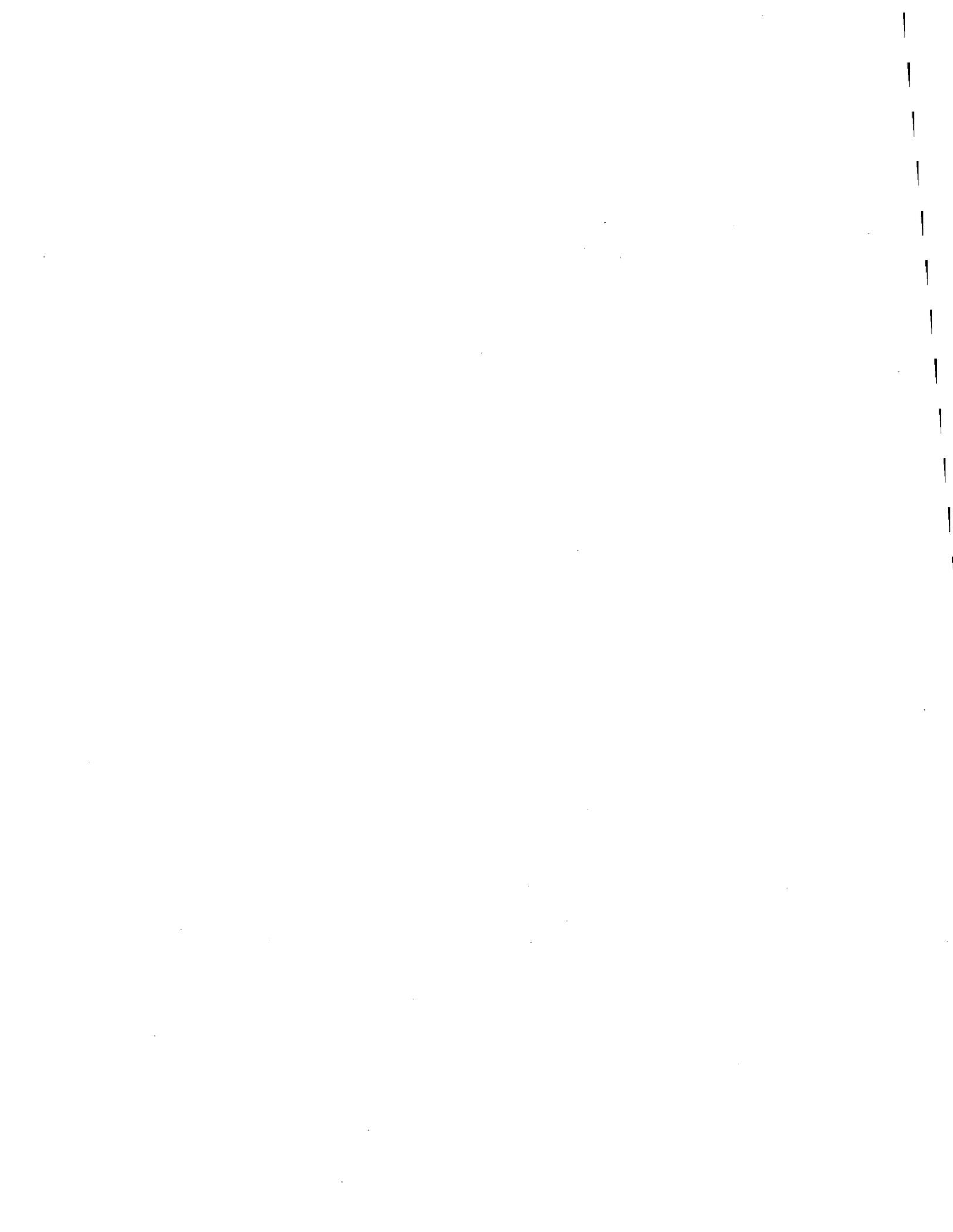


**SCHOOL DISTRICT OF  
NORTH HANOVER TOWNSHIP**

NORTH HANOVER BOARD OF EDUCATION  
Wrightstown, New Jersey  
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**



## OUTLINE OF CAFR – GASB 34

	<b>PAGE</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report	9
<b>REQUIRED SUPPLEMENTARY INFORMATION – PART I</b>	
Management’s Discussion and Analysis	11
<b>BASIC FINANCIAL STATEMENTS</b>	
A. District-wide Financial Statements:	
A-1 Statement of Net Assets	19
A-2 Statement of Activities	20
B. Fund Financial Statements:	
B-1 Balance Sheet	22
B-2 Statement of Revenues, Expenditures & Changes in Fund Balances	23
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Proprietary Funds:	
B-4 Statement of Net Assets	25
B-5 Statement of Revenues, Expenditures & Changes in Fund Net Assets	26
B-6 Statement of Cash Flows	27
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	28
B-8 Statement of Changes in Fiduciary Net Assets	29
Notes to Financial Statements	30
<b>REQUIRED SUPPLEMENTARY INFORMATION – PART II</b>	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	53
C-1a Combining Schedule of Revenues, Expenditures & Changes in Fund Balance - Budget & Actual	N/A
C-1b American Recovery and Reinvestment Act – Budget and Actual	64
C-2 Budgetary Comparison Schedule – Special Revenue Fund	65

(continued)

**OUTLINE OF CAFR – GASB 34 (continued):**

	<b>PAGE</b>
Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	66
D. School Based Budget Schedules --	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues & Expenditures Special Revenue Fund – Budgetary Basis	67
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	N/A
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Assets	68
G-2 Combining Schedule of Revenues, Expenses & Changes in in Fund Net Assets	69
G-3 Combining Schedule of Cash Flows	70
Internal Service Fund –	
G-4 Combining Schedule of Net Assets	N/A
G-5 Combining Schedule of Revenues, Expenses & Changes in Fund Net Assets	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	71
H-2 Combining Statement of Changes in Fiduciary Net Assets	72
H-3 Student Activity Agency Fund Schedule of Receipts & Disbursements	N/A
H-4 Payroll Agency Fund Schedule of Receipts & Disbursements	73
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Statement	N/A

(continued)

**OUTLINE OF CAFR – GASB 34 (continued):**

<b>STATISTICAL SECTION (unaudited)</b>	<b>PAGE</b>
<b>Financial Trends:</b>	
J-1 Net Assets by Component	74
J-2 Changes in Net Assets	75
J-3 Fund Balances – Governmental Funds	77
J-4 Changes in Fund Balances – Governmental Funds	78
J-5 General Fund Other Local Revenue by Source	80
<b>Revenue Capacity:</b>	
J-6 Assessed Value & Estimated Actual Value of Taxable Property	81
J-7 Direct & Overlapping Property Tax Rates	82
J-8 Principal Property Taxpayers	83
J-9 Property Tax Levies & Collections	84
<b>Debt Capacity:</b>	
J-10 Ratios of Outstanding Debt by Type	N/A
J-11 Ratios of General Bonded Debt Outstanding	N/A
J-12 Direct & Overlapping Governmental Activities Debt	85
J-13 Legal Debt Margin Information	86
<b>Demographic &amp; Economic Information</b>	
J-14 Demographic & Economic Statistics	87
J-15 Principal Employers	88
<b>Operating Information:</b>	
J-16 Full-Time Equivalent District Employees by Function/Program	89
J-17 Operating Statistics	90
J-18 School Building Information	91
J-19 Schedule of Required Maintenance Expenditures by School Facility	92
J-20 Insurance Schedule	93
 <b>K SINGLE AUDIT SECTION</b>	
K-1 Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	94
K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	96
K-3 Schedule of Expenditures of Federal Awards, Schedule A	98
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	99
K-5 Notes to Schedules of Awards and Financial Assistance	100
K-6 Schedule of Findings and Questioned Costs	102
K-7 Summary Schedule of Prior Audit Findings	105
	(concluded)



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**

**WRIGHTSTOWN, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Prepared by**

**North Hanover Township Board of Education  
Finance Department**



**INTRODUCTORY SECTION**



**NORTH HANOVER TOWNSHIP SCHOOLS  
BOARD OF EDUCATION/ BUSINESS OFFICE**

331 Monmouth Road  
Wrightstown, New Jersey 08562  
(609) 738-2600 Fax (609) 738-2659

October 2010

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

Dear Board Members:

The comprehensive annual financial report of the North Hanover Township School District for the fiscal year ending June 30, 2010 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. 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 and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State, Local Governments and other non-profit organizations", and the state Treasury Circular Letter 04-04 OMB; "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, findings, and recommendations, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES** North Hanover Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The North Hanover Township 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 6. These include regular, transitional as well as special education for handicapped youngsters. The District for the 2009-2010 fiscal year had an enrollment of 1,143 students at the official count date of October 15, which is an increase of 3 students from the previous year's enrollments. The following details the changes in the student enrollment of the District over the last twenty (20) years:

### Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2009/2010	1,143	+.26
2008/2009	1,140	-1.81
2007/2008	1,161	-4.05
2006-2007	1,210	-5.62
2005-2006	1,282	-2.73
2004-2005	1,318	-2.00
2003-2004	1,345	-3.52
2002-2003	1,394	-4.85
2001-2002	1,465	-.80
2000-2001	1,477	-5.70
1999-2000	1,567	+0.50
1998-1999	1,559	-3.80
1997-1998	1,621	-.43
1996-1997	1,628	-4.60
1995-1996	1,707	-3.70
1994-1995	1,771	+9.70
1993-1994	1,614	-3.80
1992-1993	1,675	-10.50
1991-1992	1,850	+1.50
1990-1991	1,822	+4.90

**2) ECONOMIC CONDITION AND OUTLOOK:** The local community of North Hanover Township is not experiencing any major development or expansion. This condition is not expected to change over the next several years. In addition to the local community students, the District has the responsibility of educating the students of families assigned to McGuire Air Force Base. McGuire AFB is lead service as part of a joint super base with Fort Dix and Lakehurst Naval Air Station, known as Joint Base MDL; the Department of Defense's first joint base and the only joint base that consolidated Air Force, Army and Navy installations. Although there will be additional families arriving at the base the District does not anticipate any significant increase in students due to the lack of housing on the base and the local community. In fact, some housing has been demolished as part of a privatization of housing initiative to improve the housing stock and living conditions for the military family and families have been relocated to housing on Fort Dix. Thus, enrollment has decreased over the last several years but appears to have flattened and may, in fact, be on the upswing as new housing on McGuire AFB is being completed.

**3) MAJOR INITIATIVES:** Students continued to score above the national averages on the Terra Nova Tests. The District continued with its technology plan by offering mini-grants to teachers to develop innovative programs using technology. The Board continues to upgrade the physical plant at both campuses. A new school housing all the fifth and sixth grade students under one roof was substantially completed and opened in September 2007. As recommended by the Superintendent of Schools, the Board voted in February to move forward with significant renovations to the Columbia School and to the Discovery School. While the renovations are underway, the school being renovated would be closed. Also, as recommended by the Superintendent of Schools, the District adopted a realignment plan. Specifically, the children in grades three (3) and four (4) living on the Joint Base MDL would be attend the C.B. Lamb Elementary School. Thus, beginning with the 2010/2011 school year children in grades three (3) through six (6) would be together. Finally, due to enrollment, the Board also voted to close the Atlantis School when the renovations to the Columbia School and the Discovery School are completed.

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

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

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

**5) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is 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 and the special revenue 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 items basis. Open encumbrances at year-end either are canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2010.

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

**7) FINANCIAL INFORMATION AT FISCAL YEAR END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund and special revenues for the fiscal year ending June 30, 2010 and the amount and percentage of increase in relating to prior year revenues.

Revenue	Amount	Percent of Total	Increase/(Decrease) from 2009	Percent of Increase/(Decrease)
Local Sources	\$ 2,562,311	10.57%	\$ (307,312)	(10.71)%
State Sources	10,426,595	43.00%	(1,605,877)	(13.35)%
Federal Sources	11,257,065	46.43%	1,356,318	13.70 %
Total	<u>\$24,245,971</u>	<u>100.00%</u>	<u>\$ (556,871)</u>	<u>(2.25)%</u>

The following schedule presents a summary of general fund expenditures for the fiscal year ending June 30, 2010.

<b>Expenditures</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase/(Decrease) from 2009</b>	<b>Percent of Increase/(Decrease)</b>
<b><u>Current Expense/ Special Revenue</u></b>				
Instruction	\$ 8,945,932	35.65%	\$ 365,014	4.25%
Undistributed Expenditures	12,514,354	49.87%	397,709	3.28%
Capital Outlay	3,632,352	14.48%	(954,946)	(20.83)%
<b>Total</b>	<b>\$ 25,092,638</b>	<b>100.00%</b>	<b>(192,223)</b>	<b>(.76)%</b>

**8) CASH MANAGEMENT:** The investment policy of the District is by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

**10) OTHER INFORMATION:**

A) **Independent Audit** – State statutes require an annual audit by independent certified public accounts or registered municipal accountants. Mr. Kevin Frenia, CPA, was selected by the Board to serve as auditor. 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 of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports, related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

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

Respectfully submitted,



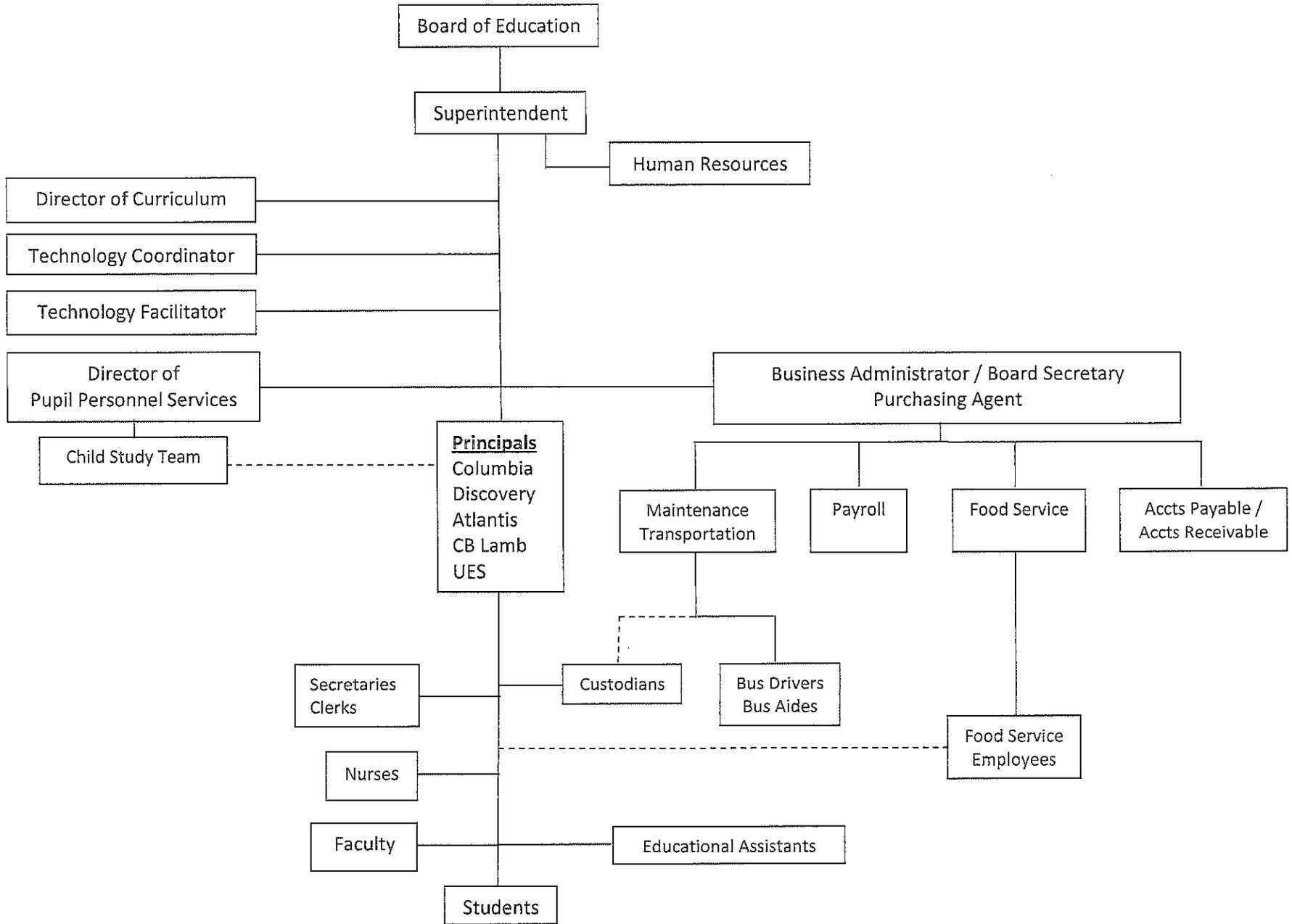
RICHARD J. CARSON, Ed.D.  
Superintendent of Schools



MATTHEW J. ERNANDES, JR.  
Board Secretary/Business Administrator



# NORTH HANOVER TOWNSHIP PUBLIC SCHOOLS





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

**ROSTER OF OFFICIALS  
JUNE 30, 2010**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
Charles M. Schroeder, President	2012
William C. Sullivan, Sr., Vice President	2013
Janet W. Bruder	2013
Michael J. Crawford	2011
Paulinea Johnson	2011
Lieutenant Colonel Drew Stark, Ex Officio Member	

**OTHER OFFICIALS**

Dr. Richard J. Carson, Superintendent

Matthew J. Ernandes, Jr., Business Administrator/Board Secretary

Christine Petras, Treasurer

Barry J. Wendt, Esq., Solicitor

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

Holman & Frenia, P.C.  
618 Stokes Road  
Medford, New Jersey

**ATTORNEY**

Barry J. Wendt, Esq.  
523 South Whitehorse Pike  
Audubon, New Jersey

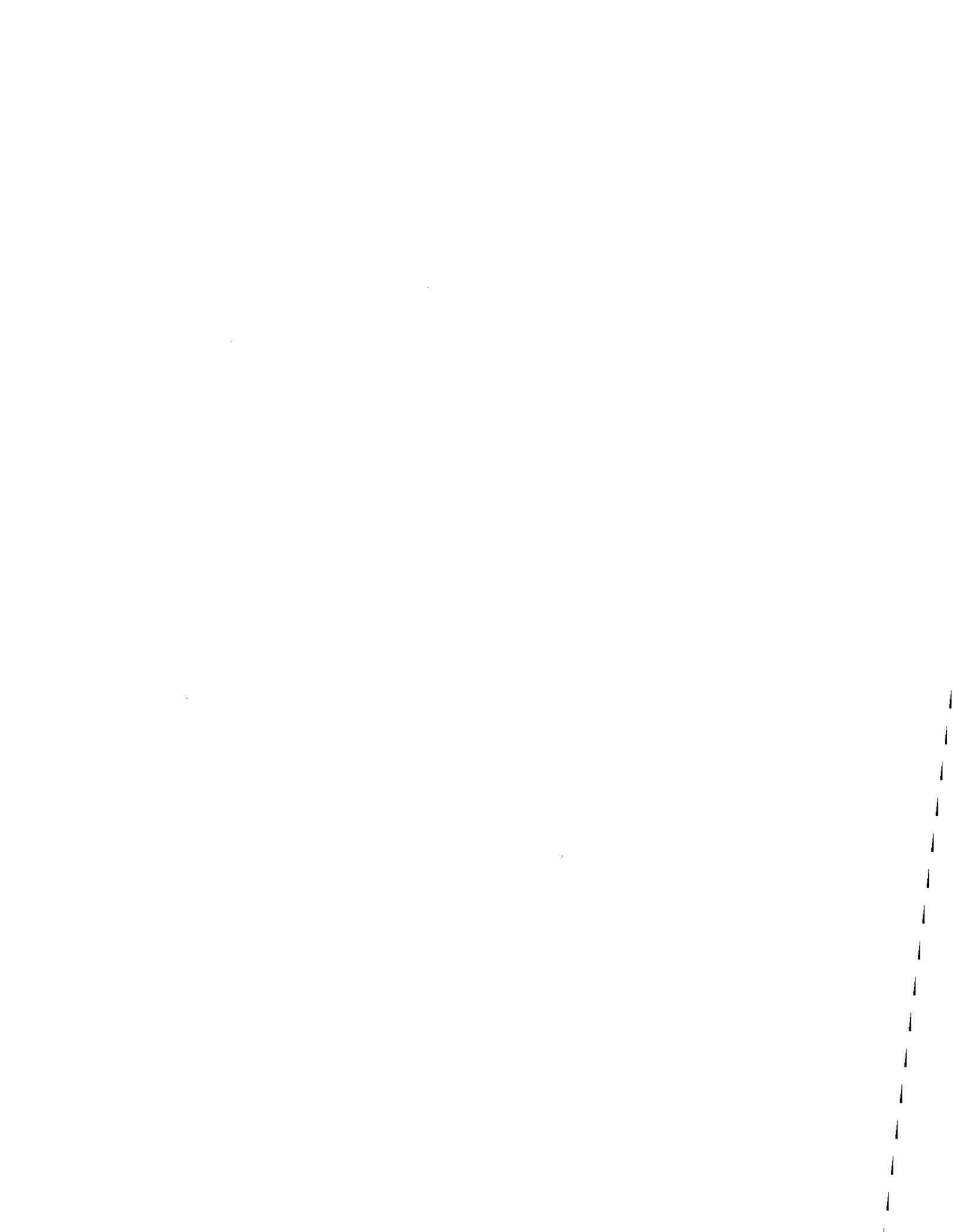
**INSURANCE AGENT**

EJA and Associates  
Cherry Hill, New Jersey

**OFFICIAL DEPOSITORY**

TD Bank  
6000 Atrium Way  
Mt. Laurel, New Jersey

**FINANCIAL SECTION**





Certified Public Accountants & Consultants

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
North Hanover Township  
County of Burlington  
Wrightstown, New Jersey 08562

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the North Hanover Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has decided to report a portion of their net assets as restricted for Federal Impact Aid. GASB 34 states that restricted net assets arise if externally imposed by a creditor or imposed by law through constitutional provisions or enabling legislation. Accounting principles generally accepted in the United States of America require Impact Aid to be reported as unrestricted assets in the General Fund.

