

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

Wrightstown, New Jersey  
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**WRIGHTSTOWN, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Prepared by**

**The Business Office of the North Hanover School District**

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**INTRODUCTORY SECTION**

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*North Hanover Township*  
**SCHOOL★DISTRICT**

*331 Monmouth Road*  
*Wrightstown, NJ 08562*

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

[\(609\) 738-2600](tel:(609)738-2600)

Mrs. Helen E. Payne  
Superintendent

Mrs. Amy S. Lerner  
School Business Administrator

February 19, 2022

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

Dear Board Members/Citizens:

The Annual Comprehensive Financial Report (ACFR) of the North Hanover Township School District for the fiscal year ended June 30, 2021 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 North Hanover Township School District. 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, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the district as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The Annual Comprehensive Financial Report is presented in four sections as follows:

Introductory Section:

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

Financial Section:

Section contains the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.

Statistical Section:

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB’s Circular 15-08 OMB, “*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*”. Information related to this Single Audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

**REPORTING ENTITY AND ITS SERVICES**

The North Hanover Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The School District provides a full range of educational services appropriate to grade levels Pre-K through 6. These include regular as well as special education for children with special needs. The School District’s enrollment, as of October 15<sup>th</sup>, for the current and past nine fiscal years are detailed below.

<b>FISCAL YEAR</b>	<b>ENROLLMENT</b>	<b>PERCENT CHANGE</b>
2021	1,120	-5.80%
2020	1,189	6.83%
2019	1,113	-1.68%
2018	1,132	-5.11%
2017	1,193	-0.08%
2016	1,194	-0.42%
2015	1,199	-7.20%
2014	1,292	0.78%
2013	1,282	2.40%
2012	1,252	5.92%

**ECONOMIC CONDITION AND OUTLOOK**

The local community of North Hanover Township is not experiencing any major development or expansion. The student population was on a slight upswing during the 2019-2020 school year, possibly due to the implementation of a full day preschool program. The student population is currently on a slight downswing, possibly due to reduction of students enrolling due to COVID-19. 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.

## **MAJOR INITIATIVES**

A new school housing all the fifth and sixth grade students under one roof was 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 the existing schools thus, a community school for children living on Base. One school, with a capacity for 950 students, was to be built for military students from grades Pre-K through grade 4. The district completed the grant process and was awarded a \$62 million grant on December 13, 2016. As part of this initiative, the Columbia School was demolished in July 2015, site work preparation and regrading was completed in September 2016, and the school project was put out to bid and awarded in April of 2017. The new school, Endeavour Elementary School opened in September of 2019. During the 2019-2020 school year, the district began planning with the architect and construction manager for upgrades, improvements and an addition to the CB Lamb Elementary School. The project was phased in over two summers, the first phase was completed during the summer of 2019 and the second phase during the summer of 2020. Both CB Lamb and Endeavour Schools have best practices security and technology systems. The district is now embarking upon a project to update the security of the Upper Elementary School during the summers of 2021 and 2022 as well as restructuring of the main office area in the summer of 2022.

## **INTERNAL ACCOUNTING CONTROLS**

Management of the School 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 and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general 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 delivered; and (2) the valuation of costs and benefits require estimates and judgments by management.

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

As part of the School 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.

## **BUDGETARY CONTROLS**

In addition to internal accounting controls, the School District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount

as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as re-appropriations of fund balance in the subsequent year.

**ACCOUNTING SYSTEM AND REPORTS**

The School District’s accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The School District’s accounting system is organized on the basis of funds. The funds are explained in “Notes to Financial Statements”, Note 1.

**FINANCIAL POLICIES**

The intent of the School Board is to ensure that the School District manages its budget and finance in a fiscally prudent and responsible way by establishing financial policies for the Budget, Fund Balance and the maintenance of adequate reserves. The government-wide 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 the liability is incurred. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues except for certain grant revenues, are recognized when susceptible to accrual that is when they become measurable and available. Property taxes, interest and certain General Fund revenues are the significant revenue sources considered susceptible to accrual.

**OTHER INFORMATION**

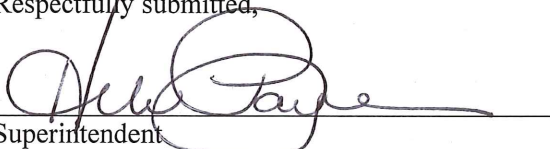
*INDEPENDENT AUDIT*

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holt McNally & Associates Inc. was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor’s report on the basic financial statements and combining statements and related major fund supporting 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.

**ACKNOWLEDGEMENTS**

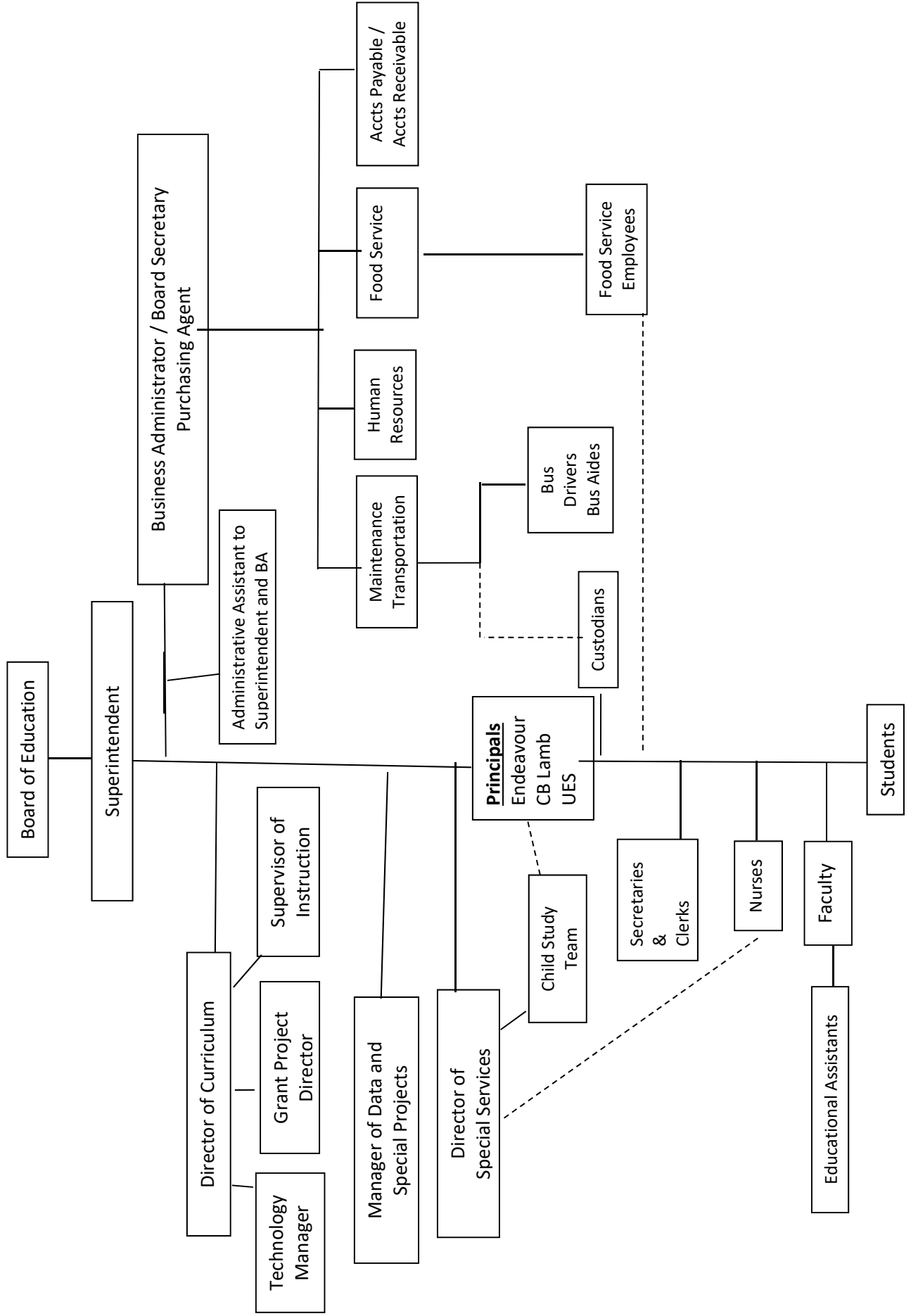
We would like to express our appreciation to the members of the Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation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

Respectfully submitted,

  
Superintendent

  
School Business Administrator/Board Secretary

# NORTH HANOVER TOWNSHIP PUBLIC SCHOOLS



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**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**  
**331 Monmouth Road**  
**Wrightstown, New Jersey 08562**

**ROSTER OF OFFICIALS**  
**JUNE 30, 2021**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
William C. Sullivan, Sr., President	2022
Nancy Morrow, Vice President	2023
Janet W. Bruder	2022
Casey Noble	2023
Bryan Reading	2021
Lieutenant Colonel Andrew Clemmensen, Base Liaison	

**OTHER OFFICIALS**

Helen E. Payne, Superintendent

Amy S. Lerner, School Business Administrator/Board Secretary

Jodi Lennon, Treasurer

Bruce W. Padula, Esq., Board Attorney  
Clearly, Giacobbe, Alfieri, Jacobs LLC

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

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

Michael Holt, CPA, PSA, RMA  
Holt McNally & Associates, Inc.  
618 Stokes Road  
Medford, New Jersey 08055

**ATTORNEY**

Bruce Padula  
Cleary, Giacobbe, Alfieri, Jacobs LLC  
5 Ravine Drive P.O. Box 533  
Matawan, New Jersey 07747

**OFFICIAL DEPOSITORY**

TD Bank  
6000 Atrium Way  
Mt Laurel, New Jersey 08054

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
North Hanover Township School District  
County of Burlington  
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 Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School 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 and requirements 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 Township School District, County of Burlington, State of New Jersey, as of June 30, 2021, 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.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2021 the District adopted new accounting guidance, *GASB Statement No. 84, Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### *Prior Period Restatement*

Due to the implementation of GASB Statement No. 84 and a valuation of District capital assets in the current year, fund balance as of June 30, 2020 on the statement of activities and the statement of revenues, expenditures, and changes in fund balances has been restated, as discussed in Note 19 to the financial statements. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions and other post-employment benefits, as listed 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 Township School District's basic financial statements. The introductory section, combining and individual fund statements and statistical section, are presented for purposes of



additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also not a required part of the basic financial statements.

The combining and individual fund financial statements and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate 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 and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an 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 February 19, 2022 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

**HOLT MCNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants & Advisors*

Michael Holt  
Certified Public Accountant  
Public School Accountant, No. 1148

Medford, New Jersey  
February 19, 2022

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**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

Management's Discussion and Analysis

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**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**(Unaudited)**

As management of the North Hanover Township School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the Food Service Fund.

**Fund Financial Statements**

*Fund financial statements* are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into two categories: *governmental funds and proprietary funds*.

*Governmental funds* account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements,

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**(Unaudited) (Continued)**

**Overview of the Basic Financial Statements (continued)**

**Fund Financial Statements (continued)**

the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains three individual governmental funds. The major funds are the General Fund, the Special Revenue Fund and the Capital Projects Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund and Special Revenue Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

*Proprietary funds* are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

The School District’s one enterprise fund (Food Service Fund) is listed individually and is considered to be a major fund.

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**Financial Analysis of the School District as a Whole**

Table 1 provides a summary of the School Districts net position for the fiscal years 2021 and 2020.

**Table 1**  
**Summary of Net Position**

	June 30, <u>2021</u>	June 30, <u>2020</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 49,354,416	\$ 42,779,641	\$ 6,574,775	15%
Capital Assets, Net	109,950,742	104,084,187	5,866,555	6%
Total Assets	<u>159,305,158</u>	<u>146,863,828</u>	<u>12,441,330</u>	8%
Deferred Outflow of Resources	1,294,851	1,342,788	(47,937)	-4%

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**(Unaudited) (Continued)**

**Financial Analysis of the School District as a Whole (continued)**

**Table 1**  
**Summary of Net Position (continued)**

	June 30, <u>2021</u>	June 30, <u>2020</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current and other Liabilities	9,383,484	1,360,052	8,023,432	590%
Noncurrent Liabilities	6,510,805	6,867,901	(357,096)	-5%
Total Liabilities	<u>15,894,289</u>	<u>8,227,953</u>	<u>7,666,336</u>	93%
Deferred Inflow of Resources	<u>2,666,432</u>	<u>2,745,422</u>	<u>(78,990)</u>	100%
Net Position:				
Net Investment in Capital Assets	109,950,742	104,084,187	5,866,555	6%
Restricted	28,597,984	32,368,621	(3,770,637)	-12%
Unrestricted (Deficit)	3,490,562	780,433	2,710,129	347%
Total Net Position	<u>\$ 142,039,288</u>	<u>\$ 137,233,241</u>	<u>\$ 4,806,047</u>	4%

Table 2 reflects the changes in net position for fiscal years 2021 and 2020.

**Table 2**  
**Summary of Changes in Net Position**

	June 30, <u>2021</u>	June 30, <u>2020</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<b>Revenues:</b>				
Program Revenues:				
Charges for Services	\$ 6,940	\$ 158,540	\$ (151,600)	-96%
Operating Grants & Contributions	11,781,578	8,502,243	3,279,335	39%
General Revenues:				
Property Taxes	3,150,765	3,088,985	61,780	2%
Federal & State Aid	24,967,859	33,590,242	(8,622,383)	-26%
Other General Revenues	469,835	186,052	283,783	153%
Total Revenues	<u>40,376,977</u>	<u>45,526,062</u>	<u>(5,149,085)</u>	-11%

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**(Unaudited) (Continued)**

**Financial Analysis of the School District as a Whole (continued)**

**Table 2**  
**Summary of Changes in Net Position (continued)**

	June 30, <u>2021</u>	June 30, <u>2020</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<b>Function/Program Expenses:</b>				
Regular Instruction	5,486,334	5,302,254	184,080	3%
Special Education Instruction	4,145,780	3,959,291	186,489	5%
Other Instruction	923,959	824,001	99,958	12%
Tuition	338,855	370,974	(32,119)	-9%
Student & Instruction Related Services	3,707,494	3,686,085	21,409	1%
General Administrative	392,229	417,217	(24,988)	-6%
School Administrative Services	631,734	626,427	5,307	1%
Central Services	346,633	341,106	5,527	2%
Administrative Information Technology	38,323	37,501	822	2%
Plant Operations & Maintenance	1,880,598	1,650,869	229,729	14%
Pupil Transportation	1,513,243	1,163,728	349,515	30%
Unallocated Benefits	8,110,658	5,671,432	2,439,226	43%
On Behalf TPAF Pension and Social Security Contributions	4,188,986	3,872,435	316,551	8%
Loss on Disposal of Capital Assets	603,524	-	603,524	N/A
Unallocated Depreciation	2,587,503	2,821,761	(234,258)	-8%
Food Service	675,077	625,693	49,384	8%
<b>Total Expenses</b>	<b>35,570,930</b>	<b>31,370,774</b>	<b>4,200,156</b>	<b>13%</b>
Change In Net Position	4,806,047	14,155,288	(9,349,241)	-66%
Net Position - Beginning	137,233,241	123,077,953	14,155,288	12%
Net Position - Ending	<u>\$ 142,039,288</u>	<u>\$ 137,233,241</u>	<u>\$ 4,806,047</u>	4%

As described in Note 1 to the financial statements “Adopted Accounting Pronouncements”, the district has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, for the year ended June 30, 2021. The adoption of this principle and a valuation of District Capital Assets resulted in a restatement of the District’s opening net position as of July 1, 2020 in the amount of \$508,448 and \$220,360, respectively, as indicated in Note 19 to the Financial Statements. Prior years’ balances reflected in the MD&A have been updated to reflect this change.

