

**ANDOVER REGIONAL
SCHOOL DISTRICT**

**Andover Regional School District
Board of Education
Newton, Sussex County
New Jersey**

**Annual Comprehensive Financial Report
For The Fiscal Year Ended June 30, 2023**

Annual Comprehensive

Financial Report

of the

Andover Regional School District

Board of Education

Newton, Sussex County

For the Fiscal Year Ending June 30, 2023

Prepared by

Andover Regional School District

Board of Education

Finance Department

OUTLINE OF ACFR

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Introductory Section



**ANDOVER REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

707 Limecrest Road
Newton, NJ 07860
Telephone (973) 315-5254 Fax (973)383-8348

November 2023

The Honorable President and Members
of the Board of Education
Andover Regional School District
County of Sussex, State of New Jersey

Dear Board Members:

The annual comprehensive financial report of the Andover Regional School District for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Andover Regional 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 Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is subject to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget "Uniform Guidance", "Audits of States, Local Governments and Non-profit Organizations", and New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control and compliance with applicable laws, regulations contracts and grants and findings and questioned costs are included in the single audit section of this report.

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1) **REPORTING ENTITY AND ITS SERVICES:** Andover Regional 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 Andover Regional Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, as well as special education for handicapped students from preschool disabled through grade 8. Additionally, the District provides for the education of regular and special education high school level students through a sending-receiving relationship with the Newton Board of Education, as well as transportation services or aid in lieu of transportation for all resident public and nonpublic students.

2) **ECONOMIC CONDITION AND OUTLOOK:** The District relied heavily on grants and additional funding such as Special Education, Extraordinary Aid and transportation aid. Many consumable lines, including heat, energy, and custodial supplies were decimated. During the past few years, the mainly suburban bedroom communities of Andover Township and Andover Borough have experienced no growth in housing. There has been no significant development of commercial property in either municipality. Over the past five years, the District's enrollment has declined approximately 10% across all grade levels.

3) **MAJOR INITIATIVES:**

The District financial budget includes and supports the maintenance of our two school buildings, upgrades and maintenance of all district technology, new and revised curriculum, and professional development opportunities for all staff.

The District continues to maintain a relationship with the Newton School District via a sending/receiving agreement for Andover Regional high school students. Approximately 198 students residing in the Andover Regional community in grades 9-12 attend Newton High School through this sending/receiving relationship.

4) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is the responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control system is designed to provide

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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 system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to 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 to ensure 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 the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2023.

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

7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit. Deposit Protection Act ("GUDP A").

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GUDP A was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The New Jersey Schools Insurance Group oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

9. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Company LLC was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB "Uniform Guidance" and New Jersey's OMB Circular 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,

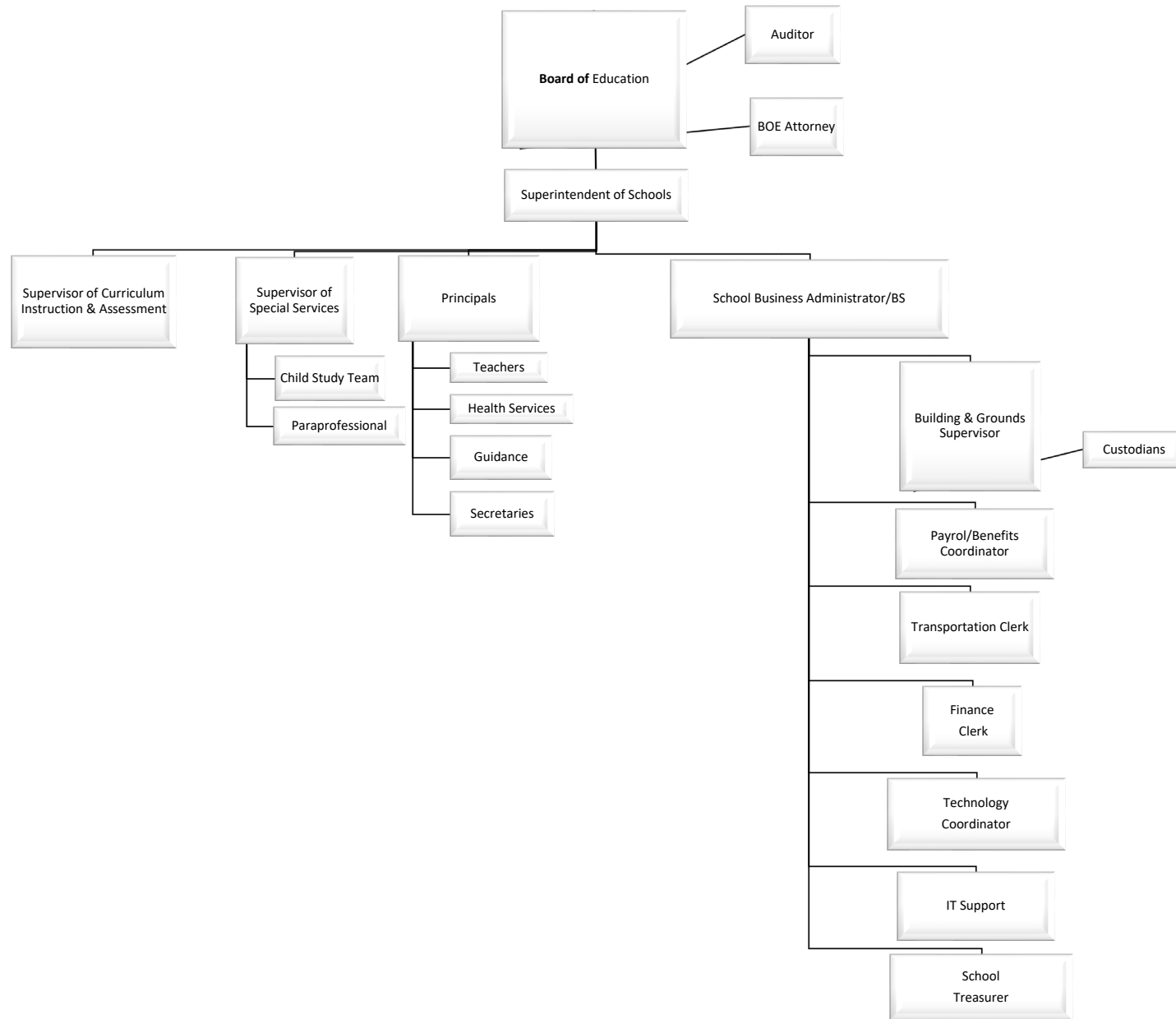
A handwritten signature in black ink that reads 'Clifford Burns'.

Dr. Clifford Burns
Superintendent

A handwritten signature in black ink that reads 'Nicole Sylvester'.

Nicole Sylvester
School Business Administrator/Board Secretary

**ANDOVER REGIONAL SCHOOL DISTRICT
ORGANIZATIONAL CHART**



**ANDOVER REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Robert Koroski, President	2023
Maria Dunbar, Vice President	2023
James Fetcho	2023
William Porter	2025
Lena Sciroppo	2024
Brian Hertenstein	2024
Jane Byron	2025
Steven Minnick	2025
Jeffrey Neubig	2024

Other Officials

Dr. Clifford Burns, Superintendent

Nicole Sylvester, School Business Administrator/Board Secretary

Rene Metzgar, Treasurer of School Monies

**ANDOVER REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ARCHTECT

Parette Somjen Architects, LLC
439 Route 46 East- Suite 4
Rockaway, New Jersey 07866

AUDIT FIRM

Ardito & Company LLC
1110 Harrison Street, Suite C
Frenchtown, New Jersey 08825

ATTORNEY

Scarinci & Hollenbeck, LLC
150 Clove Road, 9th Floor
Little Falls, New Jersey 07424

OFFICIAL DEPOSITORIES

Lakeland Bank
250 Oak Ridge Road
Oak Ridge, New Jersey 07438

Financial Section

Independent Auditor's Report



ARDITO & COMPANY LLC

1110 Harrison Street, Suite C
Frenchtown, New Jersey 08825-1192
908-996-4711 Fax: 908-996-4688
e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Andover Regional School District
County of Sussex
Newton, New Jersey 07860

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Andover Regional School District Board of Education, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Andover Regional School District Board of Education, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Andover Regional School District 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

-Continued-

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and ***Government Auditing Standards*** 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 and ***Government Auditing Standards*** and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and post-employment benefit trend information as noted in the table of contents 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 Andover Regional School District Board of Education's basic financial statements. The combining and individual non-

-Continued-

major fund financial statements, long-term debt schedules, and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, long-term debt schedules, and the schedule 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 the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* the District's internal control over financial reporting and compliance.

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 2, 2023

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 2, 2023

Required Supplementary Information - Part I

Management's Discussion and Analysis

ANDOVER REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

The discussion and analysis of Andover Regional School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- ◆ In total, Net Position increased \$1,782,813 which represents a 15.9% increase from 2022.
- ◆ General revenues accounted for \$15,474,649 in revenue or 77.9% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$4,386,173 or 22.1% of total revenues of \$19,860,822.
- ◆ Total assets of governmental activities increased by \$587,621, as cash and cash equivalents decreased by \$663,294, receivables decreased by \$191,062, and capital assets increased by \$1,416,848.
- ◆ The School District had \$18,078,009 in expenses; only \$4,386,173 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$15,474,649 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$19,253,013 in revenues and \$19,975,206 in expenditures. The General Fund's surplus balance decreased \$722,193 over 2022, which compares favorably to the budgeted decrease of \$1,912,662.

Using this Generally Accepted Accounting Principals Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Andover Regional School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Andover Regional School District, the General Fund is by far the most significant fund.

ANDOVER REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during 2023?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s Net Position and changes in those assets. This change in Net Position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Nonfinancial factors include the School District’s property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major funds begins on page 26. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the General Fund, Special Revenue Fund, and Capital Projects Fund.

ANDOVER REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Governmental Funds

The School District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District’s Net Position for 2023 compared to 2022.

**Table 1
Net Position**

	<u>2023</u>	<u>2022</u>
Assets		
Current and Other Assets	\$ 7,811,700	\$ 8,640,927
Capital Assets	<u>13,314,866</u>	<u>11,898,018</u>
Total Assets	<u>21,126,566</u>	<u>20,538,945</u>
Deferred Outflows of Resources	<u>674,154</u>	<u>359,004</u>
Liabilities		
Long-Term Liabilities	5,876,328	6,036,416
Other Liabilities	<u>2,338,191</u>	<u>2,341,460</u>
Total Liabilities	<u>8,214,519</u>	<u>8,377,876</u>
Deferred Inflows of Resources	<u>572,179</u>	<u>1,288,864</u>
Net Position		
Invested in Capital Assets, Net of Debt	9,949,866	7,688,018
Restricted	4,631,215	5,736,669
Unrestricted	<u>(1,567,059)</u>	<u>(2,193,478)</u>
Total Net Position	<u>\$ 13,014,022</u>	<u>\$ 11,231,209</u>

ANDOVER REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Total assets of governmental activities increased by \$587,621, as cash and cash equivalents decreased by \$663,294, receivables decreased by \$191,062, and capital assets increased by \$1,416,848.

The cash decrease was mainly due to planned spending towards the budget and capital improvements. Receivables decreased due to federal grant reimbursements from prior year spending. Capital assets increased because of roof and HVAC improvements, net of depreciation expense for the fiscal year.

Table 2 shows the changes in Net Position from fiscal year 2022.

Table 2
Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 270,537	\$ 174,827
Operating Grants and Contributions	4,115,636	3,626,040
General Revenues:		
Property Taxes	15,293,107	15,035,981
Investment Earnings	12,862	11,345
Other	<u>168,680</u>	<u>537,291</u>
Total Revenues	<u>19,860,822</u>	<u>19,385,484</u>
Program Expenses		
Instruction	6,286,749	6,419,815
Support Services:		
Tuition	3,836,831	3,276,504
Pupils and Instructional Staff	2,718,445	2,310,158
General Administration, School Administration, Business	1,064,288	1,083,631
Operations and Maintenance of Facilities	1,458,635	1,465,530
Pupil Transportation	2,274,935	1,549,386
Transfer to Charter School	73,554	91,044
Business-Type Activities	197,262	211,374
Interest and Fiscal Charges	<u>167,310</u>	<u>243,456</u>
Total Expenses	<u>18,078,009</u>	<u>16,650,898</u>
Increase in Net Position	<u>\$ 1,782,813</u>	<u>\$ 2,734,586</u>

ANDOVER REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 77.0% percent of revenues for governmental activities for the Andover Regional School District for the fiscal year 2023.

Instruction comprises 34.8% of district expenses. Support services expenses make up 62.8% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2022. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2023</u>	<u>Net Cost of Services 2023</u>	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2022</u>
Instruction	\$ 6,286,749	\$ 4,185,312	\$ 6,419,815	\$4,689,238
Support Services:				
Tuition	3,836,831	3,836,831	3,276,504	3,276,504
Pupils and Instructional Staff	2,718,445	1,885,640	2,310,158	1,624,534
General Admin., School Admin., Business	1,064,288	834,773	1,083,631	826,940
Operation and Maintenance of Facilities	1,458,635	1,144,078	1,465,530	1,118,375
Pupil Transportation	2,274,935	1,784,341	1,549,386	1,182,366
Charter	73,554	73,554	91,044	91,044
Business-Type Activities	197,262	(30,496)	211,374	(12,588)
Interest and Fiscal Charges	167,310	(22,197)	243,456	53,618
Total Expenses	<u>\$ 18,078,009</u>	<u>\$ 13,691,836</u>	<u>\$ 16,650,898</u>	<u>\$ 12,850,031</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

ANDOVER REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District and unallocated depreciation.

The dependence upon tax revenues is apparent. Over 66.6% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 83.7%. The community, as a whole, is the primary support for the Andover Regional School District.

The School District's Funds

Information about the School District's major funds starts on page 26. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$21,215,873 and expenditures of \$22,069,533. The General Fund's surplus balance decreased \$722,193 over 2022, which compares favorably to the budgeted decrease of \$1,912,662.

General Fund Budgeting Highlights

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

During the course of the fiscal 2023 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$16,842,696, \$904,280 over original budgeted estimates of \$15,938,416. This difference was due primarily to non-budgeted stabilization aid and extraordinary aid.

General fund revenues fell short of expenditures by \$779,918. Again this deficit compares to a budgeted deficit of \$1,912,662, which was due to the budgeted surplus needed to balance the 2022-2023 budget. The budgeted deficit was reduced due to revenue increases, as noted above, and cost savings mainly in instruction

Overall general fund balance (budget basis) was \$5,594,968, and amounts ear-marked and reserved for future purposes were \$4,562,044, creating a surplus in unreserved fund balance of \$992,463. Management believes unreserved fund balance at 2% statutory levels will provide adequate working capital for the district.

ANDOVER REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Capital Assets

At the end of the fiscal year 2023, the School District had \$13,305,670 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2023 balances compared to 2022.

**Table 4
Capital Assets (Net of Depreciation) at June 30,**

	<u>2023</u>	<u>2022</u>
Land	\$ 265,016	\$ 265,016
Land Improvements	11,116	14,684
Buildings and Improvements	12,899,947	11,440,666
Machinery and Equipment	<u>129,591</u>	<u>177,652</u>
 Totals	 <u>\$ 13,305,670</u>	 <u>\$ 11,898,018</u>

Overall capital assets increased \$1,407,652 from fiscal year 2022 to fiscal year 2023. The increase in capital assets was due to depreciation expense for the year.

Capital improvements of \$1,932,238 were purchased during fiscal year 2023 and included building improvements to the school roof and HVAC.

Debt Administration

At June 30, 2023, the School District had \$3,809,044 as outstanding long term debt. Of this amount, \$444,044 is for compensated absences, and \$3,365,000 is for bonds payable outstanding.

At June 30, 2023, the School District's overall legal debt margin was \$30,802,173 and the unvoted debt margin was \$27,437,173.

ANDOVER REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

For the Future

The Andover Regional School District is in very good financial condition presently. A major concern is the increased reliance on local property taxes in light of declining state aid over the past few years. However, the district feels at current funding levels it can maintain its high degree of educational excellence.