In our opinion, except for the effects of not reporting a portion of Federal Impact Aid as unrestricted net assets of the General Fund, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund of the Board of Education of the North Hanover Township School District, County of Burlington, State of New Jersey, as of June 30, 2010, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the North Hanover Township School District, County of Burlington, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### MEDFORD OFFICE

618 Stokes Road • Medford, New Jersey 08055  
Tel: 609.953.0612 • Fax: 609.953.8443

[www.holmanfrenia.com](http://www.holmanfrenia.com)

### TOMS RIVER OFFICE

10 Allen Street, Suite 2B • Toms River, NJ 08753  
Tel: 732.797.1333 • Fax: 732.797.1022

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2010, on our consideration of the North Hanover Township Board of Education's internal control over financial reporting and 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 our audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

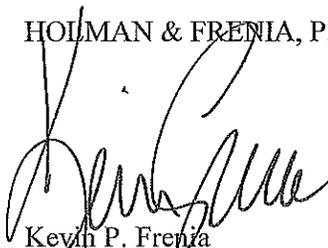
The Management's Discussion and Analysis information and budgetary comparison information as listed in the table of contents is not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Hanover Township Board of Education's financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant  
No. 1011

Medford, New Jersey  
August 11, 2010

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

Management's Discussion and Analysis



# NORTH HANOVER TOWNSHIP BOARD OF EDUCATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS for the Fiscal Year Ended June 30, 2010

The Management Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the *Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – Management's Discussion and Analysis for State and Local Governments* (commonly referred to as GASB 34) issued in June 1999, and is required to be incorporated by the New Jersey Department of Education.

### Objectives:

In the Concepts Statement No. 1, Objective of Financial Reporting, the GASB established a number of objectives of financial reporting by state and local governments and GASB further believes that the MD&A will help users to:

- Evaluate the operating results of the government for the year (GASB Concepts Statement No. 1, paragraph 78) by providing an easily readable summary of operating results and the reasons for changes in the components of operating results.
- Assess the financial position and condition of the government and determine whether the government's financial position improved or deteriorated as a result of the year's operations (paragraph 78c and 79a) by providing financial management's analysis directed specifically to this point, including the reasons for changes.
- Determine whether current-year revenues were sufficient to pay for current-year services (paragraph 77a) by discussing operating results, including decisions already made that will affect future operations.
- Understand the sources and uses of financial resources (paragraph 78a) by providing an analysis of the balances and transaction of individual funds, particularly for *governmental* funds.
- Understand how the government financed its activities and met its cash requirements (paragraph 78b) by describing (a) important economic factors, such as changes in tax or employment bases, that significantly affected operating results for the year; and (b) debt limitations that may affect the financing of planned facilities or services and any changes in credit ratings.
- Determine whether resources were obtained and used in accordance with the entity's legally adopted budget (paragraph 77b) by providing management's analysis of significant variations between original and final budget amounts and between final budget and actual amounts for the government's general fund.
- Assess the service efforts, costs and accomplishments (SEA) of the governmental entity (paragraph 77c) by discussing currently known facts that are expected to affect the services a government provides and the cost of those services.

- Assess the level of services that can be provided by the government and its ability to meet obligations as they become due (paragraph 79) by describing debt limitations, changes in credit ratings, reasons for significant changes in individual fund balances and the effect of any limitations on their use, as well as important economic factors that significantly affected operating results for the year.
- Gain information about a government's physical and other nonfinancial resources having useful lives that extend beyond current year (paragraph 79b) by describing significant capital assets activity during the year, commitments made to acquire new capital assets, and in some cases, the condition level of infrastructure assets.
- Assess legal or contractual restrictions on resources and risks of potential loss of resources (paragraph 79c) by describing debt limitations and any changes in credit ratings, limitations on individual fund balances, as well as currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

Thus, it is the objective of this statement to assess for the readers the financial position of the North Hanover Township School District and to explain the major sources of revenues.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) District-wide financial statements, 2) Governmental Fund financial statements, and 3) Notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

**District-Wide Financial Statements.** The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to the reporting for the private sector. For governmental entities these statements tell how services were financed and what remains for future spending.

The combined statement of net assets (A-1) presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The combined statement of activities (A-2) presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The district-wide financial statements can be found as Exhibits A-1 and A-2 in this report.

**Fund Financial Statements.** A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

### ***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because of the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund, debt service fund and permanent fund, all of which are considered to be major funds.

The general and special revenue funds utilize a legally adopted annual budget. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

### ***Proprietary Funds***

The District maintains one proprietary fund type, an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing goods or services be financed through user charges. The food services enterprise fund provides for the operation of food services in all schools within the District. The proprietary fund has been included within business-type activities in the district-wide financial statements.

The food services fund detail financial statements can be found as Exhibits G-1 through G-3 in this report.

### ***Fiduciary funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs.

The District uses trust and agency funds to account for resources held for payroll transactions and the District' unemployment trust fund and sick pay benefits fund. The basic fiduciary fund financial statements can be found as Exhibits H-1 and H-3 in this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found after the fund financial statements in this report.

**Other information.** The combining and individual fund statements referred to earlier in connection with governmental and enterprise funds are presented immediately following the notes to the financial statements.

### **Overview of the District as a Whole**

The North Hanover Township School District is a pre-k to grade 6 district serving the children of those who live in North Hanover and at sections of the Joint Base MDL (McGuire, Dix, Lakehurst). State Aid, local tax levy and a payment from the Federal government in lieu of taxes known Impact Aid are the primary revenues. There are five (5) school buildings: three (3) of which are owned by the U.S. Department of Education (USDOE). The three (3) schools which are owned by the USDOE are located on land owned by Joint Base MDL and which, in turn, is leased to the North Hanover Township Board of Education at no fee. Contracts were awarded in April 2004 for the construction of a 125,729 square foot school, known as the Upper Elementary School, which was designed with the intent to replace one school on Base as well as combine the children educated in that school, i.e. 5<sup>th</sup> and 6<sup>th</sup> grade, with those in the same grades from the C.B. Lamb Elementary School. The Upper Elementary School was substantially completed for the 2007/2008 school year, and, in turn, ownership of one school on Base was transferred from the U.S. Department of Education to the then called McGuire Air Force Base.

As recommended by the Superintendent of Schools, the Board voted in February 2010 to move forward with significant renovations to the Columbia School and to the Discovery School. While the renovations are underway, the school being renovated would be closed. Also, as recommended by the Superintendent of Schools, the District adopted a realignment plan. Specifically, the children in grades three (3) and four (4) living on the Joint Base MDL would be attend the C.B. Lamb Elementary School. Thus, beginning with the 2010/2011 school year children in grades three (3) through six (6) would be together in one school building. Finally, due to enrollment, the Board also voted to close the Atlantis School when the renovations to the Columbia and Discovery Schools are completed.

Revenues received by the District are primarily Impact Aid from the Federal government, as well as State Aid and a local tax levy.

### **Financial Highlights**

Some of the significant financial highlights of the 2009/2010 school year (FY'10) as compared to the 2008/2009 school year (FY'09):

- There was a decrease in revenues of \$556,871, or 2.25%, and a nominal decrease in expenditures of \$192,223 or .76%. However, cash and cash equivalents of the governmental funds decreased by \$1,014,255 or 3.8%, as payments for previously obligated capital expenditures became due.
- Impact Aid, which is enrollment and formula driven, decreased by \$247,548 or 2.4%, which mirrors overall revenue.
- A decrease in student transportation costs (\$90,058 or 6.2%) was realized due to fewer students being transported to other districts or to private schools for the disabled; as well as due to a decrease in maintenance costs since the fleet was replaced with new vehicles at the start of the fiscal year, thus lowering repair costs.

- Plan changes were achieved through collective bargaining late in the fiscal year in an effort to better manage costs. These changes will offset future increases in the health care plan costs. However, costs for all employee benefits continued to rise; \$571,158 or 12.28%.
- An increase was realized in Special Education costs as more special needs students were educated within the District; but a portion of these costs were offset by a subsequent reduction in tuition paid to other districts or to private schools for the disabled.
- State Aid was cut significantly (by \$1,605,877) but replaced, almost in total, with Federal Stimulus money (\$1,564,189) made available from the American Recovery and Reinvestment Act (A.R.R.A) which was funneled through the State.
- Miscellaneous revenue decreased for the third consecutive year due to another sharp decline in interest rates affecting earnings on investments, as the Federal Reserve continued to push interest rates down in an effort to stimulate the slumping economy.
- Costs for plant operation and maintenance decreased by \$100,541 or 4.5% as service contracts were consolidated and/or bid resulting in significant savings.
- The tax rate was increased by two cents (\$.02) per \$100 of assessed value; this increase, together with a nominal increase in ratables, resulted in an increase in the tax levy \$58,869.
- The steady decline in enrollment experienced over the past eight (8) years finally ended as the District experienced a slight increase due to the completion and subsequent occupancy of many of the new homes on the Joint Base.
- The 2009/2010 budget was primarily a maintenance budget, as evidenced by the nominal decrease of .76% in expenditures.

The following table, also shown as Exhibit A-1, is a worksheet indicator of the District's financial position:

ASSETS	GOVERNMENTAL BUSINESS-TYPE		2010	2009
	ACTIVITIES	ACTIVITIES		
Cash & Cash Equivalents	\$24,923,343	400,492	25,323,835	26,514,399
Receivables, Net	269,093	12,907	282,000	221,715
Inventory		19,053	19,053	22,813
Restricted Assets:				
Capital Reserve Account - Cash	2,005,080		2,005,080	1,996,880
Capital Assets, Net (Note 6)	46,176,592	2,994	46,179,586	44,167,210
<b>Total Assets</b>	<b>73,374,108</b>	<b>435,446</b>	<b>73,809,554</b>	<b>72,923,017</b>
<b>LIABILITIES</b>				
Contracts Payable				797,548
Deferred Revenue	1,560		1,560	1,560
Noncurrent Liabilities (Note 7):				
Due Beyond One Year	328,963		328,963	273,580
<b>Total Liabilities</b>	<b>330,523</b>		<b>330,523</b>	<b>1,072,688</b>

NET ASSETS	GOVERNMENTAL BUSINESS-TYPE		2010	2009
	ACTIVITIES	ACTIVITIES		
Invested in Capital Assets, Net of Related Debt	46,176,592	2,994	46,179,586	44,167,210
Restricted For:				
Other Purposes	27,648,824		27,648,824	27,409,841
Unrestricted	(781,831)	432,452	(349,379)	273,278
<b>Total Net Assets</b>	<b>\$73,043,585</b>	<b>435,446</b>	<b>73,479,031</b>	<b>71,850,329</b>

### Financial Analysis of the District's Funds

As discussed previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the District's governmental fund is to provide information on near term inflows, outflows, as balance, of spendable resources. Such information is useful in assessing the District financing requirements. The unreserved fund balance is divided between designated balance and undesignated balances.

### **Financial Information at Fiscal Year End**

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund and special revenue fund for the fiscal year ended June 30, 2010 and the amount and percentage of increase and (decrease) in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase/(Decrease) from 2009	Percent of Increase/(Decrease)
Local Sources	\$ 2,562,311	10.57%	\$ (307,312)	(10.71)%
State Sources	10,426,595	43.00%	(1,605,877)	(13.35)%
Federal Sources	11,257,065	46.43%	1,356,318	13.70 %
<b>Total</b>	<b>\$24,245,971</b>	<b>100.00%</b>	<b>\$ (556,871)</b>	<b>(2.25)%</b>

During FY'10, local revenue decreased primarily due to the continual downward spiral of interest rates during the struggling economy affecting interest earned on investments. The local tax levy increase was due to a moderate increase in the tax rate (\$.02 per \$100 of assessed value). State Aid was cut significantly, but replaced almost in total with Federal revenue funneled through the State under the American Recovery and Reinvestment Act (ARRA).

The following schedule presents a summary of the general fund expenditures for the fiscal year ended June 30, 2010 and the percentage of increase and (decrease) relative to FY'09 amounts.

Expenditures	Amount	Percent of Total	Increase/(Decrease) from 2009	Percent of Increase/(Decrease)
<u>Current Expense/ Special Revenue</u>				
Instruction Undistributed Expenditures	\$ 8,945,932	35.65%	\$ 365,014	4.25%
Capital Outlay	12,514,354	49.87%	397,709	3.28%
	3,632,352	14.48%	(954,946)	(20.83)%
<b>Total</b>	<b>\$ 25,092,638</b>	<b>100.00%</b>	<b>(192,223)</b>	<b>(.76)%</b>

The modest increases in both instruction and undistributed expenditures were indicative of a maintenance budget with no new programs being introduced.

A significant decrease in the area of capital outlay was realized as equipment needs were met in previous years and a construction activity, i.e. solar panel installation on the Upper Elementary School, was delayed by litigation. The Board, however, awarded a contract to an architectural firm to design various and significant renovations, such as replacement windows and frames, new flooring and a more efficient and improved HVAC system, to the Columbia and Discovery Schools. A contract to complete these renovations is anticipated to be awarded during the 2010/2011 fiscal year.

### General Fund Budgetary Highlights

Capital improvements and the purchase of new equipment over the past few years resulted in significant reductions in the cost to maintain the plant and the school bus fleet.

A contract was awarded for the installation of solar panels on the Upper Elementary School in August but delayed by litigation. After a rather long drawn out battle, the Courts ruled in favor of the Board after in March. The project is underway and when completed midway through this fiscal year will result in significantly lower energy costs.

Despite significant benefit changes being achieved through collective bargaining requiring the enrollment of new hires into managed care plans and only providing coverage for the employee, medical/health benefits costs continued to escalate resulting in an overall increase of more than 13%. Additional plan changes were achieved late in the fiscal year, as well as requiring the contribution by employees toward their health care costs beginning in the 2010/2011 fiscal year, which will hopefully slow the rise in costs to the District in future years.

Throughout the year budget transfers were effectuated between accounts to realign the 2009-2010 budget. Most of the transfers were in the area of salaries for special education staff to accommodate an increase in the enrollment of special needs children being educated within the District.

**Proprietary Funds.** The District's proprietary fund provides the same type of information found in the district wide financial statements.

The Food Service operates under the enterprise fund. There was a decrease in operating expenses of \$27,836 due primarily to a decrease in cost of sales, as well as for supplies and materials. There was also a decrease in operating revenue of \$1,533; but an increase in non operating revenues of \$73,178 due primarily to an increase in Impact Aid funds infused. At fiscal year end, management and the Board recognized the need to increase meal prices for the 2010/2011 school year as a survey of all school districts in the County demonstrated that the District charged the lowest prices for student meals.

	June 30, 2009	Additions	Deletions	Transfers	June 30, 2010
Land	\$ 98,818		\$ -	\$ -	\$ 98,818
Buildings	40,838,555	\$2,766,902			43,605,457
Leasehold Improvements	1,692,230				1,692,230
Machinery & Equipment	14,183,858	856,450			15,049,308
Subtotal	56,813,461	3,632,352			60,445,813
Accumulated Depreciation	(12,650,647)	(1,618,574)			(14,269,221)
Total	<u>\$44,162,814</u>	<u>\$2,013,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$46,176,592</u>

The increase in net assets appears in the addition column, which is primarily due to new equipment acquired and building improvements.

#### **Economic Factors and the Forecast on the 2010/2011 (FY'11) Budget**

The District anticipates that the approved 2010-2011 budget will be adequate to satisfy all 2010-2011 financial needs.

#### **Requests for Information**

This financial report is designed to provide a general overview of the North Hanover Township School District's finances. Questions concerning any of the information contained in this report or any requests for additional information should be addressed to the Business Administrator/Board Secretary at the Upper Elementary School, located at 331 Monmouth Road, in North Hanover Township with a Post Office address of Wrightstown, NJ, 08562.

