

**NORTH HANOVER BOARD OF EDUCATION**

North Hanover, New Jersey  
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**NORTH HANOVER BOARD OF EDUCATION**

**NORTH HANOVER, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Prepared by**

**The Business Office of the North Hanover Board of Education**

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**INTRODUCTORY SECTION**

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October 10, 2014

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, 2014 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 2013-2014 fiscal year had an average daily enrollment of 1,267 students, which is an increase of 24 students from the previous year's enrollments. The following details the changes in the student enrollment of the District over the last twenty two (23) years:

<b>Average Daily Enrollment</b>		
<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
2013/2014	1,267	1.93%
2012/2013	1,243	0.81%
2011/2012	1,233	4.31%
2010/2011	1,182	3.41%
2009/2010	1,143	0.26%
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	-2.01%
2003/2004	1,345	-3.52%
2002/2003	1,394	-4.85%
2001/2002	1,465	-0.81%
2000/2001	1,477	-5.74%
1999/2000	1,567	0.51%
1998/1999	1,559	-3.82%
1997/1998	1,621	-0.43%
1996/1997	1,628	-4.63%
1995/1996	1,707	-3.61%
1994/1995	1,771	9.73%
1993/1994	1,614	-3.64%
1992/1993	1,675	-9.46%
1991/1992	1,850	1.50%

**2) ECONOMIC CONDITION AND OUTLOOK:** The local community of North Hanover Township is not experiencing any major development or expansion. The student population is on a slight upswing, possibly due to growth at the JB-MDL. In addition to the local community students, the District has the responsibility of educating the students of families assigned to 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 base housing is filled to near capacity, the District has been informed that additional land is available for housing. If additional missions move to JB-MDL there could be an impact on enrollment.

**3) MAJOR INITIATIVES:** A new school housing all the fifth and sixth grade students under one roof was substantially completed and opened in September 2007. In January of 2011 a team from the Department of Defense Education Activity (DoDEA) inspected the schools on Base and prepared a report on the condition of those schools. This report was reviewed by Congress and Congress has thus far, appropriated two (2) rounds of funding for the renovations or replacement of schools nationwide identified in the report. In early spring of 2012, the District was invited to apply for funding to the (Federal) Office of Economic Adjustment (OEA). District administrative staff and Board Members attended a meeting which described and outlined the application process. It was made clear by the staff of the OEA that it was a noncompetitive process. After considerable review and in consultation with the entire Board, an application was filed to apply for the funding of the construction of a new school on Base to replace both of the Columbia and Atlantis Schools, thus, a community school for children living on Base in grades 1-4. The application also requested funds for the renovations of the Discovery School

**3) MAJOR INITIATIVES (continued):**

which, when completed would provide for an expanded preschool program for all children served by the District. Upon further review and with consultation from the District Architect, the funding for renovation of Discovery was considered inadequate and would take necessary money away from the construction of a new school. Discovery School will now also be demolished. One school, with a capacity for 890 students, will be built for military students from grades Pre-K through grade 4. An architect, engineer and construction manager has been hired, and the district anticipates completing the grant process by February or March of 2015.

**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, 2014.

**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, 2014 and the amount and percentage of increase in relating to prior year revenues.

<b>Revenue</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase/(Decrease) from 2013</b>	<b>Percent of Increase/(Decrease)</b>
Local Sources	\$ 2,657,415	11.45%	117,006	4.40%
State Sources	13,382,663	57.66%	100,119	0.75%
Federal Sources	7,169,585	30.89%	(846,829)	-11.81%
<b>Total</b>	<b>\$ 23,209,663</b>	<b>100.00%</b>	<b>(629,704)</b>	<b>26.41%</b>

The following schedule presents a summary of general fund expenditures for the fiscal year ending June 30, 2014:

<b>Expenditures</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase/(Decrease) from 2013</b>	<b>Percent of Increase/(Decrease)</b>
<b>Current Expense/ Special Revenue</b>				
Instruction	\$ 9,154,639	38.00%	(521,442)	-5.39%
Undistributed Expenditures	14,609,341	60.65%	828,707	5.97%
Capital Outlay	324,230	1.35%	(431,412)	-57.09%
<b>Total</b>	<b>\$ 24,088,210</b>	<b>100.00%</b>	<b>(124,147)</b>	<b>0.51%</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:**

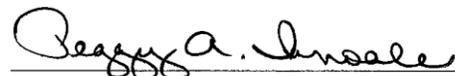
A) **Independent Audit** – State statutes require an annual audit by independent certified public accounts or registered municipal accountants. Mr. Kevin Frenia, CPA, was selected by the Board to serve as auditor. In addition to meeting the requirements set forth in state statutes, the audit also was 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:**

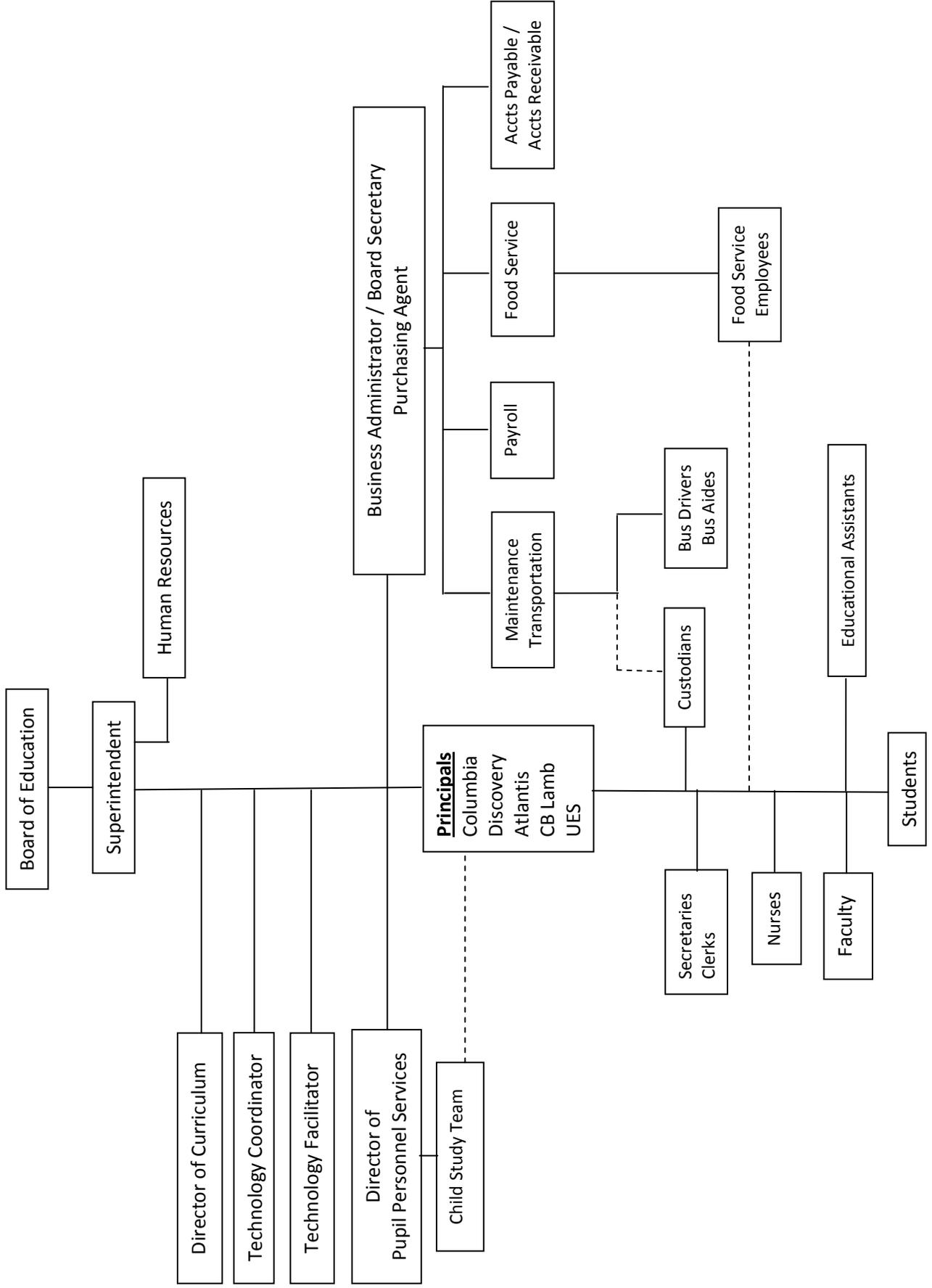
We would like to express our appreciation to the members of the North Hanover Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial 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,

  
HELEN E. PAYNE  
Superintendent of Schools

  
PEGGY LANOALE  
Interim Board Secretary/Interim Business Administrator

**NORTH HANOVER TOWNSHIP PUBLIC SCHOOLS**



**NORTH HANOVER BOARD OF EDUCATION  
331 Monmouth Road  
Wrightstown, New Jersey 08562**

**ROSTER OF OFFICIALS  
JUNE 30, 2014**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
Charles M. Schroeder, President	2015
William C. Sullivan, Sr., Vice President	2016
Janet W. Bruder	2016
Megan A. Geibel	2014
Nancy Morrow	2014
Lieutenant Colonel Kenneth Black, Base Liaison	

**OTHER OFFICIALS**

Helen E. Payne, Superintendent  
Peggy Ianoale, Interim Business Administrator/Board Secretary  
Christine Petras, Treasurer  
Victor Medina, Esq., Solicitor

**NORTH HANOVER BOARD OF EDUCATION**  
**331 Monmouth Road**  
**Wrightstown, New Jersey 08562**

**CONSULTANTS AND ADVISORS**

**INSURANCE AGENT**

EJA/Capacity Insurance Agency  
217 Route 130  
Bordentown, New Jersey 08505

**AUDIT FIRM**

Holman Frenia Allison, P. C.  
Kevin P. Frenia, CPA  
618 Stokes Road  
Medford, New Jersey 08055

**ATTORNEY**

Victor Medina, Esq.  
65 South Main St.  
Pennington, New Jersey 08534

**OFFICIAL DEPOSITORY**

TD Bank  
6000 Atrium Way  
Mt Laurel, New Jersey 08054

**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
North Hanover Board of Education  
Wrightstown, New Jersey

### Report on the Financial Statements

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 North Hanover Board of Education, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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; 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 Office of School 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the North Hanover Board of Education, County of Burlington, State of New Jersey, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Hanover Board of Education's basic financial statements. The accompanying introductory section, comparative totals for June 30, 2013, and other supplementary information such as the combining and individual fund financial statements and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule 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 is also not a required part of the financial statements.

The combining and individual fund financial statements and the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the accompanying Schedule of Expenditures of

Federal Awards and State Financial Assistance are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section, comparative totals for June 30, 2013, and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2014 on our consideration of the North Hanover Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Hanover Board of Education's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Public School Accountant  
Certified Public Accountant  
No. 1101

October 10, 2014  
Medford, New Jersey

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**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

Management's Discussion and Analysis

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# NORTH HANOVER TOWNSHIP BOARD OF EDUCATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS For The Fiscal Year Ended June 30, 2014

### UNAUDITED

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 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 124,934 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.

A new school housing all the fifth and sixth grade students under one roof was substantially completed and opened in September 2007. In January of 2011 a team from the Department of Defense Education Activity (DoDEA) inspected the schools on Base and prepared a report on the condition of those schools. This report was reviewed by Congress and Congress has thus far, appropriated two (2) rounds of funding for the renovations or replacement of schools nationwide identified in the report. In early spring of 2012, the District was invited to apply for funding to the (Federal) Office of Economic Adjustment (OEA). District administrative staff and Board Members attended a meeting which described and outlined the application process. It was made clear by the staff of the OEA that it was a noncompetitive process. After considerable review and in consultation with the entire Board, an application was filed to apply for the funding of the construction of a new school on Base to replace both of the Columbia and Atlantis Schools, thus, a community school for children living on Base in grades 1-4. The application also requested funds for the renovations of the Discovery School which, when completed would provide for an expanded preschool program for all children served by the District. Upon further review and with consultation from the District Architect, the funding for renovation of Discovery was considered inadequate and would take necessary money away from the construction of a new school. Discovery School will now also be demolished. One school, with a capacity for 890 students, will be built for military students from grades Pre-K through grade 4. An architect, engineer and construction manager has been hired, and the district anticipates completing the grant process by February or March of 2015.

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 2013/2014 school year (FY'14) as compared to the 2012/2013 school year (FY'12):

- There was a decrease in general revenues of \$708,967, or 3.01%, and an increase in expenses of \$1,216,813 or 5.04%. However, cash and cash equivalents decreased by \$1,016,630 or 4.21%.
- Impact Aid, which is enrollment and formula driven based upon three (3) year old data, decreased by \$897,411 or 11.67%, as enrollment declines experienced a few years ago affected this revenue source.
- Unallocated benefits increased by \$691,218 or 16.64%.

- Plan changes achieved through collective bargaining as well as increased contributions required by the State to health insurance resulted in a modest decrease in health benefits.
- 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 as more students are being educated within the District.
- Miscellaneous revenue decreased for the sixth consecutive year due to low interest rates affecting earnings on investments, as the Federal Reserve continued to keep interest rates down in an effort to stimulate the slumping economy as well as the fact that banking institutions offered even lower interest rates on investments.
- Costs for plant operation and maintenance decreased by \$25,690 or 2.16% as service contracts were consolidated and/or bid resulting in the third year of savings in these areas.

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

<b>Table A-1</b>		
<b>North Hanover Township Board of Education</b>		
<b>Net Position</b>		
<b>As of June 30, 2014</b>		
	<b><u>June 30, 2014</u></b>	<b><u>June 30, 2013</u></b>
Current and Other Assets	\$ 25,321,714	\$ 26,611,602
Capital Assets	44,218,748	45,753,069
<b>Total Assets</b>	<b>69,540,462</b>	<b>72,364,671</b>
Long-term Liabilities	254,617	262,822
Other Liabilities	17,797	17,797
<b>Total Liabilities</b>	<b>272,414</b>	<b>280,619</b>
Net Position		
Invested in capital assets, net of related debt	44,218,748	45,753,069
Restricted	25,303,917	26,556,134
Unrestricted	(254,617)	(225,151)
<b>Total Net Position</b>	<b>\$ 69,268,048</b>	<b>\$ 72,084,052</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, 2014 and the amount and percentage of increase and (decrease) in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase/(Decrease) from 2013	Percent of Increase/(Decrease)
Local Sources	\$ 2,657,415	11.45%	117,006	4.40%
State Sources	13,382,663	57.66%	100,119	0.75%
Federal Sources	7,169,585	30.89%	(846,829)	-11.81%
<b>Total</b>	<b>\$ 23,209,663</b>	<b>100.00%</b>	<b>(629,704)</b>	<b>26.41%</b>

The following schedule presents a summary of the general fund expenditures for the fiscal year ended June 30, 2014 and the percentage of increase and (decrease) relative to FY' 13 amounts.