In conclusion, the Andover Regional School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Nicole Sylvester, School Business Administrator/Board Secretary at Andover Regional School District, 707 Limecrest Road, Newton, New Jersey 07860.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2023

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,156,254	\$ 133,928	\$ 5,290,182
Receivables, Net	914,013	3,240	917,253
Interfund Receivables	40,000		40,000
Inventory		7,408	7,408
Restricted Assets:			
Capital and Maint. Reserve - Cash	1,556,857		1,556,857
Capital Assets, Net (Note 6)	13,305,670	9,196	13,314,866
Total Assets	<u>20,972,794</u>	<u>153,772</u>	<u>21,126,566</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	<u>674,154</u>		<u>674,154</u>
LIABILITIES			
Accounts Payable	1,850,033	9,656	1,859,689
Interfund Payables		40,000	40,000
Payroll Deductions and Withholdings	1,551		1,551
Unemployment Compensation Claims Payable	17,532		17,532
Net Pension Liability (Note 8)	2,067,284		2,067,284
Accrued Interest	13,050		13,050
Unearned Revenue	404,724	1,645	406,369
Noncurrent Liabilities (Note 7):			
Due Within One Year	875,000		875,000
Due Beyond One Year	2,934,044		2,934,044
Total Liabilities	<u>8,163,218</u>	<u>51,301</u>	<u>8,214,519</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	<u>572,179</u>		<u>572,179</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	9,940,670	9,196	9,949,866
Restricted for:			
Other Purposes	4,631,215		4,631,215
Unrestricted	(1,660,334)	93,275	(1,567,059)
Total Net Position	<u>\$ 12,911,551</u>	<u>\$ 102,471</u>	<u>\$ 13,014,022</u>

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

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular	\$ 4,646,437	\$ 48,355	\$ 1,699,345		\$ (2,898,737)	\$ (2,898,737)
Special Education	1,257,865	13,090	258,171		(986,604)	(986,604)
Other Special Instruction	17,717	184	3,637		(13,896)	(13,896)
Other Instruction	364,730	3,796	74,859		(286,075)	(286,075)
Support Services:						
Tuition	3,836,831				(3,836,831)	(3,836,831)
Student & Instruction Related Serv.	2,718,445	28,291	804,514		(1,885,640)	(1,885,640)
School Administrative Services	291,478	3,033	59,824		(228,621)	(228,621)
General and Business Admin. Serv.	772,810	8,043	158,615		(606,152)	(606,152)
Plant Operations and Maintenance	1,458,635	15,180	299,377		(1,144,078)	(1,144,078)
Pupil Transportation	2,274,935	23,675	466,919		(1,784,341)	(1,784,341)
Charter School	73,554				(73,554)	(73,554)
Interest and Other Fiscal Charges	167,310		189,507		22,197	22,197
Total Governmental Activities	17,880,747	143,647	4,014,768		(13,722,332)	(13,722,332)
Business-Type Activities:						
Food Service	197,262	126,890	100,868		\$ 30,496	30,496
Total Business-Type Activities	197,262	126,890	100,868	-	-	30,496
Total Primary Government	\$ 18,078,009	\$ 270,537	\$ 4,115,636		\$ (13,722,332)	\$ 30,496
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 14,552,614		\$ 14,552,614
Taxes Levied for Debt Service				740,493		740,493
Investment Earnings				12,862		12,862
Miscellaneous Income				168,466	\$ 214	168,680
Transfers				-	-	-
Total General Revenues, Special Items, Extraordinary Items and Transfers				15,474,435	214	15,474,649
Change in Net Position				1,752,103	30,710	1,782,813
Net Position—Beginning				11,159,448	71,761	11,231,209
Prior Period Adjustments (See Note 20)				-	-	0
Net Position—Beginning (Restated)				11,159,448	71,761	11,231,209
Net Position—Ending				\$ 12,911,551	\$ 102,471	\$ 13,014,022

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

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 6,588,507	\$ 97,768	\$ 26,836	\$ 6,713,111
Receivables from Other Governments	208,908	671,571		880,479
Other Accounts Receivable	29,744	3,790		33,534
Interfund Receivables	40,000			40,000
TOTAL ASSETS	\$ 6,867,159	\$ 773,129	\$ 26,836	\$ 7,667,124
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 1,379,762	\$ 470,271		\$ 1,850,033
Payroll Deductions and Withholdings Payable	1,551			1,551
Unemployment Compensation Claims Payable	17,532			17,532
Deferred Revenue		404,724		404,724
Total Liabilities	1,398,845	874,995	-	2,273,840
Fund Balances:				
<u>Restricted for:</u>				
Excess Surplus - Designated for Subsequent Year's Expenditures	1,984,610			1,984,610
Excess Surplus	310,397			310,397
Capital Reserve Account	1,254,536			1,254,536
Tuition Reserve	710,180			710,180
Maintenance Reserve	302,321			302,321
Unemployment Compensation	40,461			40,461
Student Activities		28,710		28,710
Capital Projects Fund				-
Debt Service Fund			\$ 26,836	26,836
<u>Unassigned:</u>				
General Fund	865,809			865,809
Special Revenue Fund		(130,576)		(130,576)
Total Fund Balances	5,468,314	(101,866)	26,836	5,393,284
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,867,159	\$ 773,129	\$ 26,836	\$ 7,667,124

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 assets is \$23,288,768 and the accumulated depreciation is \$9,983,098.	\$ 13,305,670
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8)	674,154
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 8)	(572,179)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8)	(2,067,284)
Long-term liabilities, including bonds payable, Compensated Absences, and Lease Obligations are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(3,809,044)
Accrued Interest on Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(13,050)
Net Position of governmental activities (Exhibit A-1)	\$ 12,911,551

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

ANDOVER REGIONAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

Exhibit B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 14,552,614		\$ 740,493	\$ 15,293,107
Tuition	143,647			143,647
Miscellaneous	140,722	\$ 40,606		181,328
Total - Local Sources	14,836,983	40,606	740,493	15,618,082
State Sources	4,416,030	392,687	189,507	4,998,224
Federal Sources	-	599,567		599,567
Total Revenues	19,253,013	1,032,860	930,000	21,215,873
EXPENDITURES				
Current:				
Regular Instruction	2,823,814	643,482		3,467,296
Special Education Instruction	1,066,465			1,066,465
Other Special Instruction	15,021			15,021
Other Instruction	309,232			309,232
Support services and undistributed costs:				
Tuition	3,836,831			3,836,831
Student and Instruction Related Services	2,058,232	246,567		2,304,799
School Administrative Services	247,126			247,126
Other Administrative Services	655,217			655,217
Plant Operations and Maintenance	1,236,685			1,236,685
Pupil Transportation	1,928,775			1,928,775
Unallocated Benefits	4,030,255			4,030,255
Transfer to Charter School	73,554			73,554
Debt Service:				
Principal			845,000	845,000
Interest and Other Charges			85,000	85,000
Capital Outlay	1,693,999	274,278		1,968,277
Total Expenditures	19,975,206	1,164,327	930,000	22,069,533
Excess (Deficiency) of Revenues Over Expend.	(722,193)	(131,467)	-	(853,660)
Net Change in Fund Balances	(722,193)	(131,467)	-	(853,660)
Fund Balance—July 1	6,190,507	29,601	26,836	6,246,944
Prior Period Adjustment	-	-		-
Fund Balance—July 1 (Restated)	6,190,507	29,601	26,836	6,246,944
Fund Balance—June 30	\$ 5,468,314	\$ (101,866)	\$ 26,836	\$ 5,393,284

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

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (853,660)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

Depreciation Expense	\$	(524,586)	
Capital Outlays		<u>1,932,238</u>	1,407,652

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

380,952

Repayment of bond principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

845,000

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This is the amount by which the current year's compensated absence payments exceed the current year's amount earned.

(34,029)

In the statement of activities, interest on long-term debt in the statement of statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This is the amount by which current year's amount of interest accrual exceeds the prior year's amount.

6,188

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 1,752,103

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

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
 PROPRIETARY FUNDS

June 30, 2023

	Business-Type Activities - Enterprise Funds	
	<u>Food Service</u>	<u>Totals</u>
ASSETS		
Current assets:		
Cash and Cash Equivalents	\$ 133,928	\$ 133,928
Accounts Receivable-Federal and State	3,240	3,240
Inventories	<u>7,408</u>	<u>7,408</u>
Total Current Assets	<u>144,576</u>	<u>144,576</u>
Noncurrent Assets:		
Furniture, Machinery and Equipment	68,295	68,295
Less Accumulated Depreciation	<u>(59,099)</u>	<u>(59,099)</u>
Total Noncurrent Assets	<u>9,196</u>	<u>9,196</u>
Total Assets	<u>153,772</u>	<u>153,772</u>
LIABILITIES		
Current liabilities:		
Accounts Payable	9,656	9,656
Interfund Payable	40,000	40,000
Deferred Revenue	<u>1,645</u>	<u>1,645</u>
Total Current Liabilities	<u>51,301</u>	<u>51,301</u>
Total Liabilities	<u>51,301</u>	<u>51,301</u>
NET POSITION		
Invested in Capital Assets Net of Related Debt	9,196	9,196
Unrestricted	<u>93,275</u>	<u>93,275</u>
Total Net Position	<u>\$ 102,471</u>	<u>\$ 102,471</u>

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

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit B-5

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 74,436	\$ 74,436
Daily Sales - Non-Reimb. Programs	52,454	52,454
Miscellaneous Income	214	214
Total Operating Revenues	<u>127,104</u>	<u>127,104</u>
Operating Expenses:		
Cost of Sales - Reimbursable Programs	57,470	57,470
Cost of Sales - Non-reimbursable Programs	27,371	27,371
Salaries	59,325	59,325
Employee Benefits	17,803	17,803
Purchased Property Service	11,713	11,713
Cleaning, Repair and Maintenance Services	19,330	19,330
Miscellaneous	1,951	1,951
Depreciation	2,299	2,299
Total Operating Expenses	<u>197,262</u>	<u>197,262</u>
Operating Income (Loss)	<u>(70,158)</u>	<u>(70,158)</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	2,952	2,952
Federal Sources:		
National School Lunch Program	53,292	53,292
Supply Chain Assistance	33,615	33,615
Food Distribution Program	11,009	11,009
Total Nonoperating Revenues (Expenses)	<u>100,868</u>	<u>100,868</u>
Income (Loss) Before Contributions and Transfers	30,710	30,710
Total Net Position—Beginning	<u>71,761</u>	<u>71,761</u>
Total Net Position—Ending	<u>\$ 102,471</u>	<u>\$ 102,471</u>

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

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 126,889	\$ 126,889
Payments to Employees	(59,325)	(59,325)
Payments for Employee Benefits	(17,803)	(17,803)
Payments to Suppliers	<u>(97,549)</u>	<u>(97,549)</u>
Net Cash Provided by (used for) Operating Activities	<u>(47,788)</u>	<u>(47,788)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	3,082	3,082
Federal Sources	96,872	96,872
Transfers to/from Other Funds	<u>49,090</u>	<u>49,090</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>149,044</u>	<u>149,044</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital Contributions	<u>(11,495)</u>	<u>(11,495)</u>
Net Cash Provided by (used for) Capital Financing Activities	<u>(11,495)</u>	<u>(11,495)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	89,761	89,761
Balances—Beginning of Year	<u>44,167</u>	<u>44,167</u>
Balances—End of Year	<u>\$ 133,928</u>	<u>\$ 133,928</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (70,158)	\$ (70,158)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Depreciation and Net Amortization	2,299	2,299
Federal Commodities	11,009	11,009
(Increase) Decrease in Accounts Receivable	-	-
(Increase) Decrease in Inventories	(1,501)	(1,501)
Increase (Decrease) in Accounts Payable	<u>10,563</u>	<u>10,563</u>
Total Adjustments	<u>22,370</u>	<u>22,370</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (47,788)</u>	<u>\$ (47,788)</u>

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

Notes to Financial Statements

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provided for the most significant change in financial reporting in over twenty years and was phased-in (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the ACFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27, GASB No. 75, Accounting for OPEB, and GASB No. 84, Fiduciary Activities. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2022.

A. Reporting Entity:

The Andover Regional School District is a Type II district located in the County of Sussex, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Andover Regional School District had an approximate enrollment at June 30, 2023, of 658 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

The School District’s basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

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

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

General Fund - The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

GOVERNMENTAL FUNDS (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PROPRIETARY FUNDS

The District reports the following proprietary funds:

Enterprise Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria and child care operations. The enterprise fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services on a continuing basis be financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Trust Fund.

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements : The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year.

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an “accounts receivable”. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements : Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. In addition, transfers are also covered by changes in N.J.A.C.6A:23A-2.3, that can require approval through the state department. All budget amendments/transfers must be approved by School Board resolution and are subject to transfer limitations and approvals per P.L. 2004, c.73(S-1701). All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. 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 recognize encumbrances as expenditures. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

D. Encumbrance Accounting:

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 reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

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

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

Allowance for Uncollectible Accounts:

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

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No.16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave with the District's personnel policies. Upon termination, employees are paid accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance subsequent fiscal year operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

Net Position represent the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School District’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues—Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function, is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

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

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

ANDOVER REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2023, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2023, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>
Checking	\$ 6,847,039
	<u>\$ 6,847,039</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$6,847,039 and the bank balance was \$7,174,549. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$6,924,549 was covered by collateral pool.

NOTE 3: RECEIVABLES

Receivables at June 30, 2023, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>Government-Wide Financial Statements</u>
State Aid	\$ 208,908	\$ 209,078
Federal Aid	671,571	674,641
Other Local Receivables	33,534	33,534
Gross Receivable	<u>\$ 914,013</u>	<u>\$ 917,253</u>
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 914,013</u>	<u>\$ 917,253</u>

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2023, consisted of the following:

Food	<u>\$ 7,408</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 5: DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (18 to 20 years). The costs associated with the issued of the various bonds are immaterial and are not amortized on the District-wide financial statements.

NOTE 6: CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 265,016			\$ 265,016
Total Capital Assets Not Being Depreciated	265,016			265,016
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	329,947			329,947
Buildings and Building Improvements	20,113,877	\$ 1,932,238		22,046,115
Machinery and Equipment	647,690			647,690
Total at Historical Cost	21,091,514	1,932,238	-	23,023,752
Less Accumulated Depreciation for:				
Land Improvements	(315,263)	(3,567)		(318,831)
Building and Improvements	(8,673,211)	(472,957)		(9,146,168)
Equipment	(470,038)	(48,061)		(518,099)
Total Accumulated Depreciation	(9,458,512)	(524,585)	-	(9,983,098)
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	11,633,002	1,407,653		13,040,654
Government Activity Capital Assets, Net	\$ 11,898,018	\$ 1,407,653		\$ 13,305,670

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 6: CAPITAL ASSETS - (Continued)

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Instruction		\$	472,126
Direct Expenses of Various Functions			52,459
Total			\$ 524,585

NOTE 7: LONG-TERM OBLIGATIONS

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2023, are as follows:

	Balance <u>7/1/22</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/23</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$ 4,210,000		\$ (845,000)	\$ 3,365,000	\$ 875,000
Other Liabilities:					
Compensated Absences Payable	410,015	\$ 34,029		444,044	
Total	\$ 4,620,015	\$ 34,029	\$ (845,000)	\$ 3,809,044	\$ 875,000

Compensated absences and capital leases have been liquidated in the General Fund.

Interest paid on debt issued by the District is exempt from federal income taxes. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 7: LONG-TERM OBLIGATIONS (Continued)

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the year ended June 30, 2023, it is not necessary for the Board to establish a liability for arbitrage rebate.

	Government Activities			Balance
	<u>Issue</u> <u>Dates</u>	<u>Interest</u> <u>Rates</u>	<u>Date of</u> <u>Maturity</u>	<u>6/30/23</u>
Series 2021 Refunding Bonds	11/18/21	1.348%	2/15/30	\$ 2,205,000
Series 2014 Refunding Bonds	9/1/14	2.0-3.0%	2/15/25	1,160,000
Total Bonds				\$ 3,365,000

B. Debt Service Requirements:

Debt Service requirements on serial bonds payable at June 30, 2023, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	875,000	64,523	939,523
2025	895,000	43,312	938,312
2026	315,000	21,500	336,500
2027	310,000	17,254	327,254
2028	320,000	13,076	333,076
Thereafter	650,000	13,210	663,210
	\$ 3,365,000	\$ 172,875	\$ 3,537,875

NOTE 8: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Summary of Significant Accounting Policies - 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 Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. 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.

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$18,142,736 as measured on June 30, 2022 and \$16,617,829 measured on June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$488,272 and revenue of \$488,272 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2023 is based upon changes in the collective net pension liability with a measurement period of June 30, 2021 through June 30, 2022. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2021 and June 30, 2022.

