40,750	40,750	40,750
Capacity (students)	425	425	425	425	425	425	425	425	425	425
Enrollment	313	304	329	320	326	326	297	304	293	293
<u>Middle School</u>										
Square Feet	60,502	60,502	60,502	60,502	75,640	75,640	75,640	75,640	75,640	75,640
Capacity (students)	383	383	383	383	383	383	383	383	383	383
Enrollment	368	362	347	327	290	290	279	300	299	299
<u>Other</u>										
Board of Education Offices										
Square Feet	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083

Number of Schools at June 30, 2024

 Elementary = 2

 Middle School = 1

 Other = 1

Source: District Records

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

	<u>Project # (s)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
School Facilities											
Central School	N/A	\$ 139,756	\$ 167,192	\$ 141,361	\$ 169,909	\$ 175,193	\$ 149,269	\$ 144,942	\$ 135,083	\$ 148,029	\$ 127,220
Frank J. Smith School	N/A	93,918	120,734	98,274	114,180	163,269	139,110	135,077	125,889	137,953	118,561
Middle School	N/A	154,586	173,424	151,689	176,241	234,816	244,028	236,954	220,836	242,000	207,981
Administration Building	N/A	<u>16,971</u>	<u>20,303</u>	<u>17,758</u>	<u>20,633</u>	<u>28,379</u>	<u>24,180</u>	<u>23,479</u>	<u>21,882</u>	<u>23,979</u>	<u>20,608</u>
Total School Facilities		<u>\$ 405,231</u>	<u>\$ 481,653</u>	<u>\$ 409,082</u>	<u>\$ 480,963</u>	<u>\$ 601,657</u>	<u>\$ 556,587</u>	<u>\$ 540,452</u>	<u>\$ 503,690</u>	<u>\$ 551,961</u>	<u>\$ 474,370</u>

Source: District Records

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2024
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSBAIG		
Property:		
Real & Personal Property	\$ 500,000,000	\$ 5,000
Extra Expense (Per Occurrence)	50,000,000	5,000
Valuable Papers and Records (Per Occurrence)	10,000,000	5,000
Demolition and Increased Construction (Per Occurrence)	25,000,000	
Equipment Breakdown	100,000,000	1,000
Accounts Receivable (Per Occurrence)	250,000	
Pollutant Cleanup and Removal (Per Occurrence)	250,000	
Arson Reward & Fire Department Service Charge (Per Occurrence)	10,000	
Limited Builders Risk	10,000,000	
Fire Dept. Service Charge	10,000	
Per Occurrence/ Annual Aggregate:		
All Flood Zones	75,000,000	10,000
Special Flood Zones	25,000,000	500,000
Earthquakes	50,000,000	
Terrorism	1,000,000	
Comprehensive General Liability	16,000,000	1,000
Comprehensive Automotive Liability	16,000,000	1,000
Workers' Compensation - NJSIG		
Professional & Clerical	12,727,282	
No-Professional	764,307	
School Board Legal Liability - NJSIG		
Director's and Officer's Policy	15,000,000	5,000
Public Employees' Faithful Performance Blanket		
Position Bond:		
NJSIG		
Board Secretary/School Business Administrator	250,000	1,000
Treasurer	225,000	1,000
General Employees	250,000	1,000
Theft, Forgery, Computer Fraud	25,000 Ea	500
Electric Data Processing		
Data Processing Equipment	500,000	1,000
Computer Virus	250,000	1,000

Source: District records

SINGLE AUDIT SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Hanover Township Board of Education as of and for the fiscal year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the East Hanover Township Board of Education's basic financial statements and have issued our report thereon dated November 4, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Hanover Township Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the East Hanover Township Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the East Hanover Township Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 4, 2024



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
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CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the East Hanover Township Board of Education's compliance with the types of compliance requirements identified as subject to audit in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the East Hanover Township Board of Education's major state programs for the fiscal year ended June 30, 2024. The East Hanover Township Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the East Hanover Township Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey and audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards and New Jersey OMB Circular are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

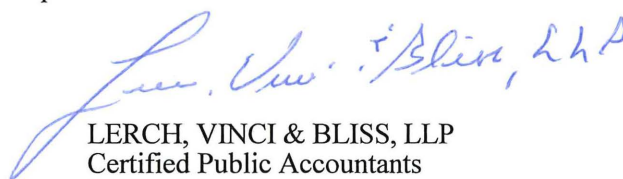
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