**Governmental Activities**

Governmental activities increased the net position of the School District by \$4,851,374 or 3.55% during the current fiscal year.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$141,661,529 with an unrestricted balance of \$3,373,675. The unrestricted net position of the District is lower than the governmental funds primarily due to accounting treatment for compensated absences payable and net pension liability. The School District’s governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:



**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**(Unaudited) (Continued)**

**Governmental Activities (continued)**

**Table 3**

Unrestricted Net Position (With GASB 68)	\$	3,373,675
Add back: PERS Pension Liability		5,895,526
Add back: Deferred Inflows related to pensions		2,666,432
Less: Deferred Outflows related to pensions		<u>(1,294,851)</u>
Unrestricted Net Position (Without GASB 68)	\$	<u>10,640,782</u>

**Business-type Activities**

At the end of the current fiscal year, the School District's proprietary funds (Food Service Fund) reported a combined ending fund balance of \$377,759, a decrease of \$45,327 from the prior year.

**General Fund Budgeting Highlights**

Final budgeted revenues were \$22,548,817, which was a decrease of \$179,488 from the original budget due to a reduction in state aid. Final budgeted appropriations were \$40,008,581, which was an increase of \$17,069,550 from the original budget. The difference is the combination of \$6,201,541 in prior year reserve for encumbrances and a utilization of Federal Impact Aid Reserve of \$10,868,009.

**Financial Analysis of the Government's Funds**

**Governmental Funds** - At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$40,279,201, a decrease of \$1,427,298 or 3.42% from the prior year restated fund balance in the amount of \$41,706,499.

**Capital Assets**

The School District's capital assets for its governmental and business-type activities as of June 30, 2021, totaled \$109,950,742 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements and equipment. There was a net increase in the School District's investment in capital assets for the current fiscal year in the amount of \$5,866,555. Table 4 reflects the capital assets.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**(Unaudited) (Continued)**

**Capital Assets (continued)**

**Table 4**  
**Summary of Capital Assets - Governmental Activities**

<u>Capital Asset (Net of Depreciation):</u>	June 30, <u>2021</u>	June 30, <u>2020</u>
Land	\$ 98,818	\$ 98,818
Construction in Progress	38,390,273	34,500,654
Building and Improvements	68,749,134	68,140,574
Equipment	2,451,645	1,029,634
	<u>\$ 109,689,870</u>	<u>\$ 103,769,680</u>
Depreciation Expense	<u>\$ 2,587,503</u>	<u>\$ 2,821,761</u>

**Summary of Capital Assets - Business-Type Activities**

<u>Capital Asset (Net of Depreciation):</u>	June 30, <u>2021</u>	June 30, <u>2020</u>
Equipment	\$ 260,872	\$ 314,507
	<u>\$ 260,872</u>	<u>\$ 314,507</u>
Depreciation Expense	<u>\$ 31,398</u>	<u>\$ 23,043</u>

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

**Debt Administration**

**Long-term debt** – At the end of the current fiscal year, the School District \$-0- in bonded debt. Long-term liabilities consisted of Compensated Absences Payable and Net Pension Liability of \$615,279 and \$5,895,526, respectively.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**(Unaudited) (Continued)**

**Factors on the School District's Future**

- The local community of North Hanover Township is not experiencing any major development or expansion. The student population had held flat over the previous several years on average, however, the district is starting to see an increase in enrollment, especially in the younger grades. In addition to the local community students, the District has the responsibility of education the students of families assigned to the Joint Base MDL: the Department of Defense's first joint base and the only joint base that has consolidated Air Force, Army and Navy Installations.
- Revenues received by the District are primarily Impact Aid from the Federal Government, as well as State Aid and a local tax levy. The District received a slight increase in state and federal funding for the 2020-21 school year when compared to the 2019-20 year. Additionally, the district became eligible for the Pre-School Expansion Aid Grant from the State of New Jersey in August 2018. The district anticipates that the approved 2021-22 budget will be adequate to satisfy all of 2021-22 financial needs.

**Contacting the School Districts Financial Management**

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

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**BASIC FINANCIAL STATEMENTS**

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A. Government-Wide Financial Statements

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**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	GOVERNMENTAL <u>ACTIVITIES</u>	BUSINESS-TYPE <u>ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS:</b>			
Cash & Cash Equivalents	\$ 20,239,891	\$ 111,670	\$ 20,351,561
Receivables, Net (Note 4)	648,049	1,680	649,729
Inventory	-	16,810	16,810
Restricted Cash & Cash Equivalents	28,336,316	-	28,336,316
Capital Assets, Net (Note 5)			
Non-depreciable	38,489,091	-	38,489,091
Depreciable	71,200,779	260,872	71,461,651
<b>Total Assets</b>	<b>158,914,126</b>	<b>391,032</b>	<b>159,305,158</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 8)	1,294,851	-	1,294,851
<b>Total Deferred Outflow of Resources</b>	<b>1,294,851</b>	<b>-</b>	<b>1,294,851</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>160,208,977</b>	<b>391,032</b>	<b>160,600,009</b>
<b>LIABILITIES:</b>			
Accounts Payable	104,387	1,500	105,887
Due to Other Governments	425,556	-	425,556
Unearned Revenue	8,840,268	11,773	8,852,041
Noncurrent Liabilities (Note 7):			
Due in more than one year	6,510,805	-	6,510,805
<b>Total Liabilities</b>	<b>15,881,016</b>	<b>13,273</b>	<b>15,894,289</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 8)	2,666,432	-	2,666,432
<b>Total Deferred Inflow of Resources</b>	<b>2,666,432</b>	<b>-</b>	<b>2,666,432</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>18,547,448</b>	<b>13,273</b>	<b>18,560,721</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	109,689,870	260,872	109,950,742
Restricted for:			
Capital Projects	2,211,181	-	2,211,181
Impact Aid	26,126,605	-	26,126,605
Other Purposes	260,198	-	260,198
Unrestricted (Deficit)	3,373,675	116,887	3,490,562
<b>Total Net Position</b>	<b>\$ 141,661,529</b>	<b>\$ 377,759</b>	<b>\$ 142,039,288</b>

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

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 5,486,334	\$ -	\$ -	(5,486,334)	-	(5,486,334)
Special Education Instruction	4,145,780	-	1,767,423	(2,378,357)	-	(2,378,357)
Other Instruction	923,959	-	-	(923,959)	-	(923,959)
Support Services:						
Tuition	338,855	-	168,761	(170,094)	-	(170,094)
Student & Instruction Related Services	3,707,494	-	785,944	(2,921,550)	-	(2,921,550)
General Administrative	392,229	-	-	(392,229)	-	(392,229)
School Administrative Services	631,734	-	-	(631,734)	-	(631,734)
Central Services	346,633	-	-	(346,633)	-	(346,633)
Administrative Info. Technology	38,323	-	-	(38,323)	-	(38,323)
Plant Operations & Maintenance	1,880,598	-	-	(1,880,598)	-	(1,880,598)
Pupil Transportation	1,513,243	-	-	(1,513,243)	-	(1,513,243)
Unallocated Benefits	8,110,658	-	4,225,417	(3,885,241)	-	(3,885,241)
On Behalf TPAF Pension and Soc. Sec. Contributions	4,188,986	-	4,188,986	-	-	-
Unallocated Depreciation	2,587,503	-	-	(2,587,503)	-	(2,587,503)
<b>Total Governmental Activities</b>	<b>34,292,329</b>	<b>-</b>	<b>11,136,531</b>	<b>(23,155,798)</b>	<b>-</b>	<b>(23,155,798)</b>
Business-Type Activities:						
Food Service	675,077	6,940	645,047	-	(23,090)	(23,090)
<b>Total Business-Type Activities</b>	<b>675,077</b>	<b>6,940</b>	<b>645,047</b>	<b>-</b>	<b>(23,090)</b>	<b>(23,090)</b>
<b>Total Primary Government</b>	<b>\$ 34,967,406</b>	<b>\$ 6,940</b>	<b>\$ 11,781,578</b>	<b>(23,155,798)</b>	<b>(23,090)</b>	<b>(23,178,888)</b>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				3,150,765	-	3,150,765
Federal & State Aid Restricted				1,872,029	-	1,872,029
Federal & State Aid Not Restricted				23,095,830	-	23,095,830
Tuition Charges				118,893	-	118,893
Miscellaneous				350,942	-	350,942
Special Items:						
Loss on Disposal of Capital Assets				(581,287)	(22,237)	(603,524)
<b>Total General Revenues, Special Items and Transfers</b>				<b>28,007,172</b>	<b>(22,237)</b>	<b>27,984,935</b>
Change In Net Position				4,851,374	(45,327)	4,806,047
Net Position - Beginning (Restated - Note 19)				136,810,155	423,086	137,233,241
<b>Net Position - Ending</b>				<b>\$ 141,661,529</b>	<b>\$ 377,759</b>	<b>\$ 142,039,288</b>

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

## B. Fund Financial Statements

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**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS:</b>				
Cash & Cash Equivalents	\$ 17,087,465	\$ 740,832	\$ 2,411,594	\$ 20,239,891
Receivables, Net:				
Interfund Receivable	33,050	148,582	-	181,632
Due from Other Governments:				
State	245,945	-	-	245,945
Federal	-	31,987	370,117	402,104
Restricted Cash & Cash Equivalents	28,336,316	-	-	28,336,316
<b>Total Assets</b>	<b>\$ 45,702,776</b>	<b>\$ 921,401</b>	<b>\$ 2,781,711</b>	<b>\$ 49,405,888</b>
<b>LIABILITIES &amp; FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 88,349	\$ 14,733	\$ -	\$ 103,082
Payroll Deductions and Withholdings Payable	1,305	-	-	1,305
Due to Other Governments	-	400	-	400
Interfund Payable	148,582	-	33,050	181,632
Unearned Revenue	7,636,938	1,203,330	-	8,840,268
<b>Total Liabilities</b>	<b>7,875,174</b>	<b>1,218,463</b>	<b>33,050</b>	<b>9,126,687</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Capital Reserve	1,950,126	-	-	1,950,126
Impact Aid - General	25,911,754	-	-	25,911,754
Impact Aid - Capital Fund	214,851	-	-	214,851
Scholarship	-	613	-	613
Unemployment	259,585	-	-	259,585
Capital Projects	-	-	261,055	261,055
<b>Assigned to:</b>				
Other Purposes	9,985,244	-	-	9,985,244
Unassigned	(493,958)	(297,675)	2,487,606	1,695,973
<b>Total Fund Balances</b>	<b>37,827,602</b>	<b>(297,062)</b>	<b>2,748,661</b>	<b>40,279,201</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 45,702,776</b>	<b>\$ 921,401</b>	<b>\$ 2,781,711</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 \$128,623,120 and the accumulated depreciation is \$18,933,250.	109,689,870
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.	
Deferred Outflows related to pensions	1,294,851
Deferred Inflows related to pensions	(2,666,432)
Accrued pension contributions for the June 30, 2021 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(425,156)
Long-term liabilities, including net pension liability and compensated absences payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(6,510,805)
<b>Net Position of Governmental Activities</b>	<b>\$ 141,661,529</b>

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

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Revenues:				
Local Sources:				
Local Tax Levy	\$ 3,150,765	\$ -	\$ -	\$ 3,150,765
Tuition Charges	118,893	-	-	118,893
Miscellaneous	349,934	-	1,008	350,942
Total Local Sources	<u>3,619,592</u>	<u>-</u>	<u>1,008</u>	<u>3,620,600</u>
State Sources	16,455,277	2,463,310	-	18,918,587
Federal Sources	10,949,644	860,656	1,872,029	13,682,329
Total Revenues	<u>31,024,513</u>	<u>3,323,966</u>	<u>1,873,037</u>	<u>36,221,516</u>
Expenditures:				
Instruction:				
Regular Instruction	5,486,334	-	-	5,486,334
Special Education Instruction	2,378,357	1,767,423	-	4,145,780
Other Instruction	923,959	-	-	923,959
Support Services:				
Tuition	170,094	168,761	-	338,855
Student & Instruction Related Services	2,766,963	940,531	-	3,707,494
General Administrative	392,229	-	-	392,229
School Administrative Services	631,734	-	-	631,734
Central Services	346,633	-	-	346,633
Administrative Info. Technology	38,323	-	-	38,323
Plant Operations & Maintenance	1,880,598	-	-	1,880,598
Pupil Transportation	1,513,243	-	-	1,513,243
Unallocated Benefits	4,243,723	601,838	-	4,845,561
On Behalf TPAF Pension and Social Security Contributions	4,309,091	-	-	4,309,091
Capital Outlay	7,190,169	-	1,898,811	9,088,980
Total Expenditures	<u>32,271,450</u>	<u>3,478,553</u>	<u>1,898,811</u>	<u>37,648,814</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>(1,246,937)</u>	<u>(154,587)</u>	<u>(25,774)</u>	<u>(1,427,298)</u>
Other Financing Sources (Uses):				
Transfers in	1,008	169,104	-	170,112
Transfers out	(169,104)	-	(1,008)	(170,112)
Total Other Financing Sources (Uses)	<u>(168,096)</u>	<u>169,104</u>	<u>(1,008)</u>	<u>-</u>
Net changes in fund balances	<u>(1,415,033)</u>	<u>14,517</u>	<u>(26,782)</u>	<u>(1,427,298)</u>
Fund Balance, July 1	38,734,800	(312,192)	2,775,443	41,198,051
Prior Period Adjustments	507,835	613	-	508,448
Fund Balance, July 1 (Restated)	<u>39,242,635</u>	<u>(311,579)</u>	<u>2,775,443</u>	<u>41,706,499</u>
Fund Balance, June 30	<u>\$ 37,827,602</u>	<u>\$ (297,062)</u>	<u>\$ 2,748,661</u>	<u>\$ 40,279,201</u>

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

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Total Net Changes in Fund Balances - Governmental Funds (B-2) \$ (1,427,298)

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

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

Depreciation Expense	\$ (2,587,503)	
Loss on Diposal of Capital Assets	(581,287)	
Capital Outlays	<u>9,088,980</u>	5,920,190

Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.

370,374

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(11,892)

Change in Net Position of Governmental Activities

\$ 4,851,374

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2021**

ASSETS	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	FOOD SERVICE <u>FUND</u>	TOTALS
Current Assets:		
Cash	\$ 111,670	\$ 111,670
Accounts Receivable:		
State	1,680	1,680
Inventories	16,810	16,810
Total Current Assets	130,160	130,160
Noncurrent Assets:		
Capital Assets:		
Equipment	577,700	577,700
Less: Accumulated Depreciation	(316,828)	(316,828)
Total Noncurrent Assets	260,872	260,872
Total Assets	391,032	391,032
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,500	1,500
Unearned Revenue	11,773	11,773
Total Liabilities	13,273	13,273
NET POSITION		
Net Investment in Capital Assets	260,872	260,872
Unrestricted	116,887	116,887
Total Net Position	\$ 377,759	\$ 377,759

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



**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN FUND NET POSITION  
 FOR FISCAL YEAR ENDED JUNE 30, 2021**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	FOOD SERVICE FUND	TOTALS
Operating Revenues:		
Local Sources:		
Miscellaneous	\$ 6,940	\$ 6,940
Total Operating Revenue	<u>6,940</u>	<u>6,940</u>
Operating Expenses:		
Salaries	304,011	304,011
Payroll Taxes	28,527	28,527
Employee Benefits	9,613	9,613
Cost of Sales - Reimbursable	221,804	221,804
Cost of Sales - Non-Reimbursable	3,037	3,037
Supplies & Materials	16,915	16,915
Management Fee	43,949	43,949
Depreciation	31,398	31,398
Miscellaneous	15,823	15,823
Total Operating Expenses	<u>675,077</u>	<u>675,077</u>
Operating Income/(Loss)	<u>(668,137)</u>	<u>(668,137)</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	17,199	17,199
Federal Sources:		
National School Lunch Program	311,165	311,165
Healthy Hunger-Free Kids Act	6,206	6,206
National School Breakfast Program	172,243	172,243
Food Distribution Program	48,234	48,234
Impact Aid	90,000	90,000
Loss on Disposal of Capital Assets	(22,237)	(22,237)
Total Nonoperating Revenue/(Expenses)	<u>622,810</u>	<u>622,810</u>
Change in Net Position	<u>(45,327)</u>	<u>(45,327)</u>
Total Net Position - July 1	202,726	202,726
Prior Period Adjustment	220,360	220,360
Total Net Position - July 1 (Restated)	<u>423,086</u>	<u>423,086</u>
Total Net Position - Ending	<u>\$ 377,759</u>	<u>\$ 377,759</u>

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

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED JUNE 30, 2021**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	FOOD SERVICE FUND	TOTALS
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 9,782	\$ 9,782
Payments to Employees	(342,151)	(342,151)
Payments to Suppliers	(254,338)	(254,338)
	(586,707)	(586,707)
Net Cash Provided/(Used) by Operating Activities		
Cash Flows From Noncapital Financing Activities:		
Cash Received From State & Federal Programs	595,133	595,133
	595,133	595,133
Net Cash Provided by Noncapital Financing Activities		
	8,426	8,426
Net Increase/(Decrease) in Cash & Cash Equivalents	103,244	103,244
Balances - Beginning of Year		
	\$ 111,670	\$ 111,670
Balances - Ending of Year		
	(586,707)	(586,707)
<b>Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:</b>		
Operating Income (Loss)	\$ (668,137)	\$ (668,137)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by (Used in) Operating Activities:		
Depreciation & Net Amortization	31,398	31,398
Food Distribution Program	48,234	48,234
Change in Assets & Liabilities:		
(Increase)/Decrease in Inventory	5,551	5,551
Increase/(Decrease) in Accounts Payable	1,383	1,383
Increase/(Decrease) in Due to State	(7,978)	(7,978)
Increase/(Decrease) in Unearned Revenue	2,842	2,842
	(586,707)	(586,707)
Net Cash Provided/(Used) by Operating Activities	\$ (586,707)	\$ (586,707)

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

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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# NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

### Note 1. Summary of Significant Accounting Policies

#### **Basis of Presentation**

The financial statements of the North Hanover Township School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

#### **Reporting Entity**

The North Hanover Township School District 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 Board consists of 5 members elected to three-year terms and is responsible for the fiscal control of the District. The terms are staggered so that members’ terms expire each year. A Superintendent is appointed by the Board and is responsible for the administrative control of the District. The District provides a full range of educational services appropriate to grade levels preschool through 6<sup>th</sup> grade. The North Hanover Township School District has an approximate enrollment at June 30, 2021 of 1,120 students.