Expenditures	Amount	Percent of Total	Increase/(Decrease) from 2013	Percent of Increase/(Decrease)
<b>Current Expense/ Special Revenue</b>				
Instruction	\$ 9,154,639	38.00%	(521,442)	-5.39%
Undistributed Expenditures	14,609,341	60.65%	828,707	5.97%
Capital Outlay	324,230	1.35%	(431,412)	-57.09%
<b>Total</b>	<b>\$ 24,088,210</b>	<b>100.00%</b>	<b>(124,147)</b>	<b>0.51%</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 there was limited construction activity as the major renovation project, i.e. the renovations to the Columbia and Discovery Schools, was placed on hold pending the results and outcome on the application to the (Federal) Office of Economic Adjustment for funding of a new building on Joint Base MDL.

## 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 of 2009 but delayed by litigation. After a rather long drawn out battle, the Courts ruled in favor of the Board in March of 2010; the project got underway shortly thereafter. The project was completed in April of 2011 and has resulted in significantly lower energy costs. It is evident that when combined with geothermal energy, solar panels offer an opportunity for energy savings.

Significant benefit changes achieved through collective bargaining requiring the enrollment of new hires into managed care plans and only providing coverage for the employee, as well as requiring the contribution by employees toward their health care costs beginning in the 2011/2012 fiscal year, has resulted in a more modest increase in benefits costs.

Throughout the year budget transfers were effectuated between accounts to realign the 2012-2013 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 \$30,647 due primarily to a decrease in cost of salaries, as well as a reduction of cost of sales. There was also a decrease in operating revenue of \$22,628; but a increase in non operating revenues of \$291,530 due primarily to a increase in Impact Aid funds infused.

<b><u>General Fixed Assets</u></b>					
	<b>June 30, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>June 30, 2014</b>
Land	\$ 98,818	\$ -	\$ -	\$ -	\$ 98,818
Buildings	46,611,956	-	-	-	46,611,956
Leasehold Improvements	1,692,230	-	-	-	1,692,230
Machinery & Equipment	17,061,375	324,230	-	-	17,385,605
Subtotal	65,464,379	324,230	-	-	65,788,609
Accumulated Depreciation	(19,712,207)	\$ (1,857,654)	-	\$ -	(21,569,861)
Total	<u>\$ 45,752,172</u>	<u>\$ (1,533,424)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,218,748</u>

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

**Economic Factors and the Forecast on the 2014/2015 (FY'14) Budget**

The District anticipates that the approved 2014-2015 budget will be adequate to satisfy all 2014-2015 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.

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**BASIC FINANCIAL STATEMENTS**

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A. District-Wide Financial Statements

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**NORTH HANOVER BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**  
**(With Comparative Totals for June 30, 2013)**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	
			JUNE 30, 2014	(MEMORANDUM ONLY) JUNE 30, 2013
Cash & Cash Equivalents	\$ 23,101,388	\$ 4,228	\$ 23,105,616	\$ 24,122,046
Receivables, Net	187,720	17,219	204,939	453,180
Inventory	-	8,935	8,935	11,399
Restricted Assets:				
Capital Reserve Account- Cash	2,032,606	-	2,032,606	2,024,977
Capital Assets , Net (Note 5)	44,218,748	198	44,218,946	45,753,069
<b>Total Assets</b>	<b>69,540,462</b>	<b>30,580</b>	<b>69,571,042</b>	<b>72,364,671</b>
<b>LIABILITIES</b>				
Accounts Payable	16,237	-	16,237	16,237
Unearned Revenue	1,560	-	1,560	1,560
Noncurrent Liabilities (Note 7):				
Due Beyond One Year	254,617	-	254,617	262,822
<b>Total Liabilities</b>	<b>272,414</b>	<b>-</b>	<b>272,414</b>	<b>280,619</b>
<b>NET POSITION</b>				
Invested in Capital Assets, Net of Related Debt	44,218,748	198	44,218,946	45,753,069
Restricted for:				
Other Purposes	25,303,917	-	25,303,917	26,556,134
Unrestricted	(254,617)	30,382	(224,235)	(225,151)
<b>Total Net Position</b>	<b>\$ 69,268,048</b>	<b>\$ 30,580</b>	<b>\$ 69,298,628</b>	<b>\$ 72,084,052</b>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**NORTH HANOVER BOARD OF EDUCATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(With Comparative Totals for June 30, 2013)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION			TOTALS (MEMORANDUM ONLY)	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES		JUNE 30, 2014
Governmental Activities:							
Instruction:							
Regular	\$ 6,113,015	\$ -	\$ 326,844	\$ (5,786,171)	\$ -	\$ (5,786,171)	\$ (6,126,552)
Special Education	2,204,707	-	-	(2,204,707)	-	(2,204,707)	(2,183,568)
Other Instruction	1,163,761	-	-	(1,163,761)	-	(1,163,761)	(1,071,512)
Support Services & Undistributed Costs:							
Tuition	389,342	-	-	(389,342)	-	(389,342)	(61,063)
Attendance & Social Work	38,000	-	-	(38,000)	-	(38,000)	(38,000)
Health Services	426,049	-	-	(426,049)	-	(426,049)	(361,140)
Student & Instruction Related Services	1,547,122	-	46,826	(1,500,296)	-	(1,500,296)	(1,516,955)
Educational Media Services/ School Library	318,433	-	-	(318,433)	-	(318,433)	(390,869)
School Administrative Services	443,504	-	-	(443,504)	-	(443,504)	(393,897)
Other Administrative Services	1,231,848	-	-	(1,231,848)	-	(1,231,848)	(1,237,097)
Plant Operations & Maintenance	1,991,487	-	-	(1,991,487)	-	(1,991,487)	(2,015,310)
Pupil Transportation	1,520,839	-	-	(1,520,839)	-	(1,520,839)	(1,478,126)
Unallocated/Allocated Benefits	6,749,543	-	-	(6,749,543)	-	(6,749,543)	(6,288,177)
Transfer of Funds to Charter School	-	-	-	-	-	-	(16,087)
Increase/(Decrease) In Compensated Absences-							
Unallocated	(8,205)	-	-	8,205	-	8,205	141
Unallocated Depreciation	1,857,654	-	-	(1,857,654)	-	(1,857,654)	(1,857,654)
Total Governmental Activities	25,987,099	-	373,670	(25,613,429)	-	(25,613,429)	(25,035,866)

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**NORTH HANOVER BOARD OF EDUCATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(With Comparative Totals for June 30, 2013)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION			TOTALS	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	JUNE 30, 2014	JUNE 30, 2013	(MEMORANDUM ONLY)
Business-Type Activities:								
Food Service	750,449	203,781	536,133	-	(10,535)	(10,535)		(310,084)
Total Business-Type Activities	750,449	203,781	536,133	-	(10,535)	(10,535)		(310,084)
Total Primary Government	\$ 26,737,548	\$ 203,781	\$ 909,803	(25,613,429)	(10,535)	(25,623,964)		(25,345,950)
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes, Net				2,292,048	-	2,292,048		2,203,893
Federal & State Aid Unrestricted				20,178,578	-	20,178,578		21,004,509
Transportation				175,939	-	175,939		152,382
Tuition Received				13,107	-	13,107		4,875
Investment Earnings				7,628	2,547	10,175		6,629
Miscellaneous Income				168,693	-	168,693		175,219
Total General Revenues, Special Items, Extraordinary Items & Transfers				22,835,993	2,547	22,838,540		23,547,507
Change In Net Position				(2,777,436)	(7,988)	(2,785,424)		(1,798,443)
Beginning Net Position				72,045,484	38,568	72,084,052		73,882,495
Ending Net Position				\$ 69,268,048	\$ 30,580	\$ 69,298,628		\$ 72,084,052

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

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## B. Fund Financial Statements

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## Governmental Funds

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**NORTH HANOVER BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2014  
(With Comparative Totals for June 30, 2013)**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS	
			JUNE 30, 2014	(MEMORANDUM ONLY) JUNE 30, 2013
Cash & Cash Equivalents	\$ 23,101,497	\$ -	\$ 23,101,497	\$ 24,327,977
Receivables from Other Governments	179,922	1,669	181,591	435,895
Miscellaneous Accounts Receivable	6,129	-	6,129	989
Restricted Cash	2,032,606	-	2,032,606	2,024,977
<b>Total Assets</b>	<b>\$ 25,320,154</b>	<b>\$ 1,669</b>	<b>\$ 25,321,823</b>	<b>\$ 26,789,838</b>
<b>LIABILITIES &amp; FUND BALANCES</b>				
Liabilities:				
Cash Deficit	\$ -	\$ 109	\$ 109	\$ 215,907
Accounts Payable	16,237	-	16,237	16,237
Unearned Revenue	-	1,560	1,560	1,560
<b>Total Liabilities</b>	<b>16,237</b>	<b>1,669</b>	<b>17,906</b>	<b>233,704</b>
Fund Balances:				
Restricted for:				
Capital Reserve	2,032,606	-	2,032,606	2,024,977
Committed to:				
Reserve for Impact Aid	11,241,303	-	11,241,303	9,983,427
Reserve for Impact Aid Capital Fund	8,914,187	-	8,914,187	10,727,967
Other Purposes	2,239,232	-	2,239,232	-
Assigned to:				
Designated for Subsequent				
Year's Expenditures	876,589	-	876,589	3,362,700
Other Purposes	-	-	-	457,063
<b>Total Fund Balances</b>	<b>25,303,917</b>	<b>-</b>	<b>25,303,917</b>	<b>26,556,134</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 25,320,154</b>	<b>\$ 1,669</b>		

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$65,788,610 and the accumulated depreciation is \$21,569,862.	44,218,748	45,752,172
Long-term liabilities, including bonds payable, capital leases, early retirement liability and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(254,617)	(262,822)
<b>Net Position of Governmental Activities</b>	<b>\$ 69,268,048</b>	<b>\$ 72,045,484</b>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**NORTH HANOVER BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2014  
(With Comparative Totals for June 30, 2013)**

	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS	
			JUNE 30, 2014	JUNE 30, 2013
Revenues:				
Local Sources:				
Local Tax Levy	\$ 2,292,048	\$ -	\$ 2,292,048	\$ 2,203,893
Tuition	13,107	-	13,107	4,875
Interest Earned Capital Reserve Funds	7,628	-	7,628	4,040
Transportation	175,939	-	175,939	152,382
Other Local Revenues/Miscellaneous	168,693	-	168,693	175,219
Total Local Sources	2,657,415	-	2,657,415	2,540,409
State Sources	13,382,663	-	13,382,663	13,282,544
Federal Sources	6,795,915	373,670	7,169,585	8,016,414
Total Revenues	22,835,993	373,670	23,209,663	23,839,367
Expenditures:				
Current Expense:				
Regular Instruction	5,786,171	326,844	6,113,015	6,421,001
Special Education Instruction	2,204,707	-	2,204,707	2,183,568
Other Instruction	1,163,761	-	1,163,761	1,071,512
Support Services & Undistributed Costs:				
Tuition	389,342	-	389,342	61,063
Attendance & Social Work	38,000	-	38,000	38,000
Health Services	426,049	-	426,049	361,140
Student & Instruction Related Services	1,500,296	46,826	1,547,122	1,516,955
Educational Media Services/School Library	318,433	-	318,433	390,869
School Administrative Services	443,504	-	443,504	393,897
Central Services	387,863	-	387,863	371,826
Administration Information Technology	32,327	-	32,327	32,885
Other Administrative Services	811,658	-	811,658	832,386
Plant Operations & Maintenance	1,991,487	-	1,991,487	2,015,310
Pupil Transportation	1,520,839	-	1,520,839	1,478,126
Employee Benefits	6,749,543	-	6,749,543	6,288,177
Capital Outlay	324,230	-	324,230	755,642
Total Expenditures	24,088,210	373,670	24,461,880	24,212,357
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(1,252,217)	-	(1,252,217)	(372,990)
Other Financing Sources/(Uses):				
Transfer of Funds to Charter School	-	-	-	(16,087)
Total Other Financing Sources/(Uses)	-	-	-	(16,087)
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	(1,252,217)	-	(1,252,217)	(389,077)
Fund Balances July 1	26,556,134	-	26,556,134	26,945,211
Fund Balances June 30	\$ 25,303,917	\$ -	\$ 25,303,917	\$ 26,556,134

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**NORTH HANOVER 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, 2014**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (1,252,217)

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:

Capital Outlays	\$	324,230	
Depreciation Expense		<u>(1,857,654)</u>	(1,533,424)

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.