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

	<u>6/30/2022</u>	<u>6/30/2023</u>
Collective deferred outflows of resources	\$6,356,228,800	\$4,996,491,160
Collective deferred inflows of resources	\$27,175,330,929	\$19,532,696,776
Collective net pension liability (Nonemployer-State of New Jersey)	\$48,075,188,642	\$51,594,415,806
State's portion of the net pension liability that was associated with the district	\$16,617,829	\$18,142,736
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.034566%	0.035164%

Actuarial assumptions - The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

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

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.

Long-Term Expected Rate of Return- In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-US devel.markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yeild	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash equivalentents	4.00%	1.75%
US Treasuries	4.00%	1.75%
Risk mitigation	3.00%	4.91%

Discount rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the State's net pension liability to changes in the discount rate - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2022, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>Rate (7.00%)</u>	<u>(8.00%)</u>
State's Collective Net Pension Liability	\$ 60,591,896,759	\$ 51,676,587,303	\$ 44,166,559,329

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2022 was \$24,640,530,532.

Amortization of Deferred Outflows and Inflows of Resources - Amount reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in the state's pension expense as follows:

	<u>Year Ended June 30:</u>
2023	(\$2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	<u>(1,687,721,983)</u>
Total	<u><u>(\$14,678,515,482)</u></u>

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2022 are as follows:

Service cost	\$1,195,044,307
Interest on total pension liability	5,146,965,905
Member contributions	(907,326,471)
Administrative expense	12,635,916
Expected investment return net of investment expenses	(1,983,153,368)
Pension expense related to specific liabilities of individual employers	(395,540)
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	200,689,404
Changes in assumptions	(2,396,459,882)
Difference between projected and actual investment earnings on pension plan investments	<u>122,761,073</u>
Total pension expense	<u><u>\$1,390,761,344</u></u>

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

Summary of Significant Accounting Policies - 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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

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

At June 30, 2023, the District reported a liability of \$2,067,284 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The total pension liability for the June 30, 2021 valuation was determined by an experience study for the period July 1, 2018 to June 30, 2021. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2022 and 2021. At June 30, 2022, the District's proportion was 0.0137% which was an increase of 0.000174% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense/(benefit) of (\$175,486). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 14,921	\$ 13,158
Changes of assumptions	6,405	309,554
Net difference between projected and actual earnings on pension plan investments	85,563	-
Changes in proportion and differences between District contributions and proportionate share of contributions	394,521	249,467
District contributions subsequent to the measurement date	172,744	
Total	\$ 674,154	\$ 572,179

ANDOVER REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

\$172,744 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability measured as of June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2023	(\$58,147)
2024	(29,624)
2025	(14,447)
2026	31,518
2027	<u>(69)</u>
Total	<u>(\$70,769)</u>

	<u>6/30/2022</u>	<u>6/30/2023</u>
Collective deferred outflows of resources	\$1,164,738,169	\$1,660,772,008
Collective deferred inflows of resources	8,339,123,762	3,236,303,935
Collective net pension liability (Non State - Local Group)	\$11,846,496,875	\$15,091,376,611
District's portion of net pension liability	\$1,416,401	\$2,067,284
District's proportion %	0.01195629%	0.01369845%

Actuarial assumptions - The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

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

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

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

ANDOVER REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-US devel.markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yeild	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
US Treasuries	4.00%	1.75%
Risk mitigation	3.00%	4.91%

Discount rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability measured as of June 30, 2022, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Current Discount</u> <u>Rate (7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
District's proportionate share of the net pension liability	\$ 2,655,854	\$2,067,284	\$ 1,566,387

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2022 are as follows:

Service cost	\$116,799
Interest on total Pension liability	468,447
Benefit changes	1,359
Member contributions	(97,403)
Administrative expens	2,092
Expected investment return net of investment expenses	(312,703)
Pension expense related to specific liabilities of individual employers	(1,678)
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	5,546
Changes in assumptions	(350,166)
Difference between projected and actual investment earnings on pension plan investments	<u>(7,777)</u>
Total pension expense	<u>(\$175,486)</u>

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rpts-home.shtml>.

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

ANDOVER REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

PERS and TPAF Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. 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.

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

□ The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

ANDOVER REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

<u>Three-Year Trend Information for PERS</u>			
<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2023	\$172,744	100 %	-0-
6/30/2022	\$140,022	100 %	-0-
6/30/2021	\$143,693	100 %	-0-

<u>Three-Year Trend Information for TPAF (On behalf)</u>			
<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2023	\$1,579,405	100 %	-0-
6/30/2022	\$1,468,604	100 %	-0-
6/30/2021	\$1,024,554	100 %	-0-

During the fiscal year ended June 30, 2023, the State of New Jersey did contribute \$1,994,118 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$358,474 during the year ended June 30, 2023, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 9: POST-RETIREMENT BENEFITS

Plan description and benefits provided

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements.

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

State Health Benefit State Retired Employees Plan:

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion.

The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 9: POST-RETIREMENT BENEFITS-(Continued)

Total Nonemployer OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Actuarial assumptions and other imputes. The June 30, 2023 GASB 75 reporting is based on a measurement date of June 30, 2022. The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies for the periods July 1, 2018 - June 30, 2021 for TPAF, PERS and PFRS. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Total Nonemployer OPEB Liability: \$ 50,646,462,966

	TPAF/ABP	PERS	PFRS
Salary Increases	2.75% to 4.25%	2.75% to 6.55%	3.25% to 16.25%

Based on service years

(a) Health Care Trend Assumptions

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

(b) Discount Rate

The discount rate used to measure the total OPEB liability wa 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 9: POST-RETIREMENT BENEFITS-(Continued)

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Changes in the Total OPEB Liability reported by the State of New Jersey

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2021	\$60,007,650,970
<u>Changes for the year:</u>	
Service Cost	2,770,618,025
Interest on the Total OPEB Liability	1,342,187,139
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	1,399,200,736
Changes of Assumptions	(13,586,368,097)
Gross Benefit Payments	(1,329,476,059)
Contributions from Members	<u>42,650,252</u>
Net changes	<u>(9,361,188,004)</u>
The State's Total OPEB Liability Balance at 6/30/2022	<u>\$50,646,462,966</u>
 The State's total OPEB liability attributable to the District:	 \$22,320,692

Benefit Changes: The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Changes of assumptions and other inputs reflects a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022 and other changes.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage -point lower or 1- percentage-point higher than the current discount rate:

	June 30, 2022		
	At 1% Decrease <u>2.54%</u>	At Discount Rate <u>3.54%</u>	At 1% Increase <u>4.54%</u>
Total OPEB Liability (School Retirees)	\$59,529,589,697	\$50,646,462,966	\$43,527,080,995

ANDOVER REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 9: POST-RETIREMENT BENEFITS-(Continued)

	June 30, 2021		
	At 1% Decrease	At Discount Rate	At 1% Increase
	<u>1.16%</u>	<u>2.16%</u>	<u>3.16%</u>
Total OPEB Liability (School Retirees)	\$71,879,745,555	\$60,007,650,970	\$50,659,089,138

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State, as well as what the State’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage- point higher than the current healthcare cost trend rates:

	June 30, 2022		
	Health Care Cost		
	<u>At 1% Decrease</u>	<u>Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)	\$41,862,397,291	\$50,646,462,966	\$62,184,866,635

	June 30, 2021		
	Health Care Cost		
	<u>At 1% Decrease</u>	<u>Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)	\$48,576,388,417	\$60,007,650,970	\$75,358,991,782

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

For the year ended June 30, 2022, the board of education recognized OPEB expense and related revenue of (\$77,177) determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee’s OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$9,042,402,619	\$15,462,950,679
Changes of assumptions or other inputs	<u>8,765,620,577</u>	<u>17,237,289,230</u>
Total	<u>\$17,808,023,196</u>	<u>\$32,700,239,909</u>

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 9: POST-RETIREMENT BENEFITS-(Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	(\$2,517,151,602)
2024	(\$2,517,151,602)
2025	(\$2,517,151,602)
2026	(\$2,175,449,761)
2027	(1,243,951,140)
Thereafter	<u>(3,921,361,006)</u>
	<u>(\$14,892,216,713)</u>

NOTE 10: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No.16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted sick leave in varying amounts under the District's personnel agreement. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after initial service and amounts are payable at predetermined values upon retirement in the state pension system.

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

NOTE 11: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2023:

	Interfund <u>Receivable</u>	Interfund <u>Payable</u>	
General Fund	\$ 40,000		
Enterprise Fund		40,000	
	<u>\$ 40,000</u>	<u>\$ 40,000</u>	

The interfund payable in the enterprise fund is due to cash advances from the general fund for cash flow.

ANDOVER REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12: RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the *Benefit Reimbursement Method*. Under this plan, the District is required to reimburse the New Jersey Unemployment 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, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$86	\$14,682	\$16,567	\$57,993 *
2021-2022	\$55	\$12,374	\$0	\$59,792
2020-2021	\$58	\$11,466	\$4,622	\$47,363

* - Unemployment compensation fund balance and unemployment compensation claims payable

NOTE 13: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

The Board is not involved in any know claims or lawsuits.

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Andover Regional School District Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation 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. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance July 1, 2022	\$ 2,191,189
Interest	50
Budgeted Withdrawal Expended	(1,636,703)
Deposits: June Board resolution June 21, 2023	<u>700,000</u>
Ending balance June 30, 2023	<u><u>\$ 1,254,536</u></u>

NOTE 15: MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the School District Board of Education for the accumulation of funds for use in accordance with PL 2007 c.62 (A1). The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance July 1, 2022	\$ 217,821
Budgeted Withdrawal Expended	(115,550)
Interest	50
Deposits: June Board resolution June 21, 2023	<u>200,000</u>
Ending balance June 30, 2023	<u><u>\$ 302,321</u></u>

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 16: TUITION RESERVE ACCOUNT

A tuition reserve account was established by the School District Board of Education in fiscal year 2023, for the accumulation of funds for use in fiscal year 2023 and 2024, respectively, in accordance with NJAC 6A:23A17.1(f). The tuition reserve account is maintained in the general fund and enables the district to reserve fund balance for an anticipated large tuition adjustment for the current contract year. A maximum reserve for the current year is restricted to ten percent of the formal sending/receiving contract amount. Upon certification of rates in the second year following the contract year, full appropriation of the applicable year’s reserve must be liquidated and any remaining balance related to that year must be reserved and budgeted for tax relief.

The activity of the tuition reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance July 1, 2022	\$ 702,255
Utilized in 2022-2023 Budget	(347,000)
Deposits: June Board resolution June 21, 2023	<u>354,925</u>
Ending balance June 30, 2023	<u>\$ 710,180</u>

NOTE 17: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$5,468,314 General Fund fund balance at June 30, 2023, \$2,295,007 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$1,984,610 of the excess surplus was appropriated and included as anticipated revenue for the year ending June 30, 2024); \$1,254,536 is reserved in the Capital Reserve Account; \$302,321 is reserved in the Maintenance Reserve Account; \$710,180 is reserved in the Tuition Reserve Account; \$40,461 is reserved for Unemployment Compensation; and \$865,809 is unreserved and undesignated.

NOTE 18: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is \$310,397.

NOTE 19: TAX ABATEMENTS

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

ANDOVER REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 20: DEFICIT FUND BALANCES

The District has a deficit fund balance (Exhibit B-1) of \$101,866 in the Special Revenue Fund as of June 30, 2022, as reported in the fund statements (modified accrual basis). P.L.2003, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No.33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability.

Since the State is recording the last state aid payment in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficits do not alone indicate that the district is facing financial difficulties.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 14,552,614		\$ 14,552,614	\$ 14,552,614	
Tuition from Individuals	15,000		15,000	12,000	\$ (3,000)
Tuition from Other LEA's				131,647	131,647
Miscellaneous	5,100		5,100	140,722	135,622
Total - Local Sources	<u>14,572,714</u>	<u>-</u>	<u>14,572,714</u>	<u>14,836,983</u>	<u>264,269</u>
State Sources:					
Equalization Aid	28,208		28,208	28,208	
School Choice	56,532		56,532	56,532	
Transportation Aid	542,672		542,672	542,672	
Special Education Aid	532,625		532,625	532,625	
Security Aid	61,429		61,429	61,429	
Adjustment Aid	144,236		144,236	144,236	
Supplemental Stabilization Aid				467,020	467,020
Extraordinary Aid				158,113	158,113
Other State Aid				14,878	14,878
TPAF Pension (On-Behalf - Non-Budgeted)				1,578,672	1,578,672
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				414,713	414,713
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				733	733
TPAF Social Security (Reimbursed - Non-Budgeted)				358,474	358,474
Total State Sources	<u>1,365,702</u>	<u></u>	<u>1,365,702</u>	<u>4,358,305</u>	<u>2,992,603</u>
TOTAL REVENUES	<u>15,938,416</u>	<u></u>	<u>15,938,416</u>	<u>19,195,288</u>	<u>3,256,872</u>

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	347,741	(43,816)	303,925	303,925	
Grades 1-5 - Salaries of Teachers	1,338,519	57,638	1,396,157	1,395,373	784
Grades 6-8 - Salaries of Teachers	979,066	(8,209)	970,857	951,406	19,451
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000		5,000	808	4,192
Purchased Professional-Educational Services	5,000		5,000		5,000
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	3,880	62	3,942	2,480	1,462
Other Purchased Services (400-500 series)	20,100		20,100	19,715	385
General Supplies	260,940	(62)	260,878	139,107	121,771
Textbooks	25,453		25,453	11,000	14,453
TOTAL REGULAR PROGRAMS - INSTRUCTION	2,985,699	5,613	2,991,312	2,823,814	167,498
SPECIAL EDUCATION - INSTRUCTION					
Learning or Language Disabilities:					
Salaries of Teachers	235,094	(176)	234,918	231,407	3,511
Other Salaries for Instruction	156,036	176	156,212	79,718	76,494
General Supplies	11,188		11,188	8,075	3,113
Total Learning or Language Disabilities	402,318		402,318	319,200	83,118

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Special Education - Multiple Disabilities:					
General Supplies	400		400	168	232
Total Special Education - Multiple Disabilities	<u>400</u>		<u>400</u>	<u>168</u>	<u>232</u>
Resource Room/Resource Center:					
Salaries of Teachers	563,947	20	563,967	563,296	671
General Supplies	6,220	(20)	6,200	6,004	196
Total Resource Room/Resource Center	<u>570,167</u>		<u>570,167</u>	<u>569,300</u>	<u>867</u>
Preschool Disabilities - Part Time:					
Salaries of Teachers	147,851	(22,371)	125,480	52,615	72,865
Other Salaries for Instruction	42,424		42,424	9,669	32,755
General Supplies	400	788	1,188	1,088	100
Total Preschool Disabilities - Part Time	<u>190,675</u>	<u>(21,583)</u>	<u>169,092</u>	<u>63,372</u>	<u>105,720</u>
Salaries of Teachers	86,158		86,158	61,165	24,993
Other Salaries for Instruction	42,424	24,062	66,486	43,121	23,365
General Supplies	6,222	57,714	63,936	8,014	55,922
Total Preschool Disabilities - Full Time	<u>134,804</u>	<u>81,776</u>	<u>216,580</u>	<u>112,300</u>	<u>104,280</u>
Home Instruction:					
Salaries of Teachers	5,000	(3,916)	1,084	200	884
Purchased Professional-Educational Services	3,000		3,000	1,925	1,075
Total Home Instruction	<u>8,000</u>	<u>(3,916)</u>	<u>4,084</u>	<u>2,125</u>	<u>1,959</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>1,306,364</u>	<u>56,277</u>	<u>1,362,641</u>	<u>1,066,465</u>	<u>296,176</u>