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

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

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

#### **Component Units**

GASB Statement No.14. The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 80, *Blending Requirements for certain component units – and Amendment of GASB Statement No. 14* and GASB Statement No. 90, *Majority Equity Interests – An amendment of GASB Statements No. 14 and No. 61*. The District had no component units as of or for the year ended June 30, 2021.

# NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021 (continued)

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

#### **Government-Wide Financial Statements**

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

#### **Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

#### **Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been

# NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021 (continued)

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

combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds.

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven

# NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021 (continued)

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

grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

**General Fund** - The general fund is the general operating fund of the District 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 the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, 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.

**Capital Projects Fund** - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).



# NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021 (continued)

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

The District reports the following major proprietary funds:

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

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

### **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. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. 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. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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.

# NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021 (continued)

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

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

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

### 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

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

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

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.

**Tuition Payable/Receivable**

Tuition rates for the fiscal year end June 30, 2021 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**Inventories**

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

**Interfund Receivables/Payables**

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances.

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 Years

**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.

# NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021 (continued)

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

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

#### **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.

#### **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

#### **Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

#### **Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

#### **Fund Balance**

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

## NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021 (continued)

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

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2021.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

#### 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.

# NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021 (continued)

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

- 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.

### Impact of Recently Issued Accounting Principles

#### Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2021:

GASB Statement No. 84, "*Fiduciary Activities*". The objective GASB Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2019. Management has implemented this Statement in the School District's financial statements for the year ended June 30, 2021 with a prior period restatement to beginning net position. See Note 19 for further details.

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 is effective for reporting periods beginning after December 15, 2019.

#### Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the School District's financial statements.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

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

**Bond Premiums, Discounts and Issuance Costs**

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

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

**Deferred Loss on Refunding Debt**

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

**Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 2. Deposits and Investments**

**Deposits**

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 GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

**Note 2. Deposits and Investments (continued):**

in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other 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, 2021, the School District's bank balance of \$49,086,914 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 48,830,582
Uninsured and Uncollateralized	<u>256,332</u>
	<u>\$ 49,086,914</u>

**Investments**

The School District had no investments at June 30, 2021.

**Note 3. Reserve Accounts**

**Capital Reserve**

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

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School 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 (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 1,945,456
Increased by:	
Interest Earnings	<u>4,670</u>
Ending Balance, June 30, 2021	<u>\$ 1,950,126</u>

**Federal Impact Aid Reserve**

**General Fund**

The School District receives a large portion of its annual operating revenue from Federal Impact Aid. As permitted by P.L. 2015, c.46, which amended N.J.S.A. 18A:7F-41, a federal impact aid reserve account was established by the School District by board resolution for the amount of federal impact aid funds



**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

**Note 3. Reserve Accounts (continued):**

received during the current fiscal year for use as general fund expenditures in subsequent fiscal years. The federal impact aid general reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Transfers to the impact aid reserves shall not exceed the total amount of federal impact aid received, by federally designated category, i.e. general fund or capital, in the fiscal year. The board, at its discretion, may use the funds in the reserve accounts to finance the School District's general fund, in a manner consistent with federal law. The total amount of funds on deposit in the reserve account shall not be limited.

The activity of the federal impact aid reserve – general fund for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 27,353,223
Increased by:	
Deposits approved by the Board, June 22, 2021	<u>9,096,540</u>
	36,449,763
Decreased by:	
Budget Withdrawals	<u>(10,538,009)</u>
Ending Balance, June 30, 2021	<u>\$ 25,911,754</u>

**Capital Fund**

As permitted by P.L. 2015, c.46, which amended N.J.S.A. 18A:7F-41, a federal impact reserve account was established by board resolution for the amount of federal impact aid funds received during the current fiscal year for use as capital outlay expenditures or for transfer to capital projects fund in subsequent fiscal years. The federal impact aid – capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the federal impact aid reserve – capital fund for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 544,851
Decreased by:	
Withdrawals approved by the Board	<u>(330,000)</u>
Ending Balance, June 30, 2021	<u>\$ 214,851</u>

**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2021 consisted of accounts and intergovernmental grants. All state and federal 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 SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

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

<u>Description</u>	Governmental Funds			Total Governmental Activities
	General Fund	Special Revenue Fund	Capital Projects Fund	
Federal Awards	\$ -	\$ 31,987	\$ 370,117	\$ 402,104
State Awards	245,945	-	-	245,945
Total	\$ 245,945	\$ 31,987	\$ 370,117	\$ 648,049

<u>Description</u>	Proprietary Funds	Total Business-Type Activities
	Food Service Fund	
Federal Awards	\$ -	\$ -
State Awards	1,680	1,680
Total	\$ 1,680	\$ 1,680

**Note 5. Capital Assets**

Capital assets activity for the year ended June 30, 2021 was as follows:

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

**Note 5. Capital Assets (continued):**

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2021</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 98,818	\$ -	\$ -	\$ 98,818
Construction in Progress	34,500,654	6,748,985	(2,859,366)	38,390,273
Total Capital Assets not being depreciated	<u>34,599,472</u>	<u>6,748,985</u>	<u>(2,859,366)</u>	<u>38,489,091</u>
Capital Assets being depreciated:				
Building Improvements	82,752,556	-	2,859,366	85,611,922
Equipment	3,892,390	2,339,995	(1,710,278)	4,522,107
Total Capital Assets being depreciated	<u>86,644,946</u>	<u>2,339,995</u>	<u>1,149,088</u>	<u>90,134,029</u>
Less: Accumulated Depreciation:				
Building Improvements	(14,611,982)	(2,250,806)	-	(16,862,788)
Equipment	(2,862,756)	(336,697)	1,128,991	(2,070,462)
Total Accumulated Depreciation	<u>(17,474,738)</u>	<u>(2,587,503)</u>	<u>1,128,991</u>	<u>(18,933,250)</u>
Total Capital Assets being depreciated, net	<u>69,170,208</u>	<u>(247,508)</u>	<u>2,278,079</u>	<u>71,200,779</u>
Total Governmental Activities Capital Assets, net	<u>\$ 103,769,680</u>	<u>\$ 6,501,477</u>	<u>\$ (581,287)</u>	<u>\$ 109,689,870</u>

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Prior Period Adjustments</u>	<u>Balance June 30, 2021</u>
<b>Business-Type Activities:</b>					
Equipment	\$ 564,750	\$ -	\$ (207,410)	\$ 220,360	\$ 577,700
	564,750	-	-	220,360	577,700
Less: Accumulated Depreciation:					
Equipment	(470,603)	(31,398)	185,173	-	(316,828)
	<u>(470,603)</u>	<u>(31,398)</u>	<u>-</u>	<u>-</u>	<u>(316,828)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 94,147</u>	<u>\$ (31,398)</u>	<u>\$ -</u>	<u>\$ 220,360</u>	<u>\$ 260,872</u>

Depreciation expense was not allocated among the various functions/programs of the School District.

**Note 6. Interfund Receivables, Payables and Transfers**

Individual fund receivables/payables balances at June 30, 2021 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 33,050	\$ 148,582
Special Revenue Fund	148,582	-
Capital Projects Fund	-	33,050
	<u>\$ 181,632</u>	<u>\$ 181,632</u>

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

**Note 6. Interfund Receivables, Payables and Transfers (continued):**

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year. A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,008	\$ 169,104
Special Revenue Fund	169,104	-
Capital Projects Fund	-	1,008
	<u>\$ 170,112</u>	<u>\$ 170,112</u>

The purpose of the interfund transfers were for short term borrowing.

**Note 7. Long-Term Obligations**

During the fiscal year-ended June 30, 2021 the following changes occurred in long-term obligations for the governmental and business-type activities:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Balance Due</u> <u>Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 603,387	\$ 11,892	\$ -	\$ 615,279	\$ -
Net Pension Liability	6,264,514	-	368,988	5,895,526	-
	<u>\$ 6,867,901</u>	<u>\$ 11,892</u>	<u>\$ 368,988</u>	<u>\$ 6,510,805</u>	<u>\$ -</u>

For governmental activities, the compensated absences and net pension liability are liquidated by the general fund.

**Note 8. Pension Plans**

**A. Public Employees' Retirement System (PERS)**

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's annual financial statements, which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

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

**A. Public Employees' Retirement System (PERS) (continued):**

- 4 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources** - At June 30, 2021, the School District reported a liability of \$5,895,526 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2019, to the measurement date of June 30, 2020. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The School District's proportion measured as of June 30, 2020, was 0.03615%, which was an increase of 0.001385% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized full accrual pension expense of \$25,116 in the government-wide financial statements. This pension expense was based on the pension

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

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

**A. Public Employees’ Retirement System (PERS) (continued):**

plans June 30, 2020 measurement date. At June 30, 2021 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 107,348	\$ 20,849
Changes of Assumptions	191,258	2,468,512
Net Difference between Projected and Actual Earnings on Pension Plan Investments	201,514	-
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	369,575	177,071
School District Contributions Subsequent to Measurement Date	425,156	-
	\$ 1,294,851	\$ 2,666,432

\$425,156 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is based on the amount payable to the State due April 1, 2022 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending <u>Dec 31,</u></b>	<b><u>Amount</u></b>
2021	\$ (724,091)
2022	(586,950)
2023	(300,085)
2024	(98,283)
2025	(87,328)
	\$ (1,796,737)

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

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

**A. Public Employees' Retirement System (PERS) (continued):**

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
June 30, 2020	5.16	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

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

**A. Public Employees' Retirement System (PERS) (continued):**

**Actuarial Assumptions** – The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major



**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

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

**A. Public Employees' Retirement System (PERS) (continued):**

asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the School District's proportionate share of the net pension liability as of June 30, 2020, calculated using the discount rate of 7.00% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

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

**A. Public Employees' Retirement System (PERS) (continued):**

	<b>1% Decrease <u>(6.00%)</u></b>	<b>Current Discount Rate <u>(7.00%)</u></b>	<b>1% Increase <u>(8.00%)</u></b>
District's Proportionate Share of the Net Pension Liability	\$ 7,479,841	\$ 5,895,526	\$ 4,636,886

**Additional Information** - The following is a summary of the collective balances of the local group at June 30, 2021 and 2020:

**Balances at June 30, 2021 and June 30, 2020**

	<u>6/30/2021</u>	<u>6/29/2020</u>
Actuarial valuation date (including roll forward)	June 30, 2020	June 30, 2019
Collective Deferred Outflows of Resources	\$ 2,347,583,337	\$ 3,149,522,616
Collective Deferred Inflows of Resources	7,849,949,467	7,645,087,574
Collective Net Pension Liability	16,435,616,426	18,143,832,135
District's portion of the Plan's total Net Pension Liability	0.03615%	0.03477%

**B. Teachers' Pension and Annuity Fund (TPAF)**

**Plan Description** - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

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

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

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

**B. Teachers' Pension and Annuity Fund (TPAF) (continued):**

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more

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

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

**Pension Liability and Pension Expense** - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2020 was \$59,791,566. The School District's proportionate share was \$-0-.

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2020, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.0908%, which was a decrease of 0.0004% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the School District recognized \$3,718,094 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2020 measurement date.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

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

**B. Teachers' Pension and Annuity Fund (TPAF) (continued):**

**Actuarial Assumptions** – The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 - 4.45% Based on Years of Service
Thereafter	2.75 - 5.65% Based on Years of Service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

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

**B. Teachers' Pension and Annuity Fund (TPAF) (continued):**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%

**Discount Rate** - The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 5.40% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

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

**B. Teachers' Pension and Annuity Fund (TPAF) (continued):**

	<b>1% Decrease <u>(4.40%)</u></b>	<b>Current Discount Rate <u>(5.40%)</u></b>	<b>1% Increase <u>(6.40%)</u></b>
District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the District	<u>70,232,188</u>	<u>59,791,566</u>	<u>51,122,375</u>
	<u>\$ 70,232,188</u>	<u>\$ 59,791,566</u>	<u>\$ 51,122,375</u>

**Pension Plan Fiduciary Net Position** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Additional Information** – The following is a summary of the collective balances of the local group at June 30, 2020 and 2019:

**Balances at June 30, 2021 and June 30, 2020**

	<u>6/30/2020</u>	<u>6/30/2019</u>
Actuarial valuation date (including roll forward)		
Collective Deferred Outflows of Resources	\$ 9,626,548,228	\$ 10,129,162,237
Collective Deferred Inflows of Resources	14,591,988,841	17,736,240,054
Collective Net Pension Liability	65,993,498,688	61,519,112,443
District's portion of the Plan's total Net Pension Liability	0.09080%	0.09125%

**C. Defined Contribution Plan (DCRP)**

**Plan Description** - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;

## NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021 (continued)

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

##### C. Defined Contribution Plan (DCRP) (continued):

- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2020 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per
- week for State employees, or 32 hours per week for local government or local education employees

**Contributions** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2021, employee contributions totaled \$24,583, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$13,409.

#### Note 9. Other Post-Retirement Benefits

##### General Information about the OPEB Plan

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

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

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

**General Information about the OPEB Plan (continued):**

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

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

**Basis of Presentation**

The Schedule presents the State of New Jersey’s obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles.

Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2020, was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Total Nonemployer OPEB Liability:                   \$     67,809,962,608

**Inflation Rate:**   2.5%

	<b>TPAF/ABP</b>	<b>PERS</b>	<b>PFRS</b>
Salary Increases: Through 2026	1.55 - 4.45% based on years of service	2.00 - 6.00% based on years of service	3.25 - 15.25% based on years of service
Thereafter	1.55 - 4.45% based on years of service	3.00 - 7.00% based on years of service	Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability .



## NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021 (continued)

#### Note 9. Other Post-Retirement Benefits (continued):

##### Total Nonemployer OPEB Liability (continued):

mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

**OPEB Obligation and OPEB Expense** - The State’s proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2020 was \$76,172,587. The School District’s proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2020, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The State’s proportionate share of the OPEB Obligation associated with the District was based on projection of the State’s long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2020, the State proportionate share of the OPEB Obligation attributable to the School District was 0.11233%, which was an increase of 0.000134% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the State of New Jersey recognized an OPEB expense in the amount of \$3,253,205 for the State’s proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2020 measurement date.

##### Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

##### Discount Rate

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

##### Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate

The following presents the total nonemployer OPEB liability as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

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

**Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate (continued):**

	<b>June 30, 2020</b>		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 91,829,985	\$ 76,172,587	\$ 63,930,009
State of New Jersey's Total Non- employer Liability	\$ 81,748,410,002	\$ 67,809,962,608	\$ 56,911,439,160

**Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate**

The following presents the total nonemployer OPEB liability as of June 30, 2020, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	<b>June 30, 2020</b>		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 61,489,081	\$ 76,172,587	\$ 93,657,379
State of New Jersey's Total Nonemployer OPEB Liability	\$ 54,738,488,540	\$ 67,809,962,608	\$ 83,375,182,975

\* See Healthcare Cost Trend Assumptions for details of rates.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

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

**Additional Information**

Collective balances of the Local Group at June 30, 2020 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion	\$ 10,295,318,750	\$ (9,170,703,615)
Differences between Expected & Actual Experience	-	-
Change in Assumptions	11,534,251,250	(7,737,500,827)
Contributions Made in Fiscal Year Year Ending 2020 After June 30, 2019 Measurement Date **	TBD	-
	\$ 21,829,570,000	\$ (16,908,204,442)

\*\* Employer Contributions made after June 30, 2020 are reported as a deferred outflow of resources, but are not amortized in expense.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,			
2021	\$	43,440,417	
2022		43,440,417	
2023		43,440,417	
2024		43,440,417	
2025		43,440,417	
Thereafter		4,704,163,473	
	\$	4,921,365,558	

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

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

**Plan Membership**

At June 30, 2019, the Program membership consisted of the following:

	June 30, 2019
Active Plan Members	216,804
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	149,304
	366,108

**Changes in the Total OPEB Liability**

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

**Total OPEB Liability**

Service Cost	\$ 1,790,973,822
Interest Cost	1,503,341,357
Difference Between Expected & Actual Experience	11,544,750,637
Changes of Assumptions	12,386,549,981
Contributions: Member	35,781,384
Gross Benefit Payments	(1,180,515,618)
Net Change in Total OPEB Liability	26,080,881,563
Total OPEB Liability (Beginning)	41,729,081,045
Total OPEB Liability (Ending)	\$ 67,809,962,608
Total Covered Employee Payroll	\$ 14,267,738,658
Net OPEB Liability as a Percentage of Payroll	475%

**Note 10. On-Behalf Payments for Fringe Benefits and Salaries**

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2021, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$2,640,373, \$839,731, \$827,452 and \$1,535, respectively.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

**Note 11. Risk Management**

The School 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.

**New Jersey Unemployment Compensation Insurance** – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the School 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 School District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ 26,324	\$ 292	\$ -	\$ 259,585
2019-2020	25,423	890	1,060	232,969
2018-2019	22,863	1,574	15,294	207,716

**Property and Liability Insurance** – The School 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.

**Joint Insurance Pool** – The School District also participates in the Burlington County Joint Insurance Fund and, public entity risk pool. The Pool provides its members with the following coverage:

Property – Blanket Building & Grounds	General & Automobile Liability
Environmental Impairment Liability	Workers’ Compensation
School Board Legal Liability	Excess Liability
Employers Liability	Comprehensive Crime Coverage

**Note 12. Contingencies**

**State and Federal Grantor Agencies** - The School 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 School 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, 2021 may be impaired. In the opinion of the School 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.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

**Note 12. Contingencies (continued):**

**Litigation** – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

**Economic Dependency** – The School 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 School District’s programs and activities.

**Note 13. Deferred Compensation:**

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, 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 Lincoln Investments	AXA Equitable Met Life	Valic Investments
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**Note 14. Compensated Absences**

The School 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.

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District 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 School District for the unused sick leave in accordance with School Districts’ agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2021, the liability for compensated absences reported on the government-wide Statement of Net Position was \$615,279.

**Note 15. Tax Abatements**

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement

## NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021 (continued)

#### **Note 15. Tax Abatements (continued):**

agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

#### **Note 16. Calculation of Excess Surplus**

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 was \$-0-.

#### **Note 17. Fund Balances**

**General Fund** – Of the \$37,827,602 General Fund balance at June 30, 2021, \$1,950,126 has been restricted for the Capital Reserve Account; \$25,911,754 has been restricted for the Impact Aid – General Reserve Account; \$214,851 has been restricted for the Impact Aid – Capital Reserve Account; \$259,585 has been restricted for unemployment account; \$9,985,244 has been assigned to other purposes; and \$(493,958) has been unassigned.

**Capital Projects Fund** – Of the \$2,748,661 Capital Projects Fund balance at June 30, 2021, \$261,055 is restricted for future capital projects approved by the School District and \$2,487,606 is unassigned.

#### **Note 18. Deficit Fund Balances**

The School District has deficit fund balances of \$493,958 and \$297,062 in the General Fund and Special Revenue Fund as of June 30, 2021 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General Fund and Special Revenue Fund balance deficits do not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$493,958 and \$297,062 are due to the last state aid payment for the General Fund and Special Revenue Fund.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

**Note 19. Prior Period Restatement**

As discussed in Note 1, the School District has implemented GASB Statement No. 84 – *Fiduciary Activities* in the School District’s financial statements for the year ended June 30, 2021. As a result, net position and fund balances as of July 1, 2020 has been restated as follows:

**Prior Period Adjustment to Net Position (Exh. A-2)**

Net Position as previously reported at June 30, 2020	\$	136,301,707
Prior Period Adjustment:		
Unemployment Fund		232,969
Sick Pay Benefits		274,866
Scholarship Fund		613
Total Prior Period Adjustment		508,448
Net Position as restated, July 1, 2020	\$	136,810,155

**Prior Period Adjustment to Fund Balance (General Fund) (Exh. B-2)**

Fund Balance as previously reported at June 30, 2020	\$	38,734,800
Prior Period Adjustment:		
Unemployment Fund		232,969
Sick Pay Benefits		274,866
Total Prior Period Adjustment		507,835
Fund Balance as restated, July 1, 2020	\$	39,242,635

**Prior Period Adjustment to Fund Balance (Special Revenue Fund) (Exh. B-2)**

Fund Balance as previously reported at June 30, 2020	\$	(312,192)
Prior Period Adjustment:		
Scholarship Fund		613
Fund Balance as restated, July 1, 2020	\$	(311,579)

Additionally, the district had an adjustment to its capital assets in the food service fund balance as of July 1, 2020 as follows:



**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 (continued)**

**Note 19. Prior Period Restatement (continued):**

**Prior Period Adjustment to Net Position (Food Service Fund) (Exh. A-2/B-5)**

Net Position as previously reported at June 30, 2020	\$ 202,726
Prior Period Adjustment:	
Net Investment in Capital Assets	<u>220,360</u>
Net Position as restated, July 1, 2020	<u>\$ 423,086</u>

**Note 20. Subsequent Events**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 and February 19, 2022, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items other than the below have come to the attention of the School District that would require disclosure.

The COVID-19 pandemic is ongoing. Because of the evolving nature of the outbreak and federal, state and local responses, it cannot be predicted how the outbreak will impact the financial condition or operations of the District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. To date the School District has not been materially and adversely affected financially due to the virus.

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**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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### C. Budgetary Comparison Schedules

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**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Revenues:</b>						
<b>Local Sources:</b>						
Local Tax Levy	10-1210	\$ 3,150,765	\$ -	\$ 3,150,765	\$ 3,150,765	\$ -
Tuition from LEA's	10-1320	27,824	-	27,824	118,893	91,069
Interest Earned on Capital Reserve Funds	10-1XXX	4,000	-	4,000	3,662	(338)
Other Restricted Miscellaneous Revenue	10-1XXX	-	-	-	26,616	26,616
Unrestricted Miscellaneous Revenues	10-1XXX	214,750	-	214,750	319,656	104,906
<b>Total Local Sources</b>		<b>3,397,339</b>	<b>-</b>	<b>3,397,339</b>	<b>3,619,592</b>	<b>222,253</b>
<b>State Sources:</b>						
Categorical Transportation Aid	10-3121	488,491	-	488,491	488,491	-
Categorical Special Education Aid	10-3132	842,583	-	842,583	842,583	-
Equalization Aid	10-3176	10,153,993	(179,488)	9,974,505	9,974,505	-
Adjustment Aid	10-3178	403,273	-	403,273	403,273	-
Security Aid	10-3177	192,147	-	192,147	192,147	-
Extraordinary Aid	10-3131	130,000	-	130,000	243,045	113,045
Nonpublic Transportation Reimbursement	10-3198	-	-	-	2,900	2,900
On-behalf TPAF Pension Contributions (Non-budgeted)	10-3901	-	-	-	2,640,373	2,640,373
On-behalf TPAF Post-Retirement (Non-budgeted)	10-3902	-	-	-	827,452	827,452
On-behalf TPAF Long-Term Disability (Non-budgeted)	10-3903	-	-	-	1,535	1,535
Reimbursed TPAF Social Security Contributions (Non-budgeted)	10-3903	-	-	-	839,731	839,731
<b>Total State Sources</b>		<b>12,210,487</b>	<b>(179,488)</b>	<b>12,030,999</b>	<b>16,456,035</b>	<b>4,425,036</b>
<b>Federal Sources:</b>						
Impact Aid - 7003(b)	10-4101	7,100,000	-	7,100,000	10,222,809	3,122,809
Impact Aid - 7003(d)	10-4101	-	-	-	121,092	121,092
Impact Aid - Department of Defense (DoD)	10-4101	-	-	-	588,713	588,713
Medicaid Reimbursement	10-4200	20,479	-	20,479	17,030	(3,449)
<b>Total Federal Sources</b>		<b>7,120,479</b>	<b>-</b>	<b>7,120,479</b>	<b>10,949,644</b>	<b>3,829,165</b>
<b>Total Revenues</b>		<b>22,728,305</b>	<b>(179,488)</b>	<b>22,548,817</b>	<b>31,025,271</b>	<b>8,476,454</b>
<b>Expenditures:</b>						
<b>Current Expense:</b>						
<b>Instruction - Regular Programs:</b>						
<b>Salaries of Teachers:</b>						
Kindergarten	11-110-100-101	875,280	-	875,280	737,357	137,923
Grades 1 - 5	11-120-100-101	3,526,997	-	3,526,997	3,415,317	111,680
Grades 6 - 8	11-130-100-101	653,588	-	653,588	641,547	12,041
<b>Regular Programs - Home Instruction:</b>						
Purchased Professional/Educational Services	11-150-100-320	5,000	-	5,000	-	5,000
<b>Regular Programs - Undistributed Instruction:</b>						
Purchased Professional/Educational Services	11-190-100-320	126,900	(826)	126,074	103,199	22,875
Purchased Professional/Technical Services	11-190-100-340	164,500	(610)	163,890	104,308	59,582
Other Purchased Services	11-190-100-500	750	-	750	-	750
General Supplies	11-190-100-610	432,786	99,282	532,068	475,550	56,518
Other Objects	11-190-100-890	23,500	(482)	23,018	9,056	13,962
<b>Total Regular Programs</b>		<b>5,809,301</b>	<b>97,364</b>	<b>5,906,665</b>	<b>5,486,334</b>	<b>420,331</b>

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Preschool Disabilities - Full Time:						
Salaries of Teachers	11-216-100-101	147,354	(1,384)	145,970	141,829	4,141
Other Salaries for Instruction	11-216-100-106	108,902	-	108,902	70,735	38,167
Purchased Professional/Technical Services	11-216-100-320	7,500	-	7,500	2,450	5,050
General Supplies	11-216-100-610	2,500	-	2,500	-	2,500
Total Preschool Disabilities		266,256	(1,384)	264,872	215,014	49,858
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	329,030	1,385	330,415	324,120	6,295
Other Salaries for Instruction	11-212-100-106	170,689	-	170,689	134,486	36,203
Purchased Professional/Technical Services	11-212-100-320	18,000	-	18,000	8,750	9,250
General Supplies	11-212-100-610	8,500	237	8,737	974	7,763
Total Multiple Disabilities		526,219	1,622	527,841	468,330	59,511
Resource Room/ Resource Center:						
Salaries of Teachers	11-213-100-101	1,510,177	(14,642)	1,495,535	1,495,535	-
Other Salaries for Instruction	11-213-100-106	167,178	25,398	192,576	192,576	-
Purchased Professional/Technical Services	11-213-100-320	31,000	(10,756)	20,244	5,084	15,160
General Supplies	11-213-100-610	4,000	-	4,000	1,818	2,182
Total Resource Room		1,712,355	-	1,712,355	1,695,013	17,342
Home Instruction:						
Purchased Professional - Educational Services	11-219-100-320	5,000	(227)	4,773	-	4,773
Total Home Instruction		5,000	(227)	4,773	-	4,773
Total Special Education		2,509,830	11	2,509,841	2,378,357	131,484
Basic Skills/Remedial:						
Salaries of Teachers	11-230-100-101	853,568	1,724	855,292	855,292	-
General Supplies	11-230-100-610	1,600	(1,497)	103	103	-
Total Basic Skills/Remedial		855,168	227	855,395	855,395	-
Bilingual Education:						
Salaries of Teachers	11-240-100-101	136,599	-	136,599	64,678	71,921
General Supplies	11-240-100-610	350	-	350	-	350
Total Bilingual Education		136,949	-	136,949	64,678	72,271
School Sponsored Cocurricular Activities:						
Salaries of Teachers	11-401-100-100	8,700	-	8,700	1,850	6,850
Purchased Services	11-401-100-500	23,350	(13,275)	10,075	211	9,864
Other Objects	11-401-100-800	39,938	(20,150)	19,788	1,825	17,963
Total School Sponsored Cocurricular Activities		71,988	(33,425)	38,563	3,886	34,677
At Risk Programs:						
Salaries of Reading Specialists	11-424-100-179	71,967	(60,187)	11,780	-	11,780
General Supplies	11-424-100-610	1,000	-	1,000	-	1,000
Total At Risk Programs		72,967	(60,187)	12,780	-	12,780
Total - Instruction		9,456,203	3,990	9,460,193	8,788,650	671,543