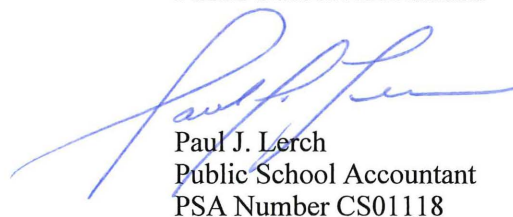
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Hanover Township Board of Education, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated November 4, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 4, 2024

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program Title	Federal AI Number	Federal FAIN Number	Grant Period From To		Program or Award Amount	Balance at June 30, 2023			Carryover Amount			Total Budgetary Expenditures	Adjustment	Balance at June 30, 2024			Memo GAAP Receivable
						Accounts Receivable	Deferred Revenue	Due to Grantor	Accounts Receivable	Deferred Revenue	Cash Received			Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education																	
Passed-through State Department of Education																	
Special Revenue Fund:																	
Title I, Part A	84.010	S010A230030	7/1/23	9/30/24	68,400				\$ (15,514)	\$ 15,514	\$ 23,980	\$ 37,042		1 \$ (45,587)	1 \$ 32,525		\$ (13,062)
Title I, Part A, Carryover	84.010	S010A220030	7/1/22	9/30/23	80,471	\$ (32,029)	\$ 16,567	-	15,514	(15,514)	16,515	1,053	-	-	-	-	-
Total Title I, Part A Cluster						(32,029)	16,567	-	-	-	40,495	38,095	-	(45,587)	32,525	-	(13,062)
Title II, Part A	84.367A	S367A230029	7/1/23	9/30/24	16,744				(5,651)	5,651	4,750	20,950		(17,645)	1,445		(16,200)
Title II, Part A, Carryover	84.367A	S367A220029	7/1/22	9/30/23	14,804	(5,991)	5,651	-	5,651	(5,651)	340	-	-	-	-	-	-
Total Title II, Part A Cluster						(5,991)	5,651	-	-	-	5,090	20,950	-	(17,645)	1,445	-	(16,200)
Title III Immigrant	84.365A	S365A230030	7/1/23	9/30/24	2,257						1,202	1,204		(1,055)	1,053		(2)
Title IV, Part A	84.424A	S424A230031	7/1/23	9/30/24	10,000				(119)	119	8,365	9,981		(1,754)	138		(1,616)
Title IV, Part A, Carryover	84.424A	S424A220031	7/1/22	9/30/23	10,000	(9,325)	119	-	119	(119)	9,206	-	-	-	-	-	-
Total Title IV, Part A Cluster						(9,325)	119	-	-	-	17,571	9,981	-	(1,754)	138	-	(1,616)
I.D.E.A. Part B, Basic Regular	84.027	H027A230100	7/1/23	9/30/24	258,266						258,266	258,266		-	-		-
I.D.E.A. Part B, Basic Regular, Carryover	84.027	H027A220100	7/1/22	9/30/23	237,176	(48,798)	-				48,798			-	-		-
I.D.E.A. Part B, Preschool	84.173	H173A230114	7/1/23	9/30/24	15,118				(1,452)	1,452	16,333	16,570		(237)	-		(237)
I.D.E.A. Part B, Preschool, Carryover	84.173	H173A220114	7/1/22	9/30/23	14,995	(4,831)	1,452	-	1,452	(1,452)	3,379	-	-	-	-	-	-
Total Special Education Cluster (IDEA)						(53,629)	1,452	-	-	-	326,776	274,836	-	(237)	-	-	(237)
CRRSA, ESSER II	84.425D	S425D210027	3/13/20	9/30/23	366,217	(15,275)	12,875				15,275	12,875		-	-		-
CRRSA, Learning Acceleration	84.425D	S425D210027	3/13/20	9/30/23	25,000	(10,767)	10,767				10,767	10,767		-	-		-
CRRSA, Mental Health	84.425D	S425D210027	3/13/20	9/30/23	45,000	(5,703)	4,703				5,703	4,703		-	-		-
ARP - ESSER III	84.425U	S425U210027	3/13/21	9/30/24	823,048	(108,274)	108,274				42,662	108,221		(65,612)	53		(65,559)
ARP - Accelerated Learning Coach	84.425U	S425U210027	3/13/21	9/30/24	74,440	(74,440)	74,440				69,890	71,600		(4,550)	2,840		(1,710)
ARP - Evidence Based Summer Learning	84.425U	S425U210027	3/13/21	9/30/24	40,000	(34,635)	34,635				26,740	27,522		(7,895)	7,113		(782)
ARP - Evidence Based Comprehensive	84.425U	S425U210027	3/13/21	9/30/24	40,000	(40,000)	40,000				36,196	36,196		(3,804)	3,804		-
ARP - NJTSS Mental Health Support	84.425U	S425U210027	3/13/21	9/30/24	45,000	(39,122)	25,840	-	-	-	25,024	25,840	-	(14,098)	-	-	(14,098)
Total CRRSA/ARP Fund Cluster						(328,216)	311,534	-	-	-	232,257	297,724	-	(95,959)	13,810	-	(82,149)
Total Special Revenue Fund						(429,190)	335,323	-	-	-	623,391	642,790	-	(162,237)	48,971	-	(113,266)
Sub-Total Federal Financial Awards						\$ (429,190)	\$ 335,323	\$ -	\$ -	\$ -	\$ 623,391	\$ 642,790	\$ -	\$ (162,237)	\$ 48,971	\$ -	\$ (113,266)