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	138,282	3,646	141,928	141,928	
General Supplies	200	270	470	470	
Total Basic Skills/Remedial - Instruction	138,482	3,916	142,398	142,398	
Bilingual Education - Instruction:					
Salaries of Teachers	61,426	(1,585)	59,841	12,968	46,873
General Supplies	740	1,585	2,325	2,053	272
Total Bilingual Education - Instruction	62,166		62,166	15,021	47,145
School-Spon. Co/Extra Curricular Actvts. - Inst.:					
Salaries	87,270	(9,563)	77,707	60,477	17,230
General Supplies	22,512	(1,438)	21,074	2,351	18,723
Total School-Spon. Cocurricular Actvts. - Inst.	109,782	(11,001)	98,781	62,828	35,953
School-Spon. Athletics - Instruction:					
Salaries	29,400	8,230	37,630	37,630	
Purchased Services (300-500 series)	4,000	675	4,675	4,675	
General Supplies	500	1,272	1,772	1,772	
Total School-Spon. Athletics - Inst.	33,900	10,177	44,077	44,077	
Summer School - Instruction:					
Salaries	37,800	2,575	40,375	40,375	
Other Salaries of Instruction	29,880	(2,575)	27,305	19,290	8,015
Purch Prof/Ed Svcs	33,600		33,600		33,600
General Supplies	550		550	264	286
Total Summer School - Instruction	101,830		101,830	59,929	41,901
TOTAL INSTRUCTION	4,738,223	64,982	4,803,205	4,214,532	588,673

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State - Regular	3,177,688	102	3,177,790	3,177,688	102
Tuition to Other LEAs Within the State - Special	207,372	40,327	247,699	247,699	
Tuition to County Voc. District - Regular	75,584	(6,870)	68,714	56,924	11,790
Tuition to County Voc. District - Special	18,896		18,896	6,259	12,637
Tuition to Private Schools for the Disabled - Within State	556,825	(219,429)	337,396	335,632	1,764
Tuition State Facilities		12,629	12,629	12,629	
Total Instruction	4,036,365	(173,241)	3,863,124	3,836,831	26,293
Attendance and Social Work:					
Salaries	103,418	2,265	105,683	105,683	
Purchased Prof & Tech Svcs	36,002	6,698	42,700	42,700	
Attendance Supplies	5,760	(5,760)			
Total Attendance and Social Work	145,180	3,203	148,383	148,383	
Health Services:					
Salaries	133,428	5,898	139,326	138,572	754
Purchased Professional and Technical Services	32,600	(6,418)	26,182	14,676	11,506
Supplies and Materials	8,041	520	8,561	7,439	1,122
Total Health Services	174,069		174,069	160,687	13,382
Speech, OT, PT and Related Services:					
Salaries	167,391		167,391	150,344	17,047
Purchased Professional - Educational Services	31,500	(15,037)	16,463		16,463
Supplies and Materials	2,267	(202)	2,065	1,277	788
Total Speech, OT, PT and Related Services	201,158	(15,239)	185,919	151,621	34,298

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.					
Extraordinary Svsc- Paras	326,322	59,279	385,601	385,601	
Salary- Extraordinary	78,373	(1,752)	76,621	76,621	
Purchased Professional - Educational Services	35,000	138,601	173,601	173,601	
Supplies and Materials	6,875	3,683	10,558	10,558	
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.	446,570	199,811	646,381	646,381	
Guidance:					
Salaries of Other Professional Staff	247,441	(218)	247,223	247,223	
Other Purchased Prof. and Tech. Services	1,130	510	1,640	1,640	
Supplies and Materials	500	(90)	410	410	
Total Guidance	249,071	202	249,273	249,273	
Child Study Teams:					
Salaries of Other Professional Staff	256,998	1,337	258,335	258,335	
Salaries of Secretarial and Clerical Assistants	49,966		49,966	49,085	881
Other Purchased Prof. and Tech. Services	17,050	9,596	26,646	25,194	1,452
Supplies and Materials	3,661	255	3,916	3,916	
Other Objects	2,700	(46)	2,654	2,654	
Total Child Study Teams	330,375	11,142	341,517	339,184	2,333

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Improvement of Instruction Services :					
Salaries of Other Professional Staff	110,928	4,894	115,822	115,822	
Purchased Professional-Educational Services	21,900		21,900	3,470	18,430
Supplies and Materials	85,478	(16,760)	68,718	4,348	64,370
Total Improvement of Instruction Services	218,306	(11,866)	206,440	123,640	82,800
Educational Media Services/School Library:					
Salaries	104,975	1,532	106,507	105,867	640
Salaries of Technology Coordinator	112,987	2,188	115,175	114,212	963
Purchased Professional and Technical Services	8,220		8,220	7,081	1,139
Supplies and Materials	33,275	(26,096)	7,179	1,863	5,316
Total Educational Media Services/School Library	259,457	(22,376)	237,081	229,023	8,058
Instructional Staff Training Services:					
Purchased Professional-Educational Services	46,118	(18,996)	27,122	10,040	17,082
Supplies and Materials	400		400		400
Total Instructional Staff Training Services	46,518	(18,996)	27,522	10,040	17,482

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Supp. Services - General Administration:					
Salaries	209,681	(157)	209,524	209,524	
Legal Services	10,000	34,699	44,699	44,699	
Audit Fees	29,000	(7,164)	21,836	21,836	
Other Professional Services		7,915	7,915	7,915	
Communications/Telephone	19,000	19,355	38,355	38,355	
BOE Other Purchased Services		1,416	1,416	1,416	
Other Purchased Services (400-500 series)	1,950	(344)	1,606	1,606	
General Supplies	750	471	1,221	1,221	
Miscellaneous Expenditures	3,060	1,791	4,851	4,851	
BOE Membership Dues and Fees	300	9,881	10,181	10,181	
Total Supp. Services - General Administration	273,741	67,863	341,604	341,604	
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	189,072	(1,595)	187,477	186,006	1,471
Salaries of Secretarial and Clerical Assistants	53,609	420	54,029	51,004	3,025
Supplies and Materials	1,500	1,273	2,773	2,434	339
Other Objects	7,780	(98)	7,682	7,682	
Total Support Services - School Administration	251,961		251,961	247,126	4,835

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Central Services:					
Salaries	194,333	388	194,721	194,721	
Purchased Professional Services	23,000	4,052	27,052	27,052	
Misc. Purchased Services (400-500 series)	4,300	(3,681)	619	619	
Supplies and Materials	8,600	(2,396)	6,204	4,716	1,488
Miscellaneous Expenditures	2,800	1,636	4,436	4,436	
Total Central Services	233,033	(1)	233,032	231,544	1,488
Admin. Information Technology:					
Salaries	53,243	(6,691)	46,552	45,410	1,142
Purchased Technical Services	27,442	(2,454)	24,988	24,988	
Supplies and Materials	2,900	9,145	12,045	11,671	374
Total Admin. Information Technology	83,585		83,585	82,069	1,516
Required Maintenance for School Facilities:					
Salaries	72,472	45,000	117,472	114,952	2,520
Cleaning, Repair, and Maintenance Services	193,000	28,608	221,608	188,538	33,070
General Supplies	82,850	(7,324)	75,526	47,251	28,275
Total Required Maintenance for School Facilities	348,322	66,284	414,606	350,741	63,865

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Operations and Maintenance of Plant:					
Salaries	333,626	80,649	414,275	395,274	19,001
Purchased Professional and Technical Services	187,256	(150,779)	36,477	36,477	
Cleaning, Repair and Maintenance Services	33,500	(26,434)	7,066		7,066
Other Purchased Property Services	25,500	(7,677)	17,823	17,823	
Insurance	92,558		92,558	87,659	4,899
General Supplies	98,000	(25,243)	72,757	65,884	6,873
Energy (Natural Gas)	65,000	16,779	81,779	81,779	
Energy (Electricity)	135,000	3,726	138,726	138,726	
Energy (Gasoline)	2,000	428	2,428	2,428	
Other Objects	11,230	(9,610)	1,620	1,620	
Total Other Operations and Maintenance of Plant	983,670	(118,161)	865,509	827,670	37,839
Care and Upkeep of Grounds:					
Salaries	45,004		45,004	29,415	15,589
General Supplies	97,004	(80,988)	16,016	3,981	12,035
Total Care and Upkeep of Grounds	142,008	(80,988)	61,020	33,396	27,624
Security:					
Cleaning, Repair, and Maintenance Services	227,890	(211,376)	16,514	16,514	
General Supplies	600	7,764	8,364	8,364	
Total Security	228,490	(203,612)	24,878	24,878	

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Student Transportation Services					
Salary for Pupil Trans. (Bet. Home & Sch) - Reg.	50,936	(15)	50,921	50,921	
Salary for Pupil Trans. (Bet. Home & Sch) - Spec Ed.	24,050	(8)	24,042	24,042	
Other Purchased Professional and Technical Services	4,800	(100)	4,700	4,700	
Contract Services - Aid in Lieu of Payments-Nonpub.Sch.	21,000	1,484	22,484	22,484	
Contract Services - Aid in Lieu of Payments-School Choice	26,000	(8,033)	17,967	16,352	1,615
Contract Services - (Between Home and School) - Vendors	599,064	505,809	1,104,873	1,104,873	
Contract Services (Other than Between Home & School)-Vendors	11,500	2,862	14,362	13,023	1,339
Contract Services - (Between Home and School) - Joint Agreements	12,008	(11,063)	945	684	261
Contract Services - (Special Ed. Students) - Vendors	607,134	84,527	691,661	691,661	
Transportation Supplies	1,000	(965)	35	35	
Total Student Transportation Services	1,357,492	574,498	1,931,990	1,928,775	3,215
UNALLOCATED BENEFITS					
Social Security Contributions	259,558	(73,884)	185,674	160,984	24,690
Other Retirement Contributions - DCRP	30,000		30,000	29,976	24
Other Retirement Contributions - Regular	165,000	7,744	172,744	172,744	
Unemployment Compensation	10,000	(7,744)	2,256		2,256
Workmen's Compensation	64,702	(290)	64,412	60,322	4,090
Health Benefits	1,392,731	(202,095)	1,190,636	1,190,636	
Tuition Reimbursement	56,500	(12,238)	44,262	39,792	4,470
Other Employee Benefits	45,367	(22,158)	23,209	23,209	
TOTAL UNALLOCATED BENEFITS	2,023,858	(310,665)	1,713,193	1,677,663	35,530

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
On-behalf TPAF pension Contrib. (non-budgeted)				1,578,672	(1,578,672)
On-behalf TPAF PRM Contrib. (non-budgeted)				414,713	(414,713)
On-behalf TPAF pension LTD Ins. (non-budgeted)				733	(733)
Reimbursed TPAF Social Security Contributions (non-budgeted)				358,474	(358,474)
TOTAL ON-BEHALF CONTRIBUTIONS				2,352,592	(2,352,592)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	2,023,858	(310,665)	1,713,193	4,030,255	(2,317,062)
TOTAL UNDISTRIBUTED EXPENDITURES	12,033,229	(32,142)	12,001,087	13,993,121	(1,992,034)
TOTAL GENERAL CURRENT EXPENSE	16,771,452	32,840	16,804,292	18,207,653	(1,403,361)
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Construction Services	170,000	317,206	487,206	487,206	
Architectural/Engineering Services	85,000	81,700	166,700	166,700	
Purchased Professional Services	680,000	407,451	1,087,451	998,042	89,409
Construction Services		6,012	6,012	6,012	
Assessment for Debt Service on SDA Funding	36,039		36,039	36,039	
Total Facilities Acquisition and Construction Services	971,039	812,369	1,783,408	1,693,999	89,409
TOTAL CAPITAL OUTLAY	971,039	812,369	1,783,408	1,693,999	89,409
Transfer of Funds to Charter Schools	108,587	46,743	155,330	73,554	81,776
TOTAL EXPENDITURES	17,851,078	891,952	18,743,030	19,975,206	(1,232,176)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,912,662)	(891,952)	(2,804,614)	(779,918)	2,024,696

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(1,912,662)	(891,952)	(2,804,614)	(779,918)	2,024,696
Fund Balance, July 1	6,374,886		6,374,886	6,374,886	
Prior Period Adjustment					
Fund Balance, July 1 (Restated)	6,374,886		6,374,886	6,374,886	
Fund Balance, June 30	<u>\$ 4,462,224</u>	<u>\$ (891,952)</u>	<u>\$ 3,570,272</u>	<u>\$ 5,594,968</u>	<u>\$ 2,024,696</u>
Recapitulation:					
Restricted for:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 1,984,610	
Excess Surplus				310,397	
Capital Reserve				1,254,536	
Tuition Reserve - FY22-23 Due FY 24-25				354,955	
Tuition Reserve - FY21-22 Due FY 23-24				355,225	
Maintenance Reserve				302,321	
Unemployment Compensation				40,461	
Unassigned:					
Unrestricted Fund Balance				<u>992,463</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				5,594,968	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(126,654)</u>	
Fund Balance per Governmental Funds(GAAP Basis B-2)				<u>\$ 5,468,314</u>	

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources	\$ 33,000	\$ 7,606	\$ 40,606	\$ 40,606	-
State Sources	-	538,544	538,544	523,263	\$ (15,281)
Federal Sources	175,509	813,501	989,010	599,567	(389,443)
Total Revenues	208,509	1,359,651	1,568,160	1,163,436	(404,724)
EXPENDITURES:					
Instruction					
Salaries of Teachers	-	115,104	115,104	115,104	
Other Salaries	-	170,257	170,257	90,507	79,750
Tuition	124,430	23,369	147,799	147,799	
General Supplies	-	410,696	410,696	290,072	120,624
Total Instruction	124,430	719,426	843,856	643,482	200,374
Support Services					
Salaries of Program Directors	-	9,160	9,160	9,160	-
Salaries of Other Professional Staff	-	25,000	25,000	9,719	15,281
Other Support Salaries	-	70,957	70,957	15,084	55,873
Employee Benefits	-	32,367	32,367	32,367	-
Purchased Professional Services	51,079	128,424	179,503	77,390	102,113
Transportation	-	63,000	63,000	63,000	-
Supplies and Materials	-	38,226	38,226	7,143	31,083
Student Activities	33,000	(296)	32,704	32,704	-
Total Support Services	84,079	366,838	450,917	246,567	204,350
Facilities Acq. and Const. Services:					
Buildings	-	116,943	116,943	116,943	
Non-Instructional Equipment	-	157,335	157,335	157,335	
Total Facilities Acq. and Const. Svs	-	274,278	274,278	274,278	-
Total Expenditures	208,509	1,360,542	1,569,051	1,164,327	404,724
Total Outflows	\$ 208,509	\$ 1,360,542	\$ 1,569,051	\$ 1,164,327	\$ 404,724
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		(891)	(891)	(891)	
Fund Balance Beginning				29,601	
Prior Period Adjustment				-	
Fund Balance Beginning (Restated)				29,601	
Fund Balance Ending				<u>\$ 28,710</u>	
Recapitulation:					
Restricted:					
Student Activities				\$ 28,710	
Fund Balance per Governmental Funds(Budgetary Basis)				28,710	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				(130,576)	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ (101,866)</u>	

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2023

**Note A - Explanation of Differences Between Budgetary Inflows and Outflows
and GAAP Revenues and Expenditures**

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 19,195,288	\$ 1,163,436
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	N/A	N/A
Current Year	N/A	N/A
Adjustment for: Prior Year Final State Aid Payment not included in Budgetary State Source Revenues and is considered a revenue for GAAP reporting purposes	184,379	-
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(126,654)</u>	<u>(130,576)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 19,253,013</u>	<u>\$ 1,032,860</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 19,975,206	\$ 1,164,327
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 <i>financial reporting</i> purposes.		-
Prior Year	N/A	N/A
Current Year	<u>N/A</u>	<u>N/A</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 19,975,206</u>	<u>\$ 1,164,327</u>

**Andover Regional School District
Required Supplementary Information - Part III
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years**

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 18,142,736	\$ 16,617,829	\$ 24,583,031	\$ 27,279,763	\$ 28,932,174	\$ 29,105,333	\$ 35,097,072	\$ 29,656,882	\$ 25,290,246	\$ 25,473,719
Total	\$ 18,142,736	\$ 16,617,829	\$ 24,583,031	\$ 27,279,763	\$ 28,932,174	\$ 29,105,333	\$ 35,097,072	\$ 29,656,882	\$ 25,290,246	\$ 25,473,719
District's covered employee payroll	\$ 4,940,619	\$ 4,494,188	\$ 4,237,820	\$ 3,939,681	\$ 3,698,743	\$ 3,972,034	\$ 4,638,945	\$ 4,339,275	\$ 4,315,898	\$ 4,512,287
District's proportionate share of the of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.50%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the district (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the district.