**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Undistributed Expenditures:						
Instruction:						
Tuition to Other LEAs Within State - Special Tuition to County Special Services	11-000-100-562	44,442	(6,205)	38,237	38,237	-
School Districts & Regular Day Schools	11-000-100-565	96,436	(28,782)	67,654	67,654	-
Tuition to Private Schools for the Handicapped - State	11-000-100-566	33,875	30,328	64,203	64,203	-
<b>Total Instruction (Undistributed Expenditures)</b>		<b>174,753</b>	<b>(4,659)</b>	<b>170,094</b>	<b>170,094</b>	<b>-</b>
Health Services:						
Salaries	11-000-213-100	360,435	(5,675)	354,760	353,842	918
Purchased Professional/Technical Services	11-000-213-300	106,200	(7,549)	98,651	87,222	11,429
Supplies & Materials	11-000-213-600	12,650	4,535	17,185	16,087	1,098
Other Objects	11-000-213-800	-	1,200	1,200	1,200	-
<b>Total Health Services</b>		<b>479,285</b>	<b>(7,489)</b>	<b>471,796</b>	<b>458,351</b>	<b>13,445</b>
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	553,091	(13,117)	539,974	520,262	19,712
Purchased Professional/Educational Services	11-000-216-320	55,000	(6,613)	48,387	27,692	20,695
Supplies & Materials	11-000-216-600	1,050	-	1,050	779	271
Other Objects	11-000-216-800	680	-	680	-	680
<b>Total Other Support Services-Students-Related Services</b>		<b>609,821</b>	<b>(19,730)</b>	<b>590,091</b>	<b>548,733</b>	<b>41,358</b>
Other Support Services - Students - Extra Services:						
Salaries	11-000-217-100	231,162	(38,951)	192,211	105,491	86,720
Purchased Professional/Educational Services	11-000-217-320	17,500	-	17,500	3,863	13,637
<b>Total Other Support Services-Students-Related Services</b>		<b>248,662</b>	<b>(38,951)</b>	<b>209,711</b>	<b>109,354</b>	<b>100,357</b>
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	239,469	(2,200)	237,269	236,426	843
Other Salaries	11-000-218-110	10,780	(10,780)	-	-	-
Other Purchased Professional & Technical Services	11-000-218-390	1,200	-	1,200	895	305
Supplies and Materials	11-000-218-600	1,500	-	1,500	124	1,376
<b>Total Other Support Services-Students-Regular Services</b>		<b>252,949</b>	<b>(12,980)</b>	<b>239,969</b>	<b>237,445</b>	<b>2,524</b>
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	503,146	278	503,424	416,343	87,081
Salaries of Secretarial & Clerical Assitants	11-000-219-105	55,233	(127)	55,106	54,883	223
Purchased Professional/Educational Services	11-000-219-320	11,000	2,028	13,028	4,370	8,658
Other Purchased Professional & Technical Services	11-000-219-390	25,000	(28)	24,972	24,954	18
Other Purchased Services	11-000-219-500	3,000	-	3,000	-	3,000
Supplies & Materials	11-000-219-600	8,000	(150)	7,850	3,004	4,846
Other Objects	11-000-219-800	2,500	-	2,500	1,890	610
<b>Total Other Support Services-Students-Special Services</b>		<b>607,879</b>	<b>2,001</b>	<b>609,880</b>	<b>505,444</b>	<b>104,436</b>
Improvement of Instruction Services/Other Support Services - Instructional Staff:						
Salaries	11-000-221-101	-	2,490	2,490	2,490	-
Salaries of Supervisors of Instruction	11-000-221-102	206,672	12,358	219,030	219,030	-
Salaries of Other Professional Staff	11-000-221-104	73,149	-	73,149	73,149	-
Other Salaries	11-000-221-110	40,000	(27,568)	12,432	-	12,432
Salaries of Facil, Math, Lit Coaches	11-000-221-176	215,856	(12,358)	203,498	186,249	17,249
Other Objects	11-000-221-800	750	-	750	464	286
Supplies & Materials	11-000-221-600	1,500	-	1,500	402	1,098
Other Purchased Services	11-000-221-500	28,700	10,800	39,500	30,267	9,233
<b>Total Improvement of Instruction Services/Other Support Services - Instructional Staff</b>		<b>566,627</b>	<b>(14,278)</b>	<b>552,349</b>	<b>512,051</b>	<b>40,298</b>

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Educational Media Services/School Library:</b>						
Salaries	11-000-222-100	170,267	-	170,267	168,767	1,500
Salaries of Technology Coordinator	11-000-222-177	58,668	148,781	207,449	207,449	-
Other Purchased Professional & Technical Services	11-000-222-300	155,800	(146,400)	9,400	6,977	2,423
Supplies & Materials	11-000-222-600	10,900	(2,381)	8,519	1,903	6,616
<b>Total Educational Media Services/School Library</b>		<b>395,635</b>	<b>-</b>	<b>395,635</b>	<b>385,096</b>	<b>10,539</b>
<b>Instructional Staff Training Services:</b>						
Purchased Professional and Technical Services	11-000-223-320	20,000	-	20,000	10,489	9,511
Supplies and Materials	11-000-223-600	1,500	-	1,500	-	1,500
<b>Total Instructional Staff Training Services</b>		<b>21,500</b>	<b>-</b>	<b>21,500</b>	<b>10,489</b>	<b>11,011</b>
<b>Support Services General Administration:</b>						
Salaries	11-000-230-100	260,304	-	260,304	238,477	21,827
General Admin. Salaries - Governance Staff	11-000-230-109	8,000	(5,000)	3,000	667	2,333
Legal Services	11-000-230-331	33,000	304	33,304	7,392	25,912
Audit Fees	11-000-230-332	35,000	-	35,000	32,500	2,500
Other Purchased Professional Services	11-000-230-339	-	5,000	5,000	5,000	-
Purchase of Technical Services	11-000-230-340	5,187	-	5,187	5,135	52
Communications/Telephone	11-000-230-530	38,000	-	38,000	26,653	11,347
BOE Other Purchased Services	11-000-230-585	35,000	(10,300)	24,700	3,470	21,230
Other Purchased Services	11-000-230-590	34,100	2,000	36,100	36,070	30
Supplies & Materials	11-000-230-610	2,500	-	2,500	2,284	216
Miscellaneous Expenditures	11-000-230-890	7,800	550	8,350	8,102	248
BOE Membership Dues & Fees	11-000-230-895	28,000	-	28,000	26,479	1,521
<b>Total Support Services General Administration</b>		<b>486,891</b>	<b>(7,446)</b>	<b>479,445</b>	<b>392,229</b>	<b>87,216</b>
<b>Support Services School Administration:</b>						
Salaries of Principals & Assistant Principals	11-000-240-103	373,312	-	373,312	373,312	-
Salaries of Secretarial & Clerical Assistants	11-000-240-105	260,955	-	260,955	253,589	7,366
Other Salaries	11-000-240-110	2,500	-	2,500	200	2,300
Other Purchased Services	11-000-240-500	10,250	(4,767)	5,483	149	5,334
Supplies & Materials	11-000-240-600	5,380	1,613	6,993	2,270	4,723
Other Objects	11-000-240-800	430	2,054	2,484	2,214	270
<b>Total Support Services School Administration</b>		<b>652,827</b>	<b>(1,100)</b>	<b>651,727</b>	<b>631,734</b>	<b>19,993</b>
<b>Central Services:</b>						
Salaries	11-000-251-100	321,145	-	321,145	316,395	4,750
Purchased Technical Services	11-000-251-340	24,000	-	24,000	20,573	3,427
Misc. Purchased Services	11-000-251-592	11,000	(4,000)	7,000	250	6,750
Supplies and Materials	11-000-251-600	4,500	1,000	5,500	5,228	272
Miscellaneous Expenditures	11-000-251-890	7,500	-	7,500	4,187	3,313
<b>Total Central Services</b>		<b>368,145</b>	<b>(3,000)</b>	<b>365,145</b>	<b>346,633</b>	<b>18,512</b>
<b>Administration Information Technology:</b>						
Purchased Professional Services	11-000-252-330	37,690	-	37,690	37,690	-
Other Purchased Services	11-000-252-500	840	-	840	633	207
Other Objects	11-000-252-800	1,500	-	1,500	-	1,500
<b>Total Administration Information Technology</b>		<b>40,030</b>	<b>-</b>	<b>40,030</b>	<b>38,323</b>	<b>1,707</b>
<b>Allowable Maintenance for School Facilities:</b>						
Salaries	11-000-261-100	346,442	-	346,442	342,585	3,857
Cleaning, Repair, Maintenance Services	11-000-261-420	369,847	(7,683)	362,164	285,085	77,079
Lead Testing of Drinking Water	11-000-261-421	2,380	-	2,380	-	2,380
General Supplies	11-000-261-610	13,000	4,517	17,517	6,871	10,646
<b>Total Maintenance for School Facilities</b>		<b>731,669</b>	<b>(3,166)</b>	<b>728,503</b>	<b>634,541</b>	<b>93,962</b>

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Other Operation &amp; Maintenance of Plant Services:</b>						
Salaries	11-000-262-100	531,847	2,500	534,347	504,531	29,816
Salaries for Noninstructional Aides	11-000-262-107	-	68,000	68,000	67,503	497
Purchased Professional/Technical Services	11-000-262-300	16,902	11,949	28,851	27,714	1,137
Cleaning, Repair & Maintenance Services	11-000-262-420	53,887	10,387	64,274	62,916	1,358
Other Purchased Property Services	11-000-262-490	51,452	16,450	67,902	53,815	14,087
Insurance	11-000-262-520	122,000	(35,491)	86,509	85,363	1,146
Miscellaneous Purchased Services	11-000-262-590	5,800	3,100	8,900	5,027	3,873
General Supplies	11-000-262-610	71,400	41,442	112,842	89,654	23,188
Energy (Heat & Electricity)	11-000-262-622	400,000	(66,437)	333,563	230,344	103,219
Energy (Gasoline)	11-000-262-626	6,000	-	6,000	1,409	4,591
Other Objects	11-000-262-800	11,282	-	11,282	11,054	228
Energy (Natural Gas)	11-000-262-621	90,000	-	90,000	77,962	12,038
<b>Total Operation &amp; Maintenance of Plant Services</b>		<b>1,360,570</b>	<b>51,900</b>	<b>1,412,470</b>	<b>1,217,292</b>	<b>195,178</b>
<b>Cleaning, Repair &amp; Maintenance Services</b>						
Services	11-000-263-420	20,250	(1,500)	18,750	17,731	1,019
General Supplies	11-000-263-610	7,250	6,164	13,414	11,034	2,380
<b>Total Undistributed Expenditures - Care &amp; Upkeep of Grounds</b>		<b>27,500</b>	<b>4,664</b>	<b>32,164</b>	<b>28,765</b>	<b>3,399</b>
<b>Undistributed Expenditures - Security</b>						
Cleaning, Repair & Maintenance Services	11-000-266-420	8,500	(2,664)	5,836	-	5,836
<b>Total Undistributed Expenditures - Security</b>		<b>8,500</b>	<b>(2,664)</b>	<b>5,836</b>	<b>-</b>	<b>5,836</b>
<b>Student Transportation Services:</b>						
Salaries for Noninstructional Aides	11-000-270-107	65,799	6,622	72,421	72,421	-
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	66,667	173	66,840	66,840	-
Salaries for Pupil Transportation (Between Home & School) - Special	11-000-270-161	93,278	(5,599)	87,679	82,886	4,793
Other Purchased Technical Services	11-000-270-390	7,500	-	7,500	6,032	1,468
Cleaning, Repair, & Maint. Services	11-000-270-420	8,000	(6,056)	1,944	588	1,356
Contracted Services (Between Home & School) - Vendors	11-000-270-511	874,142	214,346	1,088,488	1,016,586	71,902
Contracted Services (Special Education Students) - Vendor	11-000-270-514	214,587	-	214,587	183,630	30,957
Contracted Services (Special Education Students) - Joint Agreements	11-000-270-515	60,762	(16,503)	44,259	-	44,259
Contracted Services (Special Education Students) - ESCS	11-000-270-518	-	31,066	31,066	31,066	-
Contract Service Aid In Lieu of Payments	11-000-270-503	20,000	(4,710)	15,290	10,000	5,290
Contract Service Aid In Lieu of Payments - Choice School	11-000-270-505	2,000	(1,711)	289	-	289
Miscellaneous Purchased Services	11-000-270-593	2,500	-	2,500	2,105	395
General Supplies	11-000-270-610	26,800	11,000	37,800	20,364	17,436
Transportation Supplies	11-000-270-615	14,500	9,000	23,500	19,963	3,537
Miscellaneous Expenditures	11-000-270-800	4,500	-	4,500	762	3,738
<b>Total Student Transportation Services</b>		<b>1,461,035</b>	<b>237,628</b>	<b>1,698,663</b>	<b>1,513,243</b>	<b>185,420</b>

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Unallocated Benefits - Employee Benefits:</b>						
Group Insurance	11-000-291-210	3,500	-	3,500	3,226	274
Social Security Contributions	11-000-291-220	350,000	(59,476)	290,524	272,817	17,707
Other Retirement Contribution - PERS	11-000-291-241	350,000	45,491	395,491	395,490	1
Other Retirement Contribution - Regular	11-000-291-249	25,000	-	25,000	13,409	11,591
Unemployment Contributions	11-000-291-250	1,650	-	1,650	-	1,650
Workmen's Compensation	11-000-291-260	190,000	-	190,000	172,138	17,862
Health Benefits	11-000-291-270	3,729,137	(153,953)	3,575,184	3,325,160	250,024
Other Health Benefits	11-000-291-290	1,750	257	2,007	2,007	-
Unused Sick Payment to Terminated/Retired Staff	11-000-291-299	-	59,476	59,476	59,476	-
<b>Total Unallocated Benefits</b>		<b>4,651,037</b>	<b>(108,205)</b>	<b>4,542,832</b>	<b>4,243,723</b>	<b>299,109</b>
<b>Nonbudgeted:</b>						
On-Behalf TPAF Pension Contributions		-	-	-	2,640,373	(2,640,373)
On-Behalf TPAF Post-Retirement Medical		-	-	-	827,452	(827,452)
On-behalf TPAF Long-Term Disability		-	-	-	1,535	(1,535)
Reimbursed TPAF Social Security Contributions		-	-	-	839,731	(839,731)
<b>Total Nonbudgeted</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>4,309,091</b>	<b>(4,309,091)</b>
<b>Total Undistributed Expenditures</b>		<b>13,145,315</b>	<b>72,525</b>	<b>13,217,840</b>	<b>16,292,631</b>	<b>(3,074,791)</b>
<b>Total Expenditures - Current Expense</b>		<b>22,601,518</b>	<b>76,515</b>	<b>22,678,033</b>	<b>25,081,281</b>	<b>(2,403,248)</b>
<b>Capital Outlay:</b>						
Interest Deposit to Capital Reserve	10-604-000-000	4,000	-	4,000	-	4,000
<b>Regular Programs - Instruction:</b>						
Kindergarten	12-110-100-730	13,200	(13,200)	-	-	-
Grades 1-5	12-120-100-730	127,511	186,697	314,208	313,854	354
Grades 6-8	12-130-100-730	17,698	67,302	85,000	11,971	73,029
<b>Total Regular Programs</b>		<b>158,409</b>	<b>240,799</b>	<b>399,208</b>	<b>325,825</b>	<b>73,383</b>
<b>Undistributed Expenditures:</b>						
Instruction	12-000-100-730	6,000	54,924	60,924	60,924	-
Required Maintenance School Facilities	12-000-261-730	-	36,748	36,748	36,748	-
<b>Total Undistributed Expenditures</b>		<b>6,000</b>	<b>91,672</b>	<b>97,672</b>	<b>97,672</b>	<b>-</b>
<b>Facilities Acquisition &amp; Construction Services:</b>						
Construction Services	12-000-400-450	-	16,660,564	16,660,564	6,766,672	9,893,892
<b>Total Facilities Acquisition &amp; Construction Services</b>		<b>-</b>	<b>16,660,564</b>	<b>16,660,564</b>	<b>6,766,672</b>	<b>9,893,892</b>
<b>Total Capital Outlay</b>		<b>168,409</b>	<b>16,993,035</b>	<b>17,161,444</b>	<b>7,190,169</b>	<b>9,971,275</b>
<b>Total Expenditures</b>		<b>22,769,927</b>	<b>17,069,550</b>	<b>39,839,477</b>	<b>32,271,450</b>	<b>7,568,027</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Uses/(Sources)</b>		<b>(41,622)</b>	<b>(17,249,038)</b>	<b>(17,290,660)</b>	<b>(1,246,179)</b>	<b>16,044,481</b>

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>ACCOUNT NUMBER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	POSITIVE/ (NEGATIVE) FINAL TO <u>ACTUAL</u>
Other Financing Sources/(Uses):						
Transfer In - Capital Projects		-	-	-	1,008	(1,008)
Transfer Out - Local Contribution - Transfer to Special Revenue - Inclusion		(169,104)	-	(169,104)	(169,104)	-
Total Other Financing Surces/(Uses)		(169,104)	-	(169,104)	(168,096)	(1,008)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures						
After Other Financing Uses/(Sources)		(210,726)	(17,249,038)	(17,459,764)	(1,414,275)	16,045,489
Fund Balances, July 1		39,906,575	-	39,906,575	39,906,575	-
Prior Period Adjustment		507,835	-	507,835	507,835	-
Fund Balance, July 1 (Restated)		40,414,410	-	40,414,410	40,414,410	-
Fund Balances, June 30		\$ 40,203,684	\$ (17,249,038)	\$ 22,954,646	\$ 39,000,135	\$ 16,045,489
Prior Year Reserve for Encumbrances			\$ 6,201,541			
Reduction in State Aid			179,488			
Utilization of Impact Aid General Reserves			10,538,009			
Utilization of Impact Aid Capital Reserves			330,000			
Total Budget Transfers			<u>\$ 17,249,038</u>			