Prior Year		227,715	
Current Year		<u>(219,510)</u>	8,205

Change in Net Position of Governmental Activities \$ (2,777,436)

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## Proprietary Funds

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**NORTH HANOVER BOARD OF EDUCATION  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2014  
(With Comparative Totals for June 30, 2013)**

ASSETS	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2014	JUNE 30, 2013
Current Assets:			
Cash	\$ 4,228	\$ 4,228	\$ 9,976
Accounts Receivable:			
State	431	431	433
Federal	16,788	16,788	15,863
Inventories	8,935	8,935	11,399
Total Current Assets	<u>30,382</u>	<u>30,382</u>	<u>37,671</u>
Fixed Assets:			
Equipment	291,450	291,450	291,450
Less; Accumulated Depreciation	(291,252)	(291,252)	(290,553)
Total Fixed Assets	<u>198</u>	<u>198</u>	<u>897</u>
Total Assets	<u>30,580</u>	<u>30,580</u>	<u>38,568</u>
NET POSITION			
Invested in Capital Assets	198	198	897
Unrestricted	30,382	30,382	37,671
Total Net Position	<u>\$ 30,580</u>	<u>\$ 30,580</u>	<u>\$ 38,568</u>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**NORTH HANOVER BOARD OF EDUCATION  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES  
EXPENSES AND CHANGES IN FUND NET POSITION  
FOR FISCAL YEAR ENDED JUNE 30, 2014  
(With Comparative Totals for June 30, 2013)**

	BUSINESS-TYPE ACTIVITIES-		TOTALS	
	ENTERPRISE FUNDS	FOOD SERVICE	JUNE 30, 2014	JUNE 30, 2013 <small>(MEMORANDUM ONLY)</small>
Operating Revenues:				
Local Sources:				
Daily Sales-Reimbursable Programs	\$ 143,849		\$ 143,849	\$ 171,115
Daily Sales - Nonreimbursable Program	59,932		59,932	55,294
Total Operating Revenue	<u>203,781</u>		<u>203,781</u>	<u>226,409</u>
Operating Expenses:				
Salaries	321,294		321,294	350,474
Employee Benefits	149,125		149,125	138,758
Miscellaneous	10,148		10,148	6,795
Management Fee	28,620		28,620	28,215
Depreciation	699		699	699
Supplies and Materials	13,225		13,225	15,974
Cost of Sales	<u>227,338</u>		<u>227,338</u>	<u>240,181</u>
Total Operating Expenses	<u>750,449</u>		<u>750,449</u>	<u>781,096</u>
Operating Income/(Loss)	<u>(546,668)</u>		<u>(546,668)</u>	<u>(554,687)</u>
Nonoperating Revenues (Expenses):				
State Sources:				
State School Lunch Program	5,285		5,285	5,846
Federal Sources:				
National School Lunch Program	173,458		173,458	176,574
National School Breakfast Program	30,376		30,376	32,664
Impact Aid	305,000		305,000	-
Food Distribution Program	<u>22,014</u>		<u>22,014</u>	<u>29,519</u>
Total Nonoperating Revenue/ (Expenses)	<u>536,133</u>		<u>536,133</u>	<u>244,603</u>
Other Financing Sources/(Uses):				
Interest Revenue- Board Contribution	<u>2,547</u>		<u>2,547</u>	<u>2,589</u>
Total Other Financing Sources/ (Uses)	<u>2,547</u>		<u>2,547</u>	<u>2,589</u>
Change in Net Position	(7,988)		(7,988)	(307,495)
Total Net Position - Beginning	<u>38,568</u>		<u>38,568</u>	<u>346,063</u>
Total Net Position - Ending	<u>\$ 30,580</u>	<u>\$</u>	<u>30,580</u>	<u>\$ 38,568</u>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**NORTH HANOVER BOARD OF EDUCATION  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR FISCAL YEAR ENDED JUNE 30, 2014  
(With Comparative Totals for June 30, 2013)**

	BUSINESS-TYPE		TOTALS	
	ACTIVITIES- ENTERPRISE		(MEMORANDUM ONLY)	
	FUNDS		JUNE 30, 2014	JUNE 30, 2013
	FOOD SERVICE			
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 203,781	\$ 203,781	\$ 220,396	
Payments to Employees	(321,294)	(321,294)	(350,474)	
Payments for Employee Benefits	(149,125)	(149,125)	(138,758)	
Payments to Suppliers	(276,867)	(276,867)	(294,620)	
Net Cash Provided/(Used) by Operating Activities	(543,505)	(543,505)	(563,456)	
Cash Flows From Noncapital Financing Activities:				
Cash Received From State & Federal Programs	5,287	5,287	5,770	
Transfers Out	529,923	529,923	234,239	
Net Cash Provided by Noncapital Financing Activities	535,210	535,210	240,009	
Cash Flows From Investing Activities:				
Interest & Dividends	2,547	2,547	2,589	
Net Cash Provided/(Used) by Investing Activities	2,547	2,547	2,589	
Net Increase/(Decrease) in Cash & Cash Equivalents	(5,748)	(5,748)	(320,858)	
Balances - Beginning of Year	9,976	9,976	330,834	
Balances - Ending of Year	\$ 4,228	\$ 4,228	\$ 9,976	

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

Operating Income (Loss)	\$ (546,668)	\$ (546,668)	\$ (554,687)	
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by (Used in) Operating Activities:				
Depreciation & Net Amortization	699	699	699	
Change in Assets & Liabilities:				
(Increase)/Decrease in Prepaid Meals	-	-	(6,013)	
(Increase)/Decrease in Inventory	2,464	2,464	(3,455)	
Net Cash Provided/(Used) by Operating Activities	\$ (543,505)	\$ (543,505)	\$ (563,456)	

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

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Fiduciary Fund

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**NORTH HANOVER BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2014  
(With Comparative Totals for June 30, 2013)**

ASSETS	PRIVATE PURPOSE		TOTALS	
	SICK PAY BENEFITS	UNEMPLOYMENT COMPENSATION	JUNE 30, 2014	JUNE 30, 2013
Cash & Cash Equivalents	\$ 219,510	\$ 299,603	\$ 519,113	\$ 470,851
Total Assets	219,510	299,603	519,113	470,851
NET POSITION				
Reserve for:				
Sick Pay Benefits	219,510	-	219,510	227,715
Unemployment Compensation	-	299,603	299,603	243,136
Total Net Position	\$ 219,510	\$ 299,603	\$ 519,113	\$ 470,851

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**NORTH HANOVER BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2014  
(With Comparative Totals for June 30, 2013)**

	PRIVATE PURPOSE		TOTALS	
	SICK PAY BENEFITS	UNEMPLOYMENT COMPENSATION	JUNE 30, 2014	JUNE 30, 2013
ADDITIONS				(MEMORANDUM ONLY)
Additions:				
Interest	\$ 123	\$ 614	\$ 737	\$ 744
Impact Aid	55,925	-	55,925	240,264.00
Contributions	-	105,188	105,188	1,668
Total Additions	56,048	105,802	161,850	242,676
DEDUCTIONS				
Quarterly Contribution Reports:				
Unemployment Claims	-	49,335	49,335	4,200
Miscellaneous	64,253	-	64,253	42,892
Total Deductions	64,253	49,335	113,588	47,092
Change in Net Position	(8,205)	56,467	48,262	195,584
Net Position - Beginning of the Year	227,715	243,136	470,851	275,267
Net Position - End of the Year	\$ 219,510	\$ 299,603	\$ 519,113	\$ 470,851

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**NORTH HANOVER BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

The financial statements of the North Hanover Board of Education District (the ‘District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

**A. Reporting Entity**

The North Hanover 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 the Joint Base McGuire-Dix-Lakehurst. 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 Board of Education has an approximate enrollment at June 30, 2014 of 1,292 students.

**B. Component Units**

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

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

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

**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

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014 (continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued):**

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. 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 non-fiduciary 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 position is 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 position. 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 and fiduciary funds. 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.

**E. Fund Accounting**

The accounts of the North Hanover Board of Education District 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. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds and accounts are grouped, in the financial

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014 (continued)**

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

statements in this report, into seven fund types within three broad fund categories and two account groups as follows:

**Governmental Funds**

**General Fund** - The general fund is the general operating fund of North Hanover 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 non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey Department of Education North Hanover 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 capital 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.

**Proprietary 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:

**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.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014 (continued)**

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

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 position) is segregated into contributed capital and unreserved net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Depreciation of all exhaustive capital 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:

Buildings & Improvements	10-50 years
Equipment	12 years
Light Trucks & Vehicles	4 years
Heavy Trucks & Vehicles	6 years

The District’s enterprise fund is comprised of the following:

- Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

**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** - used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The District currently maintains the Unemployment Trust Fund and the Sick Pay Trust as private purpose trusts.

**Agency Funds** - 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 as Agency Funds.

**F. 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 position) is segregated into contributed capital and

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014 (continued)**

**F. Basis of Accounting (continued):**

retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, private purpose 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 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 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.

**G. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are approved by the County Superintendent. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in *N.J.A.C.6:20-2A(m)1*. All budget amendments must be approved by School Board resolution.

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, includes all amendments to the adopted budget, if any.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014 (continued)**

**H. Encumbrances**

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

**I. Cash and Cash Equivalents**

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 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.

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.

**J. 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 two years following the contract year. The cumulative adjustments through June 30, 2014, which have not been recorded, are not determinable.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014 (continued)**

**J. Tuition Receivable/Payable (continued):**

The tuition rate adjustments for the years 2011-2012 have been established. According to the School District's records, these amounts of adjustments are immaterial to the financial statements.

**K. Inventories**

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.

**L. Prepaid Expenses**

Prepaid expenses, which benefit future periods, are only recorded in the government-wide financial statements and in the proprietary fund statements. Prepaid expenses in the proprietary fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014. They are recorded as expenditure during the year of purchase.

**M. 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 Board of Education and that are due within one year.

**N. Capital Assets**

General capital assets acquired or constructed during the year are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital 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 capital assets are valued at their estimated fair market value on the date received. The general capital assets acquired or constructed were valued by an independent appraisal company. General capital 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 capital 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:

Buildings	20-50 Years
Machinery and Equipment	5-10 Years
Improvements	10-20 Years

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014 (continued)**

**O. 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, 2014 for such salaries.

**P. 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 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.

**Q. Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

**R. 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.

**S. Fund Balance**

The North Hanover Board of Education classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014 (continued)**

**S. Fund Balance (continued):**

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**T. Net Position**

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

**U. Impact of Recently Issued Accounting Principles**

Recently Issued and Adopted Accounting Pronouncements

In March 2012, the GASB issued Statement 66, *Technical Corrections—2012*—an amendment of GASB Statements No. 10 and No. 62. GASB 66 improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement is effective for periods beginning after December 15, 2012 although the District elected to early implement Statement 62 in fiscal year 2012. The adoption of GASB 66 does not have any impact on the District’s financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012. Management has implemented this Statement in the District’s financial statements for the year ended June 30, 2014.

Recently Issued Accounting Pronouncements

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27*. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014 (continued)**

**U. Impact of Recently Issued Accounting Principles (continued):**

reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the District’s financial statements.

**S. Subsequent Events**

The North Hanover Board of Education has evaluated subsequent events occurring after June 30, 2014 through the date of October 10 2014, which is the date the financial statements were available to be issued.

**Note 2. Cash and Cash Equivalents**

The District is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at June 30, 2014, and reported at fair value are as follows:

<b>Type</b>	<b>Carrying Value</b>
<b>Deposits</b>	
Demand Deposits	\$ 25,657,335
	<u>25,657,335</u>
Total Deposits	\$ 25,657,335
	<u>25,657,335</u>

**The District's Cash & Cash Equivalents are Reported as Follows:**

Governmental Activities	\$ 25,133,994
Business-Type Activities	4,228
Fiduciary Funds	519,113
	<u>519,113</u>
Total Cash & Cash Equivalents	\$ 25,657,335
	<u>25,657,335</u>

**Custodial Credit Risk** – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity funds or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2014, the District’s bank balance of \$25,868,373 was exposed to custodial credit risk as follows:

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014 (continued)**

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

Insured Under FDIC	\$ 500,000
Uninsured and uncollateralized	368,565
Collateralized in the District's Name Under GUDPA	<u>24,999,808</u>
 Total	 <u><u>\$25,868,373</u></u>

**Note 3. 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 appropriated 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, 2013 to June 30, 2014 fiscal year is as follows:

Beginning Balance, July 1, 2013	\$ 2,024,978
Interest Earnings	<u>7,628</u>
Ending Balance, June 30, 2014	<u><u>\$ 2,032,606</u></u>

**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2014 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014 (continued)**

**Note 4. Accounts Receivable (continued):**

	General Fund	Special Revenue Fund	Proprietary Funds	Total
State Aid	\$ 179,922	\$ -	\$ 431	\$ 180,353
Federal Aid	-	1,669	16,788	18,457
Other	6,129	-	-	6,129
<b>Total</b>	<b>\$ 186,051</b>	<b>\$ 1,669</b>	<b>\$ 17,219</b>	<b>\$ 204,939</b>

**Note 5. Capital Assets**

The schedule on the following page is a summarization of the capital assets by source for the fiscal year ended June 30, 2014.

	June 30, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Tranfers</u>	June 30, <u>2014</u>
Land	\$ 98,818	\$ -	\$ -	\$ -	\$ 98,818
Buildings	46,611,956	-	-	-	46,611,956
Leasehold Improvements	1,692,230	-	-	-	1,692,230
Machinery & Equipment	17,061,375	324,230	-	-	17,385,605
<b>Subtotal</b>	<b>65,464,379</b>	<b>324,230</b>	<b>-</b>	<b>-</b>	<b>65,788,609</b>
Accumulated Depreciation	(19,712,207)	(1,857,654)	-	-	(21,569,861)
<b>Total</b>	<b>\$ 45,752,172</b>	<b>\$ (1,533,424)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 44,218,748</b>

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, 2014:

	June 30, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Tranfers</u>	June 30, <u>2014</u>
Machinery & Equipment	\$ 291,450	\$ -	\$ -	\$ -	\$ 291,450
Less: Accumulated Depreciation	(290,553)	(699)	-	-	(291,252)
<b>Total</b>	<b>\$ 897</b>	<b>\$ (699)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 198</b>

**Note 6. Long-Term Obligations**

During the fiscal year ended June 30, 2014 the following changes occurred in Long-Term Obligations:

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014 (continued)**

**Note 6. Long-Term Obligations (continued):**

	<u>June 30,</u> <u>2013</u>	<u>Retired</u>	<u>Issued</u>	<u>June 30,</u> <u>2014</u>
GASB #45 - Other Post				
Employment Benefits	\$ 35,107	\$ -	\$ -	\$ 35,107
Compensated Absences Payable	227,715	8,205	-	219,510
Total	\$ 262,822	\$ 8,205	\$ -	\$ 254,617

**Note 7. Inventory**

Inventory recorded at June 30, 2014 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$	3,805
Supplies		<u>5,130</u>
Total	\$	<u>8,935</u>

**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

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014 (continued)**

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

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.

**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.

Chapter 78, P.L. 2011 changed this for employees enrolled after June 28, 2011. See Significant Legislation below.

**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.

Effective June 28, 2011, Chapter 78, P.L. 2011 reformed various pension and health benefits provisions. Employees hired after June 28, 2011 and enrolled in PERS will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 PERS members will be age 65 and 30 years of service.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014 (continued)**

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

All cost of living adjustments are frozen until the pension fund reaches a “target funded ratio”.

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

**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 6.5%, effective October 1, 2011, of employees’ annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both 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**

Year Funded	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2014	\$ 314,691	100%	-
6/30/2013	288,906	100%	-
6/30/2012	283,582	100%	-

**Three-Year Trend Information for TPAF & Post Retirement Medical Contributions  
(Paid on behalf of the District)**

Year Funded	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2014	\$ 1,071,436	100%	-
6/30/2013	1,308,566	100%	-
6/30/2012	863,422	100%	-

During the year ended June 30, 2014 the State of New Jersey contributed \$1,071,436 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 \$735,282 for the year ended June 30, 2014 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.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014 (continued)**

**Note 9. Post-Retirement Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 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, 2014, there were 100,134 retirees receiving post-retirement medical benefits, and the state contributed \$1.07 billion on their behalf.. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding 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 employer paid 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 \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2014.