**BASIC FINANCIAL STATEMENTS**



## A. District-Wide Financial Statements



**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**COMBINED STATEMENT OF NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
**(With Comparative Totals for June 30, 2009)**

ASSETS	GOVERNMENTAL BUSINESS-TYPE		2010	2009
	ACTIVITIES	ACTIVITIES		
Cash & Cash Equivalents	\$24,923,343	400,492	25,323,835	26,514,399
Receivables, Net	269,093	12,907	282,000	221,715
Inventory		19,053	19,053	22,813
Restricted Assets:				
Capital Reserve Account - Cash	2,005,080		2,005,080	1,996,880
Capital Assets, Net (Note 6)	46,176,592	2,994	46,179,586	44,167,210
<b>Total Assets</b>	<b>73,374,108</b>	<b>435,446</b>	<b>73,809,554</b>	<b>72,923,017</b>
<b>LIABILITIES</b>				
Contracts Payable				797,548
Deferred Revenue	1,560		1,560	1,560
Noncurrent Liabilities (Note 7):				
Due Beyond One Year	328,963		328,963	273,580
<b>Total Liabilities</b>	<b>330,523</b>		<b>330,523</b>	<b>1,072,688</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	46,176,592	2,994	46,179,586	44,167,210
Restricted For:				
Other Purposes	27,648,824		27,648,824	27,409,841
Unrestricted	(781,831)	432,452	(349,379)	273,278
<b>Total Net Assets</b>	<b>\$73,043,585</b>	<b>435,446</b>	<b>73,479,031</b>	<b>71,850,329</b>

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

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
COMBINED STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(With Comparative Totals for June 30, 2009)**

FUNCTIONS/PROGRAMS	EXPENSES	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS					TOTALS	
		PROGRAM REVENUES		GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	(MEMORANDUM ONLY)		
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS			JUNE 30, 2010	JUNE 30, 2009	
Governmental Activities:								
Instruction:								
Regular	\$7,118,161		392,552	(6,725,609)		(6,725,609)	(6,594,022)	
Special Education	1,760,867			(1,760,867)		(1,760,867)	(1,643,708)	
Other Instruction	66,904			(66,904)		(66,904)	(63,312)	
Support Services & Undistributed Costs:								
Tuition	101,415			(101,415)		(101,415)	(192,159)	
Health Services	367,859			(367,859)		(367,859)	(338,171)	
Student & Instruction Related S	1,220,721		2,671	(1,218,050)		(1,218,050)	(1,244,622)	
Educational Media Services/School								
Library	384,771			(384,771)		(384,771)	(318,120)	
School Administrative Services	412,238			(412,238)		(412,238)	(432,794)	
Other Administrative Services	1,297,424			(1,297,424)		(1,297,424)	(1,241,412)	
Plant Operations & Maintenananc	2,140,442			(2,140,442)		(2,140,442)	(2,240,983)	
Pupil Transportation	1,364,226			(1,364,226)		(1,364,226)	(1,454,284)	
Unallocated/Allocated Benefits	5,230,236		13,431	(5,216,805)		(5,216,805)	(4,659,078)	
Decrease in Compensated Absences -								
Unallocated	50,405			(50,405)		(50,405)	(4,625)	
Unallocated Depreciation	1,618,575			(1,618,575)		(1,618,575)	(1,538,713)	
<b>Total Governmental Activities</b>	<b>23,134,244</b>		<b>408,654</b>	<b>(22,725,590)</b>		<b>(22,725,590)</b>	<b>(21,966,003)</b>	

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
COMBINED STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(With Comparative Totals for June 30, 2009)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	
						(MEMORANDUM ONLY)	
						JUNE 30, 2010	JUNE 30, 2009
Business-Type Activities:							
Food Service	853,874	233,642	729,407		109,175	109,175	9,694
Total Business-Type Activities	853,874	233,642	729,407		109,175	109,175	9,694
Total Primary Government	\$23,988,118	233,642	1,138,061	(22,725,590)	109,175	(22,616,415)	(21,956,309)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				\$1,951,412		1,951,412	1,892,543
Federal & State Aid Not Restricted				21,275,006		21,275,006	21,653,343
Transportation				151,458		151,458	144,618
Tuition				72,054		72,054	48,393
Investment Earnings				8,199	2,428	10,627	36,024
Miscellaneous Income				379,188		379,188	752,865
Cancel Prior Year Payables				405,372		405,372	
Total General Revenues, Special Items, Extraordinary Items & Transfers				24,242,689	2,428	24,245,117	24,527,786
Change In Net Assets				1,517,099	111,603	1,628,702	2,571,477
Net Assets - Beginning as previously stated				71,526,486	323,843	71,850,329	69,319,214
Prior Period Adjustment							(40,362)
Net Assets - Beginning (Restated)				71,526,486	323,843	71,850,329	69,278,852
Net Assets - Ending				\$73,043,585	435,446	73,479,031	71,850,329

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



## B. Fund Financial Statements



## Governmental Funds



**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
COMBINED BALANCE SHEET  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(With Comparative Totals for June 30, 2009)**

ASSETS & OTHER DEBITS	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 2010	JUNE 30, 2009
Cash & Cash Equivalents	\$25,099,652		25,099,652	26,233,262
Receivables from Other Governments	73,332	177,869	251,201	180,088
Miscellaneous Accounts Receivable	17,892		17,892	26,129
Restricted Cash & Cash Equivalents	2,005,080		2,005,080	1,996,880
<b>Total Assets</b>	<b>\$27,195,956</b>	<b>177,869</b>	<b>27,373,825</b>	<b>28,436,359</b>
<b>LIABILITIES &amp; FUND BALANCES</b>				
Liabilities:				
Cash Overdraft		176,309	176,309	
Accounts Payable				797,548
Deferred Revenue		1,560	1,560	1,560
<b>Total Liabilities</b>		<b>177,869</b>	<b>177,869</b>	<b>799,108</b>
Fund Balances:				
Reserved:				
For Encumbrances	\$3,297,571		3,297,571	4,670,399
Capital Reserve	2,005,080		2,005,080	1,996,880
Restricted Reserves Federal:				
Impact Aid	12,295,741		12,295,741	12,337,741
Impact Aid Capital Fund	6,631,811		6,631,811	6,409,277
Unreserved:				
Designated for Subsequent Year's Expenditures	3,418,621		3,418,621	1,995,544
Undesignated	(452,868)		(452,868)	227,410
<b>Total Fund Balances</b>	<b>27,195,956</b>		<b>27,195,956</b>	<b>27,637,251</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$27,195,956</b>	<b>177,869</b>		

Amounts reported for *governmental activities* in the statement of net assets (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 \$60,445,813 and the accumulated depreciation is \$14,269,221.

46,176,592      44,162,815

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 Illustrative Note 7)

(328,963)      (273,580)

Net assets of Governmental Activities

\$73,043,585      71,526,486

See accompanying notes to the financial statements.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(With Comparative Totals for June 30, 2009)**

	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 2010	JUNE 30, 2009
<b>Revenues:</b>				
Local Sources:				
Local Tax Levy	\$1,951,412		1,951,412	1,892,543
Tuition	72,054		72,054	48,393
Interest Earned Capital Reserve Funds	8,199		8,199	31,204
Transportation	151,458		151,458	144,618
Miscellaneous	379,188		379,188	752,865
<b>Total Revenues - Local Sources</b>	<b>2,562,311</b>		<b>2,562,311</b>	<b>2,869,623</b>
State Sources	10,426,595		10,426,595	12,032,472
Federal Sources	10,840,576	416,489	11,257,065	9,900,747
<b>Total Revenues</b>	<b>23,829,482</b>	<b>416,489</b>	<b>24,245,971</b>	<b>24,802,842</b>
<b>Expenditures:</b>				
Current:				
Regular Instruction	6,725,609	392,552	7,118,161	6,873,898
Special Education Instruction	1,760,867		1,760,867	1,643,708
Other Instruction	66,904		66,904	63,312
Support Services & Undistributed Costs:				
Tuition	101,415		101,415	192,159
Health Services	367,859		367,859	338,171
Student & Instruction Related Services	1,218,050	2,671	1,220,721	1,244,622
Educational Media Services/School Library	384,771		384,771	318,120
School Administrative Services	412,238		412,238	432,794
Central Services	313,676		313,676	301,783
Administration Information Technology	29,733		29,733	28,947
Other Administrative Services	954,015		954,015	910,682
Plant Operations & Maintenance	2,140,442		2,140,442	2,240,983
Pupil Transportation	1,364,226		1,364,226	1,454,284
Employee Benefits	5,211,827	13,431	5,225,258	4,654,100
Capital Outlay	3,624,517	7,835	3,632,352	4,587,298
<b>Total Expenditures</b>	<b>24,676,149</b>	<b>416,489</b>	<b>25,092,638</b>	<b>25,284,861</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(846,667)		(846,667)	(482,019)
<b>Other Financing Sources/(Uses):</b>				
Cancellation of Prior Year Accounts Payable	405,372		405,372	
<b>Total Other Financing Sources &amp; Uses</b>	<b>405,372</b>		<b>405,372</b>	
Net Change in Fund Balances	(441,295)		(441,295)	(482,019)
Fund Balance - July 1	27,637,251		27,637,251	28,119,270
Fund Balance - June 30	\$27,195,956	-	27,195,956	27,637,251

See accompanying notes to the financial statements.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

Total Net Change in Fund Balances - Governmental Funds (From B-2) (\$441,295)

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	(\$1,618,575)	
Capital Outlays	<u>3,632,352</u>	2,013,777

Repayment of annual other postemployment benefits is an expenditure in the  
governmental funds, but the repayment of benefits decreases long-term liabilities  
in the statement of net assets and is not reported in the statement of activities. (4,978)

Repayment of compensated absences is an expenditure in the governmental funds,  
but the repayment reduces long-term liabilities in the statement of net assets and  
is not reported in the statement of activities. (50,405)

Change in Net Assets of Governmental Activities \$1,517,099

See accompanying notes to the financial statements.



## Proprietary Funds



NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 COMBINED STATEMENT OF NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
 (With Comparative Totals for June 30, 2009)

ASSETS	BUSINESS-TYPE	TOTALS	
	ACTIVITIES - ENTERPRISE FUNDS <u>FOOD SERVICE</u>	(MEMORANDUM ONLY) JUNE 30, 2010	JUNE 30, 2009
Current Assets:			
Cash & Cash Equivalents	\$400,492	400,492	281,137
Accounts Receivable:			
State	462	462	997
Federal	12,445	12,445	14,501
Inventories	19,053	19,053	22,813
Total Current Assets	<u>432,452</u>	<u>432,452</u>	<u>319,448</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	291,450	291,450	291,450
Less: Accumulated Depreciation	<u>(288,456)</u>	<u>(288,456)</u>	<u>(287,055)</u>
Total Fixed Assets	<u>2,994</u>	<u>2,994</u>	<u>4,395</u>
Total Assets	<u>435,446</u>	<u>435,446</u>	<u>323,843</u>
 NET ASSETS			
Net Assets:			
Investment in Capital Assets	2,994	2,994	4,395
Unrestricted	<u>432,452</u>	<u>432,452</u>	<u>319,448</u>
Total Net Assets	<u>\$435,446</u>	<u>435,446</u>	<u>323,843</u>

See accompanying notes to the financial statements.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 COMBINED STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
 (With Comparative Totals for June 30, 2009)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	2010	2009
Operating Revenues:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$150,293	150,293	149,786
Daily Sales - Nonreimbursable Programs	83,349	83,349	85,389
Total Operating Revenue	<u>233,642</u>	<u>233,642</u>	<u>235,175</u>
Operating Expenses:			
Salaries	372,535	372,535	380,058
Employee Benefits	135,397	135,397	122,793
Miscellaneous Expenses	11,828	11,828	12,629
Management Fee	27,000	27,000	22,115
Depreciation	1,401	1,401	1,401
Supplies and Materials	19,100	19,100	23,114
Cost of Sales	286,613	286,613	319,600
Total Operating Expenses	<u>853,874</u>	<u>853,874</u>	<u>881,710</u>
Operating Income/(Loss )	<u>(620,232)</u>	<u>(620,232)</u>	<u>(646,535)</u>
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	7,993	7,993	7,559
State School Breakfast Program	3,627	3,627	3,280
Federal Sources:			
National School Lunch Program	143,694	143,694	126,203
National School Breakfast Program	36,423	36,423	31,064
Impact Aid	500,000	500,000	450,000
Food Distribution Program	37,670	37,670	38,123
Total Nonoperating Revenues/(Expenses)	<u>729,407</u>	<u>729,407</u>	<u>656,229</u>
Net Income/(Loss) Before Other Financing Sources/(Uses)	<u>109,175</u>	<u>109,175</u>	<u>9,694</u>
Other Financing Sources/(Uses)			
Interest Revenue - Board Contribution	2,428	2,428	4,820
Total Other Financing Sources/Uses)	<u>2,428</u>	<u>2,428</u>	<u>4,820</u>
Net Income/(Loss)	111,603	111,603	14,514
Total Net Assets - Beginning	<u>323,843</u>	<u>323,843</u>	<u>309,329</u>
Total Net Assets - Ending	<u>\$435,446</u>	<u>435,446</u>	<u>323,843</u>

See accompanying notes to the financial statements.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 COMBINED STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
 (With Comparative Totals for June 30, 2009)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2010	JUNE 30, 2009
<b>Cash Flows From Operating Activities:</b>			
Receipts from Customers	\$233,642	233,642	235,175
Payments to Employees	(372,535)	(372,535)	(380,058)
Payments for Employee Benefits	(135,397)	(135,397)	(122,793)
Payments to Suppliers	(340,781)	(340,781)	(375,768)
Net Cash Provided/(Used) by Operating Activities	<u>(615,071)</u>	<u>(615,071)</u>	<u>(643,444)</u>
<b>Cash Flows From Noncapital Financing Activities:</b>			
Local Sources			1,119
State Sources	12,155	12,155	10,757
Federal Sources	719,843	719,843	643,917
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>731,998</u>	<u>731,998</u>	<u>655,793</u>
<b>Cash Flows From Investing Activities:</b>			
Interest & Dividends	2,428	2,428	4,820
Net Cash Provided/(Used) by Investing Activities	<u>2,428</u>	<u>2,428</u>	<u>4,820</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	119,355	119,355	17,169
Balances - Beginning of Year	281,137	281,137	263,968
Balances - End of Year	<u>\$400,492</u>	<u>400,492</u>	<u>281,137</u>
<b>Reconciliation of Operating Income/(loss) to Net Cash Provided/(Used) by Operating Activities:</b>			
Operating Income/(Loss)	(\$620,232)	(620,232)	(646,535)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Depreciation & Net Amortization	1,401	1,401	1,401
(Increase)/Decrease in Inventories	3,760	3,760	1,690
Total Adjustments	<u>5,161</u>	<u>5,161</u>	<u>3,091</u>
Net Cash Provided/(Used) by Operating Activities	<u>(\$615,071)</u>	<u>(615,071)</u>	<u>(643,444)</u>

See accompanying notes to the financial statements.



Fiduciary Fund



**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**FIDUCIARY FUNDS**  
**COMBINED STATEMENT OF FIDUCIARY NET ASSETS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2010**  
**(With Comparative Totals for June 30, 2009)**

ASSETS	PRIVATE PURPOSE		TOTALS (MEMORANDUM ONLY)	
	SICK PAY BENEFITS	UNEMPLOYMENT COMPENSATION	JUNE 30, 2010	JUNE 30, 2009
Cash & Cash Equivalents	\$328,645	249,347	577,992	518,167
Total Assets	328,645	249,347	577,992	518,167
NET ASSETS				
Reserve For:				
Sick Pay Benefits	328,645		328,645	239,449
Unemployment Compensation		249,347	249,347	278,718
Total Net Assets	\$328,645	249,347	577,992	518,167

See accompanying notes to the financial statements.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(With Comparative Totals for June 30, 2009)**

	PRIVATE PURPOSE		TOTALS	
	UNEMPLOYMENT COMPENSATION TRUST	SICK PAY	(MEMORANDUM ONLY) JUNE 30, 2010	JUNE 30, 2009
<b>ADDITIONS</b>				
Federal Sources:				
Impact Aid		135,693	135,693	300,000
Investment Earnings:				
Interest	\$1,241	248	1,489	8,911
	<hr/>		<hr/>	
Total Additions	1,241	135,941	137,182	308,911
	<hr/>		<hr/>	
<b>DEDUCTIONS</b>				
Quarterly Contribution Reports:				
Unemployment Claims	30,612		30,612	13,061
Miscellaneous		46,745	46,745	61,965
	<hr/>		<hr/>	
Total Deductions	30,612	46,745	77,357	75,026
	<hr/>		<hr/>	
Change in Net Assets	(29,371)	89,196	59,825	233,885
Net Assets - Beginning of Year	278,718	239,449	518,167	284,282
	<hr/>		<hr/>	
Net Assets - End of Year	\$249,347	328,645	577,992	518,167
	<hr/>		<hr/>	

See accompanying notes to the financial statements.

**NORTH HANOVER TOWNSHIP  
BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**



## NORTH HANOVER TOWNSHIP BOARD OF EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2010

#### Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the North Hanover Township Board of Education have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This statement established new financial reporting requirements for state and local governmental entities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The District implemented these standards beginning with fiscal year-ending June 30, 2003. With the implementation of GASB Statement 34, the District has prepared required supplementary information titled *Management’s Discussion and Analysis*, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. Therefore, the District has implemented the following GASB Statements in the fiscal years presented: Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*; Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*; Statement 37 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* and Statement 38 – *Certain Financial Statement Note Disclosures*; Statement 40 – *Deposit and Investment Risk Disclosures*; Statement 44 – *Economic Condition Reporting – The Statistical Section* and Statement 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2010 and for the year then ended with comparative totals as of and for the year ended June 30, 2009 (Memorandum Only).

#### A. Reporting Entity:

The North Hanover Township Board of Education is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The operations of the District include five elementary schools located in North Hanover Township and on McGuire Air Force Base. The Board is comprised of five members appointed to three-year terms. These terms are staggered so that various members’ terms expire each year. The District provides a full range of educational services appropriate to grade levels K through 6. These include regular, vocational, as well as special education for handicapped youngsters. The North Hanover Township Board of Education has an approximate enrollment at June 30, 2010 of 1,143 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:

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):**

**JUNE 30, 2010**

**Note 1. Summary of Significant Accounting Policies (continued):**

**A. Reporting Entity (continued):**

- ◆ 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.

**B. District-Wide and Fund Financial Statements**

The district-wide financial statements (the statement of net assets and the statement of activities) report information of all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these district-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2010**

**Note 1. Summary of Significant Accounting Policies (continued):**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

**District-Wide Financial Statements** – The governmental fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Governmental Fund Financial Statements** – The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Principal revenue sources considered susceptible to accrual include federal and state grants, interest on investments, tuition and transportation. Other revenues are considered to be measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**D. Fund Accounting:**

The accounts of the North Hanover Township Board of Education are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report, into three different activities, governmental, business-type and fiduciary as follows:

**Governmental Funds**

**General Fund** - The general fund is the general operating fund of the North Hanover Township Board of Education and is used to account for all 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 sub-fund.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):**

**JUNE 30, 2010**

**Note 1. Summary of Significant Accounting Policies (continued):**

**D. Fund Accounting (continued):**

As required by the New Jersey Department of Education North Hanover Township Board of Education 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, interest earnings 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 District does not currently maintain such a fund.

**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. The District does not currently maintain such a fund.

**Permanent Fund** – Resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the reporting governments programs, that is for the benefit of the government or its citizenry.

**Proprietary Fund (Business-Type Funds)**

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**JUNE 30, 2010**

**Note 1. Summary of Significant Accounting Policies (continued):**

**D. Fund Accounting (continued):**

**Enterprise** - The enterprise fund is used to account for the operations that are financed and operated in a manner similar to a private business enterprise. The costs of providing goods or services are financed primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

All Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line-method. The estimated useful lives are as follows:

Machinery and Equipment	5-20 years
-------------------------	------------

**Fiduciary Fund**

Fiduciary funds are used to account for assets held by a governmental entity for other parties (either as trustee or as an agent) and that cannot be used to finance the governmental entity's own operating programs which includes private purpose trust funds and agency funds.

Private Purpose Trust Funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The District currently maintains an Unemployment Trust Fund as a private purpose trust.

Agency Funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity's own operating programs. The District currently maintains Payroll funds and Student Activity Funds as Agency Funds.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2010**

**Note 1. Summary of Significant Accounting Policies (continued):**

**E. Basis of Accounting:**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both 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. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

In its accounting and financial reporting, the North Hanover Township Board of Education follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The North Hanover Township Board of Education's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and private purpose trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

**F. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, capital projects and debt service funds. Budgets are prepared using the modified accrual basis of accounting except for the special revenue fund as described later. 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

NORTH HANOVER TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2010

Note 1. Summary of Significant Accounting Policies (continued):

F. Budgets/Budgetary Control (continued):

established pursuant to the minimum chart of accounts referenced in *N.J.A.C.6:20-2A(m)1*. Transfers of appropriations may be made by North Hanover Township Board of Education resolution at any time during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the 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. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on Exhibit C-1 and C-2, includes all amendments to the adopted budget, if any.

The following presents a reconciliation of the special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types:

**Notes to Required Supplementary Information.  
Budgetary Comparison Schedule**

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$23,886,083	\$416,489
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	(1,108,211)	

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):**

**JUNE 30, 2010**

**Note 1. Summary of Significant Accounting Policies (continued):**

**F. Budgets/Budgetary Control continued):**

	<b>General Fund</b>	<b>Special Revenue Fund</b>
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	<u>1,051,610</u>	_____
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$23,829,482</u>	<u>\$416,489</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$24,676,149</u>	<u>\$416,489</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$24,676,149</u>	<u>\$416,489</u>

**G. Encumbrances:**

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

**H. Cash, Cash Equivalents and Investments:**

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2010**

**Note 1. Summary of Significant Accounting Policies (continued):**

accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.18A:20-37* provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey.

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

**I. Tuition Receivable/Payable**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

These adjustments are recorded upon certification by the State Board of Education, which is normally three years following the contract year. The cumulative adjustments through June 30, 2010, which have not been recorded, are not determinable.

The tuition rate adjustments for the years 2006-2007 have been established. According to the School District's records, these amounts of adjustments are immaterial to the financial statements.

**J. Inventories & Prepaid Expenses**

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2010**

**Note 1. Summary of Significant Accounting Policies (continued):**

Prepaid expenses, which benefit future periods, other than those recorded in the enterprise funds, are recorded as expenditure during the year of purchase. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

**K. Short-Term Interfund Receivables/Payables**

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

**L. Fixed Assets:**

General fixed assets acquired or constructed during the year are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Fixed assets are defined by the District as assets, which have a cost in excess of \$2,000 at the date of acquisition and a useful life of one year or more. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed were valued by an independent appraisal company. General fixed assets, such as land and buildings, are valued at the historical cost basis and through estimated procedures performed by an independent appraisal company, respectively.

General fixed assets are reflected as expenditures in the applicable governmental funds. Depreciation expense is recorded in the district-wide financial statements as well as the proprietary fund. Capital assets are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally estimated useful lives are as follows:

Machinery and Equipment	5 – 20 Years
Building & Other Improvements	7 – 60 Years
Infrastructure	30 Years

During the fiscal year ended June 30, 2010, the North Hanover Board of Education contracted with an independent appraisal company to update the District's fixed assets. Assets are recorded at historical costs.