I - Balances are reflective of an internal adjustment made to cancel unused carryover in the amount of \$14,347

Note: Not subject to a Federal Single Audit.

EAST HANOVER TOWNSHIP BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2024

Balance at June 30, 2023										Balance at June 30, 2024				MEMO	
State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Accounts Receivable	Deferred Revenue	Due to Grantor	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
														.	
State Department of Education														.	
General Fund:														.	
Special Education Categorical Aid	24-495-034-5120-089	7/1/23	6/30/24	\$ 1,065,923				\$ 964,162	\$ 1,065,923	\$ (101,761)				\$ 1,065,923	
Special Education Categorical Aid	23-495-034-5120-089	7/1/22	6/30/23	947,303	\$ (89,657)			89,657							
Security Aid	24-495-034-5120-084	7/1/23	6/30/24	88,752				80,279	88,752	(8,473)				88,752	
Security Aid	23-495-034-5120-084	7/1/22	6/30/23	21,436	(2,029)	-	-	2,029	-	-	-	-	-	-	
Total State Aid Public Cluster					(91,686)	-	-	1,136,127	1,154,675	(110,234)	-	-	-	1,154,675	
														.	
Transportation Aid	24-495-034-5120-014	7/1/23	6/30/24	201,133				181,932	201,133	(19,201)				201,133	
Transportation Aid	23-495-034-5120-014	7/1/22	6/30/23	178,676	(16,911)			16,911							
Additional Nonpublic Transportation Aid	24-495-034-5120-014	7/1/23	6/30/24	13,195					13,195	(13,195)			\$ (13,195)	13,195	
Additional Nonpublic Transportation Aid	23-495-034-5120-014	7/1/22	6/30/23	15,288	(15,288)	-	-	15,288	-	-	-	-	-	-	
Total Transportation Aid Cluster					(32,199)	-	-	214,131	214,328	(32,396)	-	-	(13,195)	214,328	
														.	
Extraordinary Aid	24-495-034-5120-044	7/1/23	6/30/24	387,580					387,580	(387,580)				387,580	
Extraordinary Aid	23-495-034-5120-044	7/1/22	6/30/23	334,897	(334,897)			334,897							
														.	
Reimbursed Social Security Tax	24-495-034-5094-003	7/1/23	6/30/24	744,504				708,402	744,504	(36,102)			(36,102)	744,504	
Reimbursed Social Security Tax	23-495-034-5094-003	7/1/22	6/30/23	716,227	(70,089)			70,089		-					
														.	
On-Behalf Teachers' Pension and Annuity Fund	24-495-034-5094-002	7/1/23	6/30/24	3,503,812				3,503,812	3,503,812					3,503,812	
On-Behalf- Teachers' Pension & Annuity Fund – Non-contributory Insurance	24-495-034-5094-004	7/1/23	6/30/24	39,959				39,959	39,959					39,959	
On Behalf-Teachers' Pension and Annuity Fund – Post Retirement Medical	24-495-034-5094-001	7/1/23	6/30/24	964,485				964,485	964,485					964,485	
On-Behalf- Teachers' Pension & Annuity Fund – Long Term Disability	24-495-034-5094-004	7/1/23	6/30/24	1,642	-	-	-	1,642	1,642	-	-	-	-	1,642	
On-Behalf Teachers' Pension and Annuity Fund Cluster					-	-	-	4,509,898	4,509,898	-	-	-	-	5,254,402	
Total General Fund					(528,871)	-	-	6,973,544	7,010,985	(566,312)	-	-	(49,297)	7,010,985	
														.	
Special Revenue														.	
New Jersey Non-Public Aid														.	
Handicapped Services														.	
Examination and Classification	24-100-034-5120-066	7/1/23	6/30/24	4,263				4,263	4,263					4,263	
Corrective Speech	24-100-034-5120-066	7/1/23	6/30/24	837	-	-	-	837	837	-	-	-	-	837	
Total Non-Public Hand. Service Aid (Chapter 193) Cluster					-	-	-	5,100	5,100	-	-	-	-	5,100	
														.	
SDA Emergent Needs	N/A	7/1/23	6/30/24	21,735	-	-	-	-	21,735	(21,735)	-	-	(21,735)	21,735	
Total Special Revenue Fund					-	-	-	5,100	26,835	(21,735)	-	-	(21,735)	26,835	