**RECAPITULATION OF FUND BALANCE:**

Restricted Fund Balance:		
Capital Reserve	\$ 1,950,126	
Impact Aid - Operating	25,911,754	
Impact Aid - Capital Fund	214,851	
Unemployment Compensation	259,585	
Assigned Fund Balance:		
Year-end Encumbrances	9,985,244	
Unassigned Fund Balance	<u>678,575</u>	
Subtotal	39,000,135	
Reconciliation to Governmental Fund Statements (GAAP):		
Last Two State Aid Payments Not Recognized on GAAP Basis	<u>(1,172,533)</u>	
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 37,827,602</u>	

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>REVENUES</b>					
Federal Sources	\$ 422,909	\$ 590,307	\$ 1,013,216	\$ 829,884	\$ (183,332)
State Sources	3,141,499	-	3,141,499	2,428,340	(713,159)
<b>Total Revenues</b>	<b>3,564,408</b>	<b>590,307</b>	<b>4,154,715</b>	<b>3,258,224</b>	<b>(896,491)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	1,152,976	115,711	1,268,687	1,040,239	228,448
Other Salaries for Instruction	488,360	(21,900)	466,460	399,701	66,759
Purchased Professional & Educational Services	39,000	72,926	111,926	52,061	59,865
Tuition	-	178,965	178,965	168,761	10,204
General Supplies	118,075	179,015	297,090	224,197	72,893
<b>Total Instruction</b>	<b>1,798,411</b>	<b>524,717</b>	<b>2,323,128</b>	<b>1,884,959</b>	<b>438,169</b>
Support Services:					
Salaries of Program Directors	94,278	89,467	183,745	169,650	14,095
Salaries of Other Prof. Staff	165,427	3,018	168,445	168,444	1
Salaries of Secr. & Clerical Asst.	54,883	-	54,883	54,883	-
Other Salaries	31,805	1,225	33,030	30,864	2,166
Community Parent Involv. Spec.	92,150	-	92,150	87,517	4,633
Salaries of Master Teachers	86,262	-	86,262	86,100	162
Benefits	855,004	69,956	924,960	601,838	323,122
Purchased Professional & Educational Services	51,275	70,644	121,919	73,660	48,259
Purchased Professional & Technical Services	35,000	142,505	177,505	165,210	12,295
Other Purchased Services (400-500 Series)	5,000	36,032	41,032	37,543	3,489
General Supplies	7,500	68,943	76,443	61,500	14,943
Miscellaneous Expense	1,000	6,470	7,470	5,160	2,310
<b>Total Support Services</b>	<b>1,479,584</b>	<b>488,260</b>	<b>1,967,844</b>	<b>1,542,369</b>	<b>425,475</b>
Facilities Acquisition & Construction Services:					
Instructional Equipment	32,608	239	32,847	-	32,847
Noninstructional Equipment	422,909	(422,909)	-	-	-
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>455,517</b>	<b>(422,670)</b>	<b>32,847</b>	<b>-</b>	<b>32,847</b>
<b>Total Expenditures</b>	<b>3,733,512</b>	<b>590,307</b>	<b>4,323,819</b>	<b>3,427,328</b>	<b>896,491</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)					
	(169,104)	-	(169,104)	(169,104)	-
Other Financing Sources/(Uses):					
Transfer from Operating Budget - Pre K	169,104	-	169,104	169,104	-
<b>Total Other Financing Sources/(Uses)</b>	<b>169,104</b>	<b>-</b>	<b>169,104</b>	<b>169,104</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balance, July 1	-	-	-	-	-
Prior Period Adjustment	-	-	-	613	613
Fund Balance, July 1 (Restated)	-	-	-	613	613
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ 613	\$ 613

**RECAPITULATION OF FUND BALANCE**

**Restricted Fund Balance:**

Scholarships

\$ 613

\$ 613

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION - PART II  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI - PART II  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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)	\$ 31,025,271	\$ 3,258,224
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	-	162,642
Current Year	-	(111,417)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,171,775	312,192
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.	<u>(1,172,533)</u>	<u>(297,675)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 31,024,513</u>	<u>\$ 3,323,966</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 32,271,450	\$ 3,427,328
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.	-	51,225
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 32,271,450</u>	<u>\$ 3,478,553</u>

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**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)  
LAST EIGHT FISCAL YEARS\***

	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.0361525%	0.0347672%	0.0350697%	0.0342443%	0.0337151%	0.0403493%	0.0388190%	0.0401720%
School District's proportionate share of the net pension liability	\$ 5,895,526	\$ 6,264,514	\$ 6,905,045	\$ 7,971,529	\$ 9,985,441	\$ 9,057,615	\$ 7,267,973	\$ 7,677,672
School District's covered Payroll	\$ 2,641,105	\$ 2,511,728	\$ 2,462,562	2,391,703	\$ 2,545,109	\$ 2,335,112	N/A	N/A
School District's proportionate share of the net pension liability as a percentage of its covered payroll	223.22%	249.41%	280.40%	333.30%	392.34%	387.89%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS  
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)  
 LAST EIGHT FISCAL YEARS\***

	2021	2020	2019	2018	2017	2016	2015	2014
School District's Contractually required contribution	\$ 395,490	\$ 338,184	\$ 348,830	\$ 317,237	\$ 299,520	\$ 346,896	\$ 320,018	\$ 302,688
Contributions in relation to the contractually required contribution	(395,490)	(338,184)	(348,830)	(317,237)	(299,520)	(346,896)	(320,018)	(302,688)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,590,819	\$ 2,641,105	\$ 2,511,728	\$ 2,462,562	\$ 2,391,703	\$ 2,545,109	\$ 2,335,112	N/A
Contributions as a percentage of covered payroll	15.27%	12.80%	13.89%	12.88%	12.52%	13.63%	13.70%	N/A

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND (TPAF)  
LAST EIGHT FISCAL YEARS\***

	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	59,791,566	55,998,285	57,590,542	63,258,722	73,973,461	63,436,261	51,281,684	48,034,622
	<u>\$ 59,791,566</u>	<u>\$ 55,998,285</u>	<u>\$ 57,590,542</u>	<u>\$ 63,258,722</u>	<u>\$ 73,973,461</u>	<u>\$ 63,436,261</u>	<u>\$ 51,281,684</u>	<u>\$ 48,034,622</u>
School District's covered payroll	\$ 11,704,908	\$ 10,966,524	\$ 9,730,091	\$ 9,512,345	\$ 9,512,345	\$ 9,408,557	\$ 9,552,805	N/A
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND (TPAF)  
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.



M. Schedules Related to Accounting and Reporting for Other Post-Employment Benefits (GASB 75)

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**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)**  
**LAST FOUR FISCAL YEARS\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service Cost	\$ 1,827,624	\$ 1,919,122	\$ 2,100,018	\$ 2,533,140
Interest Cost	1,680,263	2,169,763	2,289,026	1,982,358
Difference Between Expected and Actual Experiences	13,219,175	(11,412,815)	(4,383,583)	-
Changes of Assumptions	13,914,114	698,050	(6,292,906)	(8,295,413)
Contributions: Member	40,194	42,601	50,679	53,340
Gross Benefit Payments	(1,326,102)	(1,437,152)	(1,466,342)	(1,448,579)
Net Change in Total OPEB Liability	29,355,268	(8,020,431)	(7,703,108)	(5,175,154)
Total OPEB Liability (Beginning)	46,817,319	54,837,750	62,540,858	67,716,012
Total OPEB Liability (Ending)	<u>\$ 76,172,587</u>	<u>\$ 46,817,319</u>	<u>\$ 54,837,750</u>	<u>\$ 62,540,858</u>
State's Covered Employee Payroll***	\$ 14,346,013	\$ 13,478,252	\$ 12,192,653	\$ 11,904,048
Net OPEB Liability as a Percentage of Payroll	530.97%	347.35%	449.76%	525.37%

The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Teachers Pension and Annuity Fund (TPAF)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 5.60% as of June 30, 2019, to 5.40% as of June 30, 2020.

**Public Employee's Retirement System (PERS)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 6.28% as of June 30, 2019, to 7.00% as of June 30, 2020.

**State Health Benefit Local Education Retired Employees Plan (OPEB)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 3.50% as of June 30, 2019, to 2.21% as of June 30, 2020.

**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 TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES  
AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	I.D.E.A PART B BASIC	I.D.E.A PART B PRESCHOOL PROGRAM	TITLE I	TITLE II	TITLE III	TITLE IV	CARES ACT	COVID RELIEF	PRESCHOOL EDUCATION AID	DEPARTMENT OF DEFENSE - EDUCATION ACTIVITY	SCHOLARSHIP	TOTAL
Revenues:												
Federal Sources	\$ 310,989	\$ 15,765	\$ 238,579	\$ 10,973	\$ 14,777	\$ 6,681	\$ 7,065	\$ 68,270	\$ -	\$ 156,785	\$ -	\$ 829,884
State Sources	-	-	-	-	-	-	-	-	2,428,340	-	-	2,428,340
Total Revenues	310,989	15,765	238,579	10,973	14,777	6,681	7,065	68,270	2,428,340	156,785	-	3,258,224
Expenditures:												
Instruction:												
Salaries of Teachers	-	-	113,100	-	-	-	-	-	919,296	7,843	-	1,040,239
Other Salaries for Instruction	-	-	-	-	-	-	-	-	399,701	-	-	399,701
Purchased Professional	-	-	11,520	-	1,000	-	6,404	-	33,137	-	-	52,061
Tuition	167,561	-	-	-	-	-	-	-	1,200	-	-	168,761
General Supplies	4,727	1,882	43,972	-	10,593	6,681	-	15,369	80,998	59,975	-	224,197
Total Instruction	172,288	1,882	168,592	-	11,593	6,681	6,404	15,369	1,434,332	67,818	-	1,884,959
Support Services:												
Salaries of Program Directors	-	-	-	-	-	-	-	-	129,025	40,625	-	169,650
Salaries of Other Prof. Staff	-	-	-	-	-	-	-	-	168,444	-	-	168,444
Salaries of Sec. & Clerical Asst.	-	-	-	-	-	-	-	-	54,883	-	-	54,883
Other Salaries	-	-	-	-	-	-	-	-	30,864	-	-	30,864
Community Parent Involv. Spec.	-	-	-	-	-	-	-	-	87,517	-	-	87,517
Salaries of Master Teachers	-	-	-	-	-	-	-	-	86,100	-	-	86,100
Benefits	-	-	69,957	-	-	-	-	-	531,881	-	-	601,838
Purchased Professional	-	-	-	-	-	-	-	-	73,660	-	-	73,660
Educational Services	-	-	-	-	-	-	-	-	-	-	-	-
Purchased Professional	135,869	-	-	9,600	2,150	-	-	-	-	3,708	-	165,210
Technical Services	2,832	-	-	-	-	-	-	-	328	34,383	-	37,543
Other Purchased Services	-	-	30	1,373	1,034	-	661	52,901	-	5,501	-	61,500
General Supplies	-	-	-	-	-	-	-	-	410	4,750	-	5,160
Miscellaneous Expense	-	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	138,701	13,883	69,987	10,973	3,184	-	661	52,901	1,163,112	88,967	-	1,542,369
Total Expenditures	310,989	15,765	238,579	10,973	14,777	6,681	7,065	68,270	2,597,444	156,785	-	3,427,328
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	(169,104)	-	-	(169,104)
Other Financing Sources/(Uses):												
Transfer from Operating Budget - Pre K	-	-	-	-	-	-	-	-	169,104	-	-	169,104
Total Other Financing Sources/(Uses)	-	-	-	-	-	-	-	-	169,104	-	-	169,104
Net Change in Fund Balance	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	613	613
Fund Balance, July 1 (Restated)	-	-	-	-	-	-	-	-	-	-	613	613
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 613	\$ 613

**NORTH HANOVER BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION EXPENSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 1,103,920	\$ 919,296	\$ 184,624
Other Salaries for Instruction	466,460	399,701	66,759
Purchased Services	78,150	33,137	45,013
Tuition	5,000	1,200	3,800
General Supplies	88,240	80,998	7,242
<b>Total Instruction</b>	<b>1,741,770</b>	<b>1,434,332</b>	<b>307,438</b>
Support Services:			
Salaries of Program Directors	129,025	129,025	-
Salaries of Other Professional Staff	168,445	168,444	1
Salaries of Secr. And Clerical Assistants	54,883	54,883	-
Other Salaries	31,805	30,864	941
Community Parent Involvement Spec.	92,150	87,517	4,633
Salaries of Master Teachers	86,262	86,100	162
Employee Benefits	855,004	531,881	323,123
Purchased Professional Services	74,431	73,660	771
Other Purchased Professional Services	36,000	328	35,672
Supplies	7,450	-	7,450
Miscellaneous	770	410	360
<b>Total Support Services</b>	<b>1,536,225</b>	<b>1,163,112</b>	<b>373,113</b>
Facilities Acquisition & Construction Services:			
Instructional Equipment	32,608	-	32,608
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>32,608</b>	<b>-</b>	<b>32,608</b>
<b>Total Expenditures</b>	<b>\$ 3,310,603</b>	<b>\$ 2,597,444</b>	<b>\$ 713,159</b>

**CALCULATION OF BUDGET & CARRYOVER**

Total Revised 2020-2021 Preschool Education Aid Allocation	\$ 2,976,750
Add: Actual Preschool Education Aid Carryover (June 30, 2020)	648,094
Add: Budgeted transfer from the General Fund	169,104
<b>Total Preschool Education Aid Funds Available for 2020-2021 Budget</b>	<b>3,793,948</b>
Less: 2020-21 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	(3,310,603)
<b>Available &amp; Unbudgeted Preschool Education Aid Funds as of June 30, 2021</b>	<b>483,345</b>
Add: June 30, 2021 Unexpected Preschool Education Aid Funds	713,159
<b>2020-2021 Carryover- Preschool Education Aid Funds</b>	<b>\$ 1,196,504</b>
<b>2020-2021 Preschool Education Aid Funds Carryover Budgeted in 2021-2022</b>	<b>\$ 831,645</b>

F. Capital Projects Fund

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**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR FISCAL YEAR ENDED JUNE 30, 2021**

<u>PROJECT TITLE</u>	<u>ORIGINAL DATE</u>	<u>APPROPRIATIONS</u>	<u>LESS: UNFUNDED LOCAL PORTION</u>		<u>EXPENDITURES</u>		<u>UNEXPENDED BALANCE JUNE 30, 2021</u>
			<u>PRIOR YEAR</u>	<u>CURRENT YEAR</u>	<u>PRIOR YEAR</u>	<u>CURRENT YEAR</u>	
Construction of New Joint Base Elementary School	6/30/2016	\$ 73,216,751	\$ 152,054	\$ 63,869,193	\$ 1,898,811	\$ 7,296,693	
Total		\$ 73,216,751	\$ 152,054	\$ 63,869,193	\$ 1,898,811	\$ 7,296,693	

Less: Unexpended Federal Sources (revenue not recognized until expended)

(4,548,032)

Total Fund Balance (GAAP Basis) - June 30, 2021

\$ 2,748,661

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGETARY BASIS  
FOR FISCAL YEAR ENDED JUNE 30, 2021**

Revenues and Other Financing Sources:	
Miscellaneous	\$ 1,008
Total Revenues and Other Financing Sources	<u>1,008</u>
Expenditures and Other Financing Uses:	
Purchased Professional & Technical Services	12,980
Construction Services	1,862,049
General Supplies	23,376
Miscellaneous	406
Transfer to General Fund	1,008
Total Expenditures and Other Financing Uses	<u>1,899,819</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(1,898,811)</u>
Net Change in Fund Balance	(1,898,811)
Fund Balance - July 1	<u>9,195,504</u>
Fund Balance - June 30	<u><u>\$ 7,296,693</u></u>