**M. Accrued Salaries and Wages**

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no accrual as of June 30, 2010 for such salaries.

**N. Compensated Absences**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):**

**JUNE 30, 2010**

**Note 1. Summary of Significant Accounting Policies (continued):**

rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In the District-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

**O. Deferred Revenue**

Deferred revenue in the special revenue fund represents cash, which has been received but not yet earned.

**P. Long-term Obligations**

In district-wide financial statements, under governmental activities, long-term debt is recognized as a liability in the general fund as debt is incurred.

**Q. Fund Equity**

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

In accordance with State of New Jersey statutes, the fund balance to be utilized in the subsequent year budget is not legally restricted and therefore has been classified as fund balance designated for subsequent year's expenditures and is not reserved.

**Note 2. Cash and Cash Equivalents and Investments**

The District is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at June 30, 2010, and reported at fair value are as follows:

Type	Carrying Value
<b>Deposits:</b>	
Demand Deposits	<u>\$27,906,907</u>
Total Deposits	<u>\$27,906,907</u>

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2010**

**Note 2. Cash and Cash Equivalents and Investments (continued):**

<b>Type</b>	<b>Carrying Value</b>
<b>The District's Cash &amp; Cash Equivalents are Reported as Follows:</b>	
Governmental Funds:	
General Fund	\$27,104,732
Special Revenue Fund	(176,309)
Enterprise Fund	400,492
Fiduciary Fund	<u>577,992</u>
 Total Cash & Cash Equivalents	 <u><u>\$27,906,907</u></u>

**Custodial Credit Risk** – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$28,846,027 at June 30, 2010. Of the bank balance \$500,000 was fully insured by the FDIC (Federal Depository Insurance Corporation) and \$28,346,027 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Governmental Unit Deposit Protection Act is more fully described in Note 3 of these financial statements.

**Investment Interest Rate Risk** – The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investment held at June 30, 2010, are provided in the above schedule.

**Investment Credit Risk** – The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the District or bonds or other obligations of the local unit or units within which the District is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the District;

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):**

**JUNE 30, 2010**

**Note 2. Cash and Cash Equivalents and Investments (continued):**

- Local Governments investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities with certain limitations.

**Concentration of Investment Credit Risk** – The District places no limit on the amount it may invest in any one issuer.

**Note 3. Governmental Unit Deposit Protection Act (GUDPA)**

The District has deposited cash in 2010 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the District invests monies in certificates of deposits.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the

NORTH HANOVER TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2010

**Note 3. Governmental Unit Deposit Protection Act (GUDPA) (continued):**

liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The District should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

**Note 4. Capital Reserve Account**

A capital reserve account was established by the North Hanover Township 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.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Beginning Balance, July 1, 2009	\$1,996,880
Interest Earnings	<u>8,200</u>
Ending Balance, June 30, 2010	<u>\$2,005,080</u>

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):**

**JUNE 30, 2010**

**Note 5. Transfers to Capital Outlay**

During the year ending June 30, 2010, the District transferred \$ -0- to the capital outlay accounts.

**Note 6. Fixed Assets**

The following schedule is a summarization of the general fixed assets recorded at historical cost by source for the fiscal year ended June 30, 2010:

	June 30, 2009	Additions	Deletions	Transfers	June 30, 2010
Land	\$ 98,818		\$ -	\$ -	\$ 98,818
Buildings	40,838,555	\$2,766,902			43,605,457
Leasehold Improvements	1,692,230				1,692,230
Machinery & Equipment	<u>14,183,858</u>	<u>856,450</u>			<u>15,049,308</u>
Subtotal	56,813,461	3,632,352			60,445,813
Accumulated Depreciation	<u>(12,650,647)</u>	<u>(1,618,574)</u>			<u>(14,269,221)</u>
Total	<u>\$44,162,814</u>	<u>\$2,013,778</u>	\$ -	\$ -	<u>\$46,176,592</u>

The following schedule is a summarization of the proprietary fund fixed assets recorded at historical cost by source for the fiscal year ended June 30, 2010:

	June 30, 2009	Additions	Deletions	June 30, 2010
Machinery & Equipment	\$291,450		\$ -	\$291,450
Less: Accumulated Depreciation	<u>(287,055)</u>	<u>\$(1,401)</u>		<u>(288,456)</u>
Net Fixed Assets	<u>\$ 4,395</u>	<u>\$(1,401)</u>	\$ -	<u>\$2,994</u>

**Note 7. Long-Term Debt**

During the fiscal year ended June 30, 2010 the following changes occurred in liabilities reported in the general long-term debt account group:

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):**

**JUNE 30, 2010**

**Note 7. Long-Term Debt (continued):**

	<b>Balance 6/30/09</b>	<b>Retired</b>	<b>Issued</b>	<b>Balance 6/30/10</b>
GASB #45 – Other Post Employment Benefits	\$ 45,340	\$ -	\$ 4,978	\$ 50,318
Compensated Absences Payable	228,240		50,405	278,645
<b>Total</b>	<u>\$273,580</u>	<u>\$ -</u>	<u>\$55,383</u>	<u>\$328,963</u>

**A. Bonds Payable:**

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. The Board of Education currently has no outstanding bonds.

**Note 8. Pension Plans**

**Plan Descriptions** - 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 Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established in January 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, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related noncontributing 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.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established in January 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.

## NORTH HANOVER TOWNSHIP BOARD OF EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2010

#### Note 8. Pension Plans (continued):

Vesting and Benefit Provisions - The vesting and benefit provisions of 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 55 and are generally determined to be 1/55 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** – During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the TPAF and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

**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 and *N.J.S.A.18:66*, and 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 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2010**

**Note 8. Pension Plans (continued):**

TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a noncontributing employer of the TPAF.

**Three-Year Trend Information for PERS**

<b>Year Funding</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/10	\$214,181	100%	\$ -0-
6/30/09	175,224	100%	-0-
6/30/08	135,256	100%	-0-

**Three-Year Trend Information for TPAF (Paid on behalf of the District)**

<b>Year Funding</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/10	\$ 597,668	100%	\$ -0-
6/30/09	565,229	100%	-0-
6/30/08	1,397,628	100%	-0-

During the year ended June 30, 2010 the State of New Jersey contributed \$597,668 to the TPAF for normal 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 \$703,481 for the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

**Note 9. Post-Retirement Benefits**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2010**

**Note 9. Post-Retirement Benefits (continued):**

State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

**Note 10. 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 Comprehensive Annual Financial Report.

**New Jersey Unemployment Compensation Insurance** – The District has elected to fund their 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 School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s expendable trust fund for the current and previous two years:

Fiscal Year	District Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2009-2010	\$ -0-	\$ 1,241	\$30,612	\$249,347
2008-2009	-0-	4,723	13,061	278,718
2007-2008	-0-	12,338	6,880	287,056

**Note 11. Contingent Liabilities**

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and

NORTH HANOVER TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2010

**Note 11. Contingent Liabilities (continued):**

the collectability of any related receivable at June 30, 2010 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

**Note 12. Economic Dependency**

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

**Note 13. Interfund Receivables and Payables**

There were no interfund balances at June 30, 2010.

**Note 14. Fund Balance Appropriated**

**General Fund** – Of the \$27,195,956 General Fund fund balance at June 30, 2010, \$3,297,571 is reserved for encumbrances; \$2,005,080 has been reserved in the Capital Reserve Account; \$18,927,552 has been reserved for future use of Federal Impact Aid reserves; \$3,418,621 is designated for subsequent year expenditures and (\$452,868) is unreserved and undesignated.

**Impact Aid Reserve** – The District receives a large portion of its annual operating revenue from Federal Impact Aid. Due to the uncertainty of future funding the District has reserved Federal Impact Aid Fund Balance for use in future years. Reserves have been set up to fund future capital projects as well as future operating expenses.

**Note 15. Deferred Compensation**

The Board offers its employees a choice of deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are on file at the Board of Education business offices.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2010**

**Note 16. 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 vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2010 is \$278,645.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2010 no liability existed for compensated absences in the proprietary fund types.

**Note 17. Litigation**

Several cases are still pending, as of June 30, 2010, before the Division of Workers' Compensation. These cases are still in litigation and the outcome of such is unknown. Litigation with several contractors for the construction of the Upper Elementary School was resolved in the 2009-2010 school year. The resolution of the litigation allowed the district to cancel \$405,372 of account payables that had been accrued in prior years.

**Note 18. Calculation of Excess Surplus**

In accordance with *N.J.S.A.18A:7F-7*, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to 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, 2010 is \$ -0-. (See Audit Opinion for departure from S1701 calculation)

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):**

**JUNE 30, 2010**

**Note 19. GASB #45 - Post Retirement Health Benefits**

The North Hanover School District provides Medicare Part B re-imbusement to a closed group of three retirees who participated in the ERIP of 1994. Current active employees are not eligible for the Medicare Part B reimbursement. The North Hanover School District pays 100% of the supplementary Medicare insurance cost for the retiree.

The North Hanover School District's annual Other Post-Employment Benefit cost is calculated based on the Annual Required Contribution. The actuarial cost method used to determine the Plan's funding requirements is the "Unit Credit" method. Under this method, an actuarial accrued liability is determined as the present value of the earned benefits, which is allocated to service before the current plan year. The Plan is currently unfunded. The unfunded actuarial liability is amortized over the average life expectancy of the retiree population.

The following table shows the changes in the North Hanover School District's annual Other Post-Employment Benefit cost for the year, the amount actually contributed to the Plan and changes in the Corporation's net Other Post-Employment Benefit obligation to the plan:

Annual Required Contribution	\$ 4,978
Interest on Net Other Post-Employment Benefit	-
Adjustment to Annual Required Contribution	<u>-</u>
Annual Other Post-Employment Benefit	4,978
Contributions Made	<u>-</u>
Increase in Net OPEB Obligation	4,978
Net OPEB, Beginning of Year	<u>45,340</u>
Net OPEB, End of Year	<u>\$50,318</u>

The North Hanover School District's annual Other Post-Employment Benefit cost, the percentage of annual Other Post Employment Benefit cost contributed to the Plan and the net Other Post Employment Benefit obligation (OPEB) for the year ending June 30, 2010 is as follows:

YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE CONTRIBUTED	NET OPEB OBLIGATION
06/30/10	\$ 4,978	0%	\$ 50,318

Actuarial assumptions were used to value the post-retirement medical liabilities. Actuarial assumptions were based on the actual experience of the covered group, to the extent that creditable experience data was available, with an emphases on expected long-term future trends rather than giving undue weight to

NORTH HANOVER TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2010

**Note 19. GASB #45 - Post Retirement Health Benefits (continued):**

recent past experience. The reasonableness of each actuarial assumption was considered independently based on its own merits, its consistency with each other assumption, and the combined impact of all assumptions.

Two economic assumptions used in the valuation are the discount rate and the health care cost trend rates. The economic assumptions are used to account for changes in the cost of benefits over time and to discount future benefit payments for the time value of money.

The investment return assumption (discount rate) should be the estimated long-term investment yield on the investments that are expected to be used to finance the payments of benefits. The investments expected to be used to finance the payments of benefits would be plan assets for funded plans, assets of the employer for pay-as-you-go plans, or a proportionate combination of the two for plans that being partially funded. We assumed a discount rate of 5.0 percent for purposes of developing the liabilities and Annual Required Contribution on the basis that the Plan would not be funded. We based medical claims cost for retirees on \$1,180 per year for calendar year 2009. We assumed health care costs would increase annually at a rate of 5%.

The North Hanover School District currently has three eligible retired employees receiving retirement benefits. The net Other Post-Employment Benefit obligation to the North Hanover School District to provide benefits to the retiree for the year ended June 30, 2010, was \$50,318.



**REQUIRED SUPPLEMENTARY INFORMATION – PART II**



### C. Budgetary Comparison Schedules



**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
<b>Revenues:</b>											
<b>Local Sources:</b>											
Local Tax Levy	10-1210-000-000	\$1,951,412		1,951,412	1,951,412		1,892,543		1,892,543	1,892,543	
Tuition	10-1300-000-000	\$37,000		37,000	72,054	35,054	\$33,000		33,000	48,393	15,393
Transportation	10-1420-000-000	143,865		143,865	151,458	7,593	109,576		109,576	144,618	35,042
Interest Earned on Capital Reserves	10-1510-000-000	45,000		45,000	8,199	(36,801)	65,900		65,900	31,204	(34,696)
Miscellaneous	10-1990-000-000	787,500		787,500	379,188	(408,312)	875,000		875,000	752,865	(122,135)
<b>Total Local Sources</b>		<b>2,964,777</b>		<b>2,964,777</b>	<b>2,562,311</b>	<b>(402,466)</b>	<b>2,976,019</b>		<b>2,976,019</b>	<b>2,869,623</b>	<b>(106,396)</b>
<b>State Sources:</b>											
Transportation Aid	10-3121-000-000	349,506		349,506	306,086	(43,420)	237,923		237,923	237,923	
Special Education Aid	10-3132-000-000	512,438		512,438	512,438		501,690		501,690	501,690	
Equalization Aid	10-3176-000-000	8,620,684	(1,564,189)	7,056,495	7,056,495		8,925,194		8,925,194	8,849,500	(75,694)
Security Aid	10-3177-000-000	157,011		157,011	157,011		165,434		165,434	165,434	
Adjustment Aid	10-3178-000-000	1,710,192		1,710,192	1,111,625	(598,567)	1,519,590	(46,056)	1,473,534	1,473,534	
Extraordinary Aid	10-3131-000-000	15,511		15,511	35,714	20,203	15,511	46,056	61,567	61,567	
Nonpublic Transportation Reimbursement	10-3198-000-000				2,678	2,678				3,654	3,654
<b>Nonbudgeted:</b>											
On-Behalf TPAF Pension Contributions	10-3901-000-000				597,668	597,668				565,229	565,229
Reimbursed TPAF Social Security Contributions	10-3902-000-000				703,481	703,481				677,469	677,469
<b>Total State Sources</b>		<b>11,365,342</b>	<b>(1,564,189)</b>	<b>9,801,153</b>	<b>10,483,196</b>	<b>682,043</b>	<b>11,365,342</b>		<b>11,365,342</b>	<b>12,536,000</b>	<b>1,170,658</b>
<b>Federal Sources:</b>											
Impact Aid/Department of Defense ARRA-Education Stabilization Fund	10-4100-000-000	5,896,996		5,896,996	9,276,387	3,379,391	5,896,996		5,896,996	9,620,871	3,723,875
ARRA - Government Services Fund	10-4521-000-000		58,295	58,295	58,295						
<b>Total Federal Sources</b>		<b>5,896,996</b>	<b>1,564,189</b>	<b>7,461,185</b>	<b>10,840,576</b>	<b>3,379,391</b>	<b>5,896,996</b>		<b>5,896,996</b>	<b>9,620,871</b>	<b>3,723,875</b>
<b>Total Revenues</b>		<b>20,227,115</b>		<b>20,227,115</b>	<b>23,886,083</b>	<b>3,658,968</b>	<b>20,238,357</b>		<b>20,238,357</b>	<b>25,026,494</b>	<b>4,788,137</b>

53

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
<b>Expenditures:</b>												
<b>Current Expense:</b>												
<b>Instruction - Regular Programs:</b>												
<b>Salaries of Teachers:</b>												
	Preschool	11-105-100-101	268,167	23,500	291,667	289,535	2,132	258,335		258,335	253,561	4,774
	Kindergarten	11-110-100-101	593,142	18,800	611,942	593,299	18,643	571,413	4,000	575,413	571,018	4,395
	Grades 1 - 5	11-120-100-101	4,224,168	(28,300)	4,195,868	3,842,498	353,370	4,160,537	(30,500)	4,130,037	3,880,567	249,470
	Grades 6 - 8	11-130-100-101	769,503	(64,000)	705,503	702,305	3,198	743,659	15,000	758,659	738,523	20,136
	Regular Programs - Home Instruction:											
	Salaries of Teachers	11-150-100-101	4,000		4,000	3,000	1,000	4,000		4,000	713	3,287
	Regular Programs - Undistributed Instruction:											
	Other Salaries for Instruction	11-190-100-106	467,803	(32,200)	435,603	427,819	7,784	441,652		441,652	403,734	37,918
	Purchased Professional/Educational Services	11-190-100-320	19,400		19,400	13,790	5,610	18,400	2,750	21,150	18,660	2,490
	Purchased Professional/Technical Services	11-190-100-340	197,861	34,558	232,419	155,722	76,697	197,861	5,852	203,713	136,977	66,736
	Other Purchased Services	11-190-100-500	1,000		1,000	169	831	1,000	500	1,500	800	700
	General Supplies	11-190-100-610	407,047	15,336	422,383	396,376	26,007	405,847	(17,744)	388,103	344,066	44,037
	Textbooks	11-190-100-640	11,485	302,263	313,748	297,651	16,097	26,639	470,596	497,235	239,134	258,101
	Other Objects	11-190-100-890	11,500		11,500	3,445	8,055	13,500	200	13,700	6,269	7,431
	<b>Total Regular Programs</b>		<b>6,975,076</b>	<b>269,957</b>	<b>7,245,033</b>	<b>6,725,609</b>	<b>519,424</b>	<b>6,842,843</b>	<b>450,654</b>	<b>7,293,497</b>	<b>6,594,022</b>	<b>699,475</b>
<b>Special Education:</b>												
<b>Special Education Instruction-Learning/Language Disabilities:</b>												
	Salaries of Teachers	11-204-100-101	153,252		153,252		153,252					
	General Supplies	11-204-100-610	2,400		2,400		2,400					
	<b>Total Learning/Language Disabilities</b>		<b>155,652</b>		<b>155,652</b>		<b>155,652</b>					
	<b>Preschool Disabilities - Full Time:</b>											
	Salaries of Teachers	11-216-100-101	104,710	3,440	108,150	106,367	1,783	101,270	4,000	105,270	103,640	1,630
	Other Salaries for Instruction	11-216-100-106	71,858	(1,440)	70,418	70,096	322	69,428	(4,000)	65,428	56,520	8,908
	Other Purchased Services	11-216-100-500					100	100		100		100
	General Supplies	11-216-100-610	5,000		5,000	3,334	1,666	2,200	384	2,584	2,584	
	Textbooks	11-216-100-640						3,000	(313)	2,687	50	2,637
	Other Objects	11-216-100-800						400	(71)	329		329
	<b>Total Preschool Disabilities</b>		<b>181,568</b>	<b>2,000</b>	<b>183,568</b>	<b>179,797</b>	<b>3,771</b>	<b>176,398</b>		<b>176,398</b>	<b>162,794</b>	<b>13,604</b>

24

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Multiple Disabilities											
Salaries of Teachers	11-212-100-101	244,870	(12,668)	232,202	223,167	9,035	236,758	(12,050)	224,708	219,907	4,801
Other Salaries for Instruction	11-212-100-106	143,276	14,668	157,944	157,898	46	138,634	12,050	150,684	149,764	920
Other Purchased Services	11-212-100-500						250		250	49	201
Textbooks	11-212-100-640	3,000		3,000	92	2,908	2,500		2,500	387	2,113
General Supplies	11-212-100-610	6,000		6,000	3,896	2,104	5,000		5,000	3,682	1,318
Other Objects	11-212-100-800	500		500		500	2,200		2,200	519	1,681
<b>Total Multiple Disabilities</b>		<b>397,646</b>	<b>2,000</b>	<b>399,646</b>	<b>385,053</b>	<b>14,593</b>	<b>385,342</b>		<b>385,342</b>	<b>374,308</b>	<b>11,034</b>
Resource Room/ Resource Center:											
Salaries of Teachers	11-213-100-101	712,044	274,650	986,694	965,833	20,861	688,371	234,890	923,261	922,798	463
Other Salaries for Instruction	11-213-100-106	198,256	38,350	236,606	222,393	14,213	191,755	(15,840)	175,915	172,578	3,337
Other Purchased Services	11-213-100-500						300		300	77	223
General Supplies	11-213-100-610	10,500	(475)	10,025	6,996	3,029	8,000	90	8,090	8,055	35
Textbooks	11-213-100-640	3,000		3,000	320	2,680	3,000	360	3,360	3,098	262
Other Objects	11-213-100-800		475	475	475		2,000	(2,000)			
<b>Total Resource Room</b>		<b>923,800</b>	<b>313,000</b>	<b>1,236,800</b>	<b>1,196,017</b>	<b>40,783</b>	<b>893,426</b>	<b>217,500</b>	<b>1,110,926</b>	<b>1,106,606</b>	<b>4,320</b>
<b>Total Special Education</b>		<b>1,658,666</b>	<b>317,000</b>	<b>1,975,666</b>	<b>1,760,867</b>	<b>214,799</b>	<b>1,455,166</b>	<b>217,500</b>	<b>1,672,666</b>	<b>1,643,708</b>	<b>28,958</b>
Basic Skills/Remedial:											
Salaries of Teachers	11-230-100-101	472,685	(303,500)	169,185		169,185	456,700	(227,500)	229,200		229,200
Other Purchased Services	11-230-100-500	200		200		200	200		200		200
General Supplies	11-230-100-610	200		200		200	200		200		200
Other Objects	11-230-100-800		149,000	149,000		149,000		145,000	145,000		145,000
<b>Total Basic Skills/Remedial</b>		<b>473,085</b>	<b>(154,500)</b>	<b>318,585</b>		<b>318,585</b>	<b>457,100</b>	<b>(82,500)</b>	<b>374,600</b>		<b>374,600</b>
School Sponsored Cocurricular Activities:											
Salaries of Teachers	11-401-100-100	13,750		13,750	11,401	2,349	11,500		11,500	9,167	2,333
Purchased Services	11-401-100-500	31,642		31,642	12,984	18,658	27,142		27,142	9,679	17,463
Other Objects	11-401-100-800	58,315		58,315	42,519	15,796	57,315		57,315	44,466	12,849
<b>Total School Sponsored Cocurricular Activities</b>		<b>103,707</b>		<b>103,707</b>	<b>66,904</b>	<b>36,803</b>	<b>95,957</b>		<b>95,957</b>	<b>63,312</b>	<b>32,645</b>