**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 its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the state. The District is billed quarterly for amounts due to the state. The following is a summary of district contributions, employee contributions, reimbursements to the state for benefits paid and the ending balance of the district’s trust fund for the current and previous two years:

Fiscal Year	District Contributions	Interest Earnings	Amount Reimbursed	Ending Balance
2013-2014	\$ 105,188	\$ 614	\$ 49,335	\$ 299,603
2012-2013	1,668	622	4,200	243,136
2011-2012	-	2,772	2,850	245,046

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014 (continued)**

**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 the collectability of any related receivable at June 30, 2014 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. Deferred Compensation**

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). 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 as follows:

Prudential	UNUM	Equitable	Lincoln Investment
	Valic	Met Life	

**Note 14. Compensated Absences**

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position 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, 2014 is \$219,510.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2014 (continued)**

**Note 14. Compensated Absences (continued):**

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, 2014 no liability existed for compensated absences in the proprietary fund types.

**Note 15. Fund Balance Disclosure**

**General Fund (Exhibit B-1)** – Of the \$25,303,917 General Fund fund balance at June 30, 2014, \$2,239,232 is reserved for encumbrances; \$876,589 has been legally restricted in accordance with *N.J.A.C. 6A:23A-8.5(j)* as the 2013-2014 additional spending proposal was not fully expended; \$8,914,187 has been reserved in the Capital Impact Aid Reserve Account; \$2,032,606 has been reserved in the Capital Reserve Account and \$11,241,303 has been reserved in the Impact Aid Reserve Account.

**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 16. Litigation**

Several cases are still pending, as of June 30, 2014, before the Division of Workers' Compensation. These cases are still in litigation and the outcome of such is unknown.

**Note 17. 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 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, 2014 is as follows:

YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE CONTRIBUTED	NET OPEB OBLIGATION
06/30/14	\$4,704	0%	\$35,107

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014 (continued)**

**Note 17. GASB #45 - Post Retirement Health Benefits (continued):**

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 emphasis on expected long-term future trends rather than giving undue weight to 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 \$1,223 per year for calendar year 2013. 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, 2013, was \$35,107.

**Note 18. Legal Authorization of Federal Impact Aid Reserve**

Legislation (Assembly, No. 4084) has been introduced on May 6, 2013 in order to authorize the establishment of a legally restricted federal impact aid reserve account. The legislation states, "Federal impact aid reserve account in the case of a school district that receives federal impact aid pursuant to sections 8002, 8003, 8007, or 8008 of the Elementary and Secondary Education Act of 1965. A board of education may appropriate federal impact aid funds to establish or supplement the reserve account in the district's annual budget or through a transfer by board resolution at year end for withdrawal in any subsequent school year. The board, at its discretion, may use the funds in the reserve account to finance the district's general fund or to finance school facilities projects, in a manner consistent with federal law. The total amount of funds on deposit in the reserve account shall not be limited."

The federal impact aid reserve is currently presented as a, board approved, committed reserve. The introduced legislation will allow the District to reserve federal impact aid as a legally restricted reserve.

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**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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### C. Budgetary Comparison Schedules

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**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBER	JUNE 30, 2014			JUNE 30, 2013			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Revenues:								
Local Sources:								
Local Tax Levy	\$ 2,292,048	\$ -	\$ 2,292,048	\$ 2,292,048	\$ -	\$ 2,203,893	\$ 2,203,893	\$ -
Tuition from Individuals	-	-	4,371	4,371	-	-	-	-
Tuition from LEAs	-	-	8,736	8,736	-	-	-	4,875
Transportation Fees from LEA's	135,000	-	135,000	175,939	-	156,811	152,382	(4,429)
Interest Earned on Capital Reserve Funds	7,628	-	7,628	7,628	-	10,000	4,040	(5,960)
Other Local Revenue/Miscellaneous	163,765	-	163,765	168,693	-	220,000	175,219	(44,781)
<b>Total Local Sources</b>	<b>2,598,441</b>	<b>-</b>	<b>2,598,441</b>	<b>2,657,415</b>	<b>-</b>	<b>2,590,704</b>	<b>2,540,409</b>	<b>(50,295)</b>
State Sources:								
Categorical Transportation Aid	426,591	-	426,591	426,591	-	427,480	427,480	-
Extraordinary Aid	15,511	-	15,511	141,165	-	15,511	54,944	39,433
Categorical Special Education Aid	588,916	-	588,916	588,916	-	576,459	576,459	-
Equalization Aid	9,648,284	-	9,648,284	9,648,284	-	9,615,542	9,615,542	-
Adjustment Aid	417,899	-	417,899	417,899	-	417,899	417,899	-
Security Aid	189,856	-	189,856	189,856	-	181,499	181,499	-
Other State Aid	145,182	-	145,182	145,182	-	-	-	-
Nonpublic Transportation Reimbursement	-	-	2,197	2,197	-	-	1,566	1,566
On-behalf TPAF Pension Contributions (Non-budgeted)	-	-	405,905	405,905	-	-	614,135	614,135
On-behalf TPAF Post-Retirement (Non-budgeted)	-	-	665,531	665,531	-	-	694,431	694,431
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	735,282	735,282	-	-	755,622	755,622
<b>Total State Sources</b>	<b>11,432,239</b>	<b>-</b>	<b>11,432,239</b>	<b>13,366,808</b>	<b>-</b>	<b>11,234,390</b>	<b>13,339,577</b>	<b>2,105,187</b>
Federal Sources:								
Impact Aid/ Department of Defense Special Education - Medicaid Initiative	5,742,423	-	5,742,423	6,795,754	-	4,851,248	7,693,165	2,841,917
Ed Jobs Fund	10,804	-	10,804	161	-	10,804	-	(10,804)
	-	-	-	-	-	-	28,800	-
	-	-	-	-	-	-	-	28,800
<b>Total Federal Sources</b>	<b>5,753,227</b>	<b>-</b>	<b>5,753,227</b>	<b>6,795,915</b>	<b>-</b>	<b>4,862,052</b>	<b>7,721,965</b>	<b>2,831,113</b>
<b>Total Revenues</b>	<b>19,783,907</b>	<b>-</b>	<b>19,783,907</b>	<b>22,820,138</b>	<b>-</b>	<b>18,687,146</b>	<b>23,601,951</b>	<b>4,886,005</b>



**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBER	JUNE 30, 2014			JUNE 30, 2013			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	ORIGINAL BUDGET	JUNE 30, 2013		POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	BUDGET			FINAL BUDGET			
General Supplies	18,200	(2,009)	16,191	6,646	9,545	12,800	11,642	12,800	(1,158)	11,642	4,995	6,647
Textbooks	-	-	-	-	-	3,000	3,000	3,000	-	3,000	-	3,000
Total Resource Room	1,368,455	198,102	1,566,557	1,542,075	24,482	1,192,975	1,349,975	1,192,975	157,000	1,349,975	1,320,054	29,921
Total Special Education	2,370,017	(80,000)	2,290,017	2,204,707	85,310	2,145,263	2,239,796	2,145,263	94,533	2,239,796	2,183,568	56,228
Basic Skills/Remedial:												
Salaries of Teachers	943,238	(40,000)	903,238	895,699	7,539	880,800	816,767	880,800	(64,033)	816,767	816,556	211
Other Purchased Services	400	-	400	-	400	400	400	400	-	400	-	400
General Supplies	-	-	-	-	-	8,800	8,800	8,800	-	8,800	-	8,800
Other Objects	-	220,000	220,000	176,827	43,173	-	185,000	185,000	185,000	185,000	148,154	36,846
Total Basic Skills/Remedial	943,638	180,000	1,123,638	1,072,526	51,112	890,000	1,010,967	890,000	120,967	1,010,967	964,710	46,257
Bilingual Education:												
Salaries of Teachers	48,369	-	48,369	45,849	2,520	46,000	47,000	46,000	1,000	47,000	46,924	76
Purchased Services	-	1,500	1,500	439	1,061	1,000	1,000	1,000	-	1,000	-	1,000
General Supplies	1,000	-	1,000	867	133	800	800	800	-	800	783	17
Other Objects	-	-	-	-	-	100	100	100	-	100	-	100
Total Bilingual Education	49,369	1,500	50,869	47,155	3,714	47,900	48,900	47,900	1,000	48,900	47,707	1,193
School Sponsored Co-curricular Activities:												
Salaries of Teachers	14,600	-	14,600	7,550	7,050	14,600	10,600	14,600	(4,000)	10,600	10,125	475
Purchased Services	31,692	352	32,044	11,754	20,290	31,692	41,192	31,692	9,500	41,192	22,131	19,061
Supplies and Materials	-	-	-	-	-	-	1,000	-	1,000	1,000	287	713
Other Objects	41,900	-	41,900	24,776	17,124	43,900	37,400	43,900	(6,500)	37,400	26,552	10,848
Total School Sponsored Co-curricular Activities	88,192	352	88,544	44,080	44,464	90,192	90,192	90,192	-	90,192	59,095	31,097
Total - Instruction	9,757,807	(197,748)	9,560,059	9,154,639	405,420	9,532,802	9,723,230	9,532,802	190,428	9,723,230	9,381,632	341,598
Undistributed Expenditures:												
Instruction:												
Tuition to Other LEAs Within	-	-	-	-	-	-	4,000	-	4,000	4,000	3,553	447
State - Regular	-	-	-	-	-	-	-	-	-	-	-	-
Tuition to Other LEAs Within	-	99,895	99,895	92,511	7,384	-	-	-	-	-	-	-
State - Special	-	-	-	-	-	-	-	-	-	-	-	-
Tuition to County Special Services	309,034	(65,934)	243,100	233,454	9,646	283,641	279,641	283,641	(4,000)	279,641	47,914	231,727
School Districts & Regular Day Schools	67,000	(30,536)	36,464	36,464	-	64,680	56,438	64,680	(8,242)	56,438	9,596	46,842
Tuition to Private Schools for the Handicapped - State	-	26,913	26,913	26,913	-	-	-	-	-	-	-	-
Tuition-Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Instruction (Undistributed Expenditures)	376,034	30,338	406,372	389,342	17,030	348,321	340,079	348,321	(8,242)	340,079	61,063	279,016
Attendance & Social Work:												
Purchased Professional/Technical												

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBER	JUNE 30, 2014			JUNE 30, 2013			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
11-000-211-100	38,000	-	38,000	38,000	-	38,000	-
Services	38,000	-	38,000	38,000	-	38,000	-
<b>Total Attendance &amp; Social Work</b>	<b>38,000</b>	<b>-</b>	<b>38,000</b>	<b>38,000</b>	<b>-</b>	<b>38,000</b>	<b>-</b>
<b>Health Services:</b>							
Salaries	344,022	4,600	348,622	345,334	3,288	348,622	519
Purchased Professional/Technical Services	21,350	82,193	103,543	74,953	28,590	19,734	4,070
Other Purchased Services	900	(500)	400	400	-	400	43
Supplies & Materials	8,500	(1,001)	7,499	5,762	1,737	8,430	3,208
<b>Total Health Services</b>	<b>374,772</b>	<b>85,292</b>	<b>460,064</b>	<b>426,049</b>	<b>34,015</b>	<b>369,294</b>	<b>8,154</b>
<b>Other Support Services - Students - Related Services:</b>							
Salaries	373,215	(58,500)	314,715	293,948	20,767	363,918	8,299
Purchased Professional/Educational Services	-	13,500	13,500	13,500	-	1,995	1,700
Travel Expenses	4,400	-	4,400	1,916	2,484	3,650	341
Supplies & Materials	6,000	-	6,000	-	6,000	2,751	1,797
Other Objects	383,615	(45,000)	338,615	309,364	29,251	372,714	1,959
<b>Total Other Support Services-Students-Related Services</b>	<b>383,615</b>	<b>(45,000)</b>	<b>338,615</b>	<b>309,364</b>	<b>29,251</b>	<b>372,714</b>	<b>14,096</b>
<b>Other Support Services - Students - Regular:</b>							
Salaries of Other Professional Staff	242,470	-	242,470	237,992	4,478	232,123	63
Other Salaries	25,000	-	25,000	20,754	4,246	21,511	-
Purchased Professional/Educational Services	500	-	500	-	500	500	500
Other Purchased Professional & Technical Services	2,000	-	2,000	-	2,000	-	-
Other Purchased Services	500	-	500	-	500	500	500
Supplies and Materials	3,000	-	3,000	-	3,000	120	120
Other Objects	1,000	-	1,000	-	1,000	1,000	1,000
<b>Total Other Support Services-Students-Regular Services</b>	<b>274,470</b>	<b>-</b>	<b>274,470</b>	<b>258,746</b>	<b>15,724</b>	<b>255,754</b>	<b>2,183</b>
<b>Other Support Services - Students - Special Services:</b>							
Salaries of Other Professional Staff	391,413	26,659	418,072	416,207	1,865	374,398	3,679
Salaries of Secretarial & Clerical Assistants	37,577	2,341	39,918	38,918	1,000	37,952	1,100
Purchased Professional/Educational Services	160,000	(4,578)	155,422	91,618	63,804	170,190	32,944
Other Purchased Professional & Technical Services	12,000	37,333	49,333	45,608	3,725	12,000	922
Miscellaneous Purchased Services	2,500	-	2,500	628	1,872	2,500	2,285
Supplies & Materials	16,000	(1,510)	14,490	11,002	3,488	16,120	7,241
Other Objects	4,000	-	4,000	2,606	1,394	4,355	19
<b>Total Other Support Services-Students-Special Services</b>	<b>623,490</b>	<b>60,245</b>	<b>683,735</b>	<b>606,587</b>	<b>77,148</b>	<b>617,515</b>	<b>48,190</b>