**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND  
PROJECT STATUS - BUDGETARY BASIS  
CONSTRUCTION OF NEW JOINT BASE ELEMENTARY SCHOOL  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
Revenues and Other Financing Sources:				
Federal Sources	\$ 61,958,022	\$ -	\$ 61,958,022	\$ 61,958,022
Transfers - Local Grant Matching Funds	11,106,675	-	11,106,675	11,258,729
<b>Total Revenues and Other Financing Sources</b>	<b>73,064,697</b>	<b>-</b>	<b>73,064,697</b>	<b>73,216,751</b>
Expenditures and Other Financing Uses:				
Federal Portion:				
Purchased Professional & Technical Services	500,567	9,980	510,547	527,000
Construction Services	53,880,639	1,862,049	55,742,688	60,274,267
Equipment	1,156,755	-	1,156,755	1,156,755
	<b>55,537,961</b>	<b>1,872,029</b>	<b>57,409,990</b>	<b>61,958,022</b>
Local Portion:				
Purchased Professional & Technical Services	2,588,420	3,000	2,591,420	3,642,100
Land & Improvements	2,984,787	-	2,984,787	3,750,000
Construction Services	124,940	-	124,940	198,400
Equipment	956,077	23,376	979,453	1,941,221
Miscellaneous	1,677,008	406	1,677,414	1,727,008
	<b>8,331,232</b>	<b>26,782</b>	<b>8,358,014</b>	<b>11,258,729</b>
<b>Total Expenditures and Other Financing Uses</b>	<b>63,869,193</b>	<b>1,898,811</b>	<b>65,768,004</b>	<b>73,216,751</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<b>\$ 9,195,504</b>	<b>\$ (1,898,811)</b>	<b>\$ 7,296,693</b>	<b>\$ -</b>

Additional Project Information:

Project Unique Entity Identifier	\$ 71,454,581
Project OEA Award Number	SP1545-17-01
Project Federal Award Identification Number	HQ0005171001
Federal Grant Award	61,958,022
	03/01/2012
Grant Date (Period of Performance)	12/31/2019
Original Authorized Cost	\$ 75,308,423
Less: Operating Fund Costs	\$ (2,091,672)
Additional Authorized Cost	-
Revised Authorized Cost	\$ 73,216,751
Percentage Increase Over Original Cost	0.00%
Percentage Completion	89.83%
Original Target Completion Date	12/31/2018
Revised Target Completion Date	12/31/2020

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G. Proprietary Funds

( See Exhibits B-4, B-5, B-6 )

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I. Long-Term Debt

Not Applicable

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**STATISTICAL SECTION (Unaudited)**

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. The Exhibits are presented for the last ten fiscal years.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
FISCAL YEAR ENDING JUNE 30,										
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 109,689,870	\$ 103,769,680	\$ 87,622,320	\$ 57,844,079	\$ 42,078,497	\$ 40,634,881	\$ 37,009,812	\$ 44,218,748	\$ 45,752,172	\$ 46,854,184
Restricted	28,597,984	31,860,172	37,663,294	35,351,058	30,927,015	29,930,633	24,314,218	25,303,917	26,556,134	26,945,211
Unrestricted	3,373,675	671,854	(3,104,622)	(4,008,185)	(5,846,629)	(6,722,627)	(2,153,779)	(254,617)	(262,822)	(262,963)
<b>Total Governmental Activities</b>	<b>\$ 141,661,529</b>	<b>\$ 136,301,706</b>	<b>\$ 122,180,992</b>	<b>\$ 89,186,952</b>	<b>\$ 67,158,883</b>	<b>\$ 63,842,887</b>	<b>\$ 59,170,251</b>	<b>\$ 69,268,048</b>	<b>\$ 72,045,484</b>	<b>\$ 73,536,432</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 260,872	\$ 94,147	\$ 117,189	\$ 148,407	\$ 216,115	\$ 216,313	\$ 198	\$ 897	\$ 1,596	\$ 2,295
Unrestricted	116,887	108,579	50,964	40,170	(114,981)	297,861	30,382	37,671	344,467	288,838
<b>Total Business-Type Activities</b>	<b>\$ 377,759</b>	<b>\$ 202,726</b>	<b>\$ 168,153</b>	<b>\$ 188,577</b>	<b>\$ 101,134</b>	<b>\$ 514,174</b>	<b>\$ 30,580</b>	<b>\$ 38,568</b>	<b>\$ 346,063</b>	<b>\$ 291,133</b>
<b>District-Wide:</b>										
Net Investment in Capital Assets	\$ 109,950,742	\$ 103,863,827	\$ 87,739,509	\$ 57,992,486	\$ 42,294,612	\$ 40,851,194	\$ 37,010,010	\$ 44,219,645	\$ 45,753,768	\$ 46,856,479
Restricted	28,597,984	31,860,172	37,663,294	35,351,058	30,927,015	29,930,633	24,314,218	25,303,917	26,556,134	26,945,211
Unrestricted	3,490,562	780,433	(3,053,658)	(3,968,016)	(5,961,610)	(6,424,766)	(2,123,397)	(216,946)	81,645	25,875
<b>Total District Net Position</b>	<b>\$ 142,039,288</b>	<b>\$ 136,504,432</b>	<b>\$ 122,349,145</b>	<b>\$ 89,375,528</b>	<b>\$ 67,260,017</b>	<b>\$ 64,357,061</b>	<b>\$ 59,200,831</b>	<b>\$ 69,306,616</b>	<b>\$ 72,391,547</b>	<b>\$ 73,827,565</b>

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30.									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Expenses:</b>										
Governmental Activities										
Instruction:										
Regular Instruction	\$ (5,486,334)	\$ (5,302,254)	\$ (12,554,909)	\$ (12,204,967)	\$ (5,342,994)	\$ (5,853,374)	\$ (5,695,480)	\$ (6,113,015)	\$ (6,421,001)	\$ (7,013,168)
Special Education Instruction	(4,145,780)	(3,959,291)	(4,588,575)	(4,998,202)	(2,707,276)	(2,097,735)	(2,233,963)	(2,204,707)	(2,183,568)	(2,070,232)
Other Instruction	(923,959)	(824,001)	(1,892,615)	(1,882,866)	(949,918)	(1,020,152)	(1,024,079)	(1,163,761)	(1,071,512)	(255,718)
Support Services:										
Tuition	(338,855)	(370,974)	(269,252)	(281,307)	(271,090)	(214,251)	(369,555)	(389,342)	(61,063)	(200,252)
Attendance & Social Work	-	-	-	-	-	(19,000)	(19,000)	(38,000)	(38,000)	(38,000)
Health Services	-	-	-	-	-	(334,889)	(364,743)	(426,049)	(361,140)	(347,895)
Student & Instruction Related Services	(3,707,494)	(3,686,085)	(4,956,000)	(4,055,919)	(2,391,452)	(2,020,830)	(1,570,191)	(1,547,122)	(1,516,955)	(1,327,828)
General Administrative	(392,229)	(417,217)	-	-	(390,241)	-	-	-	-	-
Educational Media Services/School Library	-	-	-	-	-	(417,231)	(286,092)	(318,433)	(390,869)	(387,050)
School Administrative Services	(631,734)	(626,427)	(830,318)	(1,165,812)	(692,488)	(431,912)	(455,255)	(443,504)	(393,897)	(392,663)
Central Services	(346,633)	(341,106)	(457,627)	(533,735)	(323,657)	-	-	-	-	-
Administrative Info. Technology	(38,323)	(37,501)	(47,120)	(52,919)	(33,572)	-	-	-	-	-
Other Administrative Services	-	-	(562,583)	(662,585)	-	(1,063,459)	(1,213,853)	(1,231,848)	(1,237,097)	(1,239,986)
Plant Operations & Maintenance	(1,880,598)	(1,650,869)	(2,354,995)	(2,662,369)	(1,783,812)	(1,616,514)	(2,479,855)	(1,991,487)	(2,015,310)	(2,080,173)
Pupil Transportation	(1,513,243)	(1,163,728)	(1,740,320)	(2,022,225)	(1,305,778)	(1,270,570)	(1,497,840)	(1,520,839)	(1,478,126)	(1,486,320)
Transfer of Funds to Charter School	-	-	-	-	-	-	-	-	(16,087)	(87,421)
Unallocated/Allocated Benefits	(8,110,658)	(5,671,432)	-	(4,438,866)	(9,654,343)	(9,654,343)	(8,775,963)	(6,749,543)	(6,288,177)	(5,769,425)
On Behalf TPAF Pension and Soc. Sec. Contr.	(4,188,986)	(3,872,435)	-	(2,624,941)	-	-	-	-	-	-
Decrease in Compensated Absences - Unallocated	-	-	-	-	(56,010)	1,461	(5,666)	8,205	141	25,834
Unallocated Depreciation	(2,587,503)	(2,821,761)	-	(1,339,048)	(1,327,347)	(1,327,347)	(1,327,347)	(1,857,654)	(1,857,654)	(1,817,519)
Total Governmental Activities	(34,292,329)	(30,745,081)	(30,254,314)	(30,522,906)	(24,651,143)	(27,340,146)	(27,318,882)	(25,987,099)	(25,330,315)	(24,487,816)
Business-Type Activities:										
Food Service	(675,077)	(625,693)	(732,345)	(710,159)	(783,539)	(763,311)	(768,884)	(750,449)	(781,096)	(844,454)
Total Business-Type Activities Expense	(675,077)	(625,693)	(732,345)	(710,159)	(783,539)	(763,311)	(768,884)	(750,449)	(781,096)	(844,454)
Total District Expenses	\$ (34,967,406)	\$ (31,370,774)	\$ (30,986,659)	\$ (31,233,065)	\$ (25,434,682)	\$ (28,103,457)	\$ (28,087,766)	\$ (26,737,548)	\$ (26,111,411)	\$ (25,332,270)
Program Revenues:										
Governmental Activities										
Operating Grants & Contributions	\$ 11,136,531	\$ 8,000,594	\$ 8,713,633	\$ 8,545,267	\$ 3,174,868	\$ 5,970,302	\$ 4,798,744	\$ 373,670	\$ 294,449	\$ 307,766
Total Governmental Activities	11,136,531	8,000,594	8,713,633	8,545,267	3,174,868	5,970,302	4,798,744	373,670	294,449	307,766

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30.									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Business-Type Activities:</b>										
Charges for Services:										
Food Service	6,940	158,540	208,302	206,407	224,513	201,154	190,766	203,781	226,409	217,184
Operating Grants	645,047	501,649	503,620	488,056	662,616	386,755	600,440	536,133	244,603	678,183
Total Business Type Activities	651,987	660,189	711,922	694,463	887,129	587,909	791,206	739,914	471,012	895,367
Program Revenues										
Total District Program Revenues	\$ 11,788,518	\$ 8,660,783	\$ 9,425,555	\$ 9,239,730	\$ 4,061,997	\$ 6,558,211	\$ 5,589,950	\$ 1,113,584	\$ 765,461	\$ 1,203,133
<b>Net/(Expense)/Revenue:</b>										
Governmental Activities	(23,155,798)	(22,744,487)	(21,540,681)	(21,977,639)	(21,476,275)	(21,369,844)	(22,520,138)	(25,613,429)	(25,035,866)	(24,180,050)
Business-Type Activities	(23,090)	34,496	(20,423)	(15,696)	103,590	(175,402)	22,322	(10,535)	(310,084)	50,913
Total District-Wide Net Expense	\$ (23,178,888)	\$ (22,709,991)	\$ (21,561,104)	\$ (21,993,335)	\$ (21,372,685)	\$ (21,545,246)	\$ (22,497,816)	\$ (25,623,964)	\$ (25,345,950)	\$ (24,129,137)
<b>General Revenues &amp; Other Changes in Net Assets:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 3,150,765	\$ 3,088,985	\$ 3,028,417	\$ 2,814,625	\$ 2,759,436	\$ 2,705,329	\$ 2,520,776	\$ 2,292,048	\$ 2,203,893	\$ 2,114,955
Federal & State Aid Not Restricted & Not Restricted	24,967,859	33,590,242	50,664,916	40,712,505	21,578,742	22,565,532	20,113,960	20,178,578	21,004,509	21,353,403
Transportation	-	-	-	-	-	28,300	106,545	175,939	152,382	153,303
Tuition	118,893	110,787	153,074	301,440	174,002	25,733	25,197	13,107	4,875	5,350
Investment Earnings	-	-	-	-	-	4,916	127,333	7,628	4,040	7,628
Miscellaneous Income	350,942	75,189	688,315	285,803	404,610	267,984	152,560	168,693	175,219	163,876
Cancelled Prior Year Unearned Revenue	-	-	-	-	29,675	-	-	-	-	-
Loss on Disposal of Capital Asset	(581,287)	-	-	(108,665)	(154,194)	-	-	-	-	-
Total Governmental Activities	28,007,172	36,865,203	54,534,722	44,005,708	24,792,271	25,597,794	23,046,371	22,835,993	23,544,918	23,798,515
<b>Business-type Activities</b>										
Investment Earnings	-	76	-	-	-	4,159	3,162	2,547	2,589	4,017
Loss on Disposal of Capital Asset	(22,237)	-	-	-	(453)	-	-	-	-	-
Total Business-Type Activities	(22,237)	76	-	-	(453)	4,159	3,162	2,547	2,589	4,017
Total District-Wide	\$ 27,984,935	\$ 36,865,279	\$ 54,534,722	\$ 44,005,708	\$ 24,791,818	\$ 25,601,953	\$ 23,049,533	\$ 22,838,540	\$ 23,547,507	\$ 23,802,532
Change in Net Position:										
Governmental Activities	\$ 4,851,374	\$ 14,120,716	\$ 32,994,041	\$ 22,028,069	\$ 3,315,996	\$ 4,227,950	\$ 526,233	\$ (2,777,436)	\$ (1,490,948)	\$ (381,535)
Business-Type Activities	(45,327)	34,572	(20,423)	(15,696)	103,137	(171,243)	25,484	(7,988)	(307,495)	54,930
Total District	\$ 4,806,047	\$ 14,155,288	\$ 32,973,618	\$ 22,012,373	\$ 3,419,133	\$ 4,056,707	\$ 551,717	\$ (2,785,424)	\$ (1,798,443)	\$ (326,605)

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

	FISCAL YEAR ENDING JUNE 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>General Fund:</b>										
Restricted	\$ 28,336,316	\$ 29,843,530	\$ 33,610,677	\$ 28,346,636	\$ 23,493,660	\$ 25,641,385	\$ 24,314,218	\$ 2,032,606	\$ 2,024,977	\$ 2,020,938
Committed	-	-	-	-	-	205,159	2,299,790	22,394,722	20,711,394	20,672,224
Assigned	9,985,244	6,591,755	2,201,205	524,209	228,553	1,280,681	337,934	876,589	3,819,763	4,252,049
Unassigned	(493,958)	2,299,515	3,496,190	4,271,156	2,582,786	-	-	-	-	-
<b>Total General Fund</b>	<b>\$ 37,827,602</b>	<b>\$ 38,734,800</b>	<b>\$ 39,308,072</b>	<b>\$ 33,142,001</b>	<b>\$ 26,304,999</b>	<b>\$ 27,127,225</b>	<b>\$ 26,951,942</b>	<b>\$ 25,303,917</b>	<b>\$ 26,556,134</b>	<b>\$ 26,945,211</b>
<b>All Other Governmental Funds:</b>										
Restricted, Reported in:										
Special Revenue Fund	\$ 613	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Projects Fund	2,748,661	2,775,443	4,052,617	7,004,422	7,433,355	4,289,248	-	-	-	-
Assigned, Reported in:										
Special Revenue Fund	(297,675)	(312,192)	(16,784)	-	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 2,451,599</b>	<b>\$ 2,463,251</b>	<b>\$ 4,035,833</b>	<b>\$ 7,004,422</b>	<b>\$ 7,433,355</b>	<b>\$ 4,289,248</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS**