Public Employees' Retirement System (PERS)

Exhibit L-1

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.013698447%	0.011956286%	0.013135249%	0.011767591%	0.012896550%	0.014211676%	0.014175037%	0.014152204%	0.013732773%	0.013679999%
District's proportionate share of the net pension liability (asset)	\$ 2,067,284	\$ 2,142,016	\$ 2,142,016	\$ 2,120,341	\$ 2,539,266	\$ 3,308,251	\$ 4,198,239	\$ 3,176,886	\$ 2,571,151	\$ 2,614,520
District's covered employee payroll	\$ 941,891	\$ 834,084	\$ 911,792	\$ 837,736	\$ 846,111	\$ 821,946	\$ 854,943	\$ 943,638	\$ 975,711	\$ 961,236
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	219.48%	256.81%	234.92%	253.10%	300.11%	402.49%	491.05%	336.66%	263.52%	272.00%
Plan fiduciary net position as a percentage of the total pension liability (Local)	62.91%	70.33%	58.32%	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%

**Andover Regional School District
Required Supplementary Information - Part III
Schedule of District Contributions
Last Ten Fiscal Years**

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	\$ 4,940,619	\$ 4,494,188	\$ 4,237,820	\$ 3,939,681	\$ 3,698,743	\$ 3,972,034	\$ 4,638,945	\$ 4,339,275	\$ 4,315,898	\$ 4,512,287
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The district (employer) does not contribute to the plan.

Public Employees' Retirement System (PERS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 172,744	\$ 140,022	\$ 143,693	\$ 114,919	\$ 128,753	\$ 132,704	\$ 125,929	\$ 134,273	\$ 113,211	\$ 103,076
Contributions in relation to the contractually required contribution	<u>(172,744)</u>	<u>(140,022)</u>	<u>(143,693)</u>	<u>(114,919)</u>	<u>(128,753)</u>	<u>(132,704)</u>	<u>(125,929)</u>	<u>(134,273)</u>	<u>(113,211)</u>	<u>(103,076)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll	\$ 941,891	\$ 834,084	\$ 911,792	\$ 837,736	\$ 846,111	\$ 821,946	\$ 854,943	\$ 943,638	\$ 975,711	\$ 961,236
Contributions as a percentage of covered-employee payroll	18.34%	16.79%	15.76%	13.72%	15.22%	16.15%	14.73%	14.23%	11.60%	10.72%

Andover Regional School District
Required Supplementary Information - Part III
Schedule of Changes in the State's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years *

Exhibit M-1

State Health Benefit Local Education Retired Employees Plan (TPAF and PERS)

<u>The State of New Jersey's Total OPEB Liability</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>	<u>2014</u>
Service Cost	\$ 2,770,618,025	\$ 3,217,184,264	\$ 1,790,973,822	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319			
Interest	1,342,187,139	1,556,661,679	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792			
Change in Benefit Terms	-	(63,870,842)								
Differences Between Expected and Actual Experience	1,399,200,736	(11,385,071,658)	11,544,750,637	(7,323,140,818)	(5,002,065,740)					
Benefit Payments	(13,586,368,097)	59,202,105	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)			
Contributions from Members	(1,329,476,059)	-	35,781,384	37,971,171	42,614,005	45,748,749	46,273,747			
Changes of Assumptions or other inputs	42,650,252	(1,186,417,186)	12,386,549,981	622,184,027	\$ (5,291,448,855)	\$ (7,086,599,129)	8,611,513,521			
Net change in total OPEB liability	(9,361,188,004)	(7,802,311,638)	26,080,881,563	(4,381,751,937)	(7,529,008,876)	(4,191,942,326)	10,982,132,360			
Total OPEB Liability - Beginning	\$ 60,007,650,970	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184	\$ 46,849,651,824			
Total OPEB Liability - Ending	\$ 50,646,462,966	\$ 60,007,650,970	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184			
The State of New Jersey's total OPEB liability **	\$ 50,646,462,966	\$ 60,007,650,970	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184			
The State of New Jersey's OPEB liability attributable to the District **	\$ 22,320,692	\$ 25,417,666	\$ 29,972,815	\$ 19,743,269	\$ 22,948,282	\$ 27,407,589	\$ 29,599,949			
The District's proportionate share of the total OPEB liability	Zero	Zero	Zero	Zero	Zero	Zero	Zero			
District's covered employee payroll	\$ 5,882,510	\$ 5,328,272	\$ 5,149,612	\$ 4,777,417	\$ 4,544,854	\$ 4,793,980	\$ 5,493,888			
Total District's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
District's contribution	None	None	None	None	None	None	None			
State's covered employee payroll ***	\$ 14,753,355,408	\$ 14,425,669,769	\$ 14,267,738,657	\$ 13,929,083,479	\$ 13,640,275,833	\$ 13,493,400,208	\$ 13,493,400,208			
Total State's OPEB liability as a percentage of its covered-employee payroll	343.29%	415.98%	475.27%	299.58%	338.05%	397.53%	428.59%			

** Note: Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The district (employer) does not contribute to the plan and the district's OPEB liability is zero.

*** Covered payroll for the Measurement Period ending June 30, 2021 and June 30, 2022 is based on the payroll on the June 30, 2020 and June 30, 2021 census data, respectively

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

ANDOVER REGIONAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III
Pension and Other Post-Employment Benefits (OPEB) Schedules

For the Fiscal Year Ended June 30, 2023

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules

Changes of benefit terms. 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.

Changes of assumptions. 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.

OPEB Schedules

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

Changes of benefit terms. The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

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

Public Employees' Retirement System (PERS)

Pension Schedules

Changes of benefit terms. 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.

Changes of assumptions. 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.

OPEB Schedules

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

Changes of benefit terms. The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

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

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2023

	Title I	Title II (A)	Title IV	IDEA Part B	IDEA Preschool	ARP ESSER III	ARP Beyond Sch. Day	ARP Mental Health	CRRSA ESSER II	CRRSA Learning	CRRSA Mental	Preschool Education Aid	NJ Climate Pilot	SDA Emergent & Cap. Maint	Local Grants	Student Activities	Totals
REVENUES																	
Local Sources															\$ 8,793	\$ 31,813	\$ 40,606
State Sources												\$ 507,029	\$ 6,660	\$ 9,574			523,263
Federal Sources	\$ 42,045	\$ 15,249	\$ 13,967	\$ 147,799	\$ 7,229	\$ 226,304	\$ 9,819	\$ 4,200	\$ 116,593	\$ 6,862	\$ 9,500						599,567
TOTAL REVENUES	42,045	15,249	13,967	147,799	7,229	226,304	9,819	4,200	116,593	6,862	9,500	507,029	6,660	9,574	8,793	31,813	1,163,436
EXPENDITURES:																	
Instruction:																	
Salaries of Teachers												115,104					115,104
Other Salaries	550	550	650		7,229		6,700			300		74,528					90,507
Tuition				147,799													147,799
General Supplies	7,749					221,404			(350)			45,816	6,660		8,793		290,072
Total Instruction	8,299	550	650	147,799	7,229	221,404	6,700		(350)	300		235,448	6,660		8,793		643,482
Support Services:																	
Salaries of Program Directors												9,160					9,160
Salaries of Other Professional Staff												9,719					9,719
Other Support Salaries						4,900	759			3,750	5,675						15,084
Employee Benefits												32,367					32,367
Purchased Professional Services	33,746	14,699	8,846					4,200		2,500	3,825			9,574			77,390
Transportation												63,000					63,000
Supplies and Materials			4,471				2,360			312							7,143
Student Activities																	32,704
Total Support Services	33,746	14,699	13,317			4,900	3,119	4,200		6,562	9,500	114,246		9,574		32,704	246,567
Facilities Acq. and Const. Services:																	
Buildings									116,943								116,943
Non-Instructional Equipment												157,335					157,335
Total Facilities Acq. and Const. Svs	-	-	-	-	-	-	-	-	116,943	-	-	157,335	-	-	-	-	274,278
TOTAL EXPENDITURES	42,045	15,249	13,967	147,799	7,229	226,304	9,819	4,200	116,593	6,862	9,500	507,029	6,660	9,574	8,793	32,704	1,164,327
Total Outflows	\$ 42,045	\$ 15,249	\$ 13,967	\$ 147,799	\$ 7,229	\$ 226,304	\$ 9,819	\$ 4,200	\$ 116,593	\$ 6,862	\$ 9,500	\$ 507,029	\$ 6,660	\$ 9,574	\$ 8,793	\$ 32,704	\$ 1,164,327
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(891)	(891)
Fund Balance Beginning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,601	29,601
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance Beginning (Restated)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,601	29,601
Fund Balance Ending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 28,710	\$ 28,710

**Andover Regional School District
Special Revenue Fund
Preschool Education Aid Schedule of Expenditures
Preschool - All Programs
Budgetary Basis
For the Fiscal Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
EXPENDITURES:					
Instruction:					
Salaries of Teachers	-	\$ 115,104	\$ 115,104	\$ 115,104	-
Other Salaries for Instruction	-	74,528	74,528	74,528	-
General Supplies	-	45,816	45,816	45,816	-
Total instruction	-	235,448	235,448	235,448	-
Support services:					
Salaries of Program Directors	-	9,160	9,160	9,160	-
Salaries of Other Professional Staff	-	25,000	25,000	9,719	\$ 15,281
Salaries of Secr. And Clerical Assistants	-	-	-	-	-
Other Salaries	-	-	-	-	-
Salaries of Master Teachers	-	-	-	-	-
Personal Services - Employee Benefits	-	32,367	32,367	32,367	-
Travel	-	63,000	63,000	63,000	-
Supplies and Materials	-	-	-	-	-
Total support services	-	129,527	129,527	114,246	15,281
Facilities Acq. & Construction:					
Non-Instructional Equipment	-	157,335	157,335	157,335	-
Total Facilities Acq. & Construction	-	157,335	157,335	157,335	-
Total Expenditures	-	522,310	\$ 522,310	\$ 507,029	\$ 15,281

CALCULATION OF BUDGET & CARRYOVER

Total 2022-2023 PreK Aid Allocation	\$ 522,310
Add: Actual ECPA Carryover June 30, 2022	-
Add: Budgeted Transfer From General Fund	-
Total Funds Available for 2021-2023 Budget	522,310
Less: 2022-2023 Budgeted PreK & ECPA (Including prior year budgeted carryover)	(522,310)
Available & Unbudgeted Funds as of June 30, 2023	-
Add: June 30, 2023 Unexpended PreK Aid	15,281
2022-2023 Actual Carryover - PreK Aid	<u>\$ 15,281</u>
2022-2023 PreK Carryover Budgeted in 2023-2024	<u>-</u>

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

N/A

**PROPRIETARY FUND
DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund - This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

**FIDUCIARY FUND
DETAIL STATEMENTS**

Fiduciary Funds are defined by GASB No. 84 as four funds. (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

N/A

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit I-1

**SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE July 1, 2022</u>	<u>RETIRED</u>	<u>BALANCE June 30, 2023</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Series 2021 Refunding Bonds	11/18/21	\$ 2,510,000	02/15/24	\$ 305,000	1.35%	\$ 2,500,000	\$ 295,000	\$ 2,205,000
			02/15/25	305,000	1.35%			
			02/15/26	315,000	1.35%			
			02/15/27	310,000	1.35%			
			02/15/28	320,000	1.35%			
			02/15/29	320,000	1.35%			
			02/15/30	330,000	1.35%			
Series 2014 Refunding Bonds	9/1/14	5,735,000	02/15/24	570,000	3.00%	1,710,000	550,000	1,160,000
			02/15/25	590,000	3.00%			
Total						\$ 4,210,000	\$ 845,000	\$ 3,365,000

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 740,493		\$ 740,493	\$ 740,493	
Total - Local Sources	740,493		740,493	740,493	
State Sources:					
Debt Service Aid Type II	189,507		189,507	189,507	
Total - State Sources	189,507		189,507	189,507	
TOTAL REVENUES	930,000		930,000	930,000	
EXPENDITURES:					
Regular Debt Service:					
Interest	85,000		85,000	85,000	-
Redemption of Principal	845,000		845,000	845,000	-
Total Regular Debt Service	930,000		930,000	930,000	
TOTAL EXPENDITURES	930,000		930,000	930,000	
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	26,836		26,836	26,836	-
Fund Balance, June 30	\$ 26,836	-	\$ 26,836	\$ 26,836	
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance					

Andover Regional School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	94-99
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	100-106
Debt Capacity (J-10 thru J-13) 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.	107-110
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	111-112
Operating Information (J-16 thru J-20) 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.	113-117

Sources:

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.

Andover Regional School District
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-1

	2014	2015	2016	2017	Fiscal Year Ending June 30,		2020	2021	2022	2023
					2018	2019				
Governmental activities										
Invested in capital assets, net of related debt	\$ 5,231,009	\$ 5,644,839	\$ 5,411,694	\$ 5,720,801	\$ 6,251,208	\$ 6,596,357	\$ 7,496,568	\$ 8,232,089	\$ 7,688,018	\$ 9,940,670
Restricted	10,713	55,948	305,000	726,000	1,615,888	2,704,917	3,662,047	4,455,538	5,736,669	4,631,215
Unrestricted	(2,617,799)	(2,474,825)	(3,005,929)	(3,109,617)	(2,681,704)	(3,284,886)	(3,037,556)	(2,569,828)	(2,265,239)	(1,660,334)
Total governmental activities net position	<u>\$ 2,623,923</u>	<u>\$ 3,225,962</u>	<u>\$ 2,710,765</u>	<u>\$ 3,337,184</u>	<u>\$ 5,185,392</u>	<u>\$ 6,016,388</u>	<u>\$ 8,121,059</u>	<u>\$ 10,117,799</u>	<u>\$ 11,159,448</u>	<u>\$ 12,911,551</u>
Business-type activities										
Invested in capital assets, net of related debt		\$ 7,793	\$ 4,006	-	-	-	-	-	-	\$ 9,196
Restricted			-	-	-	-	-	-	-	-
Unrestricted		31,839	44,302	41,653	\$ 40,005	\$ 31,852	\$ 45,643	\$ 59,099	\$ 71,761	93,275
Total business-type activities net position	<u>-</u>	<u>\$ 39,632</u>	<u>\$ 48,308</u>	<u>\$ 41,653</u>	<u>\$ 40,005</u>	<u>\$ 31,852</u>	<u>\$ 45,643</u>	<u>\$ 59,099</u>	<u>\$ 71,761</u>	<u>\$ 102,471</u>
District-wide										
Invested in capital assets, net of related debt	\$ 5,231,009	\$ 5,652,632	\$ 5,415,700	\$ 5,720,801	\$ 6,251,208	\$ 6,596,357	\$ 7,496,568	\$ 8,232,089	\$ 7,688,018	\$ 9,949,866
Restricted	10,713	55,948	305,000	726,000	1,615,888	2,704,917	3,662,047	4,455,538	5,736,669	4,631,215
Unrestricted	(2,617,799)	(2,442,986)	(2,961,627)	(3,067,964)	(2,641,699)	(3,253,034)	(2,991,913)	(2,510,729)	(2,193,478)	(1,567,059)
Total district net position	<u>\$ 2,623,923</u>	<u>\$ 3,265,594</u>	<u>\$ 2,759,073</u>	<u>\$ 3,378,837</u>	<u>\$ 5,225,397</u>	<u>\$ 6,048,240</u>	<u>\$ 8,166,702</u>	<u>\$ 10,176,898</u>	<u>\$ 11,231,209</u>	<u>\$ 13,014,022</u>