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBER	JUNE 30, 2014			JUNE 30, 2013			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
<b>Improvement of Instruction Services/Other Support</b>							
<b>Services - Instructional Staff:</b>							
Salaries of Supervisors of Instruction	195,025	13,400	208,425	148,454	59,971	118,360	1,893
Salaries of Other Professional Staff	-	8,396	8,396	2,146	6,250	-	413
Salaries of Facil. Math, Lit Coaches	160,248	-	160,248	148,974	11,274	192,000	4,345
Purchased Professional/Educational Services	67,200	(47,563)	19,637	10,005	9,632	82,000	41,795
Other Objects	-	-	-	-	-	2,000	1,819
Supplies & Materials	2,000	1,454	3,454	2,118	1,336	1,000	281
Other Purchased Services	30,650	200	30,850	13,902	16,948	28,310	30,727
	455,123	(24,113)	431,010	325,599	105,411	423,670	62,184
<b>Total Improvement of Instruction Services/Other Support</b>							
Services - Instructional Staff							
	455,123	(24,113)	431,010	325,599	105,411	423,670	62,184
<b>Educational Media Services/School Library:</b>							
Salaries	268,682	(43,500)	225,182	216,175	9,007	212,335	869
Salaries of Technology Coordinator	82,608	(66,631)	15,977	15,977	-	79,756	333
Other Purchased Professional & Technical Services	10,000	-	10,000	8,583	1,417	10,000	8,995
Other Purchased Services	1,700	-	1,700	-	1,700	1,700	35
Supplies & Materials	90,000	342	90,342	77,698	12,644	95,000	6,850
Other Objects	-	-	-	-	-	-	-
	452,990	(109,789)	343,201	318,433	24,768	398,791	10,722
<b>Total Educational Media Services/School Library</b>							
Support Services General Administration:							
Salaries	221,480	1,716	223,196	223,196	-	217,940	38,164
Legal Services	15,000	45,021	60,021	53,815	6,206	15,000	12,655
Audit Fees	38,000	4,270	42,270	23,250	19,020	44,000	32,805
Other Purchased Professional Services	29,000	831	29,831	15,614	14,217	36,000	4,889
Purchase of Technical Services	4,500	242	4,742	2,191	2,551	4,500	2,944
Communications/Telephone	61,658	1,858	63,516	35,914	27,602	61,658	41,763
BOE Other Purchased Services	69,000	(31,800)	37,200	24,707	12,493	-	22,156
Other Purchased Services	12,700	13,331	26,031	26,031	-	3,500	1,422
Supplies & Materials	6,500	200	6,700	5,431	1,269	7,000	1,173
Miscellaneous Expenditures	-	7,731	7,731	7,069	662	51,200	23,254
BOE Membership Dues & Fees	3,700	35,300	39,000	26,286	12,714	27,700	2,108
	461,538	78,700	540,238	443,504	96,734	468,498	118,812
<b>Total Support Services General Administration</b>							
Support Services School Administration:							
Salaries of Principals & Assistant Principals	472,290	(12,176)	460,114	450,574	9,540	461,184	5,890
Salaries of Other Professionals	114,906	-	114,906	100,750	14,156	111,830	111,830
Salaries of Secretarial & Clerical Assistants	270,676	-	270,676	250,898	19,778	264,274	257,382
Other Salaries	2,000	-	2,000	1,075	925	2,000	1,630
Purchased Professional/Technical Services	1,900	-	1,900	280	1,620	1,900	2,400
	1,161,772	(12,176)	1,149,596	1,053,976	115,328	1,143,716	118,812



**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBER	JUNE 30, 2014			JUNE 30, 2013			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	ORIGINAL BUDGET	JUNE 30, 2013		POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS			FINAL BUDGET	ACTUAL	
Total Undistributed Expenditures - Care & Upkeep of Grounds	14,000	1,600	15,600	8,680	6,920	14,000	1,000	15,000	12,619	2,381	
Student Transportation Services:											
Salaries for Noninstitutional Aides	26,520	4,848	31,368	31,368	-	26,000	2,977	28,977	28,977	-	
Salaries for Pupil Transportation (Between Home & School) - Regular	63,000	17,813	80,813	80,813	-	62,990	26,069	89,059	89,059	-	
Salaries for Pupil Transportation (Between Home & School) - Special	75,000	38,987	113,987	113,987	-	65,975	42,157	108,132	108,132	-	
Other Purchased Technical Services	8,500	880	9,380	6,287	3,093	8,000	-	8,000	6,109	1,891	
Contracted Services (Between Home & School) - Vendors	1,066,064	(70,949)	995,115	989,457	5,658	1,125,000	(89,852)	1,035,148	1,019,962	15,186	
Contracted Services (Other Than Between Home & School) - Vendors	14,169	2,000	16,169	15,724	445	16,000	-	16,000	7,423	8,577	
Contracted Services (Between Home & School) - Joint Agreements	10,000	(3,348)	6,652	-	6,652	10,000	-	10,000	-	10,000	
Contracted Services (Special Education Students) - Vendor	203,600	(23,965)	179,635	162,667	16,968	203,600	-	203,600	151,210	52,390	
Contracted Services (Special Education Students) - Joint Agreements	-	4,400	4,400	4,399	1	-	-	-	-	-	
Contract Service Aid In Lieu of Payments	13,260	900	14,160	13,947	213	17,680	(2,500)	15,180	13,702	1,478	
Miscellaneous Purchased Services	65,000	32,423	32,423	32,423	-	65,000	-	65,000	49,458	15,542	
Transportation Supplies	10,000	17,525	82,525	64,309	18,216	56,000	7,972	63,972	49,458	14,514	
Miscellaneous Expenditures	10,000	(2,553)	7,447	5,458	1,989	10,000	(3,883)	6,117	4,094	2,023	
Total Student Transportation Services	1,555,113	18,961	1,574,074	1,520,839	53,235	1,601,245	(17,060)	1,584,185	1,478,126	106,059	
Special Programs - Instruction - Employee Benefits: Health Benefits	185,000	(185,000)	-	-	-	185,000	(185,000)	-	-	-	

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBER	JUNE 30, 2014			JUNE 30, 2013			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Total Special Programs-Instruction-Employee Benefits</b>								
	185,000	(185,000)	-	185,000	(185,000)	-	-	-
<b>Employee Benefits:</b>								
11-000-270-220	12,000	(12,000)	-	11,000	-	11,000	-	11,000
11-000-270-260	5,023	17	5,040	5,023	-	5,023	-	5,023
11-000-270-270	102,793	(7,813)	94,980	98,840	-	98,840	71,449	27,391
<b>Total Allocated Benefits</b>								
	119,816	(19,796)	100,020	114,863	-	114,863	71,449	43,414
<b>Unallocated Benefits - Employee Benefits:</b>								
11-000-291-220	267,150	18,065	285,215	260,000	35,654	295,654	294,461	1,193
<b>PERS</b>								
11-000-291-241	325,000	21,062	346,062	320,000	-	320,000	288,906	31,094
<b>Other Retirement Contribution - Regular</b>								
11-000-291-249	8,000	-	8,000	6,122	-	6,000	3,679	2,321
11-000-291-250	10,000	-	10,000	10,000	-	10,000	-	10,000
<b>Unemployment Contributions</b>								
11-000-291-260	310,000	(119,383)	190,617	285,000	(6,854)	278,146	164,334	113,812
<b>Health Benefits</b>								
11-000-291-270	3,592,050	609,440	4,201,490	3,592,050	-	3,592,050	3,401,160	190,890
<b>Total Unallocated Benefits</b>								
	4,512,200	529,184	5,041,384	4,473,050	28,800	4,501,850	4,152,540	349,310
<b>Nonbudgeted:</b>								
<b>On-Behalf/TPAF Pension Contributions</b>								
10-604-000-000	-	-	405,905	-	-	-	614,135	(614,135)
<b>On-Behalf/TPAF Post-Retirement Medical</b>								
10-604-000-000	-	-	665,531	-	-	-	694,431	(694,431)
<b>Reimbursed TPAF Social Security Contributions</b>								
10-604-000-000	-	-	735,282	-	-	-	755,622	(755,622)
<b>Total Undistributed Expenditures</b>								
	13,639,226	350,167	13,989,393	13,305,185	(70,326)	13,234,859	13,780,634	(545,775)
<b>Total Expenditures - Current Expense</b>								
	23,397,033	152,419	23,549,452	22,837,987	120,102	22,958,089	23,162,266	(204,177)
<b>Capital Outlay:</b>								
<b>Interest Deposit to Capital Reserve</b>								
10-604-000-000	7,628	-	7,628	10,000	-	10,000	-	10,000
<b>Capital Outlay - Equipment:</b>								
<b>Regular Programs - Instruction:</b>								
12-120-100-730	10,000	-	10,000	-	-	-	-	-
12-130-100-730	20,000	-	20,000	15,588	-	15,588	-	-
<b>Total Regular Programs</b>								
	30,000	-	30,000	15,588	-	15,588	-	-
<b>Undistributed Expenditures:</b>								
<b>Instruction</b>								
12-000-100-730	-	-	-	449,650	13,405	463,055	444,773	18,282
<b>Support Services</b>								
12-000-220-730	194,160	(92,390)	101,770	-	8,925	8,925	8,925	-
<b>General Admin.</b>								
12-000-230-730	12,944	3,578	16,522	-	-	-	-	-
<b>School Admin.</b>								
12-000-240-730	67,896	11,510	79,406	11,502	-	11,502	-	-
<b>Required Maintenance School Facilities</b>								
12-000-261-730	-	-	-	-	11,120	11,120	4,201	6,919
<b>School Buses- Regular</b>								
12-000-270-733	-	-	-	-	21,620	21,620	21,620	-
<b>Total Undistributed Expenditures</b>								
	275,000	(77,302)	197,698	89,066	55,070	144,136	479,519	25,201

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBER	JUNE 30, 2014			JUNE 30, 2013			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Facilities Acquisition & Construction Services:							
Architectural/Engineering Services	-	-	-	10,000	17,720	27,720	17,156
Construction Services	264,120	2,195,726	2,459,846	152,500	174,219	326,719	89,360
Other Professional Services	-	-	-	-	335,515	335,515	169,607
Total Facilities Acquisition & Construction Services	264,120	2,195,726	2,459,846	162,500	527,454	689,954	276,123
Total Capital Outlay	576,748	2,118,424	2,695,172	622,150	582,524	1,204,674	755,642
Total Expenditures	23,973,781	2,270,843	26,244,624	23,460,137	702,626	24,162,763	23,917,908
Other Financing Uses/(Sources):							
Transfer Funds to Charter School	21,914	-	21,914	68,370	-	68,370	16,087
Total Expenditures & Other Financing Uses/(Sources)	23,995,695	2,270,843	26,266,538	23,528,507	702,626	24,231,133	23,933,995
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(4,211,788)	(2,270,843)	(6,482,631)	(4,841,361)	(673,826)	(5,515,187)	(332,044)
After Other Financing Uses/(Sources)	27,655,222	-	27,655,222	27,987,266	-	27,987,266	27,987,266
Fund Balances, July 1							
Fund Balances, June 30	\$ 23,443,434	\$ (2,270,843)	\$ 21,172,591	\$ 23,145,905	\$ (673,826)	\$ 22,472,079	\$ 27,655,222
Prior Year Reserve for Encumbrances	\$ 457,063						
Utilization of Impact Aid Reserves	1,813,780						
Total Budget Transfers	\$ 2,270,843						

**RECAPITULATION OF FUND BALANCE:**

Restricted Fund Balance:	
Capital Reserve	\$ 2,032,606
Committed Fund Balance:	
Reserve for Impact Aid	11,241,303
Reserve for Impact Aid Capital Fund	8,914,187
Year-end Encumbrances	2,239,232
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	1,959,822
Unassigned Fund Balance	-
Subtotal	26,387,150
Reconciliation to Governmental Fund Statements (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	(1,083,233)
Fund Balance Per Governmental Funds (GAAP)	\$ 25,303,917

**NORTH HANOVER BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

	JUNE 30, 2014		JUNE 30, 2013		VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET		
<b>REVENUES</b>						
Federal Sources	\$ 250,282	\$ 395,163	\$ 235,642	\$ 294,449	\$ 294,449	\$ -
Total Revenues	250,282	395,163	235,642	294,449	294,449	-
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	-	82,258	-	36,690	36,690	-
Purchased Professional & Technical Services	-	74,808	-	-	-	-
Tuition	250,282	(106,725)	235,642	12,117	247,759	-
General Supplies	-	47,714	-	10,000	10,000	-
Total Instruction	250,282	348,337	235,642	58,807	294,449	-
Support Services:						
Other Purchased Services (400-500 Series)	-	36,048	-	-	-	-
General Supplies	-	10,778	-	-	-	-
Total Support Services	-	46,826	-	-	-	-
Total Expenditures	250,282	395,163	235,642	58,807	294,449	-
Total Outflows	250,282	395,163	235,642	58,807	294,449	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**NORTH HANOVER BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 NOTE TO RSI  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**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)	\$ 22,820,138	\$ 395,163
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year		-
Current Year		(21,493)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,099,088	-
The last State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP, which does not recognize this revenue until the subsequent year when the State recognizes the related expense.	(1,083,233)	-
	\$ 22,835,993	\$ 373,670
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)		
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 24,088,210	\$ 395,163
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	-	(21,493)
	\$ 24,088,210	\$ 373,670
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)		

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**OTHER SUPPLEMENTARY INFORMATION**

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**NORTH HANOVER BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES  
AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(With Comparative Totals for June 30, 2013)**

	I.D.E.A PART B BASIC REGULAR PROGRAM	I.D.E.A PART B PRESCHOOL PROGRAM	N.C.L.B. TITLE I, PART A 2013/2014	N.C.L.B. TITLE II, PART A 2013/2014	2014	2013
<b>Revenues:</b>						
Federal Sources	\$ 277,057	\$ 14,897	\$ 60,338	\$ 42,871	\$ 395,163	\$ 294,449
<b>Total Revenues</b>	<b>\$ 277,057</b>	<b>\$ 14,897</b>	<b>\$ 60,338</b>	<b>\$ 42,871</b>	<b>\$ 395,163</b>	<b>\$ 294,449</b>
<b>Expenditures:</b>						
<b>Instruction:</b>						
Salaries of Teachers	\$ 57,981	\$ 14,897	\$ 9,380	\$ -	\$ 82,258	\$ 36,690
Professional Technical Services	31,937	-	-	42,871	74,808	-
Tuition	143,557	-	-	-	143,557	247,759
General Supplies	22,375	-	25,339	-	47,714	10,000
<b>Total Instruction</b>	<b>255,850</b>	<b>14,897</b>	<b>34,719</b>	<b>42,871</b>	<b>348,337</b>	<b>294,449</b>
<b>Support Services:</b>						
Purchased Professional - Educational Services	15,800	-	20,248	-	36,048	-
General Supplies	5,407	-	5,371	-	10,778	-
<b>Total Support Services</b>	<b>21,207</b>	<b>-</b>	<b>25,619</b>	<b>-</b>	<b>46,826</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 277,057</b>	<b>\$ 14,897</b>	<b>\$ 60,338</b>	<b>\$ 42,871</b>	<b>\$ 395,163</b>	<b>\$ 294,449</b>