55

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Total - Instruction		9,210,534	432,457	9,642,991	8,553,380	1,089,611	8,851,066	585,654	9,436,720	8,301,042	1,135,678
Undistributed Expenditures:											
Instruction:											
Tuition to Other LEAs Within State - Regular	11-000-100-561		9,114	9,114	9,114			19,936	19,936	19,922	14
Tuition to County Special Services School Districts & Regular Day Schools	11-000-100-565	183,821		183,821	57,601	126,220	198,514	(19,936)	178,578	126,101	52,477
Tuition to Private Schools for the Handicapped - State	11-000-100-566	122,552	(9,114)	113,438	34,700	78,738	147,992		147,992	46,136	101,856
Total Instruction		306,373		306,373	101,415	204,958	346,506		346,506	192,159	154,347
Health Services:											
Salaries	11-000-213-100	360,426	(1,000)	359,426	353,469	5,957	347,360	(1,000)	346,360	325,252	21,108
Purchased Professional/Technical Services	11-000-213-300	11,000	21	11,021	8,809	2,212	10,205	(200)	10,005	8,503	1,502
Other Purchased Services	11-000-213-500	295	(21)	274	29	245	45	1,000	1,045	23	1,022
Supplies & Materials	11-000-213-600	6,850	1,053	7,903	5,442	2,461	6,300	200	6,500	4,393	2,107
Other Objects	11-000-213-800	1,000	(53)	947	110	837					
Total Health Services		379,571		379,571	367,859	11,712	363,910		363,910	338,171	25,739
Other Support Services - Students - Related Services:											
Salaries	11-000-216-100	318,198	13,800	331,998	330,197	1,801	307,438	19,000	326,438	304,490	21,948
Purchased Professional/Educational Services	11-000-216-320	400	1,200	1,600	1,600		400	1,600	2,000	1,600	400
Supplies & Materials	11-000-216-600	4,000		4,000	3,389	611	4,000		4,000	3,982	18
Other Objects	11-000-216-800	5,500	(2,200)	3,300		3,300	11,000	(10,600)	400	134	266
Total Other Support Services-Students-Related Services		328,098	12,800	340,898	335,186	5,712	322,838	10,000	332,838	310,206	22,632
Other Support Services - Students - Regular:											
Salaries of Other Professional Staff	11-000-218-104	210,479	3,090	213,569	211,696	1,873	203,361	4,000	207,361	206,464	897
Other Salaries	11-000-218-110	11,000	6,910	17,910	17,909	1	11,000	2,000	13,000	12,665	335

56

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Other Support Services - Students - Regular (continued):											
Purchased Professional/Educational Services	11-000-218-320	500		500		500	500		500		500
Other Purchased Professional & Technical Services	11-000-218-390	2,000	(2,000)				2,000	(1,500)	500		500
Other Purchased Services	11-000-218-500	500		500		500	500		500		500
Supplies and Materials	11-000-218-600	3,000		3,000		3,000	3,000	(1,500)	1,500		1,500
Other Objects	11-000-218-800	1,000	(1,000)				2,000	(1,000)	1,000		1,000
<b>Total Other Support Services-Students-Regular Services</b>		<b>228,479</b>	<b>7,000</b>	<b>235,479</b>	<b>229,605</b>	<b>5,874</b>	<b>222,361</b>	<b>2,000</b>	<b>224,361</b>	<b>219,129</b>	<b>5,232</b>
Other Support Services - Students - Special Services:											
Salaries of Other Professional Staff	11-000-219-104	470,813	(7,000)	463,813	333,510	130,303	454,892	(2,000)	452,892	368,899	83,993
Salaries of Secretarial & Clerical Assistants	11-000-219-105	59,495		59,495	57,736	1,759	57,495		57,495	55,997	1,498
Purchased Professional/Educational Services	11-000-219-320	159,060		159,060	71,139	87,921	144,600		144,600	57,064	87,536
Other Purchased Professional & Technical Services	11-000-219-390	12,000	333	12,333	12,019	314	12,000		12,000	11,101	899
Miscellaneous Purchased Services	11-000-219-592	2,500		2,500	356	2,144	4,500		4,500	4,005	495
Supplies & Materials	11-000-219-600	16,000	1,010	17,010	16,975	35	15,000		15,000	11,861	3,139
Other Objects	11-000-219-800	5,000	(939)	4,061	1,389	2,672	6,000		6,000	5,148	852
<b>Total Other Support Services-Students-Special Services</b>		<b>724,868</b>	<b>(6,596)</b>	<b>718,272</b>	<b>493,124</b>	<b>225,148</b>	<b>694,487</b>	<b>(2,000)</b>	<b>692,487</b>	<b>514,075</b>	<b>178,412</b>
Improvement of Instruction Services/Other Support Services - Instructional Staff:											
Salaries of Other Professional Staff	11-000-221-104	193,000	(21,075)	171,925	130,698	41,227	180,000	11,425	191,425	190,732	693
Purchased Professional/Educational Services	11-000-221-320	8,100	20,500	28,600	28,385	215	9,000	(1,100)	7,900	7,799	101
Other Objects	11-000-221-800		75	75	75			75	75	75	
Supplies & Materials	11-000-221-600		500	500	392	108		2,700	2,700	2,606	94
Other Purchased Services	11-000-221-500	1,200		1,200	585	615					
<b>Total Improvement of Instruction Services/Other Support Services - Instructional Staff</b>		<b>202,300</b>		<b>202,300</b>	<b>160,135</b>	<b>42,165</b>	<b>189,000</b>	<b>13,100</b>	<b>202,100</b>	<b>201,212</b>	<b>888</b>

57

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
<b>Educational Media Services/School Library:</b>											
Salaries	11-000-222-100	249,521		249,521	235,011	14,510	242,287		242,287	225,659	16,628
Salaries of Technology Coordinator	11-000-222-177	76,580		76,580	75,366	1,214					
Other Purchased Professional & Technical Services	11-000-222-300	12,500		12,500	1,008	11,492	12,500		12,500	4,130	8,370
Other Purchased Services	11-000-222-500	2,450		2,450	133	2,317	2,200	(55)	2,145		2,145
Supplies & Materials	11-000-222-600	92,515		92,515	73,039	19,476	92,515	55	92,570	88,331	4,239
Other Objects	11-000-222-800	1,000		1,000	214	786					
<b>Total Educational Media Services/School Library</b>		<b>434,566</b>		<b>434,566</b>	<b>384,771</b>	<b>49,795</b>	<b>349,502</b>		<b>349,502</b>	<b>318,120</b>	<b>31,382</b>
<b>Support Services General Administration:</b>											
Salaries	11-000-230-100	220,600		220,600	219,628	972	210,200	(1,000)	209,200	209,087	113
Legal Services	11-000-230-331	24,000	18,800	42,800	39,003	3,797	20,000	17,913	37,913	37,912	1
Audit Fees	11-000-230-332	40,000	3,000	43,000	33,198	9,802	41,000	(5,913)	35,087	31,980	3,107
Other Purchased Professional Services	11-000-230-339	12,000	7,200	19,200	16,007	3,193	8,900		8,900	6,010	2,890
Purchase of Technical Services	11-000-230-340	4,000		4,000	3,981	19	4,500		4,500	3,628	872
Communications/Telephone	11-000-230-530	69,127	(10,991)	58,136	34,003	24,133	67,228	298	67,526	42,704	24,822
Other Purchased Services	11-000-230-590	7,000		7,000	5,945	1,055	9,000		9,000	8,797	203
Supplies & Materials	11-000-230-610	6,000		6,000	3,317	2,683	6,200		6,200	5,238	962
Judgements Against School District	11-000-230-820							31,000	31,000	31,000	
Miscellaneous Expenditures	11-000-230-890	49,500	(13,000)	36,500	27,677	8,823	49,600	(3,000)	46,600	26,756	19,844
BOE Membership Dues & Fees	11-000-230-895	35,000	(3,000)	32,000	29,479	2,521	35,500		35,500	29,682	5,818
<b>Total Support Services General Administration</b>		<b>467,227</b>	<b>2,009</b>	<b>469,236</b>	<b>412,238</b>	<b>56,998</b>	<b>452,128</b>	<b>39,298</b>	<b>491,426</b>	<b>432,794</b>	<b>58,632</b>
<b>Support Services School Administration:</b>											
Salaries of Principals & Assistant Principals	11-000-240-103	554,095		554,095	554,090	5	435,600	91,315	526,915	526,915	
Salaries of Other Professionals	11-000-240-104	102,700	1,145	103,845	103,845		99,225		99,225	99,225	
Salaries of Secretarial & Clerical Assistants	11-000-240-105	291,928		291,928	275,053	16,875	130,304	151,856	282,160	263,933	18,227
Other Salaries	11-000-240-110	2,500		2,500	1,505	995	2,500		2,500	1,560	940
Purchased Professional/Technical Services	11-000-240-300	10,100	(1,145)	8,955		8,955	10,100		10,100	2,000	8,100
Other Purchased Services	11-000-240-500	4,080		4,080	1,897	2,183	4,200	500	4,700	2,643	2,057
Supplies & Materials	11-000-240-600	26,000		26,000	14,788	11,212	32,000	(500)	31,500	11,523	19,977
Other Objects	11-000-240-800	5,300		5,300	2,837	2,463	5,300		5,300	2,883	2,417

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Total Support Services School Administration	996,703		996,703	954,015	42,688	719,229	243,171	962,400	910,682	51,718	
Central Services:											
Salaries	11-000-251-100	267,695	(80)	267,615	267,614	1	268,000		268,000	256,693	11,307
Purchased Technical Services	11-000-251-340	15,000	19,405	34,405	31,823	2,582	15,000	9,529	24,529	23,968	561
Misc. Purchased Services	11-000-251-592	15,142	(12,500)	2,642	2,272	370	13,175	(5,200)	7,975	4,879	3,096
Supplies and Materials	11-000-251-600	3,500		3,500	3,282	218	3,500	471	3,971	3,949	22
Miscellaneous Expenditures	11-000-251-890	16,300	(5,025)	11,275	8,685	2,590	16,300		16,300	12,294	4,006
Total Central Services		317,637	1,800	319,437	313,676	5,761	315,975	4,800	320,775	301,783	18,992
Administration Information Technology:											
Salaries	11-000-252-100	27,560		27,560	27,560		26,500		26,500	26,500	
Other Purchased Services	11-000-252-500		3,200	3,200	2,173	1,027	5,000	(2,500)	2,500	2,447	53
Purchased Technical Services	11-000-252-340	5,000	(5,000)				1,500	(1,500)			
Total Administration Information Technology		32,560	(1,800)	30,760	29,733	1,027	33,000	(4,000)	29,000	28,947	53
Allowable Maintenance for School Facilities:											
Salaries	11-000-261-100	340,450		340,450	332,260	8,190	278,120	49,500	327,620	327,436	184
Cleaning, Repair & Maintenance Services	11-000-261-420	633,341	23,676	657,017	407,702	249,315	530,322	4,529	534,851	441,162	93,689
General Supplies	11-000-261-610	6,850	5,114	11,964	8,626	3,338	6,850		6,850	1,376	5,474
Total Maintenance for School Facilities		980,641	28,790	1,009,431	748,588	260,843	815,292	54,029	869,321	769,974	99,347
Other Operation & Maintenance of Plant Services:											
Salaries	11-000-262-100	523,257		523,257	498,105	25,152	512,981		512,981	480,993	31,988
Purchased Professional/Technical Services	11-000-262-300	26,224		26,224	13,742	12,482	25,700		25,700	15,412	10,288
Cleaning, Repair & Maintenance Services	11-000-262-420	8,550	1,200	9,750	9,122	628	8,550		8,550	2,626	5,924
Other Purchased Property Services	11-000-262-490	220,790	(14,253)	206,537	49,501	157,036	210,760	4,904	215,664	69,292	146,372
Insurance	11-000-262-520	182,137		182,137	113,080	69,057	171,868	(22,216)	149,652	123,850	25,802
General Supplies	11-000-262-610	80,250	64	80,314	73,228	7,086	82,250		82,250	55,279	26,971
Energy (Heat & Electricity)	11-000-262-620	497,300	19,000	516,300	463,454	52,846	682,293	84,083	766,376	723,557	42,819

59

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Other Operation & Maintenance of Plant Services (continued):											
Other Objects	11-000-262-800	300		300	275	25					
Energy (Natural Gas)	11-000-262-261	204,900	25,941	230,841	139,337	91,504					
<b>Total Operation &amp; Maintenance of Plant Services</b>		<b>1,743,708</b>	<b>31,952</b>	<b>1,775,660</b>	<b>1,359,844</b>	<b>415,816</b>	<b>1,694,402</b>	<b>66,771</b>	<b>1,761,173</b>	<b>1,471,009</b>	<b>290,164</b>
Undistributed Expenditures - Care & Upkeep of Grounds:											
Cleaning, Repair & Maintenance Services	11-000-263-420	15,000	17,400	32,400	32,010	390	530,322	4,529	534,851	441,162	93,689
<b>Total Undistributed Expenditures - Care &amp; Upkeep of Grounds</b>		<b>15,000</b>	<b>17,400</b>	<b>32,400</b>	<b>32,010</b>	<b>390</b>	<b>530,322</b>	<b>4,529</b>	<b>534,851</b>	<b>441,162</b>	<b>93,689</b>
Student Transportation Services:											
Salaries for Noninstructional Aides	11-000-270-107	34,500	(10,000)	24,500	21,273	3,227					
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	48,315	17,400	65,715	65,529	186	46,680	15,900	62,580	62,520	60
Salaries for Pupil Transportation (Between Home & School) - Special	11-000-270-161	75,400	3,600	79,000	78,970	30	97,340	16,000	113,340	113,061	279
Other Purchased Technical Services	11-000-270-390	3,500	2,000	5,500	3,972	1,528	3,000	95,380	98,380	59,810	38,570
Contracted Services (Between Home & School) - Vendors	11-000-270-511	1,051,000	(11,000)	1,040,000	981,577	58,423	995,400	(41,900)	953,500	913,084	40,416
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	16,000		16,000		16,000	16,000	(280)	15,720		15,720
Contracted Services (Between Home & School) - Joint Agreements	11-000-270-513	10,000		10,000	1,305	8,695	10,000	(3,024)	6,976		6,976
Contracted Services (Special Education Students) - Vendor	11-000-270-514	260,000	(6,200)	253,800	144,236	109,564	260,000	(8,200)	251,800	197,261	54,539
Contracted Services (Special Education Students) - Joint Agreements	11-000-270-515		4,200	4,200	4,182	18		11,224	11,224	11,151	73
Contract Service Aid In Lieu of Payments	11-000-270-503	21,936		21,936	17,488	4,448	17,400	1,280	18,680	17,738	942
General Supplies	11-000-270-610						52,990	21,000	73,990	73,964	26
Transportation Supplies	11-000-270-615	52,990	3,000	55,990	43,796	12,194					
Miscellaneous Expenditures	11-000-270-800	18,000	(3,000)	15,000	1,898	13,102	18,000	(12,000)	6,000	5,695	305
<b>Total Student Transportation Services</b>		<b>1,591,641</b>		<b>1,591,641</b>	<b>1,364,226</b>	<b>227,415</b>	<b>1,516,810</b>	<b>95,380</b>	<b>1,612,190</b>	<b>1,454,284</b>	<b>157,906</b>

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Special Programs - Instruction - Employee Benefits:											
Health Benefits	11-200-100-270	149,000	(149,000)				145,000	(145,000)			
Total Special Programs-Instruction-Employee Benefits		149,000	(149,000)				145,000	(145,000)			
Employee Benefits:											
Social Security Contributions	11-000-270-220	11,400		11,400		11,400	11,100	(11,100)			
Workmen's Compensation	11-000-270-260	4,451		4,451	3,600	851	4,280	(4,280)			
Health Benefits	11-000-270-270	83,200		83,200	64,012	19,188	80,000	(80,000)			
Total Allocated Benefits		99,051		99,051	67,612	31,439	95,380	(95,380)			
Unallocated Benefits - Employee Benefits:											
Social Security Contributions	11-000-291-220	252,252	13,200	265,452	246,334	19,118	242,550	7,800	250,350	243,432	6,918
Other Retirement Contribution - Regular	11-000-291-241	264,950	(40,200)	224,750	211,899	12,851	250,000	(7,800)	242,200	175,224	66,976
Unemployment Contributions	11-000-291-250	10,000		10,000		10,000	10,000		10,000		10,000
Workmen's Compensation	11-000-291-260	263,000	(130,000)	133,000	118,810	14,190	252,902		252,902	131,944	120,958
Health Benefits	11-000-291-270	3,110,000	157,000	3,267,000	3,266,023	977	2,933,195		2,933,195	2,860,802	72,393
Total Unallocated Benefits		3,900,202		3,900,202	3,843,066	57,136	3,688,647		3,688,647	3,411,402	277,245
Nonbudgeted:											
On-Behalf TPAF Pension Contributions					597,668	(597,668)				565,229	(565,229)
Reimbursed TPAF Social Security Contributions					703,481	(703,481)				677,469	(677,469)
Total Undistributed Expenditures		12,897,625	(55,645)	12,841,980	12,498,252	343,728	11,964,467	282,169	12,246,636	12,116,645	129,991
Total Expenditures - Current Expense		22,108,159	376,812	22,484,971	21,051,632	1,433,339	20,815,533	867,823	21,683,356	20,417,687	1,265,669
Capital Outlay:											
Interest Deposit to Capital Reserve	10-604-000-000	45,000		45,000		45,000	65,900		65,900		65,900
Capital Outlay - Equipment:											
Regular Programs - Instruction:											
Grades 1-5	12-120-100-730	4,000	(4,000)				2,200	(122)	2,078	2,074	4
Grades 6-8	12-130-100-730						2,200	122	2,322	2,320	2
Total Regular Programs		4,000	(4,000)				4,400		4,400	4,394	6