Source: ACFR Schedule A-1

Andover Regional School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	2014		2015		2016		2017		Fiscal Year Ending June 30,		2020		2021		2022		2023			
									2018	2019										
Expenses																				
Governmental activities																				
Instruction																				
Regular	\$	4,044,977	\$	4,717,033	\$	5,618,275	\$	5,764,771	\$	6,154,705	\$	4,904,544	\$	4,654,211	\$	4,386,385	\$	3,981,033	\$	4,646,437
Special education		1,574,939		2,478,544		2,113,018		1,845,126		1,843,625		1,610,376		1,960,973		2,089,433		1,990,708		1,257,865
Other instruction		340,899		474,466		377,201		397,197		335,088		285,495		324,976		461,440		448,074		382,447
Support Services:																				
Tuition		4,069,844		3,937,232		4,621,849		4,468,513		4,461,200		4,976,000		4,607,833		4,124,983		3,276,504		3,836,831
Student & instruction related services		1,575,167		1,655,822		2,076,766		2,120,608		1,959,118		1,960,845		1,924,874		2,246,760		2,310,158		2,718,445
School administrative services		416,409		483,385		472,650		440,972		382,264		419,303		314,571		354,939		300,276		291,478
General administrative services		826,661		739,617		907,266		940,834		1,108,679		899,266		953,833		998,745		783,355		772,810
Plant operations and maintenance		1,114,013		1,187,679		1,075,138		1,628,635		984,128		1,873,602		1,191,504		1,794,916		1,465,530		1,458,635
Pupil transportation		965,346		1,017,964		1,343,962		1,443,594		1,401,334		1,616,631		1,182,875		1,374,296		1,549,386		2,274,935
Capital Outlay		37,763		53,791																
Unallocated Depreciation		409,118		428,997																
Transfer to Charter School		10,788		11,013		68,611		12,770		29,934		75,511		128,346		171,833		91,044		73,554
Interest on long-term debt		388,937		369,640		363,063		287,368		308,796		291,972		277,220		260,106		243,456		167,310
Total governmental activities expenses		<u>15,774,861</u>		<u>17,555,183</u>		<u>19,037,799</u>		<u>19,350,388</u>		<u>18,968,871</u>		<u>18,913,545</u>		<u>17,521,216</u>		<u>18,263,836</u>		<u>16,439,524</u>		<u>17,880,747</u>
Business-type activities:																				
Food service				202,861		150,563		148,004		147,168		139,910		108,476		116,986		211,374		197,262
Preschool/Child Care						36		-		-		10,238		-		-		-		-
Total business-type activities expense		<u>-</u>		<u>202,861</u>		<u>150,599</u>		<u>148,004</u>		<u>147,168</u>		<u>150,148</u>		<u>108,476</u>		<u>116,986</u>		<u>211,374</u>		<u>197,262</u>
Total district expenses		<u>\$ 15,774,861</u>		<u>\$ 17,758,044</u>		<u>\$ 19,188,398</u>		<u>\$ 19,498,392</u>		<u>\$ 19,116,039</u>		<u>\$ 19,063,693</u>		<u>\$ 17,629,692</u>		<u>\$ 18,380,822</u>		<u>\$ 16,650,898</u>		<u>\$ 18,078,009</u>
Program Revenues																				
Governmental activities:																				
Charges for services:																				
Instruction (regular & special education)	\$	87,146	\$	79,773	\$	79,044	\$	10,056	\$	13,890	\$	69,947	\$	237,669	\$	80,161	\$	146,027	\$	143,647
Operating grants and contributions		3,656,725		4,990,649		5,566,587		6,336,055		6,592,521		5,502,695		4,734,916		5,263,036		3,430,878		4,014,768
Capital Grants and contributions																				
Total governmental activities program revenues		<u>3,743,871</u>		<u>5,070,422</u>		<u>5,645,631</u>		<u>6,346,111</u>		<u>6,606,411</u>		<u>5,572,642</u>		<u>4,972,585</u>		<u>5,343,197</u>		<u>3,576,905</u>		<u>4,158,415</u>
Business-type activities:																				
Charges for services																				
Food service				161,796		106,665		102,926		109,176		105,491		57,540		537		28,800		126,890
Preschool/Child Care						7,948		-		-		-		-		-		-		-
Operating grants and contributions				41,033		43,145		38,404		36,150		36,504		34,727		119,905		195,162		100,868
Total business type activities program revenues		<u>-</u>		<u>202,829</u>		<u>157,758</u>		<u>141,330</u>		<u>145,326</u>		<u>141,995</u>		<u>92,267</u>		<u>120,442</u>		<u>223,962</u>		<u>227,758</u>
Total district program revenues		<u>\$ 3,743,871</u>		<u>\$ 5,273,251</u>		<u>\$ 5,803,389</u>		<u>\$ 6,487,441</u>		<u>\$ 6,751,737</u>		<u>\$ 5,714,637</u>		<u>\$ 5,064,852</u>		<u>\$ 5,463,639</u>		<u>\$ 3,800,867</u>		<u>\$ 4,386,173</u>
Net (Expense)/Revenue																				
Governmental activities	\$	(12,030,990)	\$	(12,484,761)	\$	(13,392,168)	\$	(13,004,277)	\$	(12,362,460)	\$	(13,340,903)	\$	(12,548,631)	\$	(12,920,639)	\$	(12,862,619)	\$	(13,722,332)
Business-type activities		<u>-</u>		<u>(32)</u>		<u>7,159</u>		<u>(6,674)</u>		<u>(1,842)</u>		<u>(8,153)</u>		<u>(16,209)</u>		<u>3,456</u>		<u>12,588</u>		<u>30,496</u>
Total district-wide net expense		<u>\$ (12,030,990)</u>		<u>\$ (12,484,793)</u>		<u>\$ (13,385,009)</u>		<u>\$ (13,010,951)</u>		<u>\$ (12,364,302)</u>		<u>\$ (13,349,056)</u>		<u>\$ (12,564,840)</u>		<u>\$ (12,917,183)</u>		<u>\$ (12,850,031)</u>		<u>\$ (13,691,836)</u>

"Continued"

Andover Regional School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 11,889,498	\$ 12,214,591	\$ 12,592,919	\$ 12,844,777	\$ 13,101,673	\$ 13,363,706	\$ 13,630,980	\$ 13,903,600	\$ 14,267,269	\$ 14,552,614
Taxes levied for debt service	803,813	803,813	742,684	768,477	773,491	778,783	771,320	773,739	768,712	740,493
Tuition Received										
Investment earnings			3,361	4,955	5,859	8,100	10,568	10,176	11,345	12,862
Miscellaneous income	264,420	68,396	16,956	12,487	307,698	21,310	196,368	239,864	537,217	168,466
Adjustment to Capital Assets										
NJ SDA Grants for Capital Projects										
Transfers								(10,000)	-	-
Total governmental activities	<u>12,957,731</u>	<u>13,086,800</u>	<u>13,355,920</u>	<u>13,630,696</u>	<u>14,188,721</u>	<u>14,171,899</u>	<u>14,609,236</u>	<u>14,917,379</u>	<u>15,584,543</u>	<u>15,474,435</u>
Business-type activities:										
Miscellaneous Income			1,517	19	194	-	-	-	74	214
Transfers		39,664						10,000	-	-
Total business-type activities	<u>-</u>	<u>39,664</u>	<u>1,517</u>	<u>19</u>	<u>194</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>74</u>	<u>214</u>
Total district-wide	<u>\$ 12,957,731</u>	<u>\$ 13,126,464</u>	<u>\$ 13,357,437</u>	<u>\$ 13,630,715</u>	<u>\$ 14,188,915</u>	<u>\$ 14,171,899</u>	<u>\$ 14,609,236</u>	<u>\$ 14,927,379</u>	<u>\$ 15,584,617</u>	<u>\$ 15,474,649</u>
Change in Net Position										
Governmental activities	\$ 926,741	\$ 602,039	\$ (36,248)	\$ 626,419	\$ 1,826,261	\$ 830,996	\$ 2,060,605	\$ 1,996,740	\$ 2,721,924	\$ 1,752,103
Business-type activities	-	39,632	8,676	(6,655)	(1,648)	(8,153)	(16,209)	13,456	12,662	30,710
Total district	<u>\$ 926,741</u>	<u>\$ 641,671</u>	<u>\$ (27,572)</u>	<u>\$ 619,764</u>	<u>\$ 1,824,613</u>	<u>\$ 822,843</u>	<u>\$ 2,044,396</u>	<u>\$ 2,010,196</u>	<u>\$ 2,734,586</u>	<u>\$ 1,782,813</u>

Source: ACFR Schedule A-2

**Andover Regional School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years**
(modified accrual basis of accounting)

Exhibit J-3

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Reserved	\$ 495,310	\$ 779,722	\$ 155,000	\$ 576,000	\$ 1,465,888	\$ 2,704,917	\$ 3,628,442	\$ 4,425,403	\$ 5,707,068	\$ 4,602,505
Unreserved		12,390	544,430	920,764	989,337	216,215	267,677	621,905	483,439	865,809
Total general fund	<u>\$ 495,310</u>	<u>\$ 792,112</u>	<u>\$ 699,430</u>	<u>\$ 1,496,764</u>	<u>\$ 2,455,225</u>	<u>\$ 2,921,132</u>	<u>\$ 3,896,119</u>	<u>\$ 5,047,308</u>	<u>\$ 6,190,507</u>	<u>\$ 5,468,314</u>
All Other Governmental Funds										
Reserved	\$ 10,713	\$ 55,948					\$ 33,605	\$ 30,135	\$ 29,601	\$ 28,710
Unreserved, reported in:										
Special revenue fund	-	-					-	-	-	(130,576)
Capital projects fund			\$ 2	\$ 9	\$ 25	\$ 55	-	-	-	-
Debt service fund			4,928	2	4,002	4,002	-	-	26,836	26,836
Total all other governmental funds	<u>\$ 10,713</u>	<u>\$ 55,948</u>	<u>\$ 4,930</u>	<u>\$ 11</u>	<u>\$ 4,027</u>	<u>\$ 4,057</u>	<u>\$ 33,605</u>	<u>\$ 30,135</u>	<u>\$ 56,437</u>	<u>\$ (75,030)</u>

Source: ACFR Schedule B-1

**Andover Regional School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

Exhibit J-4

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues										
Tax levy	\$ 12,693,311	\$ 13,018,404	\$ 13,335,603	\$ 13,613,254	\$ 13,875,164	\$ 14,142,489	\$ 14,402,300	\$ 14,677,339	\$ 15,035,981	\$ 15,293,107
Tuition charges	87,146	79,773	79,044	10,056	13,890	69,948	237,669	80,161	146,027	143,647
Miscellaneous	264,420	68,396	20,317	17,442	8,365	29,410	207,000	250,040	548,562	181,328
State sources	3,437,726	3,675,021	3,868,470	3,978,535	4,067,795	4,151,965	3,904,780	3,960,383	3,982,700	4,998,224
Federal sources	218,999	208,454	244,502	206,688	203,563	180,976	273,824	267,351	337,896	599,567
Total revenue	16,701,602	17,050,048	17,547,936	17,825,975	18,168,777	18,574,788	19,025,573	19,235,274	20,051,166	21,215,873
Expenditures										
Instruction										
Regular Instruction	3,042,620	3,074,461	4,106,907	3,561,296	3,679,698	3,102,775	3,272,699	2,576,188	2,847,211	3,467,296
Special education instruction	1,197,474	1,499,803	1,677,493	1,258,694	1,219,368	1,149,454	1,557,320	1,441,045	1,616,350	1,066,465
Other instruction	254,743	299,520	299,454	270,957	221,626	203,781	258,082	318,247	363,813	324,253
Support Services:										
Tuition	4,069,844	3,937,232	4,621,849	4,468,513	4,461,200	4,976,000	4,607,833	4,124,983	3,276,504	3,836,831
Student & instruction related services	1,303,107	1,389,964	1,648,713	1,446,620	1,295,755	1,399,612	1,528,652	1,549,551	1,875,726	2,304,799
School Administrative services	264,260	314,977	375,230	300,819	252,828	299,290	249,819	244,795	243,808	247,126
General administrative services	682,758	693,907	699,961	641,811	733,277	641,878	757,493	688,817	636,043	655,217
Plant operations and maintenance	888,108	1,007,232	853,536	717,819	818,724	896,520	946,241	1,198,022	1,189,933	1,236,685
Pupil transportation	930,334	1,009,998	1,066,951	984,780	926,838	1,153,919	939,388	947,828	1,258,020	1,928,775
Unallocated employee benefits	2,330,000	2,417,981	1,146,665	2,188,441	2,409,712	2,728,516	2,210,114	3,325,319	3,676,283	4,030,255
Charter Schools	10,788	11,013	68,611	12,770	29,934	75,511	128,346	171,833	91,044	73,554
Capital outlay	148,764	416,286	153,066	214,140	195,865	509,220	641,842	525,377	875,216	1,968,277
Debt service:										
Principal	620,000	675,000	705,000	715,000	725,000	755,000	765,000	785,000	805,000	845,000
Interest and other charges	393,705	324,725	268,200	251,900	236,475	217,375	202,375	180,550	126,714	85,000
Total expenditures	16,136,505	17,072,099	17,691,636	17,033,560	17,206,300	18,108,851	18,065,204	18,077,555	18,881,665	22,069,533
Excess (Deficiency) of revenues over (under) expenditures	565,097	(22,051)	(143,700)	792,415	962,477	465,937	960,469	1,157,719	1,169,501	(853,660)
Other Financing Sources (uses)										
NJ SDA Grants for Capital Projects			-	-	-	-	-	-	-	-
Transfers in	107,642	364,089								
Transfers out	(2)	(1)					(30,000)	(10,000)	-	-
Total other financing sources (uses)	107,640	364,088	-	-	-	-	(30,000)	(10,000)	-	-
Net change in fund balances	\$ 672,737	\$ 342,037	\$ (143,700)	\$ 792,415	\$ 962,477	\$ 465,937	\$ 930,469	\$ 1,147,719	\$ 1,169,501	\$ (853,660)
Debt service as a percentage of noncapital expenditures	6.3%	6.0%	5.5%	5.7%	5.7%	5.5%	5.6%	5.5%	5.2%	4.6%

Source: ACFR Schedule B-2

ANDOVER REGIONAL SCHOOL DISTRICT

GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Tuition</u>	<u>Reimbursements</u>	<u>Miscellaneous</u>	<u>Total</u>
2014	\$ 1,577	\$ 5,847	\$ 87,146		\$ 256,974	\$ 351,544
2015	3,052	46,319	79,773		19,365	148,509
2016	3,361	5,083	79,044		11,871	99,359
2017	4,955	12,333	10,056		147	27,491
2018	5,859	-	13,890		2,490	22,239
2019	8,100	10,843	69,948		9,437	98,328
2020	10,568	188,681	237,669		3,780	440,698
2021	10,176	233,121	80,161		2	323,460
2022	11,345	230,555	146,027	235,084	37,176	660,187
2023	12,862	108,387	143,647		19,473	284,369

SOURCE: District Records

**Andover Regional School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years - Borough of Andover**

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2014	\$1,330,200	\$29,344,000	\$745,700	\$113,400	\$13,477,900	\$150,200	\$968,100	\$49,728,879	\$3,315,800	\$283,579	\$46,413,079	\$2.650	\$70,893,559
2015	1,330,200	29,344,000	745,700	113,400	13,477,900	150,200	968,100	49,728,879	3,315,800	283,579	46,413,079	1.820	70,893,559
2016	1,697,500	43,840,600	595,300	44,900	20,488,200	256,000	1,683,700	77,473,500	8,867,300	0	68,606,200	1.843	69,334,605
2017	1,812,800	43,603,900	460,700	31,700	20,322,800	256,000	1,683,700	77,038,900	8,867,300	-	68,171,600	1.883	69,759,297
2018	1,708,100	43,657,100	460,700	31,700	20,269,600	256,000	1,686,100	76,936,600	8,867,300	-	68,069,300	1.947	66,257,495
2019	1,472,000	43,729,000	460,700	27,000	20,401,400	256,000	1,686,100	77,135,600	9,103,400	-	68,032,200	1.936	67,136,768
2020	1,080,600	43,484,700	460,700	27,000	20,288,500	256,000	1,686,100	76,910,900	9,627,300	-	67,283,600	1.873	66,068,662
2021	1,080,600	43,485,900	478,700	33,000	20,307,500	256,000	1,686,100	76,955,100	9,627,300	-	67,327,800	1.804	68,497,474
2022	1,080,600	43,493,000	478,700	32,000	20,130,400	256,000	1,686,100	76,784,100	9,627,300	-	67,156,800	1.845	63,744,415
2023	1,074,600	43,223,300	728,900	29,600	20,155,600	256,000	1,666,600	76,761,900	9,627,300	-	67,134,600	1.845	74,771,874

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

^b Tax rates are per \$100

Andover Regional School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years - Andover Township