														.	
Debt Service Fund:														.	
Debt Service Aid	24-495-034-5121-075	7/1/23	6/30/24	72,943	-	-	-	72,943	72,943	-	-	-	-	72,943	
														.	
Total State Financial Assistance					\$ (528,871)	\$ -	\$ -	\$ 7,051,587	\$ 7,110,763	\$ (588,047)	\$ -	\$ -	\$ (71,032)	\$ 7,110,763	
														.	
Less: On-Behalf TPAF Pension System Contributions														.	
On-Behalf Teachers' Pension and Annuity Fund	24-495-034-5094-002								(3,503,812)						
On-Behalf- Teachers' Pension & Annuity Fund – Non-contributory Insurance	24-495-034-5094-004								(39,959)						
On Behalf-Teachers' Pension and Annuity Fund – Post Retirement Medical	24-495-034-5094-001								(964,485)						
On-Behalf- Teachers' Pension & Annuity Fund – Long Term Disability	24-495-034-5094-004								(1,642)						
Total for State Financial Assistance-Major Program Determination								\$ 2,600,865							

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 REPORTING ENTITY

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

NOTE 2 BASIS OF PRESENTATION

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

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in the Notes to the Budgetary Comparison Schedules (RSI) and Note 1(D) to the Board’s financial statements, respectively. Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements. The Board’s summary of significant accounting policies are described in Note 1 to the Board’s financial statements.

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$73,521 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 6,937,464	\$ 6,937,464
Special Revenue Fund	\$ 642,790	26,835	669,625
Debt Service Fund	-	72,943	72,943
Total Awards and Financial Assistance	<u>\$ 642,790</u>	<u>\$ 7,037,242</u>	<u>\$ 7,680,032</u>

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$744,504 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2024. The amount reported as TPAF Pension System Contributions in the amount of \$3,543,771, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$964,485 and TPAF Long-Term Disability Insurance in the amount of \$1,642 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2024.

NOTE 7 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

NOTE 8 DE MINIMIS INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Part I – Summary of Auditor's Results

Financial Statement Section

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

Federal Awards Section

Not Applicable

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Part I – Summary of Auditor's Results

State Awards Section

Internal Control over compliance:

- 1) Material weakness(es) identified? _____ yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? _____ yes X none reported

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

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

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
24-495-034-5120-089 & -084	Special Education and Security Aid

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

Auditee qualified as low-risk auditee? X yes _____ no

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Part 2 - Schedule of Financial Statement Findings

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

THERE ARE NONE

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable

**EAST HANOVER TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

CURRENT YEAR STATE AWARDS

THERE ARE NONE