61

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Undistributed Expenditures:												
	Instruction	12-000-100-730		251,558	251,558	246,963	4,595		532,930	532,930	511,377	21,553
	Health Services	12-000-213-732							2,200	2,200	2,161	39
	Support Services	12-000-220-730		87,362	87,362	86,908	454		569,309	569,309	569,279	30
	General Administration	12-000-230-730							6,300	6,300	6,290	10
62	Operating & Maintenance Plant Services	12-000-260-730						18,000	137,693	155,693	142,314	13,379
	Required Maintenance School Facilities	12-000-261-730		215,710	215,710	124,908	90,802					
	Custodial Services	12-000-262-730	45,500	(45,500)								
	Special Schools (All Programs)	12-000-270-730		28,000	28,000	27,236	764					
	School Buses - Regular	12-000-270-733		371,600	371,600	371,600			371,600	371,600		371,600
Total Undistributed Expenditures			45,500	908,730	954,230	857,615	96,615	18,000	1,620,032	1,638,032	1,231,421	406,611
Facilities Acquisition & Construction Services:												
	Construction Services	12-000-400-450	20,000	5,743,162	5,763,162	2,294,710	3,468,452	314,500	5,996,199	6,310,699	2,483,068	3,827,631
	Other Professional Services	12-000-400-390		961,879	961,879	468,910	492,969		1,670,367	1,670,367	867,795	802,572
	Other Objects	12-000-400-800		3,282	3,282	3,282			620	620	620	
Total Facilities Acquisition & Construction Services			20,000	6,708,323	6,728,323	2,766,902	3,961,421	314,500	7,667,186	7,981,686	3,351,483	4,630,203
Total Capital Outlay			114,500	7,613,053	7,727,553	3,624,517	4,103,036	402,800	9,287,218	9,690,018	4,587,298	5,102,720
Total Expenditures			22,222,659	7,989,865	30,212,524	24,676,149	5,536,375	21,218,333	10,155,041	31,373,374	25,004,985	6,368,389
Other Financing Uses/(Sources):												
	Cancel Prior Year Account Payables					(405,372)	405,372					
Total Expenditures & Other Financing Uses/(Sources)			22,222,659	7,989,865	30,212,524	24,270,777	5,941,747	21,218,333	10,155,041	31,373,374	25,004,985	6,368,389

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures After Other Financing Uses/(Sources)	(1,995,544)	(7,989,865)	(9,985,409)	(384,694)	9,600,715	(979,976)	(10,155,041)	(11,135,017)	21,509	11,156,526
Fund Balances, July 1	28,688,861		28,688,861	28,688,861		28,667,352		28,667,352	28,667,352	
Fund Balances, June 30	<u>\$26,693,317</u>	<u>(7,989,865)</u>	<u>18,703,452</u>	<u>28,304,167</u>	<u>9,600,715</u>	<u>\$27,687,376</u>	<u>(10,155,041)</u>	<u>17,532,335</u>	<u>28,688,861</u>	<u>11,156,526</u>

**RECAPITULATION OF BUDGET TRANSFERS:**

Prior Year Reserve for Encumbrances	\$4,670,399
Utilization of Impact Aid Reserves	<u>3,319,466</u>
Total Budget Transfers	<u><u>\$7,989,865</u></u>

**RECAPITULATION OF FUND BALANCE:**

Reserve for Encumbrances	\$3,297,571
Reserve for Impact Aid	12,295,741
Reserve for Impact Aid Capital Fund	6,631,811
Capital Reserve	2,005,080
Unreserved - Designated for Subsequent Year's Expenditures	3,418,621
Unreserved/Undesignated Surplus	<u>655,343</u>
Subtotal	28,304,167
Reconciliation to Governmental Fund Statements (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	<u>(1,108,211)</u>
Fund Balance Per Governmental Funds (GAAP)	<u><u>\$27,195,956</u></u>

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
AMERICAN RECOVERY AND REINVESTMENT ACT -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	ACCOUNT NUMBER	JUNE 30, 2010			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Federal Sources:					
American Recovery & Reinvestment Act:					
Education Stabilization Fund	16-xxx	\$ -	1,505,894	1,505,894	1,505,894
Government Services Fund	17-xxx		58,295	58,295	58,295
Total Federal Sources			1,564,189	1,564,189	1,564,189
Total Revenues			1,564,189	1,564,189	1,564,189
Expenditures:					
American Recovery & Reinvestment Act:					
Education Stabilization Fund:					
Grades 1 - 5	16-120-100-101		1,307,316	1,307,316	1,307,316
Grades 6 - 8	16-130-100-101		198,578	198,578	198,578
Total ESF Expenditures			1,505,894	1,505,894	1,505,894
Government Services Fund:					
Grades 6 - 8	17-130-100-101		58,295	58,295	58,295
Total GSF Expenditures			58,295	58,295	58,295
Total American Recovery & Reinvestment Act			1,564,189	1,564,189	1,564,189
Total Expenditures			1,564,189	1,564,189	1,564,189
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		\$ -	-	-	-

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	JUNE 30, 2010				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES										
Federal Sources	\$230,000	285,308	515,308	416,489	(98,819)	279,876		279,876	279,876	
Total Revenues	230,000	285,308	515,308	416,489	(98,819)	279,876		279,876	279,876	
EXPENDITURES:										
Instruction:										
Salaries of Teachers		107,500	107,500	52,000	55,500					
Purchased Professional & Technical Services		87,156	87,156	75,157	11,999	115,876		115,876	115,876	
Tuition	230,000	20,552	250,552	250,552		164,000		164,000	164,000	
General Supplies		24,600	24,600	14,843	9,757					
Total instruction	230,000	239,808	469,808	392,552	77,256	279,876		279,876	279,876	
Support Services:										
Personal Services - Employee Benefits		21,500	21,500	13,431	8,069					
Other Purchased Services (400-500 Series)		14,000	14,000	2,671	11,329					
Total Support Services		35,500	35,500	16,102	19,398					
Facilities Acquisition & Construction Services:										
Instructional Equipment		10,000	10,000	7,835	2,165					
Total Facilities Acquisition & Construction Services		10,000	10,000	7,835	2,165					
Total Expenditures	230,000	285,308	515,308	416,489	98,819	279,876		279,876	279,876	
Total Outflows	230,000	285,308	515,308	416,489	98,819	279,876		279,876	279,876	
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	\$ -	-	-	-	-	-		-	-	

65



**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**



**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$23,886,083	416,489
Difference - Budget to GAAP:		
State aid revenue adjustment due to last state aid payment not being recognized in accordance with GASB No. 33		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year	(1,108,211)	
Prior Year	1,051,610	
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$23,829,482	416,489
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$24,676,149	416,489
Total Expenditures as Reported on the Statement of Revenues, Expenditures & Changes in Fund Balances - Governmental Funds (B-2)	\$24,676,149	416,489

N-1 The general fund budget uses GAAP basis therefore no reconciliation is necessary.



**OTHER SUPPLEMENTARY INFORMATION**

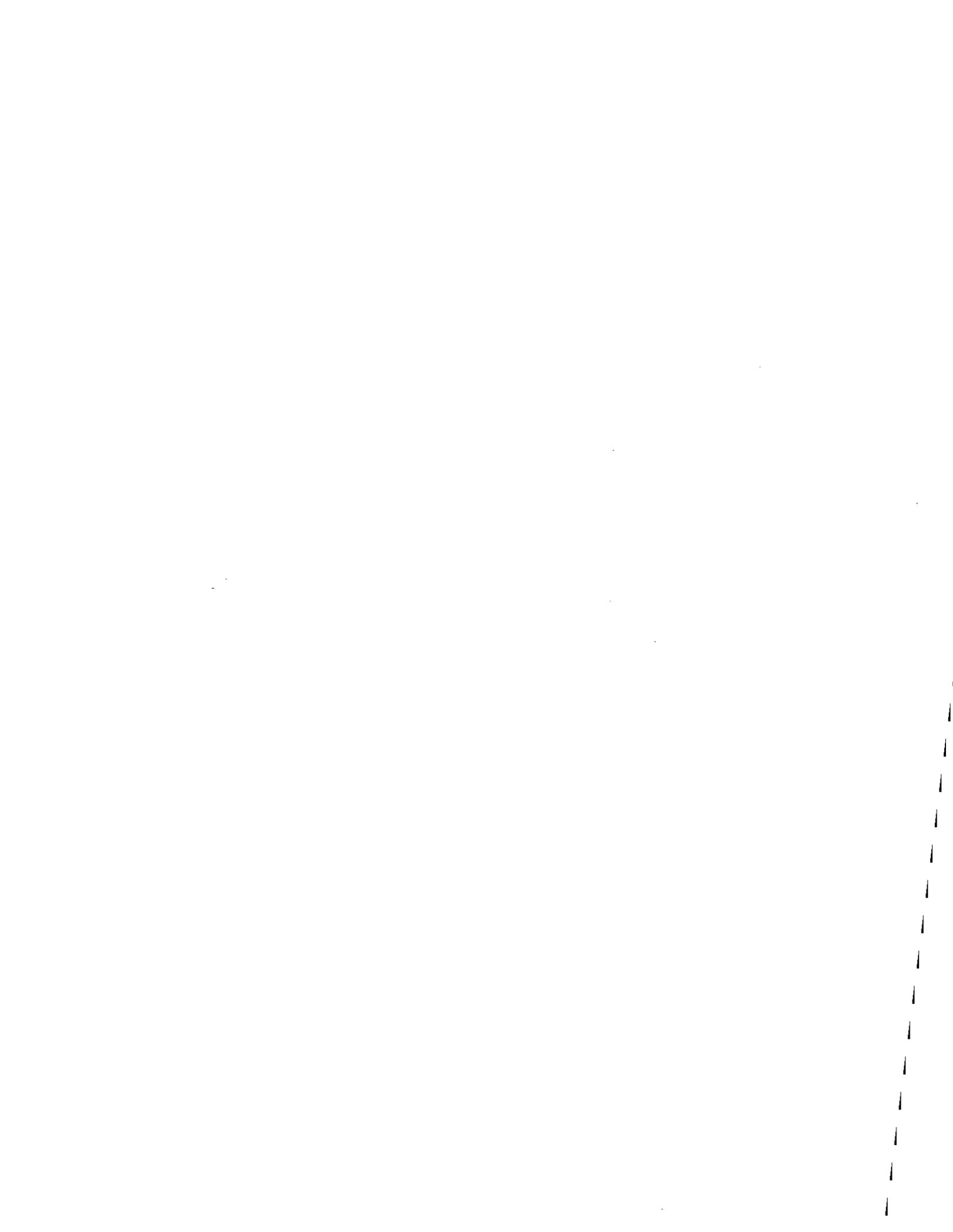


D. School Based Budget Schedules

Not Applicable

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90  
91  
92  
93  
94  
95  
96  
97  
98  
99  
100

E. Special Revenue Fund



**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2009)**

	I.D.E.A. PART B BASIC REGULAR PROGRAM	I.D.E.A. PART B PRESCHOOL PROGRAM	I.D.E.A. PART B BASIC ARRA PROGRAM	I.D.E.A. PART B PRESCHOOL ARRA PROGRAM	2010	2009
Revenues:						
Federal Sources	\$255,834	14,382	144,497	1,776	416,489	279,876
Total Revenues	<u>\$255,834</u>	<u>14,382</u>	<u>144,497</u>	<u>1,776</u>	<u>416,489</u>	<u>279,876</u>
Expenditures:						
Instruction:						
Salaries of Teachers			52,000		52,000	
Professional Technical Services	\$5,282	14,382	53,797	1,696	75,157	115,876
Tuition	250,552				250,552	164,000
General Supplies			14,763	80	14,843	
Total Instruction	<u>255,834</u>	<u>14,382</u>	<u>120,560</u>	<u>1,776</u>	<u>392,552</u>	<u>279,876</u>
Support Services:						
Personal Services - Employee Benefits			13,431		13,431	
Purchased Professional - Educational Services			2,671		2,671	
Total Support Services			<u>16,102</u>		<u>16,102</u>	
Facilities Acquisition & Construction Services:						
Instructional Equipment			7,835		7,835	
Total Facilities Acquisition & Construction Services			<u>7,835</u>		<u>7,835</u>	
Total Expenditures	<u>\$255,834</u>	<u>14,382</u>	<u>144,497</u>	<u>1,776</u>	<u>416,489</u>	<u>279,876</u>



F. Capital Projects Fund

Not Applicable



## G. Proprietary Funds



## Enterprise Funds



**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**ENTERPRISE FUND**  
**COMBINING SCHEDULE OF NET ASSETS**  
**AS OF JUNE 30, 2010**  
**(With Comparative Totals for June 30, 2009)**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS FOOD SERVICE	2010	2009
Current Assets:			
Cash & Cash Equivalents	\$400,492	400,492	281,137
Accounts Receivable:			
State	462	462	997
Federal	12,445	12,445	14,501
Inventories	19,053	19,053	22,813
Total Current Assets	432,452	432,452	319,448
Noncurrent Assets:			
Furniture, Machinery & Equipment	291,450	291,450	291,450
Less: Accumulated Depreciation	(288,456)	(288,456)	(287,055)
Total Fixed Assets	2,994	2,994	4,395
Total Assets	435,446	435,446	323,843
NET ASSETS			
Investment in Capital Assets	2,994	2,994	4,395
Unrestricted	432,452	432,452	319,448
Total Net Assets	\$435,446	435,446	323,843

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(With Comparative Totals for June 30, 2009)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	2010	2009
Operating Revenues:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$150,293	150,293	149,786
Daily Sales - Nonreimbursable Programs	83,349	83,349	85,389
Total Operating Revenue	<u>233,642</u>	<u>233,642</u>	<u>235,175</u>
Operating Expenses:			
Salaries	372,535	372,535	380,058
Employee Benefits	135,397	135,397	122,793
Miscellaneous Expenses	11,828	11,828	12,629
Management Fee	27,000	27,000	22,115
Depreciation	1,401	1,401	1,401
Supplies and Materials	19,100	19,100	23,114
Cost of Sales	286,613	286,613	319,600
Total Operating Expenses	<u>853,874</u>	<u>853,874</u>	<u>881,710</u>
Operating Income/(Loss)	<u>(620,232)</u>	<u>(620,232)</u>	<u>(646,535)</u>
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	7,993	7,993	7,559
State School Breakfast Program	3,627	3,627	3,280
Federal Sources:			
National School Lunch Program	143,694	143,694	126,203
National School Breakfast Program	36,423	36,423	31,064
Impact Aid	500,000	500,000	450,000
Food Distribution Program	37,670	37,670	38,123
Total Nonoperating Revenues/(Expenses)	<u>729,407</u>	<u>729,407</u>	<u>656,229</u>
Net Income/(Loss) Before Other Financing Sources/(Uses)	<u>109,175</u>	<u>109,175</u>	<u>9,694</u>
Other Financing Sources/(Uses)			
Interest Revenue - Board Contribution	2,428	2,428	4,820
Total Other Financing Sources/(Uses)	<u>2,428</u>	<u>2,428</u>	<u>4,820</u>
Net Income/(Loss)	111,603	111,603	14,514
Total Net Assets - Beginning	<u>323,843</u>	<u>323,843</u>	<u>309,329</u>
Total Net Assets - Ending	<u>\$435,446</u>	<u>435,446</u>	<u>323,843</u>

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**ENTERPRISE FUND**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
**(With Comparative Totals for June 30, 2009)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD		
	SERVICE	2010	2009
Cash Flows From Operating Activities:			
Receipts from Customers	\$233,642	233,642	235,175
Payments to Employees	(372,535)	(372,535)	(380,058)
Payments for Employee Benefits	(135,397)	(135,397)	(122,793)
Payments to Suppliers	(340,781)	(340,781)	(375,768)
Net Cash Provided/(Used) by Operating Activities	(615,071)	(615,071)	(643,444)
Cash Flows From Noncapital Financing Activities:			
Local Sources			1,119
State Sources	12,155	12,155	10,757
Federal Sources	719,843	719,843	643,917
Net Cash Provided/(Used) by Noncapital Financing Activities	731,998	731,998	655,793
Cash Flows From Investing Activities:			
Interest & Dividends	2,428	2,428	4,820
Net Cash Provided/(Used) by Investing Activities	2,428	2,428	4,820
Net Increase/(Decrease) in Cash & Cash Equivalents	119,355	119,355	17,169
Balances - Beginning of Year	281,137	281,137	263,968
Balances - End of Year	\$400,492	400,492	281,137

**Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:**

Operating Income/(Loss)	(\$620,232)	(620,232)	(646,535)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Depreciation & Net Amortization	1,401	1,401	1,401
(Increase)/Decrease in Inventories	3,760	3,760	1,690
Total Adjustments	5,161	5,161	3,091
Net Cash Provided/(Used) by Operating Activities	(\$615,071)	(615,071)	(643,444)



Internal Service Fund

Not Applicable



## H. Fiduciary Fund



**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**FIDUCIARY FUNDS**  
**COMPARATIVE COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2010**  
**(With Comparative Totals for June 30, 2009)**

ASSETS	PRIVATE PURPOSE		2010	2009
	SICK PAY BENEFITS	UNEMPLOYMENT COMPENSATION		
Cash & Cash Equivalents	\$328,645	249,347	577,992	518,167
Total Assets	328,645	249,347	577,992	518,167
NET ASSETS				
Reserve For:				
Sick Pay Benefits	328,645		328,645	239,449
Unemployment Compensation		249,347	249,347	278,718
Total Net Assets	\$328,645	249,347	577,992	518,167

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**FIDUCIARY FUNDS**  
**COMPARATIVE COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(With Comparative Totals for June 30, 2009)**

	PRIVATE PURPOSE		2010	2009
	UNEMPLOYMENT COMPENSATION TRUST	SICK PAY		
<b>ADDITIONS</b>				
Federal Sources:				
Impact Aid		135,693	135,693	300,000
Interest	\$1,241	248	1,489	8,911
Total Additions	1,241	135,941	137,182	308,911
<b>DEDUCTIONS</b>				
Unemployment Claims	30,612		30,612	13,061
Miscellaneous		46,745	46,745	61,965
Total Deductions	30,612	46,745	77,357	75,026
Change in Net Assets	(29,371)	89,196	59,825	233,885
Net Assets - Beginning of Year	278,718	239,449	518,167	284,282
Net Assets - End of Year	\$249,347	328,645	577,992	518,167

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

ASSETS	BALANCE JULY 1, 2009	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2010
Cash & Cash Equivalents	\$ -	5,749,020	5,749,020	
Total Assets.	\$ -	5,749,020	5,749,020	-
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	\$ -	5,749,020	5,749,020	
Total Liabilities	\$ -	5,749,020	5,749,020	-



I. Long-Term Debt

Not Applicable



**STATISTICAL SECTION (Unaudited)**



**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**  
**NET ASSETS BY COMPONENT**  
**LAST EIGHT FISCAL YEARS**  
*(Accrual Basis of Accounting)*

	FISCAL YEAR ENDING JUNE 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>Governmental Activities:</b>								
Invested in Capital Assets, Net of Related Debt	\$46,176,592	44,162,815	41,114,230	39,541,520	36,591,931	35,848,152	35,750,792	9,829,561
Restricted	27,648,824	27,409,841	27,746,229	23,736,939	20,399,401	19,568,572	15,527,481	34,755,316
Unrestricted	(781,831)	(46,170)	149,426	566,444	506,816	1,110,317	(187,206)	430,704
<b>Total Governmental Activities Net Assets</b>	<b>\$73,043,585</b>	<b>71,526,486</b>	<b>69,009,885</b>	<b>63,844,903</b>	<b>57,498,148</b>	<b>56,527,041</b>	<b>51,091,067</b>	<b>45,015,581</b>
<b>Business-Type Activities:</b>								
Invested in Capital Assets, Net of Related Debt	\$2,994	4,395	5,796	11,150	26,304	35,298	49,837	64,376
Restricted					5,790			
Unrestricted	432,452	319,448	303,533	211,478	159,691	324,706	28,511	65,488
<b>Total Business-Type Activities Net Assets</b>	<b>\$435,446</b>	<b>323,843</b>	<b>309,329</b>	<b>222,628</b>	<b>191,785</b>	<b>360,004</b>	<b>78,348</b>	<b>129,864</b>
<b>District-Wide:</b>								
Invested in Capital Assets, Net of Related Debt	\$46,179,586	44,167,210	41,120,026	39,552,670	36,618,235	35,883,450	35,800,629	9,893,937
Restricted	27,648,824	27,409,841	27,746,229	23,736,939	20,405,191	19,568,572	15,527,481	34,755,316
Unrestricted	(349,379)	273,278	452,959	777,922	666,507	1,435,023	(158,695)	496,192
<b>Total District Net Assets</b>	<b>\$73,479,031</b>	<b>71,850,329</b>	<b>69,319,214</b>	<b>64,067,531</b>	<b>57,689,933</b>	<b>56,887,045</b>	<b>51,169,415</b>	<b>45,145,445</b>