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F. Capital Projects Fund

Not Applicable

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Enterprise Funds

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**NORTH HANOVER BOARD OF EDUCATION  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2014  
(With Comparative Totals for June 30, 2013)**

ASSETS	<u>BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS</u> FOOD SERVICE	2014	2013
Current Assets:			
Cash	\$ 4,228	\$ 4,228	\$ 9,976
Accounts Receivable:			
State	431	431	433
Federal	16,788	16,788	15,863
Inventories	8,935	8,935	11,399
	<hr/>		
Total Current Assets	30,382	30,382	37,671
	<hr/>		
Noncurrent Assets:			
Furniture, Machinery & Equipment	291,450	291,450	291,450
Less: Accumulated Depreciation Depreciation	(291,252)	(291,252)	(290,553)
	<hr/>		
Total Fixed Assets	198	198	897
	<hr/>		
Total Assets	30,580	30,580	38,568
	<hr/>		
NET POSITION			
Invested in Capital Assets	198	198	897
Unrestricted	30,382	30,382	37,671
	<hr/>		
Total Net Position	\$ 30,580	\$ 30,580	\$ 38,568
	<hr/> <hr/>		

**NORTH HANOVER BOARD OF EDUCATION  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES  
EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(With Comparative Totals for June 30, 2013)**

	<u>BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS</u>		
	<u>FOOD SERVICE</u>	2014	2013
Operating Revenues:			
Local Sources:			
Daily Sales-Reimbursable Programs	\$ 143,849	\$ 143,849	\$ 171,115
Daily Sales-Non-Reimbursable Program	59,932	59,932	55,294
	<hr/>		
Total Operating Revenue	203,781	203,781	226,409
	<hr/>		
Operating Expenses:			
Salaries	321,294	321,294	350,474
Employee Benefits	149,125	149,125	138,758
Miscellaneous	10,148	10,148	6,795
Management Fee	28,620	28,620	28,215
Depreciation	699	699	699
Supplies and Materials	13,225	13,225	15,974
Cost of Sales	227,338	227,338	240,181
	<hr/>		
Total Operating Expenses	750,449	750,449	781,096
	<hr/>		
Operating Income/(Loss)	(546,668)	(546,668)	(554,687)
	<hr/>		
Nonoperating Revenues (Expenses)			
State Sources:			
State School Lunch Program	5,285	5,285	5,846
Federal Sources:			
National School Lunch Program	173,458	173,458	176,574
National School Breakfast Program	30,376	30,376	32,664
Impact Aid	305,000	305,000	-
Food Distribution Program	22,014	22,014	29,519
	<hr/>		
Total Nonoperating Revenue (Expenses)	536,133	536,133	244,603
	<hr/>		
Other Financing Sources/(Uses):			
Interest Revenue- Board Contribution	2,547	2,547	2,589
	<hr/>		
Total Other Financing Sources/(Uses)	2,547	2,547	2,589
	<hr/>		
Change in Net Position	(7,988)	(7,988)	(307,495)
Total Net Position - Beginning	38,568	38,568	346,063
	<hr/>		
Total Net Position - Ending	\$ 30,580	\$ 30,580	\$ 38,568
	<hr/> <hr/>		

**NORTH HANOVER BOARD OF EDUCATION  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(With Comparative Totals for June 30, 2013)**

	<u>BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS</u>		
	<u>FOOD SERVICE</u>	2014	2013
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 203,781	\$ 203,781	\$ 220,396
Payments to Employees	(321,294)	(321,294)	(350,474)
Payments for Employee Benefits	(149,125)	(149,125)	(138,758)
Payments to Suppliers	(276,867)	(276,867)	(294,620)
	<hr/>	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	(543,505)	(543,505)	(563,456)
	<hr/>	<hr/>	<hr/>
Cash Flows From Noncapital Financing Activities:			
State Sources	5,287	5,287	5,770
Federal Sources	529,923	529,923	234,239
	<hr/>	<hr/>	<hr/>
Net Cash Provided by Noncapital Financing Activities	535,210	535,210	240,009
	<hr/>	<hr/>	<hr/>
Cash Flows From Investing Activities:			
Interest & Dividends	2,547	2,547	2,589
	<hr/>	<hr/>	<hr/>
Net Increase/(Decrease) in Cash & Cash Equivalents	(5,748)	(5,748)	(320,858)
Balances - Beginning of Year	9,976	9,976	330,834
	<hr/>	<hr/>	<hr/>
Balances - Ending of Year	\$ 4,228	\$ 4,228	\$ 9,976
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

Operating Income (Loss)	\$ (546,668)	\$ (546,668)	\$ (554,687)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by (Used in) Operating Activities:			
Depreciation & Net Amortization	699	699	699
Increase/(Decrease) in Prepaid Meals	-	-	(6,013)
Increase/(Decrease) in Inventories	2,464	2,464	(3,455)
	<hr/>	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	\$ (543,505)	\$ (543,505)	\$ (563,456)
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Internal Service Fund

Not Applicable

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## H. Fiduciary Fund

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**NORTH HANOVER BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2014  
(With Comparative Totals for June 30, 2013)**

ASSETS	PRIVATE PURPOSE		2014	2013
	SICK PAY BENEFITS	UNEMPLOYMENT COMPENSATION		
Assets:				
Cash & Cash Equivalents	\$ 219,510	\$ 299,603	\$ 519,113	\$ 470,851
Total Assets	219,510	299,603	519,113	470,851
NET POSITION				
Reserved For:				
Sick Pay Benefits	219,510	-	219,510	227,715
Unemployment Compensation	-	299,603	299,603	243,136
Total Net Position	\$ 219,510	\$ 299,603	\$ 519,113	\$ 470,851

**NORTH HANOVER BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
JUNE 30, 2014  
(With Comparative Totals for June 30, 2013)**

	<u>PRIVATE PURPOSE</u>		2014	2013
	<u>SICK PAY BENEFITS</u>	<u>UNEMPLOYMENT COMPENSATION</u>		
Additions:				
Interest	\$ 123	\$ 614	\$ 737	\$ 744
Impact Aid	55,925	-	55,925	240,264.00
Contributions	-	105,188	105,188	1,668
Total Additions	<u>56,048</u>	<u>105,802</u>	<u>161,850</u>	<u>242,676</u>
Deductions:				
Unemployment Claims	-	49,335	49,335	4,200
Miscellaneous	64,253	-	64,253	42,892
Total Deductions	<u>64,253</u>	<u>49,335</u>	<u>113,588</u>	<u>47,092</u>
Change in Net Position	(8,205)	56,467	48,262	195,584
Net Position, July 1	<u>227,715</u>	<u>243,136</u>	<u>470,851</u>	<u>275,267</u>
Net Position, June 30	<u>\$ 219,510</u>	<u>\$ 299,603</u>	<u>\$ 519,113</u>	<u>\$ 470,851</u>

**NORTH HANOVER BOARD OF EDUCATION  
PAYROLL FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

ASSETS	BALANCE JULY 1, 2013	ADDITIONS	DISBURSEMENTS	BALANCE JUNE 30, 2014
Cash & Cash Equivalents	\$ -	\$ 7,922,945	\$ 7,922,945	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 7,922,945</u>	<u>\$ 7,922,945</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	\$ -	\$ 7,922,945	\$ 7,922,945	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 7,922,945</u>	<u>\$ 7,922,945</u>	<u>\$ -</u>

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I. Long-Term Debt

Not Applicable

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**STATISTICAL SECTION (Unaudited)**

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**NORTH HANOVER BOARD OF EDUCATION**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*

FISCAL YEAR ENDING JUNE 30.

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 44,218,748	\$ 45,752,172	\$ 46,854,184	\$ 47,717,045	\$ 46,176,592	\$ 44,162,815	\$ 41,114,230	\$ 39,541,520	\$ 36,591,931	\$ 35,848,152
Restricted	25,303,917	26,556,134	26,945,211	26,509,908	27,648,824	27,409,841	27,746,229	23,736,939	20,399,401	19,568,572
Unrestricted	(254,617)	(262,822)	(262,963)	(308,986)	(781,831)	(46,170)	149,426	566,444	506,816	1,110,317
<b>Total Governmental Activities</b>	<b>\$ 69,268,048</b>	<b>\$ 72,045,484</b>	<b>\$ 73,536,432</b>	<b>\$ 73,917,967</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>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 198	\$ 897	\$ 1,596	\$ 2,295	\$ 2,994	\$ 4,395	\$ 5,796	\$ 11,150	\$ 26,304	\$ 35,298
Restricted	-	-	-	-	-	-	-	-	5,790,000	-
Unrestricted	30,382	37,671	344,467	288,838	432,452	319,448	303,533	211,478	159,691	324,706
<b>Total Business-Type Activities</b>	<b>\$ 30,580</b>	<b>\$ 38,568</b>	<b>\$ 346,063</b>	<b>\$ 291,133</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>District-Wide:</b>										
Net Investment in Capital Assets	\$ 44,218,946	\$ 45,753,069	\$ 46,855,780	\$ 47,719,340	\$ 46,179,586	\$ 44,167,210	\$ 41,120,026	\$ 39,552,670	\$ 36,618,235	\$ 35,883,450
Restricted	25,303,917	26,556,134	26,945,211	26,509,908	27,648,824	27,409,841	27,746,229	23,736,939	20,399,401	19,568,572
Unrestricted	(224,235)	(225,151)	81,504	(20,148)	(349,379)	273,278	452,959	777,922	666,507	1,435,023
<b>Total District Net Position</b>	<b>\$ 69,298,628</b>	<b>\$ 72,084,052</b>	<b>\$ 73,882,495</b>	<b>\$ 74,209,100</b>	<b>\$ 73,479,031</b>	<b>\$ 71,850,329</b>	<b>\$ 69,319,214</b>	<b>\$ 64,067,531</b>	<b>\$ 57,684,143</b>	<b>\$ 56,887,045</b>

**NORTH HANOVER BOARD OF EDUCATION  
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
FISCAL YEAR ENDING JUNE 30.										
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ (6,113,015)	\$ (6,421,001)	\$ (7,013,168)	\$ (6,771,798)	\$ (7,118,161)	\$ (6,873,898)	\$ (6,414,424)	\$ (6,043,552)	\$ (5,992,280)	\$ (6,152,843)
Special Education	(2,204,707)	(2,183,568)	(2,070,232)	(1,963,098)	(1,760,867)	(1,643,708)	(1,327,616)	(1,269,245)	(1,177,685)	(1,237,413)
Other Special Education	-	-	-	-	-	-	(315,954)	(294,527)	(177,520)	(238,901)
Other Instruction	(1,163,761)	(1,071,512)	(255,718)	(228,216)	(66,904)	(63,312)	(46,131)	(51,550)	(49,882)	(76,824)
Support Services:										
Tuition	(389,342)	(61,063)	(200,252)	(268,948)	(101,415)	(192,159)	(116,034)	(92,302)	(81,252)	(92,739)
Attendance & Social Work	(38,000)	(38,000)	(38,000)	-	-	-	-	-	-	-
Health Services	(426,049)	(361,140)	(347,895)	(333,259)	(367,859)	(338,171)	(319,507)	(315,408)	(306,559)	(284,581)
Student & Instruction Related Services	(1,547,122)	(1,516,955)	(1,327,828)	(1,298,917)	(1,220,721)	(1,244,622)	(1,218,384)	(1,152,073)	(1,253,233)	(1,286,917)
Educational Media Services/School Library	(318,433)	(390,869)	(387,050)	(390,144)	(384,771)	(318,120)	(301,386)	(298,564)	(295,412)	(337,447)
School Administrative Services	(443,504)	(393,897)	(392,663)	(373,557)	(412,238)	(432,794)	(396,209)	(372,764)	(367,758)	(394,444)
Other Administrative Services	(1,231,848)	(1,237,097)	(1,239,986)	(1,179,431)	(1,297,424)	(1,241,412)	(1,220,656)	(1,217,663)	(1,173,858)	(1,262,046)
Plant Operations & Maintenance	(1,991,487)	(2,015,310)	(2,080,173)	(2,110,902)	(2,140,442)	(2,240,983)	(1,888,768)	(1,742,828)	(1,581,176)	(1,338,105)
Pupil Transportation	(1,520,839)	(1,478,126)	(1,486,320)	(1,471,455)	(1,364,226)	(1,454,284)	(1,226,308)	(980,892)	(861,105)	(706,893)
Business & Other Support Services	-	-	(16,087)	(87,421)	(41,257)	-	-	-	-	(11)
Transfer of Funds to Charter School	(6,749,543)	(6,288,177)	(5,769,425)	(5,502,522)	(5,230,236)	(4,659,078)	(5,232,897)	(5,049,890)	(4,337,497)	(4,125,998)
Unallocated/Allocated Benefits	-	-	-	-	-	-	-	-	-	-
Decrease in Compensated Absences - Unallocated	8,205	141	25,834	24,955	(50,405)	(4,625)	(34,137)	(18,533)	31,178	19,369
Unallocated Depreciation	(1,857,654)	(1,857,654)	(1,817,519)	(1,767,813)	(1,618,575)	(1,538,713)	(1,448,443)	(1,032,129)	(875,859)	(945,366)
Total Governmental Activities	(25,987,099)	(25,330,315)	(24,487,816)	(23,676,362)	(23,134,244)	(22,245,879)	(21,506,854)	(19,931,920)	(18,499,898)	(18,461,159)
Business-Type Activities:										
Food Service	(750,449)	(781,096)	(844,454)	(826,828)	(853,874)	(881,710)	(849,734)	(878,378)	(750,418)	(719,279)
Total Business-Type Activities Expense	(750,449)	(781,096)	(844,454)	(826,828)	(853,874)	(881,710)	(849,734)	(878,378)	(750,418)	(719,279)
Total District Expenses	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####
Program Revenues:										
Governmental Activities	\$ 373,670	\$ 294,449	\$ 307,766	\$ 361,464	\$ 408,654	\$ 279,876	\$ 669,337	\$ 506,721	\$ 529,098	\$ 517,313
Operating Grants & Contributions										
Total Governmental Activities Program Revenues	373,670	294,449	307,766	361,464	408,654	279,876	669,337	506,721	529,098	517,313
Business-Type Activities:										
Charges for Services:										
Food Service	203,781	226,409	217,184	231,262	233,642	235,175	220,713	230,158	234,875	218,803