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2014	\$11,734,500	\$486,040,500	\$24,118,500	\$1,259,370	\$79,362,400	\$5,575,900	\$1,700,000	\$671,047,885	\$60,539,300	\$717,415	\$610,508,585	\$1.870	\$723,921,710
2015	11,739,900	483,478,000	24,967,700	1,259,370	79,531,000	5,575,900	1,700,000	669,684,133	60,699,200	733,063	608,984,933	1.910	684,777,001
2016	11,739,900	483,478,000	24,967,700	1,259,370	79,531,000	5,575,900	1,700,000	669,684,133	60,699,200	733,063	608,984,933	1.910	684,777,001
2017	11,311,800	481,529,300	25,287,500	1,247,070	76,811,500	5,575,900	1,700,000	665,319,591	60,995,000	861,521	604,324,591	1.974	681,593,457
2018	12,886,100	510,391,500	28,343,500	1,090,600	86,704,200	6,772,100	2,244,700	707,860,447	58,513,000	914,747	649,347,447	1.882	667,740,551
2019	11,419,200	507,656,100	29,291,400	1,119,200	64,104,500	6,933,400	22,129,500	701,921,002	58,340,500	927,202	643,580,502	1.971	679,423,689
2020	10,756,000	507,964,500	29,092,900	1,118,900	97,356,300	6,933,400	2,244,700	714,842,812	58,476,200	899,912	656,366,612	1.976	709,965,823
2021	10,635,100	505,823,900	29,924,400	1,048,400	96,840,400	6,933,400	2,244,700	682,741,013	29,288,100	2,613	653,452,913	2.032	719,688,843
2022	10,281,600	506,594,700	29,531,300	1,064,100	96,005,000	6,933,400	2,244,700	712,294,144	59,637,700	1,644	652,656,444	2.092	762,595,577
2023	9,955,600	507,079,100	28,251,700	1,040,300	96,876,100	6,933,400	2,244,700	713,439,306	61,056,700	1,706	652,382,606	2.135	788,278,946

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**Andover Regional School District
Direct and Overlapping Property Tax Rates - Borough of Andover
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Andover Regional Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Andover	Sussex County	
2014	\$2.490	\$0.160	\$2.650	\$0.680	\$0.860	\$4.190
2015	\$2.490	\$0.160	\$2.650	\$0.680	\$0.860	\$4.190
2016	\$1.727	\$0.093	\$1.820	\$0.477	\$0.513	\$2.810
2017	\$1.750	\$0.093	\$1.843	\$0.477	\$0.563	\$2.883
2018	\$1.790	\$0.093	\$1.883	\$0.477	\$0.555	\$2.915
2019	\$1.838	\$0.109	\$1.947	\$0.525	\$0.573	\$3.045
2020	\$1.836	\$0.100	\$1.936	\$0.525	\$0.567	\$3.028
2021	\$1.773	\$0.100	\$1.873	\$0.539	\$0.595	\$3.007
2022	\$1.704	\$0.100	\$1.804	\$0.550	\$0.556	\$2.910
2023	\$1.745	\$0.100	\$1.845	\$0.568	\$0.626	\$3.039

Source: District Records and Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

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

**Andover Regional School District
Direct and Overlapping Property Tax Rates - Township of Andover
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Andover Regional Board of Education		Overlapping Rates		Total Direct and Overlapping Tax Rate	
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Andover Township		Sussex County
2014	\$1.750	\$0.120	\$1.870	\$0.910	\$0.590	\$3.370
2015	\$1.790	\$0.120	\$1.910	\$0.960	\$0.610	\$3.480
2016	\$1.790	\$0.120	\$1.910	\$0.960	\$0.610	\$3.480
2017	\$1.854	\$0.120	\$1.974	\$1.007	\$0.580	\$3.561
2018	\$1.772	\$0.110	\$1.882	\$0.956	\$0.565	\$3.403
2019	\$1.862	\$0.109	\$1.971	\$1.008	\$0.614	\$3.593
2020	\$1.869	\$0.107	\$1.976	\$1.032	\$0.642	\$3.650
2021	\$1.924	\$0.108	\$2.032	\$1.061	\$0.644	\$3.737
2022	\$1.984	\$0.108	\$2.092	\$1.060	\$0.684	\$3.836
2023	\$2.027	\$0.108	\$2.135	\$1.080	\$0.676	\$3.891

Source: District Records and Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

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

**Andover Regional Board of Education
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Exhibit J-8

Andover Borough

Taxpayer	2023			2013		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
SGP Century, LLC	\$ 1,293,000	1	1.7%	\$ 1,766,100	1	3.85%
Black River Holdings, LLC	1,174,800	2	1.6%	947,800	2	2.07%
49 Main Street % Crown Castle	1,069,200	3	1.3%	718,000	3	1.76%
Sunn Kis, LLC	856,900	4	1.2%	620,210	6	1.35%
Cox Living Trust	765,700	5	1.1%			
UNZ Tiger Mart, Inc	709,200	6	1.1%			
136 Hwy 206, LLC	706,400	7	1.0%	714,500	4	1.56%
Shade Tree Enterprises, LLC	683,200	8	1.0%	440,000	10	0.96%
J. Nechamkin Family, LLC	646,800	9	1.0%			
Flag Associates	587,500	10	0.9%			
Westby Corporation				640,800	5	1.39%
Felicetti-Murphy, LLC				560,000	7	1.22%
Individual Taxpayer #2				495,400	8	1.08%
Individual Taxpayer #3				450,000	9	0.98%
Total	\$ 8,492,700		11.74%	\$ 7,352,810		16.22%

Source: District ACFR & Municipal Tax Assessor

**Andover Regional Board of Education
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Exhibit J-8

Andover Township

Taxpayer	2023			2013		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Andover Subacute & Rehab Center	\$ 26,599,700	1	4.1%			
Andover Nursing home	8,528,600	2	1.3%	\$14,172,900	1	2.47%
Perona Realty Corporation	4,310,900	3	0.7%	4,947,100	5	0.86%
Alex Cable, Inc.	3,374,500	4	0.5%			
Newton Country Club	3,109,000	5	0.5%	6,704,300	3	1.17%
Young Realty Association	2,786,700	6	0.4%	14,009,300	2	2.44%
Martin & Faul LTD	2,244,700	7	0.3%	3,079,800	10	0.05%
Individual Taxpayer # 3	2,236,100	8	0.3%			
St. Paul's Abbey	2,063,900	9	0.3%			
CCOM, LLC	1,850,000	10	0.3%			
Life Care Mews, Inc.				6,179,000	4	1.08%
St. Paul's Abbey				4,856,700	6	0.85%
Individual Taxpayer #1				4,715,400	7	0.82%
Morel Builders, Inc.				4,162,200	8	0.72%
Individual Taxpayer #2				3,857,600	9	0.67%
Total	\$ 57,104,100		8.75%	\$52,511,400		11.13%

Source: District ACFR & Municipal Tax Assessor

**Andover Regional School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$12,693,311	\$12,693,311	100.00%	-
2015	\$13,018,404	\$13,018,404	100.00%	-
2016	\$13,335,603	\$13,335,603	100.00%	-
2017	\$13,613,254	\$13,613,254	100.00%	-
2018	\$13,875,164	\$13,875,164	100.00%	-
2019	\$14,142,489	\$14,142,489	100.00%	-
2020	\$14,402,300	\$14,402,300	100.00%	-
2021	\$14,677,339	\$14,677,339	100.00%	-
2022	\$15,035,981	\$15,035,981	100.00%	-
2023	\$15,293,107	\$15,293,107	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form);
Abstract of Ratables - Sussex County

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

**Andover Regional School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2014	\$ 10,055,000	-	\$ 68,770	-	-0-	\$ 10,123,770	2.76%	\$1,519.40	
2015	9,385,000	-	316,978	-	-0-	9,701,978	2.62%	1,469.33	
2016	8,680,000	-	229,253	-	-0-	8,909,253	2.55%	1,354.61	
2017	7,965,000	-	414,933	-	-0-	8,379,933	2.28%	1,280.36	
2018	7,240,000	-	-	-	-0-	7,240,000	1.89%	1,117.80	
2019	6,485,000	-	-	-	-0-	6,485,000	1.69%	1,001.24	
2020	5,720,000	-	-	-	-0-	5,720,000	1.44%	889.17	
2021	4,935,000	-	-	-	-0-	4,935,000	1.21%	770.13	
2022	4,210,000	-	-	-	-0-	4,210,000	0.92%	621.86	
2023	3,365,000	-	-	-	-0-	3,365,000	0.71%	503.59	

Source: District ACFR Schedules I-1, I-2

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

* Current data unavailable

Andover Regional School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years - Constituent Townships

Exhibit J-11

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2014	\$ 10,055,000	-0-	\$ 10,055,000	1.53%	\$ 1,519.40
2015	\$ 9,385,000	-0-	\$ 9,385,000	1.43%	\$ 1,469.33
2016	\$ 8,680,000	-0-	\$ 8,680,000	1.29%	\$ 1,354.61
2017	\$ 7,965,000	-0-	\$ 7,965,000	1.11%	\$ 1,280.36
2018	\$ 7,240,000	-0-	\$ 7,240,000	1.01%	\$ 1,117.80
2019	\$ 6,485,000	-0-	\$ 6,485,000	0.91%	\$ 1,001.24
2020	\$ 5,720,000	-0-	\$ 5,720,000	0.79%	\$ 889.17
2021	\$ 4,935,000	-0-	\$ 4,935,000	0.68%	\$ 770.13
2022	\$ 4,210,000	-0-	\$ 4,210,000	0.58%	\$ 621.86
2023	\$ 3,365,000	-0-	\$ 3,365,000	0.47%	\$ 503.59 *

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

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

R Revised

* Current data unavailable

**Andover Regional School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2023**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Constituent Townships	\$ 2,691,871	100%	\$ 2,691,871
Other debt			
Sussex County	95,444,925	4.52%	<u>4,314,238</u>
Subtotal, overlapping debt			7,006,109
Andover Regional School District Direct Debt	3,365,000	100%	<u>3,365,000</u>
Total direct and overlapping debt			<u><u>\$ 10,371,109</u></u>

Sources: Constituent Townships Finance Officers, Sussex County Finance Office and Utility Authorities

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

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

**Andover Regional School District
Legal Debt Margin Information,
Last Ten Fiscal Years**

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2023

	Equalized valuation basis
	2022 \$ 953,917,800
	2021 861,099,106
	2020 825,169,334
	[A] \$ <u>2,640,186,240</u>
Average equalized valuation of taxable property	[A/3] \$ 880,062,080
Debt limit (3.5 % of average equalization value)	[B] 30,802,173
Net bonded school debt	[C] 3,365,000
Legal debt margin	[B-C] \$ <u>27,437,173</u>

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt limit	\$24,649,220	\$23,336,617	\$26,762,444	\$26,337,400	\$26,237,159	\$26,333,422	\$26,773,442	\$27,696,363	\$28,878,147	\$30,802,173
Total net debt applicable to limit	<u>10,055,000</u>	<u>9,385,000</u>	<u>8,680,000</u>	<u>7,965,000</u>	<u>7,240,000</u>	<u>6,485,000</u>	<u>5,720,000</u>	<u>4,935,000</u>	<u>4,210,000</u>	<u>3,365,000</u>
Legal debt margin	<u>\$14,594,220</u>	<u>\$13,951,617</u>	<u>\$18,082,444</u>	<u>\$18,372,400</u>	<u>\$18,997,159</u>	<u>\$19,848,422</u>	<u>\$21,053,442</u>	<u>\$22,761,363</u>	<u>\$24,668,147</u>	<u>\$27,437,173</u>
Total net debt applicable to the limit as a percentage of debt limit	40.79%	40.22%	32.43%	30.24%	27.59%	24.63%	21.36%	17.82%	14.58%	10.92%

Source: Abstract of Ratables and District Records ACFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

**Andover Regional School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2014	6,745	\$ 356,715,394	\$54,116 R	5.8%
2015	6,687	\$ 366,451,674	\$55,722 R	4.4%
2016	6,617	\$ 370,976,349	\$57,327 R	4.2%
2017	6,563	\$ 369,515,591	\$59,144 R	4.0%
2018	6,507	\$ 367,717,735	\$61,531 R	3.8%
2019	6,491	\$ 383,393,061	\$64,284 R	3.1%
2020	6,442	\$ 397,282,781	\$67,814 R	8.5%
2021	6,408	\$ 408,727,872	\$71,059 R	5.3%
2022	6,770	\$ 459,100,780	\$71,059 *	3.2%
2023	6,682	\$ 474,816,238	\$71,059 *	*

Source:

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

^b Personal income provided by US Dept Commerce

^c Per Capita provided by NJ Dept of Labor

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

P Projected

R Revised

* Current data unavailable

**Andover Regional School District
Principal Employers,
Current Year and Nine Years Ago**

Exhibit J-15

2023				2014			
Employer	Employees	Rank (Optional)	Percentage of Total Employment	Employer	Employees	Rank (Optional)	Percentage of Total Employment
		1	N/A	Selective Insurance	954	1	2.44%
		2		Andover Subacute & Rehab	900	2	2.30%
		3		County of Sussex	800	3	2.04%
		4		Newton Memorial Hospital	800	4	2.04%
		5		Ronetco Supermarkets	757	5	1.93%
		6		Vernon Township BOE	629	6	1.61%
		7		F.O. Phoenix, Inc.	600	7	1.53%
		8		Mountain Creek Resort	450	8	1.15%
		9		Hopatcong BOE	380	9	0.97%
		10		Wal-Mart	300	10	0.77%
	<hr/>		<hr/>		<hr/>		<hr/>
	<u>-</u>		<u></u>		<u>6,570</u>		<u>16.78%</u>

Source: Economic Development Partnership; Current Data Unavailable.

**Andover Regional School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

Exhibit J-16

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction										
Regular	48.0	48.0	48.0	47.0	47.0	47.0	47.0	49.0	50.0	51.0
Special education	13.0	13.0	13.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Other special education	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Other Instruction	25.0	25.0	26.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Support Services:										
Student & instruction related services	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
School administrative services	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0	5.0
General administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant operations and maintenance	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Pupil transportation	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Business and Other Support Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	122.0	122.0	123.0	120.0	120.0	119.0	119.0	121.0	122.0	123.0

Source: District Personnel Records

**Andover Regional School District
Operating Statistics
Last Ten Fiscal Years**

Exhibit J-17

Fiscal Year	Enrollment *	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School				
2014	848	\$ 14,974,036	\$ 17,658	-0.48%	61	11.0:1	13.0:1	606.0	601.0	-0.62%	99.2%
2015	825	15,686,983	19,015	7.68%	61	11.0:1	13.0:1	604.0	600.0	-0.33%	99.3%
2016	810	16,565,370	20,451	7.56%	61	11.5:1	12.3:1	600.4	576.4	-0.60%	96.0%
2017	774	15,852,520	20,481	0.15%	59	11.5:1	12.3:1	730.6	706.6	21.69%	96.7%
2018	674	16,048,960	23,812	16.26%	59	11.5:1	12.3:1	672.3	654.3	-7.98%	97.3%
2019	653	16,627,256	25,463	6.94%	59	11.5:1	12.3:1	653.0	620.0	-2.87%	94.9%
2020	594	16,455,987	27,704	8.80%	59	10.1:1	10.1:1	594.0	575.0	-9.04%	96.8%
2021	613	16,586,628	27,058	-2.33%	62	11.5:1	12.3:1	627.7	594.7	5.67%	94.7%
2022	604	17,074,735	28,269	4.48%	63	11.5:1	12.3:1	604.4	564.7	-3.71%	93.4%
2023	658	19,171,256	29,136	3.06%	64	11.5:1	12.3:1	649.0	615.0	7.38%	94.8%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- * Includes high school students sent to Newton High School

**Andover Regional School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>District Building:</u>										
<u>Long Pond School</u>										
Square Feet	91,000	91,000	91,000	91,000	91,000	91,000	91,000	91,000	91,000	91,000
Capacity (Students)	554	554	554	554	554	554	554	554	554	554
Enrollment	298	298	236	241	221	225	211	200	195	201
<u>Florence M. Burd School</u>										
Square Feet	46,419	46,419	46,419	46,419	46,419	46,419	46,419	46,419	46,419	46,419
Capacity (Students)	500	500	500	500	500	500	500	500	500	500
Enrollment	306	306	277	251	249	232	244	218	219	260

Number of Schools at June 30, 2023
Elementary = 1
Middle School = 1

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and/or additions. Enrollment is based on the annual October district count.