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)  
LAST EIGHT FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses:</b>								
Governmental Activities								
Instruction:								
Regular	(\$7,118,161)	(6,873,898)	(6,414,424)	(6,043,552)	(5,992,280)	(6,152,843)	(6,003,313)	(5,219,166)
Special Education	(1,760,867)	(1,643,708)	(1,327,616)	(1,269,245)	(1,177,685)	(1,237,413)	(1,095,268)	(1,070,242)
Other Special Education			(315,954)	(294,527)	(177,520)	(238,901)	(189,708)	(343,858)
Other Instruction	(66,904)	(63,312)	(46,131)	(51,550)	(49,882)	(76,824)	(83,999)	(73,961)
Support Services:								
Tuition	(101,415)	(192,159)	(116,034)	(92,302)	(81,252)	(92,739)	(474,981)	(686,549)
Health Services	(367,859)	(338,171)	(319,507)	(315,408)	(306,559)	(284,581)	(288,002)	(290,855)
Student & Instruction Related Services	(1,220,721)	(1,244,622)	(1,218,384)	(1,152,073)	(1,253,233)	(1,286,917)	(1,121,631)	(1,205,765)
Educational Media Services/School Library	(384,771)	(318,120)	(301,386)	(298,564)	(295,412)	(337,447)	(243,452)	(207,577)
School Administrative Services	(412,238)	(432,794)	(396,209)	(372,764)	(367,758)	(394,444)	(435,420)	(416,645)
Other Administrative Services	(1,297,424)	(1,241,412)	(1,220,656)	(1,217,663)	(1,173,858)	(1,262,046)	(978,039)	(925,657)
Plant Operations & Maintenance	(2,140,442)	(2,240,983)	(1,888,768)	(1,742,828)	(1,581,176)	(1,338,105)	(1,278,922)	(1,197,367)
Pupil Transportation	(1,364,226)	(1,454,284)	(1,226,308)	(980,892)	(861,105)	(706,893)	(807,117)	(772,438)
Business & Other Support Services						(11)	(380,930)	(323,058)
Unallocated/Allocated Benefits	(5,230,236)	(4,659,078)	(5,232,897)	(5,049,890)	(4,337,497)	(4,125,998)	(3,580,945)	(2,858,369)
Decrease in Compensated Absences - Unallocated	(50,405)	(4,625)	(34,137)	(18,533)	31,178	19,369	835	(106,733)
Unallocated Depreciation	(1,618,575)	(1,538,713)	(1,448,443)	(1,032,129)	(875,859)	(945,366)	(892,562)	(857,229)
<b>Total Governmental Activities Expenses</b>	<b>(23,134,244)</b>	<b>(22,245,879)</b>	<b>(21,506,854)</b>	<b>(19,931,920)</b>	<b>(18,499,898)</b>	<b>(18,461,159)</b>	<b>(17,853,454)</b>	<b>(16,555,469)</b>
Business-Type Activities:								
Food Service	(853,874)	(881,710)	(849,734)	(878,378)	(750,418)	(719,279)	(695,365)	(620,719)
<b>Total Business-Type Activities Expense</b>	<b>(853,874)</b>	<b>(881,710)</b>	<b>(849,734)</b>	<b>(878,378)</b>	<b>(750,418)</b>	<b>(719,279)</b>	<b>(695,365)</b>	<b>(620,719)</b>
<b>Total District Expenses</b>	<b>(\$23,988,118)</b>	<b>(23,127,589)</b>	<b>(22,356,588)</b>	<b>(20,810,298)</b>	<b>(19,250,316)</b>	<b>(19,180,438)</b>	<b>(18,548,819)</b>	<b>(17,176,188)</b>
<b>Program Revenues:</b>								
Governmental Activities:								
Operating Grants & Contributions	\$408,654	279,876	669,337	506,721	529,098	517,313	523,618	490,881
<b>Total Governmental Activities Program Revenues</b>	<b>408,654</b>	<b>279,876</b>	<b>669,337</b>	<b>506,721</b>	<b>529,098</b>	<b>517,313</b>	<b>523,618</b>	<b>490,881</b>
Business-Type Activities:								
Charges for Services:								
Food Service	233,642	235,175	220,713	230,158	234,875	218,803	220,011	247,704
Operating Grants & Contributions	729,407	656,229	709,521	646,022	181,930	628,831	175,321	153,369
<b>Total Business-Type Activities Program Revenues</b>	<b>963,049</b>	<b>891,404</b>	<b>930,234</b>	<b>876,180</b>	<b>416,805</b>	<b>847,634</b>	<b>395,332</b>	<b>401,073</b>
<b>Total District Program Revenues</b>	<b>\$1,371,703</b>	<b>1,171,280</b>	<b>1,599,571</b>	<b>1,382,901</b>	<b>945,903</b>	<b>1,364,947</b>	<b>918,950</b>	<b>891,954</b>

**NORTH HANOVER TOWNSHIP SCHOOLS**  
**CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)**  
**LAST EIGHT FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>Net (Expense)/Revenue:</b>								
Governmental Activities	(\$22,725,590)	(21,966,003)	(20,837,517)	(19,425,199)	(17,970,800)	(17,943,846)	(17,329,836)	(16,064,588)
Business-Type Activities	109,175	9,694	80,500	(2,198)	(333,613)	128,355	(300,033)	(219,646)
<b>Total District-Wide Net Expense</b>	<u>(\$22,616,415)</u>	<u>(21,956,309)</u>	<u>(20,757,017)</u>	<u>(19,427,397)</u>	<u>(18,304,413)</u>	<u>(17,815,491)</u>	<u>(17,629,869)</u>	<u>(16,284,234)</u>
<b>General Revenues &amp; Other Changes in Net Assets:</b>								
Governmental Activities:								
Property Taxes Levied for General Purposes, Net	\$1,951,412	1,892,543	1,819,753	1,661,288	1,631,754	1,568,665	1,549,023	1,455,346
Federal & State Aid Not Restricted	21,275,006	21,653,343	22,424,448	21,972,674	15,589,719	20,457,733	21,393,038	16,795,554
Transportation	151,458	144,618	135,528	60,515	64,470	33,224	29,314	
Tuition	72,054	48,393	62,132	37,509				
Investment Earnings Capital Reserve	8,199	31,204	82,285	114,810	68,022	46,300	31,000	30,000
Miscellaneous Income	379,188	752,865	1,391,828	1,639,062	1,737,943	1,243,019	645,191	769,490
Cancel Prior Year Payables	405,372		86,525	286,096		180,879		
Board Contribution					(150,000)	(150,000)	(242,244)	(307,162)
<b>Total Governmental Activities</b>	<u>24,242,689</u>	<u>24,522,966</u>	<u>26,002,499</u>	<u>25,771,954</u>	<u>18,941,908</u>	<u>23,379,820</u>	<u>23,405,322</u>	<u>18,743,228</u>
<b>Business-Type Activities:</b>								
Investment Earnings	2,428	4,820	6,201	33,041	15,394	3,301	6,273	37,596
Transfers					150,000	150,000	242,244	307,162
<b>Total Business-Type Activities</b>	<u>2,428</u>	<u>4,820</u>	<u>6,201</u>	<u>33,041</u>	<u>165,394</u>	<u>153,301</u>	<u>248,517</u>	<u>344,758</u>
<b>Total District-Wide</b>	<u>\$24,245,117</u>	<u>24,527,786</u>	<u>26,008,700</u>	<u>25,804,995</u>	<u>19,107,302</u>	<u>23,533,121</u>	<u>23,653,839</u>	<u>19,087,986</u>
<b>Change in Net Assets</b>								
Governmental Activities	\$1,517,099	2,556,963	5,164,982	6,346,755	971,108	5,435,974	6,075,486	2,678,640
Business-Type Activities	111,603	14,514	86,701	30,843	(168,219)	281,656	(51,516)	125,112
<b>Total District</b>	<u>\$1,628,702</u>	<u>2,571,477</u>	<u>5,251,683</u>	<u>6,377,598</u>	<u>802,889</u>	<u>5,717,630</u>	<u>6,023,970</u>	<u>2,803,752</u>

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
FUND BALANCES AND GOVERNMENTAL FUNDS  
LAST EIGHT FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>General Fund:</b>								
Reserved	\$24,230,203	25,414,297	26,766,253	23,736,939	20,399,401	19,568,572	15,527,481	34,755,316
Unreserved	2,965,753	2,222,954	1,363,131	757,761	679,600	1,314,279	36,126	658,014
<b>Total General Fund</b>	<b>\$27,195,956</b>	<b>27,637,251</b>	<b>28,129,384</b>	<b>24,494,700</b>	<b>21,079,001</b>	<b>20,882,851</b>	<b>15,563,607</b>	<b>35,413,330</b>
<b>All Other Governmental Funds:</b>								
Unreserved, Reported in:								
Special Revenue Fund	\$ -		(10,114)	(1,839)	(1,839)	(1,839)	(1,839)	(4,982)
<b>Total All Other Governmental Funds</b>	<b>\$ -</b>	<b>-</b>	<b>(10,114)</b>	<b>(1,839)</b>	<b>(1,839)</b>	<b>(1,839)</b>	<b>(1,839)</b>	<b>(4,982)</b>

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Revenues</b>										
Tax Levy	\$1,951,412	1,892,543	1,819,753	1,661,288	1,631,754	1,568,665	1,549,023	1,455,346	1,426,502	1,405,081
Tuition Charges	72,054	48,393	62,132	37,509						
Interest Earned Capital										
Reserve Funds	8,199	31,204	82,285	114,810	68,022	46,300	31,000	30,000		
Transportation	151,458	144,618	135,528	60,515	64,470	33,224	293,140			
Miscellaneous	379,188	752,865	1,391,828	1,639,060	1,737,943	1,243,019	645,191	769,490	1,172,929	1,620,229
State Sources	10,426,595	12,032,472	13,151,196	12,072,016	11,566,367	11,433,673	11,112,978	10,324,855	10,347,975	9,551,158
Federal Sources	11,257,065	9,900,747	9,942,589	10,407,379	4,552,450	9,541,373	10,803,678	6,961,580	10,318,330	9,151,411
<b>Total Revenue</b>	<b>24,245,971</b>	<b>24,802,842</b>	<b>26,585,311</b>	<b>25,992,577</b>	<b>24,171,184</b>	<b>23,866,254</b>	<b>24,435,010</b>	<b>19,541,271</b>	<b>23,265,736</b>	<b>21,727,879</b>
<b>Expenditures</b>										
Instruction:										
Regular Instruction	7,118,161	6,873,898	6,414,424	6,043,552	5,992,280	6,152,843	6,003,313	5,219,166	6,700,003	6,365,286
Special Education Instruction	1,760,867	1,643,708	1,327,616	1,269,245	1,177,685	1,237,413	1,095,268	1,070,242		
Other Special Instruction			315,954	294,527	177,520	238,901	189,708	343,858		
Undistributed Expenditures									8,085,092	7,524,631
Other Instruction	66,904	63,312	46,131	51,550	49,882	76,824	83,999	73,961		
Support Services:										
Tuition	101,415	192,159	116,034	92,302	81,252	92,739	474,981	686,549		
Health Services	367,859	338,171	319,507	315,408	306,559	284,581	288,002	290,855		
Student & Instruction Related Services	1,220,721	1,244,622	1,218,384	1,152,073	1,253,233	1,286,917	1,121,631	1,205,765		
Educational Media Services/ School Library	384,771	318,120	301,386	298,564	295,412	337,447	243,452	207,577		
School Administrative Services	412,238	432,794	396,209	372,764	367,758	394,444	435,420	416,645		
Central Services	313,676	301,783	294,367	264,619	269,682	276,601				
Administration Information Technology	29,733	28,947	61,769	89,939	76,676	73,700				
Other Administrative Services	954,015	910,682	864,520	863,105	827,500	911,745	978,039	925,657		
Plant Operations & Maintenance	2,140,442	2,240,983	1,888,768	1,742,828	1,581,176	1,338,105	1,278,922	1,197,367		
Pupil Transportation	1,364,226	1,454,284	1,226,308	980,892	861,105	706,893	807,117	772,438		

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Expenditures (continued):</b>										
Business & Other Support Services						11	380,930	323,058		
Allocated Benefits					50,260	45,922				
Unallocated Benefits	5,225,258	4,654,100	5,232,897	5,049,890	4,287,237	4,080,076	3,580,945	2,858,369		
Capital outlay	3,632,352	4,587,298	3,021,153	3,981,716	1,619,639	1,042,727	26,813,794	4,957,072	1,919,431	2,218,583
<b>Total Expenditures</b>	<b>25,092,638</b>	<b>25,284,861</b>	<b>23,045,427</b>	<b>22,862,974</b>	<b>19,274,856</b>	<b>18,577,889</b>	<b>43,775,521</b>	<b>20,548,579</b>	<b>16,704,526</b>	<b>16,108,500</b>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(846,667)	(482,019)	3,539,884	3,539,884	3,129,603	346,150	5,593,295	(19,340,511)	(1,007,308)	6,561,210
<b>Other Financing Sources/(Uses):</b>										
Cancellation of Prior Year Accounts Payable	405,372									
Transfers in			86,525	286,096		180,879				
Transfers Out					(150,000)	(150,000)	(242,244)	(307,162)	(190,054)	(103,651)
<b>Total Other Financing Sources/(Uses)</b>	<b>405,372</b>		<b>86,525</b>	<b>286,096</b>	<b>(150,000)</b>	<b>30,879</b>	<b>(242,244)</b>	<b>(307,162)</b>	<b>(190,054)</b>	<b>(103,651)</b>
<b>Net Change in Fund Balances</b>	<b>(\$441,295)</b>	<b>(482,019)</b>	<b>3,626,409</b>	<b>3,825,980</b>	<b>2,979,603</b>	<b>377,029</b>	<b>5,351,051</b>	<b>(19,647,673)</b>	<b>(1,197,362)</b>	<b>6,457,559</b>
Debt Service as a Percentage of Noncapital Expenditures	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**  
**GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	MISCELLANEOUS	RENTALS	TUITION	TOTAL
2010	\$210,839	168,349			379,188
2009	560,353	192,512			752,865
2008	1,302,234	89,594			1,391,828
2007	1,543,417	95,643			1,639,060
2006	1,615,938	66,899		55,106	1,737,943
2005	1,152,701	90,318			1,243,019
2004	608,918	36,273			645,191
2003	687,399	82,091			769,490
2002	911,379	221,986	39,564		1,172,929
2001	1,521,132	58,600	40,497		1,620,229
Total	<u>\$10,114,310</u>	<u>1,102,265</u>	<u>80,061</u>	<u>55,106</u>	<u>11,351,742</u>

Source: District records

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
 LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	APARTMENT	TOTAL	TAX	PUBLIC	NET	LOCAL	EQUALIZED
							ASSESSED VALUE	EXEMPT PROPERTY	UTILITIES (a)	VALUATION TAXABLE	SCHOOL TAX RATE (b)	
2010	\$4,201,200	171,210,250	22,355,150	2,855,777	26,918,100	7,127,300	234,667,777	83,757,550	473,019	235,140,796	0.863	496,725,277
2009	4,534,700	171,085,100	21,676,400	2,643,127	29,645,700	7,127,300	236,712,327	82,811,700	473,019	237,185,346	0.823	556,802,474
2008	4,701,550	169,389,600	21,988,750	2,691,627	29,309,650	7,120,300	235,201,477	82,701,800	507,590	235,709,067	0.803	461,269,812
2007	5,054,100	165,948,150	21,257,600	2,871,377	29,440,250	7,346,300	231,917,777	77,878,200	490,186	232,407,963	0.783	455,320,108
2006	4,328,050	162,828,650	18,051,600	2,914,050	27,434,000	7,346,300	222,902,650	77,922,200	689,343	223,591,993	0.743	425,751,605
2005	4,657,100	159,428,750	17,230,300	3,059,850	27,205,400	7,346,300	218,927,700	76,686,600	689,343	219,617,043	0.743	359,822,709
2004	5,326,650	154,375,750	16,451,800	2,797,700	26,949,100	7,346,300	213,247,300	76,684,700	758,882	214,006,182	0.733	299,090,303
2003	5,279,450	151,964,350	16,334,550	2,729,950	26,749,000	7,346,300	210,403,600	76,709,800	922,970	211,326,570	0.733	267,391,562
2002	5,181,900	148,036,800	16,490,350	2,789,550	26,586,700	7,346,300	206,431,600	76,709,800	882,528	207,314,128	0.703	234,059,530
2001	5,329,850	144,980,000	15,802,200	2,766,300	26,981,400	6,335,500	202,195,250	76,117,000	1,010,282	203,205,532	0.702	229,015,751

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES		TOTAL DIRECT & OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL	TOTAL DIRECT	TOWNSHIP		
				OF NORTH HANOVER	BURLINGTON COUNTY	
2010	0.863	1.106	1.969	0.457	0.794	3.220
2009	0.823	1.179	2.002	0.406	0.897	3.305
2008	0.803	1.039	1.842	0.381	0.761	2.984
2007	0.783	1.047	1.830	0.297	0.802	2.929
2006	0.743	1.043	1.786	0.297	0.659	2.742
2005	0.743	0.944	1.687	0.297	0.641	2.625
2004	0.733	0.975	1.708	0.227	0.551	2.486
2003	0.733	0.911	1.644	0.230	0.578	2.452
2002	0.703	0.841	1.544	0.195	0.607	2.346
2001	0.702	0.626	1.328	0.114	0.574	2.016

Source: Municipal Tax Collector

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	2010			2001		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
United Communities	\$65,205,000	1	27.49%			
Matrix Hanover Golf, LLC	3,298,500	2	1.39%	2,848,100	1	1.50%
Dix Plaza	3,050,000	3	1.29%			
Spartan Village	2,333,600	4	0.98%	2,848,100	2	1.50%
California Village	1,620,000	5	0.68%			
Bendor Realty, LLC/Hanover East, Inc	1,575,000	6	0.66%	1,221,200	4	0.64%
North Mill Associates	1,464,000	7	0.62%	1,200,000	5	0.63%
Hanover Village Assoc., LLC	1,380,000	8	0.58%	1,045,900	9	0.55%
J & M Realty	1,369,400	9	0.58%	1,115,000	6	0.59%
Jersey Central	1,327,000	10	0.56%	982,100	10	0.55%
South Mill Apartments	1,150,000	11	0.48%	1,050,000	7	0.55%
Maplewood Apartments	1,150,000	12	0.48%	1,050,000	8	0.55%
Limco				1,951,700	3	1.03%
<b>Total</b>	<b>\$84,922,500</b>		<b>35.79%</b>	<b>\$15,312,100</b>		<b>8.09%</b>

Source: Municipal Tax Assessor

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

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	
2009	\$7,884,085	7,572,199	96.04%	311,886
2008	7,091,963	6,920,525	97.58%	171,438
2007	7,022,724	6,795,851	96.77%	179,414
2006	6,498,335	6,380,469	98.19%	117,865
2005	6,000,660	5,773,292	96.21%	227,368
2004	5,573,693	5,385,624	96.63%	188,069
2003	5,180,580	5,084,920	98.15%	95,660
2002	4,923,276	4,788,062	97.25%	135,214
2001	4,136,687	3,975,068	96.09%	161,619
2000	4,072,320	3,886,609	95.44%	185,711

Source: Municipal records

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

There is no Outstanding Debt as of June 30, 2010

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

There is no Outstanding Debt as of June 30, 2010

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2010**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
North Hanover Township	\$2,198,050	100.000%	\$2,198,050
North Burlington County Regional	25,695,000	16.859%	4,331,960
Burlington County	395,252,496	1.070%	4,229,202
Subtotal, Overlapping Debt			<u>10,759,211</u>
Total Direct & Overlapping Debt			<u><u>\$10,759,211</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Burlington County Board of Taxation.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(Dollars in Thousands)**

	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt Limit	\$17,586,066	16,755,516	14,455,298	9,021,059	7,699,445	6,649,808	6,071,450	5,540,793	5,257,650	4,976,994
Legal Debt Margin	<u>\$17,586,066</u>	<u>16,755,516</u>	<u>14,455,298</u>	<u>9,021,059</u>	<u>7,699,445</u>	<u>6,649,808</u>	<u>6,071,450</u>	<u>5,540,793</u>	<u>5,257,650</u>	<u>4,976,994</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Equalized Valuation Basis	
2009	\$496,252,258
2008	556,294,884
2007	<u>454,829,922</u>
	<u>\$1,507,377,064</u>
Average Equalized Valuation of Taxable Property	<u>\$502,459,021</u>
Debt Limit (3.5% of Average Equalization Value)	<u>\$17,586,066</u>
Legal Debt Margin	<u>\$17,586,066</u>