**NORTH HANOVER BOARD OF EDUCATION  
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30.									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating Grants	536,133	244,603	678,183	447,880	729,407	656,229	709,521	646,022	181,930	628,831
Total Business Type Activities	739,914	471,012	895,367	679,142	963,049	891,404	930,234	876,180	416,805	847,634
Program Revenues	\$ 1,113,584	\$ 765,461	\$ 1,203,133	\$ 1,040,606	\$ 1,371,703	\$ 1,171,280	\$ 1,599,571	\$ 1,382,901	\$ 945,903	\$ 1,364,947
Total District Program Revenues										
<b>Net/(Expense)/Revenue:</b>										
Governmental Activities	(25,613,429)	(25,035,866)	(24,180,050)	(23,314,898)	(22,725,590)	(21,966,003)	(20,837,517)	(19,425,199)	(17,970,800)	(17,943,846)
Business-Type Activities	(10,535)	(310,084)	50,913	(147,686)	109,175	9,694	80,500	(2,198)	(333,613)	128,355
Total District-Wide Net Expense	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####
<b>General Revenues &amp; Other Changes in Net Assets:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 2,292,048	\$ 2,203,893	\$ 2,114,955	\$ 2,029,264	\$ 1,951,412	\$ 1,892,543	\$ 1,819,753	\$ 1,661,288	\$ 1,631,754	\$ 1,568,665
Federal & State Aid Not Restricted	20,178,578	21,004,509	21,353,403	21,746,977	21,275,006	21,653,343	22,424,448	21,972,674	15,589,719	20,457,733
Transportation	175,939	152,382	153,303	150,015	151,458	144,618	135,528	60,515	64,470	33,224
Tuition	13,107	4,875	5,350	5,057	72,054	48,393	62,132	37,509	-	-
Investment Earnings	7,628	4,040	7,628	8,230	8,199	31,204	82,285	114,810	68,022	46,300
Miscellaneous Income	168,693	175,219	163,876	249,737	379,188	752,865	1,391,828	1,639,062	1,737,943	1,243,019
Cancel Prior Year Payables	-	-	-	-	405,372	-	86,525	286,096	-	180,879
Board Contribution	-	-	-	-	-	-	-	-	(150,000)	(150,000)
Total Governmental Activities	22,835,993	23,544,918	23,798,515	24,189,280	24,242,689	24,522,966	26,002,499	25,771,954	18,941,908	23,379,820
<b>Business-type Activities</b>										
Investment Earnings	2,547	2,589	4,017	3,373	2,428	4,820	6,201	33,041	15,394	3,301
Transfers	-	-	-	-	-	-	-	-	150,000	150,000
Total Business-Type Activities	2,547	2,589	4,017	3,373	2,428	4,820	6,201	33,041	165,394	153,301
Total District-Wide	\$ 22,838,540	\$ 23,547,507	\$ 23,802,532	\$ 24,192,653	\$ 24,245,117	\$ 24,527,786	\$ 26,008,700	\$ 25,804,995	\$ 19,107,302	\$ 23,533,121
Change in Net Position:										
Governmental Activities	\$ (2,777,436)	\$ (1,490,948)	\$ (381,535)	\$ 874,382	\$ 1,517,099	\$ 2,556,963	\$ 5,164,982	\$ 6,346,755	\$ 971,108	\$ 5,435,974
Business-Type Activities	(7,988)	(307,495)	54,930	(144,313)	111,603	14,514	86,701	30,843	(168,219)	281,656
Total District	\$ (2,785,424)	\$ (1,798,443)	\$ (326,605)	\$ 730,069	\$ 1,628,702	\$ 2,571,477	\$ 5,251,683	\$ 6,377,598	\$ 802,889	\$ 5,717,630

**NORTH HANOVER BOARD OF EDUCATION  
FUND BALANCES AND GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>General Fund:</b>										
Restricted	\$ 2,032,606	\$ 2,024,977	\$ 2,020,938	\$ 2,013,310	\$ 2,005,080	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	22,394,722	20,711,394	20,672,224	20,531,376	18,927,552	-	-	-	-	-
Assigned	876,589	3,819,763	4,252,049	3,965,222	6,263,324	25,414,297	26,766,253	23,736,939	20,399,401	19,568,572
Unassigned	-	-	-	-	-	2,222,954	1,363,131	757,761	679,600	1,314,279
<b>Total General Fund</b>	<b>\$ 25,303,917</b>	<b>\$ 26,556,134</b>	<b>\$ 26,945,211</b>	<b>\$ 26,509,908</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>All Other Governmental Funds:</b>										
Assigned, Reported in:										
Special Revenue Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,114)	\$ (1,839)	\$ (1,839)	\$ (1,839)	\$ (1,839)
<b>Total All Other Governmental Funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</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>

**NORTH HANOVER BOARD OF EDUCATION  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Revenues</b>										
Tax Levy	\$ 2,292,048	\$ 2,203,893	\$ 2,114,955	\$ 2,029,264	\$ 1,951,412	\$ 1,892,543	\$ 1,819,753	\$ 1,661,288	\$ 1,631,754	\$ 1,568,665
Tuition Charges	13,107	4,875	5,350	5,057	72,054	48,393	62,132	37,509	-	-
Interest Earned Capital Reserve Funds	7,628	4,040	7,628	8,230	8,199	31,204	82,285	114,810	68,022	46,300
Transportation	175,939	152,382	153,303	150,015	151,458	144,618	135,528	60,515	64,470	33,224
Miscellaneous	168,693	175,219	163,876	249,737	379,188	752,865	1,391,828	1,639,060	1,737,943	1,243,019
State Sources	13,382,663	13,282,544	12,258,690	11,721,993	10,426,595	12,032,472	13,151,196	12,072,016	11,566,367	11,433,673
Federal Sources	7,169,585	8,016,414	9,402,479	10,386,448	11,257,065	9,900,747	9,942,589	10,407,379	4,552,450	9,541,373
<b>Total Revenue</b>	<b>23,209,663</b>	<b>23,839,367</b>	<b>24,106,281</b>	<b>24,550,744</b>	<b>24,245,971</b>	<b>24,802,842</b>	<b>26,585,311</b>	<b>25,992,577</b>	<b>19,621,006</b>	<b>23,866,254</b>
<b>Expenditures</b>										
<b>Instruction:</b>										
Regular Instruction	6,113,015	6,421,001	7,013,168	6,771,798	7,118,161	6,873,898	6,414,424	6,043,552	5,992,280	6,152,843
Special Education Instruction	2,204,707	2,183,568	2,070,232	1,963,098	1,760,867	1,643,708	1,327,616	1,269,245	1,177,685	1,237,413
Other Special Instruction	-	-	-	-	-	-	315,954	294,527	177,520	238,901
Undistributed Expenditures	-	-	-	-	-	-	-	-	-	-
Other Instruction	1,163,761	1,071,512	255,718	228,216	66,904	63,312	46,131	51,550	49,882	76,824
<b>Support Services:</b>										
Tuition	389,342	61,063	200,252	268,948	101,415	192,159	116,034	92,302	81,252	92,739
Attendance & Social Work	38,000	38,000	38,000,000	-	-	-	-	-	-	-
Health Services	426,049	361,140	347,895	333,259	367,859	338,171	319,507	315,408	306,559	284,581
Student & Instruction Related Services	1,547,122	1,516,955	1,327,828	1,298,917	1,220,721	1,244,622	1,218,384	1,152,073	1,253,233	1,286,917
Educational Media Services/School Library	318,433	390,869	387,050	390,144	384,771	318,120	301,386	298,564	295,412	337,447
School Administrative Services	443,504	393,897	392,663	373,557	412,238	432,794	396,209	372,764	367,758	394,444
Central Services	387,863	371,826	334,382	321,839	313,676	301,783	294,367	264,619	269,682	276,601
Administration Information Technology	32,327	32,885	31,650	31,399	29,733	28,947	61,769	89,939	76,676	73,700,00
Other Administrative Services	811,658	832,386	873,954	826,193	954,015	910,682	864,520	863,105	827,500	911,745
Plant Operations & Maintenance	1,991,487	2,015,310	2,080,173	2,110,902	2,140,442	2,240,983	1,888,768	1,742,828	1,581,176	1,338,105
Pupil Transportation	1,520,839	1,478,126	1,486,320	1,471,455	1,364,226	1,454,284	1,226,308	980,892	861,105	706,893
Business & Other Support Services	-	-	-	-	-	-	-	11	380,930	323,058
Allocated Benefits	-	-	-	-	-	-	50,260	45,922	-	-
Unallocated Benefits	6,749,543	6,288,177	5,789,614	5,497,544	5,225,258	4,654,100	5,232,897	5,049,890	4,287,237	4,080,076
Capital Outlay	324,230	755,642	954,658	3,308,266	3,632,352	4,587,298	3,021,153	3,981,716	1,619,639	1,042,727
<b>Total Expenditures</b>	<b>24,461,880</b>	<b>24,212,357</b>	<b>23,583,557</b>	<b>25,195,535</b>	<b>25,092,638</b>	<b>25,284,861</b>	<b>23,045,427</b>	<b>22,862,974</b>	<b>19,276,862</b>	<b>18,579,894</b>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>(1,252,217)</b>	<b>(372,990)</b>	<b>522,724</b>	<b>(644,791)</b>	<b>(846,667)</b>	<b>(482,019)</b>	<b>3,539,884</b>	<b>3,539,884</b>	<b>3,129,603</b>	<b>346,150</b>
<b>Other Financing Sources/(Uses):</b>										

**NORTH HANOVER BOARD OF EDUCATION  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Cancellation of Prior Year Accounts Payable	-	-	-	-	405,372	-	-	-	-	-
Transfer of Funds to Charter School	-	(16,087)	(87,421)	(41,257)	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	86,525	286,096	-	180,879
Transfers Out	-	-	-	-	-	-	-	-	(150,000)	(150,000)
<b>Total Other Financing Sources/ (Uses)</b>	-	(16,087)	(87,421)	(41,257)	405,372	-	86,525	286,096	(150,000)	30,879
<b>Net Change in Fund Balances</b>	<b>\$ (1,252,217)</b>	<b>\$ (389,077)</b>	<b>\$ 435,303</b>	<b>\$ (686,048)</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>
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 BOARD OF EDUCATION**  
**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	SOLAR ENERGY CREDITS	TUITION	TOTAL
2014	\$ 115,573	\$ 17,025	\$ 36,095	\$ -	\$ 168,693
2013	99,188	76,031	-	-	175,219
2012	110,014	53,862	-	-	163,876
2011	150,480	99,257	-	-	249,737
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

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	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	TAX EXEMPT PROPERTY	PUBLIC UTILITIES (a)	NET VALUATION TAXABLE	LOCAL SCHOOL TAX RATE (b)	EQUALIZED VALUE
2013	\$ 8,135,900	\$ 297,498,400	\$ 43,305,900	\$ 3,999,062	\$ 52,406,450	\$ 327,800	\$ 13,060,100	\$ 418,733,612	\$ 191,867,720	\$ 1,144,222	\$ 419,877,834	0.546	\$ 429,187,138
2012	7,626,700	299,041,200	47,208,400	3,817,000	55,552,750	327,800	14,068,500	427,642,350	186,808,500	1,130,610	428,772,960	0.514	440,784,678
2011	7,469,300	300,264,900	42,790,000	3,828,800	58,829,650	-	14,139,900	427,322,550	191,648,300	1,130,610	428,453,160	0.494	458,272,038
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

**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	
2013	0.546	0.653	1.199	0.293	0.381	1.873
2012	0.514	0.617	1.131	0.277	0.388	1.796
2011	0.494	0.603	1.097	0.273	0.406	1.776
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

Source: Municipal Tax Collector

**PRINCIPAL PROPERTY TAX PAYERS,  
 CURRENT YEAR AND NINE YEARS AGO**

**NOT AVAILABLE**

**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	
2013	\$ 7,893,876	\$ 7,681,550	97.31%	\$ 212,326
2012	7,625,093	7,395,314	96.99%	229,779
2011	7,659,117	7,440,241	97.14%	218,876
2010	7,607,626	7,433,685	97.71%	173,941
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%	226,873
2006	6,498,335	6,380,469	98.19%	117,866
2005	6,000,660	5,773,292	96.21%	227,368
2004	5,573,693	5,385,624	96.63%	188,069

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, 2014

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

There is no Outstanding Debt as of June 30, 2014

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2014**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
North Hanover Township	\$ 2,183,170	100.000%	\$ 2,183,170
Northern Burlington County Regional	18,431,000	15.530%	2,862,334
Burlington County	318,797,148	1.070%	<u>3,411,129</u>
Subtotal, Overlapping Debt			8,456,634
North Hanover School District Direct Debt			<u>-</u>
Total Direct & Overlapping Debt			<u><u>\$ 8,456,634</u></u>

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

**NOTE:**

Debt outstanding data provided by each governmental unit.