ANDOVER REGIONAL SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 Last Nine Fiscal Years Ending June 30, 2023

Exhibit J-19

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx

<u>School Facilities</u>	<u>Project #</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Total</u>
Long Pond School		\$ 71,153	\$ 60,888	\$ 69,737	\$ 57,923	\$ 61,137	\$ 84,136	\$ 89,730	\$ 155,877	\$ 186,921	\$ 175,371	\$ 1,012,870
Florence M. Burd School		<u>71,153</u>	<u>60,888</u>	<u>69,737</u>	<u>57,923</u>	<u>61,137</u>	<u>84,136</u>	<u>89,730</u>	<u>155,877</u>	<u>186,921</u>	<u>175,371</u>	<u>1,012,870</u>
Total School Facilities		121,776	139,474	139,474	115,845	122,273	168,271	179,459	311,754	373,841	350,741	2,022,908
Other Facilities		<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Grand Total		<u>\$ 121,776</u>	<u>\$ 139,474</u>	<u>\$ 139,474</u>	<u>\$ 115,845</u>	<u>\$ 122,273</u>	<u>\$ 168,271</u>	<u>\$ 179,459</u>	<u>\$ 311,754</u>	<u>\$ 373,841</u>	<u>\$ 350,741</u>	<u>\$ 2,022,908</u>

ANDOVER REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
June 30, 2023

UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package - NJSIG:		
Blanket Real & Personal Property	\$ 500,000,000.00	\$ 5,000.00
Electronic Data Processing	\$ 500,000,000.00	\$ 1,000.00
Extra Expense	\$ 50,000,000.00	\$ 5,000.00
Valuable Papers	\$ 10,000,000.00	\$ 5,000.00
Equipment Breakdown	\$ 100,000,000.00	\$ 25,000.00
Flood Zone X Limit	\$ 75,000,000.00	\$ 10,000.00
Earthquake	\$ 50,000,000.00	\$ 5,000.00
Comprehensive General Liability - NJSIG:		
Occurrence Limit	\$ 11,000,000.00	None
Aggregate Limit	\$ 11,000,000.00	N/A
Employee Benefit Liability	\$ 11,000,000.00	\$ 1,000.00
Commercial Automobile Liability - NJSIG:		
Automobile Liability Limit (Symbol 1)	\$ 11,000,000.00	None
Auto Physical Damage	Actual Cash Value	\$ 1,000.00
Crime - NJSIG:		
Blanket Employee Dishonesty	\$ 500,000.00	\$ 1,000.00
Computer Fraud	\$ 500,000.00	\$ 1,000.00
Forgery	\$ 100,000.00	\$ 500.00
Theft/Disappearance/Destruction: Money & Securities		
Inside	\$ 100,000.00	\$ 500.00
Outside	\$ 100,000.00	\$ 500.00
Money Orders & Counterfeit Paper Currency	\$ 100,000.00	\$ 500.00
Cyber Liability & Data Breach Response - Beazley (NJSIG):		
Aggregate Policy Limit of Liability	\$ 10,000,000.00	N/A
Third Party Liability	\$ 2,000,000.00	\$ 250,000.00
Breach Response	\$ 2,000,000.00	\$ 250,000.00
Environmental Impairment Liability - Ironshore:		
Each Pollution Incident Limit	\$ 1,000,000.00	\$ 50,000.00
Aggregate Limit	\$ 11,000,000.00	N/A
Public Official Bonds - Western Surety:		
Board Secretary	\$ 225,000.00	None
Treasurer of School Monies	\$ 225,000.00	None
School Leaders Errors & Omissions Liability - NJSIG:		
Coverage A Each Claim Limit	\$ 11,000,000.00	\$ 5,000.00
Coverage B Each Claim Limit	\$ 100,000.00	\$ 5,000.00
Coverage B Aggregate Limit	\$ 300,000.00	N/A
Workers' Compensation - NJSIG:		
Statutory Benefits	Included	None
Employer's Liability	\$ 3,000,000.00	None

Source: District Records

Single Audit Section

ARDITO & COMPANY LLC

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Anthony Ardito, CPA, RMA, CMFO, 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
 Andover Regional School District
 County of Sussex
 Newton, New Jersey 07860

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as 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 Andover Regional School District Board of Education in the County of Sussex, State of New Jersey, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Andover Regional School District Board of Education's basic financial statements, and have issued our report thereon dated November 2, 2023.

Internal Control Over Financial Reporting

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

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

-Continued-

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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** or 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 for New Jersey Department of Education use, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 2, 2023

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 2, 2023



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Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by New Jersey OMB circular 15-08

Honorable President and
 Members of the Board of Education
 Andover Regional School District
 County of Sussex
 Newton, New Jersey 07860

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Andover Regional School District Board of Education's compliance with the types of compliance requirements described in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2023. The Andover Regional School District 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 Andover Regional School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

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

We are required to be independent of the Andover Regional School District 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 opinion on compliance for each major state program. Our audit does not provide a legal determination of the Andover Regional School District 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, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

-Continued-

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, **Government Auditing Standards**, 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 omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, **Government Auditing Standards**, and New Jersey OMB Circular 15-08, we:

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

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

Report on Internal Control Over Compliance

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

-Continued-

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, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 2, 2023

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 2, 2023

ANDOVER REGIONAL SCHOOL DISTRICT

K-3

Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2023

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2022	Carryover/ Walkover Amount	Cash Received	Budgetary Expend.	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2023			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
Passed-through State																
Department of Education:																
Special Revenue Fund:																
I.D.E.A. Part B, Basic Regular	84.027	H027A220100	N/A	\$ 147,799	7/1/22	6/30/23	\$ (24,160)		\$ 171,959	\$ (147,799)						\$ 147,799
I.D.E.A. Part B, Preschool	84.173	H173A220114	N/A	7,229	7/1/21	6/30/22	(428)		7,657	(7,229)						7,229
American Rescue Plan-IDEA Preschool Special Education Cluster	84.173X	H173X220114	ARP IDEA PS	1,674	3/13/20	9/30/24	(335)		-	-		\$ (335)				1,674
							(24,923)	-	179,616	(155,028)	-	-	(335)	-	-	156,702
Title I	84.010A	S010A220030	N/A	37,584	7/1/22	6/30/23			9,497	(9,270)		(28,087)	\$ 28,314			9,270
Title I	84.010A	S010A210030	N/A	44,253	7/1/21	6/30/22	(24,659)		57,434	(32,775)						44,253
Title II Part A	84.367A	S367B220027	N/A	12,721	7/1/22	6/30/23			6,571	(6,571)		(6,150)	6,150			6,571
Title II Part A	84.367A	S367B210027	N/A	9,596	7/1/21	6/30/22	(1,360)		10,038	(8,678)						9,596
Title IV	84.424A	S424A220027	N/A	10,000	7/1/22	6/30/23			2,390	(5,121)		(7,610)	4,879			5,121
Title IV	84.424A	S424A210027	N/A	10,000	7/1/21	6/30/22	(5,365)		12,350	(8,846)		(1,861)				10,000
Total ESEA							(31,384)	-	98,280	(71,261)	-	-	(43,708)	39,343	-	84,811
American Rescue Plan-ESSER III	84.425U	S425U220027	ARP	384,409	3/13/20	9/30/24			60,469	(226,304)		(318,940)	153,105			231,304
American Rescue Plan-Accel. Learn. Coaching & Ed. Support	84.425U	S425U220027	ARP	51,719	3/13/20	9/30/24			-	-		(51,719)	51,719			-
American Rescue Plan-Evidence Based Summer Learning	84.425U	S425U220027	ARP	40,000	3/13/20	9/30/24			-	-		(40,000)	40,000			-
American Rescue Plan-Evidence Based Beyond the Sch. Day	84.425U	S425U220027	ARP	40,000	3/13/20	9/30/24			7,644	(9,819)		(32,356)	30,181			9,819
American Rescue Plan-NJTSS Mental Health Support Staffing	84.425U	S425U220027	ARP	45,000	3/13/20	9/30/24			3,450	(4,200)		(41,550)	40,800			4,200
CRRSA - ESSER II	84.425D	S425D220027	CRRSA	171,043	3/13/20	9/30/23	5,500		350	(116,593)		(130,385)	19,642			151,401
CRRSA - Learning	84.425D	S425D220027	CRRSA	25,000	3/13/20	9/30/23	(4,199)		11,062	(6,862)	\$ (1)	(12,578)	12,578			12,422
CRRSA - Mental Health	84.425D	S425D220027	CRRSA	45,000	3/13/20	9/30/23	(25,625)		37,200	(9,500)		-	2,075			42,925
Total Education Stabilization Fund							(24,324)	-	120,175	(373,278)	(1)	-	(627,528)	350,100	-	452,071
Total Special Revenue Fund							(80,631)	-	398,071	(599,567)	(1)	-	(671,571)	389,443	-	693,584
U.S. Dept. of Agricul. Passed-Through																
Passed Through State Dept. of Ed.																
Enterprise Fund:																
Child Nutrition Cluster:																
National School Lunch Program (Food Distribution)	10.555	221NJ304N1099	N/A		7/1/21	6/30/22	940			(940)						940
National School Lunch Program (Food Distribution)	10.555	231NJ304N1199	N/A	11,714	7/1/22	6/30/23			11,714	(10,069)			1,645			10,069
National School Lunch Program	10.555	221NJ304N1099	N/A		7/1/21	6/30/22	(13,035)		13,035							
National School Lunch Program	10.555	231NJ304N1199	N/A	53,292	7/1/22	6/30/23			50,222	(53,292)		(3,070)				53,292
Supply Chain Assistance Funding	10.555	231NJ344N8903	N/A	33,615	7/1/22	6/30/23			33,615	(33,615)		-				33,615
Subtotal-Child Nutrition Cluster							(12,095)	-	108,586	(97,916)	-	-	(3,070)	1,645	-	97,916
Total Enterprise Fund							(12,095)	-	108,586	(97,916)	-	-	(3,070)	1,645	-	97,916
Total Federal Financial Awards							\$ (92,726)	-	\$ 506,657	\$ (697,483)	\$ (1)	-	\$ (674,641)	\$ 391,088	-	\$ 791,500

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.
Note: This Schedule was not subject to an audit in accordance with OMB Uniform Guidance.

ANDOVER REGIONAL SCHOOL DISTRICT

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2023

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2022	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2023			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE/ INTERFUND PAYABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
State Department of Education:															
General Fund:															
Equalization Aid	23-495-034-5123-078	7/1/22-6/30/23	\$ 28,208			\$ 28,208	\$ (28,208)							\$ 2,616	\$ 28,208
School Choice Aid	23-495-034-5123-068	7/1/22-6/30/23	56,532			56,532	(56,532)							5,243	56,532
Transportation Aid	23-495-034-5123-014	7/1/22-6/30/23	542,672			542,672	(542,672)							50,327	542,672
Special Education Aid	23-495-034-5123-089	7/1/22-6/30/23	532,625			532,625	(532,625)							49,395	532,625
Security Aid	23-495-034-5123-084	7/1/22-6/30/23	61,429			61,429	(61,429)							5,697	61,429
Adjustment Aid	23-495-034-5123-085	7/1/22-6/30/23	144,236			144,236	(144,236)							13,377	144,236
Supplemental Stabilization Aid	23-100-034-5120-494	7/1/22-6/30/23	467,020			467,020	(467,020)								467,020
Extra-Ordinary Aid	23-495-034-5123-044	7/1/22-6/30/23	158,113				(158,113)			\$ (158,113)					158,113
Extra-Ordinary Aid	22-495-034-5123-044	7/1/21-6/30/22	44,479	\$ (44,479)		44,479	-								-
Non-Public Transportation Aid	23-100-034-5123-068	7/1/22-6/30/23	14,878			-	(14,878)				(14,878)				14,878
Non-Public Transportation Aid	22-100-034-5123-068	7/1/21-6/30/22	6,281	(6,281)		6,281	-								-
On Behalf TPAF Pension	23-495-034-5094-002	7/1/22-6/30/23	1,578,672			1,578,672	(1,578,672)								1,578,672
On Behalf TPAF Pension PMR	23-495-034-5094-001	7/1/22-6/30/23	414,713			414,713	(414,713)								414,713
On Behalf TPAF Pension LTD Ins	23-495-034-5094-004	7/1/22-6/30/23	733			733	(733)								733
Reimb.TPAF Soc.Sec.Contrib.	23-495-034-5094-003	7/1/22-6/30/23	358,474	(30,795)		353,352	(358,474)				(35,917)				358,474
Total General Fund				(81,555)		4,230,952	(4,358,305)				(208,908)			126,655	4,358,305
Special Revenue Fund:															
Pre-School Education Aid	23-495-034-5123-086	7/1/22-6/30/23	522,310			522,310	(507,029)				\$ 15,281			130,576	507,029
School Climate Change Pilot	Not Available	4/1/22-6/30/23	6,660			6,660	(6,660)								6,660
SDA Grant - Emergent and Capital Aid	Not Available	7/1/22-6/30/23	9,574			9,574	(9,574)								9,574
Total Special Revenue Fund				-	-	538,544	(523,263)	-	-	-	15,281	-		130,576	523,263
Debt Service Fund															
Debt Service Aid Type 2	23-100-034-5123-124	7/1/22-6/30/23	189,507			189,507	(189,507)								189,507
Total Debt Service				-	-	189,507	(189,507)	-	-	-	-	-	-	-	189,507
State Department of Agriculture:															
Enterprise Fund:															
Nat. School Lunch Prog. (State Share)	22-100-010-3350-023	7/1/21-6/30/22		(300)		300									
Nat. School Lunch Prog. (State Share)	23-100-010-3350-023	7/1/22-6/30/23	2,952			2,782	(2,952)				(170)				2,952
Total Enterprise Fund				(300)		3,082	(2,952)	-	-	-	(170)				2,952
Total State Financial Assistance				\$ (81,855)	-	\$ 4,962,085	\$ (5,074,027)	-	-	\$ (209,078)	15,281	-		\$ 257,231	\$ 5,074,027
Less On-behalf TPAF Pension Amounts:															
On Behalf TPAF Pension	23-495-034-5094-002						1,578,672								
On Behalf TPAF Pension PMR	23-495-034-5094-001						414,713								
On Behalf TPAF Pension LTD Ins	23-495-034-5094-004						733								
Total State Expenditures Subject to Major Program Determination							\$ (3,079,909)								

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

NOTES TO THE SCHEDULES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2023

NOTE 1. GENERAL

The accompanying schedule of expenditures of federal and state financial assistance includes federal and state award activity of the Board of Education, Andover Regional School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state financial assistance passed through other government agencies is included on the schedules of expenditure of federal and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying federal and state schedules of expenditures of awards and financial assistance are presented on 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 bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A.18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$57,725 for the general fund and -0- for the special revenue fund. See Exhibit C-3 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 basic financial federal and statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2023

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 4,416,030	\$ 4,416,030
Special Revenue Fund	\$ 599,567	392,687	992,254
Debt Service Fund		189,507	189,507
Food Service Fund	<u>97,916</u>	<u>2,952</u>	<u>100,868</u>
Total Financial Assistance	<u>\$ 697,483</u>	<u>\$ 5,001,176</u>	<u>\$ 5,698,659</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2023. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2023.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? ___ Yes **x** No

2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes **x** None Reported

Noncompliance material to financial statements noted? ___ Yes **x** No

Federal Awards

Not Applicable

Internal control over major programs:

1) Material weakness(es) identified? ___ Yes ___ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes ___ None

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of ? ___ Yes ___ No

Identification of major programs:

<u>Assistance Listing</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
N/A		

Dollar threshold used to distinguish between Type A and Type B programs: N/A

Auditee qualified as low-risk auditee? ___ Yes ___ No

ANDOVER REGIONAL
SCHOOL DISTRICT

K-6

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Financial Assistance Section

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

Auditee qualified as low-risk auditee? x_yes_ _no

Internal Control over major programs:

1) Material weakness(es) identified? _yes_ _x_ _no

2) Were significant deficiencies identified that were not considered to be material weaknesses? _yes_ _x_ _none

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular letter 15-08 as applicable? _yes_ _x_ _no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

<u>23-495-034-5120-078</u>	<u>Equalization Aid (State Aid Cluster)</u>
<u>23-495-034-5120-089</u>	<u>Special Education Aid (State Aid Cluster)</u>
<u>23-495-034-5120-085</u>	<u>Adjustment Aid (State Aid Cluster)</u>
<u>23-495-034-5120-084</u>	<u>Security Aid (State Aid Cluster)</u>
<u>23-495-034-5120-068</u>	<u>School Choice Aid (State Aid Cluster)</u>
<u>23-495-034-5094-003</u>	<u>Reimb.TPAF Soc.Sec.Contrib.</u>

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section II-Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting.

Financial Statement N/A

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and NJOMB Circular Letter 15-08, as applicable.

Federal Awards N/A

State Awards N/A

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

N/A

In accordance with *government auditing standards* , our procedures included a review of all prior year recommendations. There were no prior year recommendations.