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

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

YEAR	POPULATION	PER CAPITA PERSONAL INCOME	UNEMPLOYMENT RATE
2010	N/A	N/A	N/A
2009	7,368	N/A	10.7%
2008	7,371	46,564	6.3%
2007	7,401	45,463	4.6%
2006	7,503	43,551	5.1%
2005	7,511	40,795	4.7%
2004	7,500	39,606	6.0%
2003	7,438	37,982	6.5%
2002	7,394	37,299	6.5%
2001	7,313	36,912	4.5%

**Source:**

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

Per Capita - Source U.S. Department of Commerce, Bureau of Economic Assistance, April 25, 2006

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

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TEN YEARS AGO**

	2010		PERCENTAGE OF TOTAL EMPLOYMENT
	EMPLOYEES	RANK	
United Communities	50	1	N/A
Thermal Piping	40-50	2	N/A
Matrix Hanover Golf	34-40	3	N/A
Herman's Trucking	30	4	N/A
Specialty Fabricators	28	5	N/A
Marantha	18	6	N/A
Rite Aid	16	7	N/A
Belasco Petroleum	12	8	N/A
Twin Oaks	12	9	N/A
G.W Tire	9	10	N/A
Total	<u>175</u>		

**2001 NOT AVAILABLE**

Source: Municipal Records

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Instruction:										
Regular	107	108	109	110	112	112	112	111	112	102
Special Education	33	32	32	31	32	32	32	33	37	35
Other Special Education	7	7	7	7	7	7	7	7	6	7
Support Services:										
Student & Instruction Related Services	53	48	58	58	58	58	58	59	51	49
School Administrative Services	5	5	5	5	5	5	5	5	5	5
General & Business Administrative Services	2	2	2	2	2	2	2	2	2	2
Plant Operations & Maintenance	23	24	25	24	24	24	24	24	24	20
Pupil Transportation	5	5	5	4	4	4	5	3	4	4
Business & Other Support Services	5	5	5	6	6	6	6	6	6	6
Food Service	8	8	8	8	8	8	8	9	9	9
<b>Total</b>	<b>248</b>	<b>244</b>	<b>256</b>	<b>255</b>	<b>258</b>	<b>258</b>	<b>259</b>	<b>259</b>	<b>256</b>	<b>239</b>

Source: District Personnel Records

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO ELEMENTARY	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2010	1,143	\$21,051,632	18,418	2.84%	140	15	1,143	1,082	0.26%	94.17%
2009	1,140	20,417,687	17,910	7.06%	140	15	1,140	1,052	-2.38%	95.00%
2008	1,157	19,354,937	16,729	10.16%	140	15	1,161	1,078	-5.97%	95.00%
2007	1,210	18,374,357	15,185	13.67%	141	15	1,210	1,141	-7.15%	94.60%
2006	1,282	17,126,119	13,359	3.46%	144	16	1,282	1,233	0.93%	94.90%
2005	1,318	17,017,849	12,912	6.43%	144	17	1,318	1,220	-4.24%	94.70%
2004	1,355	16,438,109	12,131	8.70%	144	18	1,345	1,277	-3.58%	94.97%
2003	1,353	15,100,626	11,161	14.80%	149	17	1,394	1,321	-4.78%	94.73%
2002	1,475	14,339,896	9,722	6.21%	137	18	1,465	1,395	-0.81%	95.24%
2001	1,477	13,519,782	9,154	15.69%	133	18	1,477	1,406	-5.77%	95.18%

Sources: District records

Note: Enrollment based on annual October District count.

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

b Teaching staff includes only full-time equivalents of certificated staff.

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

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEAR**

DISTRICT BUILDINGS	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Elementary Schools:										
Columbia School:										
Square Feet	38,007	38,007	38,007	38,007	38,007	38,007	38,007	38,007	38,007	38,007
Capacity (Students)	273	273	273	273	273	273	273	273	273	273
Enrollment	161	167	160	170	189	209	225	222	238	274
Discovery School:										
Square Feet	36,154	36,154	36,154	36,154	36,154	36,154	36,154	36,154	36,154	36,154
Capacity (Students)	244	244	244	244	244	244	244	244	244	244
Enrollment	321	307	320	326	359	370	333	325	326	400
Atlantis School:										
Square Feet	39,855	39,855	39,855	39,855	39,855	39,855	39,855	34,432	34,432	34,432
Capacity (Students)	283	283	283	283	283	283	283	283	283	283
Enrollment	180	202	181	206	222	248	243	272	276	292
Challenger School:										
Square Feet	37,784	37,784	37,784	37,784	37,784	37,784	37,784	37,784	37,784	37,784
Capacity (Students)	243	243	243	243	243	243	243	243	243	243
Enrollment	N/A	N/A	N/A	164	187	176	209	241	242	216
C.B. Lamb Elementary School:										
Square Feet	65,861	65,861	65,861	65,861	65,861	65,861	65,861	65,861	65,861	65,861
Capacity (Students)	446	472	472	472	472	472	472	472	472	472
Enrollment	216	224	224	342	331	315	345	368	393	359
Upper Elementary School:										
Square Feet	125,729	125,729	125,729							
Capacity (Students)	487	500	500							
Enrollment	265	240	272							

Number of Schools at June 30, 2010:

Elementary = 6

Source: District Facilities Office

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

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST NINE FISCAL YEARS**

**UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES**

	*	2010	2009	2008	2007	2006	2005	2004	2003	2002
Columbia School		\$60,168	90,399	65,611	49,846	69,153	40,651	40,587	43,202	42,955
Discovery School		56,305	77,231	66,580	70,219	55,950	52,024	49,398	60,027	59,399
Atlantis School		63,338	77,169	68,802	69,878	58,265	39,677	43,049	37,971	49,314
Challenger School				146	56,358	44,128	34,166	36,603	33,461	40,352
C.B. Lamb School		82,107	68,751	73,669	94,418	84,426	74,488	71,352	66,149	54,203
Upper Elementary School		127,725	109,270	85,250						
<hr/>										
Total School Facilities		\$389,643	\$422,820	360,058	340,719	311,922	241,006	240,989	240,810	246,223

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

Source: District records

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2010**

	COVERAGE	DEDUCTIBLE
<b>School Package Policy - NJ School Boards Association Insurance Group (NJSBAIG)</b>		
Blanket Real and Personal Property	\$300,000,000	5,000
Comprehensive General Liability	16,000,000	
Electronic Data Processing	950,000	1,000
General Automobile Liability	16,000,000	1,000
Blanket Extra Expense	50,000,000	5,000
Valuable Papers	10,000,000	5,000
Crime Coverage Form - Employee Theft		
Selective Insurance	25,000	250
Workers' Compensation - NJSBAIG, BACCEIC	2,000,000/2,000,000/2,000,000	
School Board Legal Liability	16,000,000	5,000
Voluntary Student Accident Insurance - AIG Life Insurance Company	500,000	
<b>Surety Bonds - Selective Insurance</b>		
Treasurer	272,500	
Board Secretary	100,000	

Source: District records

**SINGLE AUDIT SECTION**





Certified Public Accountants & Consultants

EXHIBIT K-1

**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**

Honorable President and Members  
of the Board of Education  
North Hanover Township  
County of Burlington  
Wrightstown, New Jersey 08562

We have audited the financial statements of the Board of Education of the North Hanover Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated August 11, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the North Hanover Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to indentify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings & Questioned Costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

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 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. We consider the deficiency described in the accompanying *Schedule of Findings & Questioned Costs* as Finding No. 2010-01 to be a material weakness.

**MEDFORD OFFICE**

618 Stokes Road • Medford, New Jersey 08055  
Tel: 609.953.0612 • Fax: 609.953.8443

[www.holmanfrenia.com](http://www.holmanfrenia.com)

**TOMS RIVER OFFICE**

10 Allen Street, Suite 2B • Toms River, NJ 08753  
Tel: 732.797.1333 • Fax: 732.797.1022

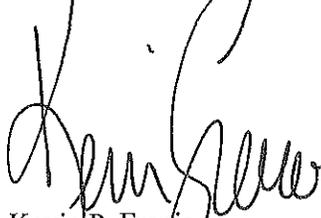
## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the North Hanover Township Board of Education'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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, that we have reported to the North Hanover Township Board of Education in a separate *Independent Auditor's Management Report on Administrative Findings – Financial Compliance and Performance* as Finding No. 2010-01 dated August 11, 2010.

This report is intended solely for the information of the audit committee, management, the North Hanover Township Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant  
No. 1011

Medford, New Jersey  
August 11, 2010



Certified Public Accountants & Consultants

EXHIBIT K-2

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and Members  
of the Board of Education  
North Hanover Township  
County of Burlington  
Wrightstown, New Jersey 08562

**Compliance**

We have audited the compliance of the Board of Education of the North Hanover Township School District, in the County of Burlington, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey Grants Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010. Board of Education of the North Hanover Township School District's Major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Board of Education of the North Hanover Township School District's management. Our responsibility is to express an opinion on Board of Education of the North Hanover Township School District's compliance based on our audit.

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 Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Board of Education of the North Hanover Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board of Education of the North Hanover Township School District's compliance with those requirements.

In our opinion, the Board of Education of the North Hanover Township School District, County of Burlington, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30,

**MEDFORD OFFICE**

618 Stokes Road • Medford, New Jersey 08055  
Tel: 609.953.0612 • Fax: 609.953.8443

[www.holmanfrenia.com](http://www.holmanfrenia.com)

**TOMS RIVER OFFICE**

10 Allen Street, Suite 2B • Toms River, NJ 08753  
Tel: 732.797.1333 • Fax: 732.797.1022

2010. However, the results of our auditing procedures disclosed one instance of noncompliance with these requirements, which are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which are described in the Schedule of Findings and Questioned Costs as Finding No. 2010-01.

### **Internal Control Over Compliance**

The management of the Board of Education of the North Hanover Township School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered North Hanover Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and state programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of North Hanover Board of Education's internal control over compliance.

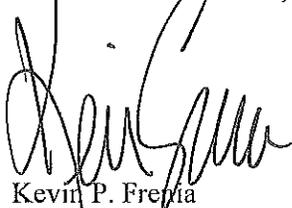
A deficiency in a District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. North Hanover Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the North Hanover Board of Education's response and, accordingly, we express no opinion on the responses.

This report is intended for the information of the management of the Board of Education of the North Hanover Township School District, the New Jersey State Department of Education, other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant  
No. 1011

Medford, New Jersey  
August 11, 2010

NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE		JUNE 30, 2010		
					AT JUNE 30, 2009	CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE)	GRANTOR AT JUNE 30,
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:</b>									
Food Distribution Program	10.550		\$37,670	7/1/09-6/30/10		37,670	(37,670)		
National School Breakfast Program	10.553		36,423	7/1/09-6/30/10		34,943	(36,423)	(1,480)	
National School Breakfast Program	10.553		31,064	7/1/08-6/30/09	(\$2,940)	2,940			
National School Lunch Program	10.555		143,694	7/1/09-6/30/10		132,729	(143,694)	(10,965)	
National School Lunch Program	10.555		126,203	7/1/08-6/30/09	(11,562)	11,562			
Total U.S. Department of Agriculture					(14,502)	219,844	(217,787)	(12,445)	
<b>U.S. DEPARTMENT OF DEFENSE:</b>									
P.L. 103-382 Impact Aid Section 8003(b)	84.041		9,334,036	10/1/08-9/30/09		9,334,036	(9,334,036)		
P.L. 103-382 Impact Aid Section 8003(d)	84.041		77,480	10/1/08-9/30/09		77,480	(77,480)		
P.L. 107-107 Impact Aid Section 8007(a)	84.041		11,828	10/1/06-9/30/07		11,828	(11,828)		
P.L. 108-375 Impact Aid D.O.D.	84.041		267,571	10/1/08-9/30/09		267,571	(267,571)		
Impact Aid for Children with Severe Disabilitie	84.041		221,165	10/1/08-9/30/09		221,165	(221,165)		
Total U.S. Department of Defense						9,912,080	(9,912,080)		
<b>U.S. DEPARTMENT OF EDUCATION PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:</b>									
ARRA - Education Stabilization Fund	84.394		1,505,894	9/1/09-8/31/10		1,505,894	(1,505,894)		
ARRA - Government Services Fund	84.397		58,295	9/1/09-8/31/10		58,295	(58,295)		
ARRA - I.D.E.A. Part B, Basic Regular	84.391		236,560	9/1/09-8/31/11		122,172	(144,497)	(22,325)	
ARRA - I.D.E.A. Preschool	84.392		8,532	9/1/09-8/31/11		1,776	(1,776)		
I.D.E.A. Part B, Basic Regular	84.027	FT365008	265,378	9/1/08-8/31/09	(48,947)	48,947			
I.D.E.A. Part B, Basic Regular	84.027	FT365009	255,834	9/1/09-8/31/10		104,747	(255,834)	(151,087)	
I.D.E.A. Preschool	84.173	FT365008	14,382	9/1/09-8/31/10		9,925	(14,382)	(4,457)	
Total U.S. Department of Education					(48,947)	1,851,756	(1,980,678)	(177,869)	
Total Federal Financial Assistance					(\$63,449)	11,983,680	(12,110,545)	(190,314)	-

The Accompanying Notes to Schedule of Expenditures of Awards and Financial Assistance are an Integral Part of this schedule

NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2009	CASH RECEIVED	BUDGETARY EXPENDITURES	JUNE 30, 2010			MEMO CUMULATIVE	
							(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	TOTAL EXPENDITURES
<b>State Department of Education:</b>											
<b>General Fund:</b>											
Equalization Aid	10-495-034-5120-078	\$7,056,495	7/1/09-6/30/10		7,056,495	(7,056,495)				855,247	7,056,495
Transportation Aid	10-495-034-5120-014	306,086	7/1/09-6/30/10		306,086	(306,086)				37,098	306,086
Special Education Aid	10-495-034-5120-089	512,438	7/1/09-6/30/10		512,438	(512,438)				62,107	512,438
Security Aid	10-495-034-5120-084	157,011	7/1/09-6/30/10		157,011	(157,011)				19,030	157,011
Adjustment Aid	10-495-034-5120-085	1,111,625	7/1/09-6/30/10		1,111,625	(1,111,625)				134,729	1,111,625
Extraordinary Special Education Costs Aid	10-495-034-5120-044	35,714	7/1/09-6/30/10			(35,714)	(35,714)				35,714
Extraordinary Special Education Costs Aid	09-495-034-5120-044	61,567	7/1/08-6/30/09	(\$61,567)	61,567						
Transportation Aid Reimbursement	09-495-034-5120-014	3,654	7/1/08-6/30/09	(3,654)	3,654						
Transportation Aid Reimbursement	10-495-034-5120-014	2,678	7/1/09-6/30/10			(2,678)	(2,678)				2,678
On-Behalf TPAF Pension Contributions	10-495-034-5095-001	597,668	7/1/09-6/30/10		597,668	(597,668)					597,668
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	703,481	7/1/09-6/30/10		668,541	(703,481)	(34,940)				703,481
Reimbursed TPAF Social Security Contributions	09-495-034-5095-002	677,469	7/1/08-6/30/09	(65,920)	65,920						
Total General Fund Assistance				(131,141)	10,541,005	(10,483,196)	(73,332)			1,108,211	10,483,196
<b>Special Revenue Fund:</b>											
Mentor Training	05-495-034-5120-052	1,560	Indefinite	1,560					1,560		
Total Special Revenue Fund Assistance				1,560					1,560		
<b>Enterprise Fund:</b>											
National School Lunch Program (State Share)	10-100-010-3350-023	7,993	7/1/09-6/30/10		7,379	(7,993)	(614)				7,993
National School Lunch Program (State Share)	09-100-010-3350-023	7,559	7/1/08-6/30/09	(690)	690						
National School Breakfast Program (State Share)	10-100-010-3350-021	1,860	7/1/09-6/30/10		2,012	(1,860)			152		1,860
National School Breakfast Program (State Share)	09-100-010-3350-021	3,280	7/1/08-6/30/09	(307)	307						
Total Enterprise Fund Assistance				(997)	10,388	(9,853)	(614)		152		9,853
Total State Financial Assistance				(\$130,578)	10,551,393	(10,493,049)	(73,946)	1,560	152	1,108,211	10,493,049

The Accompanying Notes to Schedule of Expenditures of Awards and Financial Assistance are an Integral Part of this schedule

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2010**

**Note 1. General**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, North Hanover Township 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 awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**Note 2. Basis of Accounting**

The accompanying 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 basis of accounting are described in Note 1 to the Board's basic financial statements.

**Note 3. Relationship to Basic Financial Statements**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last 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 special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(56,601) for the general fund and \$-0- for the special revenue fund. See Note 1 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 statements on a GAAP basis as presented as follows:

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2010**

**Note 3. Relationship to Basic Financial Statements (continue):**

	<b>Federal</b>	<b>State</b>	<b>Total</b>
General Fund	\$10,840,576	\$10,426,595	\$23,829,482
Special Revenue Fund	416,489		416,489
Food Service Fund	717,787	11,620	729,407
Fiduciary Funds	<u>135,693</u>		<u>135,693</u>
 Total Financial Assistance	 <u>\$12,110,545</u>	 <u>\$10,438,215</u>	 <u>\$22,548,760</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.

**Note 5. Federal and State Loans Outstanding**

The Board of Education of the North Hanover School District had no loan balances outstanding at June 30, 2010.

**Note 6. Other**

Revenues and expenditures reported under the Food Distribution Program represents 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, 2010. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2010**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued:	Qualified
Internal control over financial reporting:	
1) Material weakness(es) identified?	Yes
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial Statements noted?	Yes

**Federal Awards**

Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance With 510(A) of Circular A-133	No

**Identification of major programs:**

CFDA Number(s)	Name of Federal Program or Cluster
84.041	PL103-382 Federal Impact Aid & Defense Aid
84.027	I.D.E.A. – Part B, Basic Regular
84.394	ARRA – Education Stabilization Fund
84.391	ARRA – I.D.E.A. – Part B, Basic Regular
84.397	ARRA – Government Service Fund
84.392	ARRA – I.D.E.A. - Preschool

Dollar threshold used to distinguish between type A and type B programs:	\$363,316
Auditee qualified as low-risk auditee?	No

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):**

**For the Fiscal Year Ended June 30, 2010**

**Section I – Summary of Auditor’s Results (continued)**

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:	\$314,791
Auditee qualified as low-risk auditee?	No
Type of auditor’s report issued on compliance for major programs	Unqualified
Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered To be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04	Yes

**Identification of major programs:**

<b>GMIS Number(s)</b>	<b>Name of State Program</b>
10-495-034-5120-085	Adjustment Aid
10-495-034-5120-089	Special Education Aid
10-495-034-5095-002	TPAF Social Security Contributions
10-495-034-5120-078	Equalization Aid

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):  
For the Fiscal Year Ended June 30, 2010**

**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

**Finding 2010-01:**

**Criteria or Specific Requirement:**

That all reservations of fund balance be approved by the State Department of Education.

**Condition:**

The excess surplus calculation performed by the North Hanover Board of Education includes a reserved fund balance category not approved by the State Department of Education.

**Context:**

Other restricted fund balances must have departmental approval.

**Effect:**

Reserved fund balance categories would be different.

**Cause:**

Differences in interpretation of legal restricted reserves of the local Board of Education.

**Recommendation:**

That the District seek departmental approval for all other reserved fund balances.

**Views of Responsible Officials and Planned Corrective Action:**

The District is taking the necessary steps to expend funds in the reserve fund balance.

**Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs**

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter 04-04.

No Current Year Findings

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
For the Fiscal Year Ended June 30, 2010**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

**Finding 2009-01:**

The excess surplus calculation performed by the North Hanover Board of Education includes a reserved fund balance category not approved by the State Department of Education.

**Current Status:**

This has not been corrected.

**Finding 2008-01:**

The excess surplus calculation performed by the North Hanover Board of Education includes a reserved fund balance category not approved by the State Department of Education.

**Current Status:**

This has not been corrected.

**Finding 2007-01:**

The excess surplus calculation performed by the North Hanover Board of Education includes a reserved fund balance category not approved by the State Department of Education.

**Current Status:**

This has not been corrected.

**Finding 2006-01:**

The excess surplus calculation performed by the North Hanover Board of Education includes a reserved fund balance category not approved by the State Department of Education.

**Current Status:**

This has not been corrected.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT (continued):  
For the Fiscal Year Ended June 30, 2010**

**Finding 2005-02:**

**Condition:**

The excess surplus calculation performed by the North Hanover Board of Education includes a reserved fund balance category not approved by the State Department of Education.

**Current Status:**

This has not been corrected.