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

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

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

	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt Limit	\$ 14,953,108	\$ 16,240,715	\$ 17,620,705	\$ 17,586,066	\$ 16,755,516	\$ 14,455,298	\$ 9,021,059	\$ 7,699,445	\$ 6,649,808	\$ 6,071,450
Legal Debt Margin	\$ 14,953,108	\$ 16,240,715	\$ 17,620,705	\$ 17,586,066	\$ 16,755,516	\$ 14,455,298	\$ 9,021,059	\$ 7,699,445	\$ 6,649,808	\$ 6,071,450
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 2014**

Equalized Valuation Basis	
2013	\$ 407,804,453
2012	435,880,491
2011	<u>438,009,994</u>
Average Equalized Valuation of Taxable Property	<u>\$ 427,231,646</u>
Debt Limit (3.5% of Average Equalization Value)	<u>\$ 14,953,108</u>
Legal Debt Margin	<u>\$ 14,953,108</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	UNEMPLOYMENT RATE
		PERSONAL INCOME	
2013	7,669	N/A	10.4%
2012	7,725	51,079	11.5%
2011	7,692	48,318	11.1%
2010	* 7,685	47,391	11.4%
2009	7,368	46,496	10.7%
2008	7,371	47,673	6.3%
2007	7,401	45,420	4.6%
2006	7,503	43,365	5.1%
2005	7,511	40,686	4.7%
2004	7,500	39,516	6.0%

**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

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

\* 2010 Census

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

	2014		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Twin Oaks Moving Co.	40-50	1	N/A
Thermal Piping	30-50	2	N/A
Specialty Fabricators	38	3	N/A
United Communities	30	4	N/A
Herman's Trucking	30	5	N/A
Matrix Hanover Golf	21	6	N/A
Maranatha	18	7	N/A
Tara's Tavern	18	8	N/A
Rite Aid	16	9	N/A
G.W Tire	12	10	N/A
Total	<u>183</u>		

**2005 NOT AVAILABLE**

**Source:** Municipal Records

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

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Instruction:										
Regular	95	94	107	107	107	108	109	110	112	112
Special Education	59	57	33	33	33	32	32	31	32	32
Other Special Education	12	12	7	7	7	7	7	7	7	7
Support Services:										
Student & Instruction Related Services	24	27	46	46	53	48	58	58	58	58
School Administrative Services	15	15	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	30	31	23	23	23	24	25	24	24	24
Pupil Transportation	11	11	5	5	5	5	5	4	4	4
Business & Other Support Services	7	6	5	5	5	5	5	6	6	6
Food Service	6	6	8	8	8	8	8	8	8	8
<b>Total</b>	<b>261</b>	<b>261</b>	<b>241</b>	<b>241</b>	<b>248</b>	<b>244</b>	<b>256</b>	<b>255</b>	<b>258</b>	<b>258</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
2014	1,292	\$ 21,864,964	16,923	-2.04%	134	10	1,267	1,199	14.66%	94.63%
2013	1,282	22,146,870	17,275	-3.10%	136	9	1,105	1,047	-10.38%	94.75%
2012	1,252	22,321,133	17,828	-2.10%	140	9	1,233	1,172	4.14%	95.05%
2011	1,182	21,525,805	18,211	-1.12%	140	8	1,184	1,123	3.59%	94.85%
2010	1,143	21,051,632	18,418	2.83%	140	8	1,143	1,082	0.26%	94.66%
2009	1,140	20,417,687	17,910	7.06%	140	8	1,140	1,052	-1.81%	92.28%
2008	1,157	19,354,937	16,729	10.16%	140	8	1,161	1,078	-4.05%	92.85%
2007	1,210	18,374,357	15,185	13.67%	141	9	1,210	1,141	-5.62%	94.30%
2006	1,282	17,126,119	13,359	3.46%	144	9	1,282	1,233	-2.73%	96.18%
2005	1,318	17,017,849	12,912	6.43%	144	9	1,318	1,220	-2.01%	92.53%

Sources: District records

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	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
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	N/A	N/A	N/A	N/A	161	167	160	170	189	209
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	337	330	342	299	321	307	320	326	359	370
Atlantis School:										
Square Feet	39,855	39,855	39,855	39,855	39,855	39,855	39,855	39,855	39,855	39,855
Capacity (Students)	283	283	283	283	283	283	283	283	283	283
Enrollment	234	234	219	197	180	202	181	206	222	248
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	164	187	176						
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	446	446	446	446	472	472	472	472	472
Enrollment	419	408	431	416	216	224	224	342	331	315
Upper Elementary School:										
Square Feet	125,729	125,729	125,729	125,729	125,729	125,729	125,729	125,729	125,729	125,729
Capacity (Students)	487	487	487	487	500	500	500	500	500	500
Enrollment	291	304	269	265	240	272	272	272	272	272

Number of Schools at June 30, 2014  
Elementary = 4

Source: District Facilities Office

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

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Columbia School	\$ 6,000	\$ -	\$ 19,244	\$ -	\$ 60,168	\$ 90,399	\$ 65,611	\$ 49,846	\$ 69,153	\$ 40,651
Discovery School	70,005	65,000	85,016	90,794	56,305	77,231	66,580	70,219	55,950	52,024
Atlantis School	69,694	70,000	71,150	63,911	63,338	77,169	68,802	69,878	58,265	39,677
Challenger School	-	-	-	-	-	-	146	56,358	44,128	34,166
C.B. Lamb School	98,870	79,000	107,162	114,704	82,107	68,751	73,669	94,418	84,426	74,488
Upper Elementary School	76,950	136,000	141,360	134,452	127,725	109,270	85,250	-	-	-
<b>Total School Facilities</b>	<b>\$ 321,519</b>	<b>\$ 350,000</b>	<b>\$ 423,932</b>	<b>\$ 403,861</b>	<b>\$ 389,643</b>	<b>\$ 422,820</b>	<b>\$ 360,058</b>	<b>\$ 340,719</b>	<b>\$ 311,922</b>	<b>\$ 241,006</b>

Source: District records

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2014**

EXHIBIT J-20

	COVERAGE	DEDUCTIBLE
<b>School Package Policy - NJ School Boards Association Insurance Group (NJSBAIG)</b>		
Blanket Real and Personal Property	\$500,000,000	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	500
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	
Surety Bonds - Selective Insurance		
Treasurer	272,500	
Board Secretary	100,000	

Source: District records

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**SINGLE AUDIT SECTION**

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EXHIBIT K-1

**INDEPENDENT AUDITOR’S 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 Board of Education  
Wrightstown, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the North Hanover Board of Education, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise North Hanover Board of Education’s basic financial statements, and have issued our report thereon dated .

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant No. 1101

October 10, 2014  
Medford, New Jersey



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-  
133 AND NEW JERSEY OMB CIRCULAR 04-04.**

Honorable President and Members  
of the Board of Education  
North Hanover Board of Education  
Wrightstown, New Jersey

**Report on Compliance for Each Major Federal and State Program**

We have audited North Hanover Board of Education’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major federal and state programs for the year ended June 30, 2014. North Hanover Board of Education’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.

**Management’s Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of North Hanover Board of Education’s major federal and state programs based on our audit of the types of compliance requirements referred to above. 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the *New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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 or state program occurred. An audit includes examining, on a test basis, evidence about North Hanover Board of

Education'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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of North Hanover Board of Education's compliance with those requirements.

### **Opinion on Each Major Federal and State Program**

In our opinion, North Hanover Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2014.

### **Report on Internal Control Over Compliance**

Management of North Hanover Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered North Hanover Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, 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 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant No. 1101

October 10, 2014  
Medford, New Jersey

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**NORTH HANOVER BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - SCHEDULE A  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2013	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE) 2014	DEFERRED REVENUE 2014	DUE TO GRANTOR 2014
U.S. Department of Agriculture:											
Passed-through State Department of Education:											
Food Distribution Program	10.550	Unavailable	\$ 22,014	7/1/13-6/30/14	\$ -	\$ -	22,014	\$ (22,014)	\$ -	\$ -	\$ -
National School Breakfast Program	10.553	Unavailable	30,376	7/1/13-6/30/14	-	-	27,782	(30,376)	(2,594)	-	-
National School Breakfast Program	10.553	Unavailable	32,664	7/1/12-6/30/13	(2,678)	-	2,678	-	-	-	-
Supplemental Nutrition Assistance Program	10.551	Unavailable	6,683	7/1/13-6/30/14	-	-	6,139	(6,683)	(544)	-	-
National School Lunch Program	10.555	Unavailable	166,775	7/1/13-6/30/14	-	-	153,125	(166,775)	(13,650)	-	-
National School Lunch Program	10.555	Unavailable	176,574	7/1/12-6/30/13	(13,186)	-	13,186	-	-	-	-
Total U.S. Department of Agriculture					(15,864)	-	224,924	(225,848)	(16,788)	-	-

**U.S. DEPARTMENT OF EDUCATION PASSED-  
THROUGH STATE DEPARTMENT OF EDUCATION:**

P.L. 103-382 Impact Aid Section 8003(b)	84.041	Unavailable	6,895,990	Various	-	-	6,895,990	(6,895,990)	-	-	-				
P.L. 103-382 Impact Aid Section 8003(d)	84.041	Unavailable	16,740	Various	-	-	16,740	(16,740)	-	-	-				
P.L. 108-375 Impact Aid D.O.D.	84.041	Unavailable	243,949	Various	-	-	243,949	(243,949)	-	-	-				
N.C.L.B.:															
Title I - Part A	84.010	NCLB061014	133,976	9/1/13-8/31/14	-	-	49,465	(60,338)	(10,873)	-	-				
Title II - Part A	84.367	NCLB061014	49,138	9/1/13-8/31/14	-	-	42,871	(42,871)	-	-	-				
ID.E.A. Part B, Basic Regular	84.027	FT365013	279,071	9/1/12-8/31/13	(202,089)	-	202,089	-	-	-	-				
ID.E.A. Part B, Basic Regular	84.027	FT365014	277,057	9/1/13-8/31/14	-	-	267,004	(277,057)	(10,053)	-	-				
ID.E.A. Preschool	84.173	FT365014	14,897	9/1/13-8/31/14	-	-	12,662	(14,897)	(2,235)	-	-				
ID.E.A. Preschool	84.173	FT365013	15,378	9/1/12-8/31/13	(15,378)	-	15,378	-	-	-	-				
Total U.S. Department of Education					(217,467)	-	7,746,148	(7,551,842)	(23,161)	-	-				
Total Federal Financial Assistance											\$ (233,331)	\$ 7,971,072	\$ (7,777,690)	\$ (39,949)	\$ -

**NORTH HANOVER BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE - SCHEDULE B  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2013	CASH RECEIVED	BUDGETARY EXPENDITURES	ACCOUNTS RECEIVABLE 2014	DEFERRED REVENUE 2014	BUDGETARY RECEIVABLE	MEMO	
										CUMULATIVE TOTAL EXPENDITURES	TOTAL
<b>State Department of Education:</b>											
General Fund:											
Equalization Aid	14-495-034-5120-078	\$ 9,648,284	7/1/13-6/30/14	\$ -	\$ 9,648,284	\$ (9,648,284)	\$ -	\$ -	\$ (915,441)	\$ 9,648,284	\$ -
Transportation Aid	14-495-034-5120-014	426,591	7/1/13-6/30/14	-	426,591	(426,591)	-	-	(40,475)	426,591	-
Special Education Aid	14-495-034-5120-089	588,916	7/1/13-6/30/14	-	588,916	(588,916)	-	-	(55,877)	588,916	-
Adjustment Aid	14-495-034-5120-085	417,899	7/1/13-6/30/14	-	417,899	(417,899)	-	-	(39,651)	417,899	-
Security Aid	14-495-034-5120-084	189,856	7/1/13-6/30/14	-	189,856	(189,856)	-	-	(18,014)	189,856	-
Educational Adequacy Aid	14-495-034-5120-083	145,182	7/1/13-6/30/14	-	145,182	(145,182)	-	-	(13,775)	145,182	-
Extraordinary Special Education Costs Aid	13-495-034-5120-044	54,944	7/1/12-6/30/13	(54,944)	54,944	-	-	-	-	-	-
Extraordinary Special Education Costs Aid	14-495-034-5120-044	141,165	7/1/13-6/30/14	-	-	(141,165)	(141,165)	-	-	141,165	-
Transportation Aid Reimbursement	13-495-034-5120-014	1,566	7/1/12-6/30/13	(1,566)	1,566	-	-	-	-	-	-
Transportation Aid Reimbursement	14-495-034-5120-014	2,197	7/1/13-6/30/14	-	-	(2,197)	(2,197)	-	-	2,197	-
On-Behalf TPAF Pension Contributions	14-495-034-5095-001	405,905	7/1/13-6/30/14	-	405,905	(405,905)	-	-	-	405,905	-
On-Behalf TPAF Post-Retirement	14-495-034-5095-001	665,531	7/1/13-6/30/14	-	665,531	(665,531)	-	-	-	665,531	-
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	755,622	7/1/12-6/30/13	(161,918)	161,918	-	-	-	-	-	-
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	735,282	7/1/13-6/30/14	-	698,722	(735,282)	(36,560)	-	-	735,282	-
<b>Total General Fund</b>				<b>(2,18,428)</b>	<b>13,405,314</b>	<b>(13,366,808)</b>	<b>(179,922)</b>	<b>-</b>	<b>(1,083,233)</b>	<b>13,366,808</b>	<b>-</b>
<b>Special Revenue Fund:</b>											
Mentor Training	05-495-034-5120-05	1,560	Indefinite	1,560	-	-	-	1,560	-	-	-
<b>Total Special Revenue Fund</b>				<b>1,560</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,560</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Enterprise Fund:</b>											
National School Lunch Program	13-100-010-3360-067	5,846	7/1/12-6/30/13	(433)	433	-	-	-	-	-	-
National School Lunch Program	14-100-010-3360-067	5,285	7/1/13-6/30/14	-	4,854	(5,285)	(431)	-	-	5,285	-
<b>Total Enterprise Fund</b>				<b>(433)</b>	<b>5,287</b>	<b>(5,285)</b>	<b>(431)</b>	<b>-</b>	<b>-</b>	<b>5,285</b>	<b>-</b>
<b>Total State Financial Assistance</b>				<b>\$ (2,17,301)</b>	<b>\$ 13,410,601</b>	<b>\$ (13,372,093)</b>	<b>\$ (180,353)</b>	<b>\$ 1,560</b>	<b>\$ (1,083,233)</b>	<b>\$ 13,372,093</b>	<b>\$ -</b>

On-Behalf TPAF Pension Contributions \$ 405,905  
On-Behalf TPAF Post-Retirement 665,531  
Total State Financial Assistance Reported on Single Audit Summary \$ (12,300,657)

**NORTH HANOVER BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2014**

**Note 1. General**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the North Hanover Board of Education. 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 \$15,855 for the general fund and \$(21,493) 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 BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2014**

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

	<b>Federal</b>	<b>State</b>	<b>Total</b>
General Fund	\$ 6,795,915	\$ 13,382,663	\$ 20,178,578
Special Revenue Fund	373,670		373,670
Sick Pay Trust	55,925		55,925
Food Service Fund	530,848	5,285	536,133
Total Financial Assistance	<u>\$ 7,756,358</u>	<u>\$ 13,387,948</u>	<u>\$ 21,144,306</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. 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, 2014. 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, 2014.

**Note 6. Federal and State Loans Outstanding**

The North Hanover Board of Education had no loan balances outstanding at June 30, 2014.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2014**

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

**Financial Statements**

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

**Federal Awards**

Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
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	Unmodified
Any audit findings disclosed that are required to be reported in accordance With 510(A) of Circular A-133	None Reported

**Identification of major programs:**

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.041 84.027 & 84.173	PL103-382 Federal Impact Aid & Defense Aid Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):  
For the Fiscal Year Ended June 30, 2014**

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

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:	\$369,020
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	Unmodified
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered To be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04	None Reported

**Identification of major programs:**

GMIS Number(s)	Name of State Program
14-495-034-5120-078	Equalization Aid
14-495-034-5120-084	Security Aid
14-495-034-5120-089	Special Education Categorical Aid
14-495-034-5120-083	Educational Adequacy Aid
14-495-034-5120-085	Adjustment Aid
14-495-034-5120-014	Transportation Aid

**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*.

No Current Year Findings

**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, 2014**

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.

**Findings 2011-01:**

**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 condition has been corrected.

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