*(Modified Accrual Basis of Accounting)*

	FISCAL YEAR ENDING JUNE 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Revenues</b>										
Tax Levy	\$ 3,150,765	\$ 3,088,985	\$ 3,028,417	\$ 2,814,625	\$ 2,759,436	\$ 2,705,329	\$ 2,520,776	\$ 2,292,048	\$ 2,203,893	\$ 2,114,955
Tuition Charges	118,893	110,787	153,074	301,440	174,002	25,733	25,197	13,107	4,875	5,350
Interest Earned Capital Reserve Funds	-	-	-	-	-	4,916	127,333	7,628	4,040	7,628
Transportation	-	-	-	-	-	-	106,545	175,939	152,382	153,303
Miscellaneous	350,942	75,189	688,315	285,803	407,570	267,984	152,560	168,693	175,219	163,876
State Sources	18,918,587	18,215,007	16,965,229	14,770,087	14,279,594	13,929,458	13,617,625	13,382,663	13,282,544	12,258,690
Federal Sources	13,682,329	22,060,606	39,326,241	29,427,649	10,471,056	11,485,897	9,049,136	7,169,585	8,016,414	9,402,479
Total Revenue	36,221,516	43,550,574	60,161,276	47,599,604	28,091,658	28,447,617	25,599,172	23,209,663	23,839,367	24,106,281
<b>Expenditures</b>										
Instruction:										
Regular Instruction	5,486,334	5,302,254	6,269,205	5,941,212	5,342,994	5,853,374	5,666,352	6,113,015	6,421,001	7,013,168
Special Education Instruction	4,145,780	3,959,291	2,291,273	2,433,056	2,707,276	2,097,735	2,233,963	2,204,707	2,183,568	2,070,232
Other Instruction	923,959	824,001	945,064	916,554	949,918	1,020,152	1,024,079	1,163,761	1,071,512	253,718
Support Services:										
Tuition	338,855	370,974	203,156	177,748	271,090	214,251	369,555	389,342	61,063	200,252
Attendance & Social Work	-	-	-	-	-	19,000	19,000	38,000	38,000	38,000
Health Services	-	-	389,993	398,644	-	334,889	364,743	426,049	361,140	347,895
Student & Instruction Related Services	3,707,494	3,686,085	3,048,084	2,164,152	2,391,452	2,020,830	1,570,191	1,547,122	1,516,955	1,327,828
General Administrative	392,229	417,217	-	-	390,241	-	-	-	-	-
Educational Media Services/School Library	-	-	-	-	-	417,231	286,092	318,433	390,869	387,050
School Administrative Services	631,734	626,427	626,493	736,637	692,488	431,912	455,255	443,504	393,897	392,663
Central Services	346,633	341,106	345,289	337,249	323,657	323,678	361,546	387,863	371,826	334,382
Administration Information Technology	38,323	37,501	35,553	33,438	33,572	38,124	31,318	32,327	32,885	31,650
Other Administrative Services	-	-	424,481	418,665	-	701,657	820,989	811,658	832,386	873,954
Plant Operations & Maintenance	1,880,598	1,734,772	1,776,894	1,682,260	1,783,812	1,616,514	1,877,948	1,991,487	2,015,310	2,080,173
Pupil Transportation	1,513,243	1,163,728	1,313,109	1,277,774	1,305,778	1,270,570	1,497,840	1,520,839	1,478,126	1,486,320
On-Behalf TPAF Pension and Social Security Contributions	4,309,091	3,580,934	-	-	2,624,941	-	-	-	-	-
Unallocated Benefits	4,845,561	4,766,921	7,752,166	7,451,399	4,045,375	6,275,221	6,545,818	6,749,543	6,288,177	5,789,614
Capital Outlay	9,088,980	18,885,218	31,543,031	17,222,748	2,936,858	1,347,948	826,458	324,230	755,642	954,658
Total Expenditures	37,648,814	45,696,429	56,963,791	41,191,536	25,799,452	23,983,086	23,951,147	24,461,880	24,212,357	23,583,557
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,427,298)	(2,145,855)	3,197,485	6,408,068	2,292,206	4,464,531	1,648,025	(1,252,217)	(372,990)	522,724
<b>Other Financing Sources/(Uses):</b>										
Transfer of Funds to Charter School	-	-	-	-	-	-	-	-	(16,087)	(87,421)
Transfers in	170,112	3,711	(22,587)	-	5,768,202	5,338,473	-	-	-	-
Transfers Out	(170,112)	(3,711)	22,587	-	(5,768,202)	(5,338,473)	-	-	-	-
Cancelled Prior Year Unearned Revenue	-	-	-	-	29,675	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	29,675	-	-	-	(16,087)	(87,421)
Net Change in Fund Balances	\$ (1,427,298)	\$ (2,145,855)	\$ 3,197,485	\$ 6,408,068	\$ 2,321,881	\$ 4,464,531	\$ 1,648,025	\$ (1,252,217)	\$ (389,077)	\$ 435,303
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records  
Note: Noncapital expenditures are total expenditures less capital outlay.

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

FISCAL YEAR ENDING JUNE 30,	INTEREST EARNINGS	MISCELLANEOUS	TRANSPORTATION	TUITION		TOTAL
				FROM OTHER LEA's	TUITION OTHER	
2021	\$ 91,614	\$ 258,320	\$ -	\$ 118,893	\$ -	\$ 468,827
2020	58,464	13,014	-	110,787	-	182,265
2019	227,784	437,943	-	153,074	-	818,801
2018	221,212	64,591	-	286,640	14,800	587,243
2017	108,252	292,117	4,241	-	174,002	578,612
2016	142,979	125,005	28,300	-	25,733	322,017
2015	127,333	233,908	-	-	25,197	386,438
2014	115,573	53,120	-	-	-	168,693
2013	99,188	76,031	-	-	-	175,219
2012	110,014	53,862	-	-	-	163,876

Source: District records



Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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**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
2021	\$7,126,300	\$301,229,500	\$42,401,400	\$3,659,940	\$64,930,000	\$327,800	\$13,722,100	\$433,397,040	\$195,175,320	\$958,611	\$434,355,651	0.739	\$450,714,930
2020	7,235,100	298,818,100	42,815,600	3,667,143	66,930,900	327,800	13,919,400	433,714,043	195,380,020	942,047	434,656,090	0.725	454,136,292
2019	7,846,100	297,862,900	42,484,500	3,649,293	65,577,150	327,800	13,273,400	431,021,143	193,943,220	970,040	431,991,183	0.716	435,526,727
2018	7,690,200	296,414,200	42,691,200	3,870,798	65,564,050	327,800	13,273,400	429,831,648	194,427,720	967,695	430,799,343	0.702	430,079,939
2017	7,798,300	295,368,500	42,793,500	3,938,900	62,579,950	327,800	13,273,400	426,080,350	194,224,420	945,717	427,026,067	0.659	423,302,121
2016	7,865,100	294,839,000	43,285,000	3,999,453	60,868,050	327,800	13,184,900	424,369,303	193,164,520	941,379	425,310,682	0.641	420,863,296
2015	8,112,300	297,721,500	43,346,300	4,030,644	52,680,900	327,800	13,060,100	419,279,544	192,231,020	924,253	420,203,797	0.600	410,445,398
2014	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
2013	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
2012	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

**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	BURLINGTON	
				OF NORTH HANOVER	COUNTY	
2021	0.739	0.733	1.472	0.370	0.407	2.249
2020	0.725	0.753	1.478	0.373	0.391	2.242
2019	0.716	0.751	1.467	0.383	0.374	2.224
2018	0.702	0.672	1.374	0.375	0.375	2.124
2017	0.659	0.695	1.354	0.401	0.324	2.079
2016	0.641	0.682	1.323	0.354	0.396	2.073
2015	0.600	0.672	1.272	0.315	0.365	1.952
2014	0.546	0.653	1.199	0.293	0.381	1.873
2013	0.514	0.617	1.131	0.277	0.388	1.796
2012	0.494	0.603	1.097	0.273	0.406	1.776

Source: Municipal Tax Collector

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

Taxpayer	2021			2012		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
	NOT AVAILABLE			NOT AVAILABLE		
Total	_____		_____	_____		_____
	=====		=====	=====		=====

Source: Municipal Tax Assessor

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

FISCAL YEAR ENDED <u>JUNE 30.</u>	TAXES LEVIED FOR THE FISCAL <u>YEAR</u>	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT <u>YEARS</u>
		<u>AMOUNT</u>	<u>PERCENTAGE OF LEVY</u>	
2021	\$ 9,783,581	\$ 9,636,199	98.49%	\$ 147,382
2020	9,703,343	9,539,251	98.31%	164,092
2019	9,250,718	9,079,457	98.15%	171,261
2018	8,915,831	8,743,769	98.07%	172,062
2017	8,839,494	8,680,053	98.20%	159,441
2016	8,391,571	8,227,574	98.05%	163,997
2015	7,893,876	7,681,550	97.31%	212,326
2014	7,625,093	7,395,314	96.99%	229,779
2013	7,659,117	7,440,241	97.14%	218,876
2012	7,607,626	7,433,685	97.71%	173,941

Source: Municipal records

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Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for historical view of the School District's outstanding debt and its debt capacity.

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

There is no Outstanding Debt as of June 30, 2021

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

There is no Outstanding Debt as of June 30, 2021

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2021**

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE</u>	<u>SHARE OF OVERLAPPING DEBT</u>
Debt Repaid With Property Taxes:			
North Hanover Township	\$ 5,800,000	100.00%	\$ 5,800,000
Northern Burlington County Regional	47,375,000	15.05%	7,129,101
Burlington County	221,311,009	0.93%	<u>2,052,565</u>
Subtotal, Overlapping Debt			14,981,666
North Hanover School District Direct Debt			<u>-</u>
Total Direct & Overlapping Debt			<u><u>\$ 14,981,666</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 ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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 ENDING JUNE 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt Limit	\$ 15,526,154	\$ 15,237,617	\$ 14,927,439	\$ 14,698,482	\$ 14,260,153	\$ 14,493,238	\$ 14,493,238	\$ 14,953,108	\$ 16,240,715	\$ 17,620,705
Legal Debt Margin	\$ 15,526,154	\$ 15,237,617	\$ 14,927,439	\$ 14,260,153	\$ 14,493,238	\$ 14,493,238	\$ 14,953,108	\$ 16,240,715	\$ 17,620,705	\$ 17,586,066
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Legal Debt Margin Calculation for Fiscal Year 2021**

	Equalized Valuation Basis
Average Equalized Valuation of Taxable Property	\$ 443,604,401
Debt Limit (3.5% of Average Equalization Value)	\$ 15,526,154
Legal Debt Margin	\$ 15,526,154

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

## Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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

<u>YEAR</u>	<u>POPULATION</u>	<u>PERSONAL INCOME</u>	<u>PER CAPITA PERSONAL INCOME</u>	<u>UNEMPLOYMENT RATE</u>
2020	7,474	N/A	N/A	8.8%
2019	7,483	475,956,215	63,605	3.9%
2018	7,499	459,268,756	61,244	3.8%
2017	7,517	446,750,344	59,432	6.2%
2016	7,547	437,356,197	57,951	7.1%
2015	7,597	427,536,369	56,277	10.4%
2014	7,643	410,964,110	53,770	11.5%
2013	7,664	395,730,640	51,635	11.1%
2012	7,706	393,822,836	51,106	11.4%
2011	7,712	385,692,544	50,012	10.7%

**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

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

	2021		
	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>		

**2012 NOT AVAILABLE**

**Source:** Municipal Records

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Instruction:										
Regular	77	88	100	85	84	96	96	95	94	107
Special Education	59	52	58	60	58	52	52	59	57	33
Other Special Education	7	6	6	6	6	6	6	12	12	7
Support Services:										
Student & Instruction Related Services	23	22	18	17	18	12	12	24	27	46
School Administrative Services	12	12	12	12	12	13	13	15	15	5
General & Business Administrative Services	2	2	2	2	2	2	2	2	2	2
Plant Operations & Maintenance	20	20	18	18	18	19	19	30	31	23
Pupil Transportation	11	11	5	5	5	4	4	11	11	5
Business & Other Support Services	8	8	5	5	8	7	7	7	6	5
Food Service	1	1	2	3	7	6	6	6	6	8
<b>Total</b>	<b>220</b>	<b>222</b>	<b>226</b>	<b>213</b>	<b>218</b>	<b>217</b>	<b>217</b>	<b>261</b>	<b>261</b>	<b>241</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	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2021	1,120	\$ 28,559,834	\$ 25,500	13.08%	115	9	1,155	1,100	-3.19%	95.24%
2020	1,189	26,811,211	22,549	26.92%	116	10	1,193	1,135	8.06%	95.14%
2019	1,113	19,774,424	17,767	-3.41%	126	9	1,104	1,040	-1.69%	94.20%
2018	1,132	20,820,972	18,393	-4.02%	126	9	1,123	1,063	-4.18%	94.66%
2017	1,193	22,862,594	19,164	3.44%	148	8	1,172	1,106	-1.76%	94.37%
2016	1,194	22,120,129	18,526	-2.06%	148	8	1,193	1,126	-1.32%	94.38%
2015	1,199	22,679,396	18,915	11.77%	148	8	1,209	1,141	-4.58%	94.38%
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%

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 YEARS**

DISTRICT BUILDINGS	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Elementary Schools:										
Columbia School:										
Square Feet	N/A	N/A	N/A	N/A	N/A	38,007	38,007	38,007	38,007	38,007
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	273	273	273	273	273
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Discovery School:										
Square Feet	N/A	N/A	36,154	36,154	36,154	36,154	36,154	36,154	36,154	36,154
Capacity (Students)	N/A	N/A	244	244	244	244	244	244	244	244
Enrollment	N/A	N/A	322	295	282	282	337	330	342	299
Atlantis School:										
Square Feet	N/A	N/A	39,855	39,855	39,855	39,855	39,855	39,855	39,855	39,855
Capacity (Students)	N/A	N/A	283	283	283	283	283	283	283	283
Enrollment	N/A	N/A	193	209	228	228	234	234	219	197
Endeavour School:										
Square Feet	182,751	182,751	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (Students)	950	950	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	603	632	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
C.B. Lamb Elementary School:										
Square Feet	71,549	65,861	65,861	65,861	65,861	65,861	65,861	65,861	65,861	65,861
Capacity (Students)	507	446	446	446	446	446	446	446	446	446
Enrollment	290	290	330	403	419	419	419	408	431	416
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	487	487	487	487	487	487
Enrollment	227	267	268	286	291	291	291	304	269	265

Number of Schools at June 30, 2021  
Elementary = 3

Source: District Facilities Office

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

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Columbia School	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ 6,000	\$ -	\$ 19,244
Discovery School	-	-	61,421	82,015	69,179	70,765	151,520	70,005	65,000	85,016
Atlantis School	-	-	71,892	95,328	91,592	95,162	158,720	69,694	70,000	71,150
Endeavor School	269,700	100,648	-	-	-	-	-	-	-	-
C.B. Lamb School	132,352	232,928	232,616	139,616	162,548	168,835	264,551	98,870	79,000	107,162
Upper Elementary School	232,489	244,489	268,996	278,057	300,539	211,862	216,866	76,950	136,000	141,360
<b>Total School Facilities</b>	<b>\$ 634,541</b>	<b>\$ 578,065</b>	<b>\$ 634,926</b>	<b>\$ 595,016</b>	<b>\$ 623,858</b>	<b>\$ 546,624</b>	<b>\$ 797,657</b>	<b>\$ 321,519</b>	<b>\$ 350,000</b>	<b>\$ 423,932</b>

Source: District records

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2021**

	COVERAGE	DEDUCTIBLE
<b>Burlington County Insurance Pool Joint Insurance Fund (BCIP JIF)</b>		
Property / Inland Marine / Automobile Physical Damage - JIF Self Insured Retention	\$ 250,000	\$ 500
Crime - JIF Self Insured Retention	250,000	500
General Liability / Auto Liability - JIF Self Insured Retention	250,000	-
Workers Compensation - JIF Self Insured Retention	250,000	-
<b>School Pool for Excess Liability Limits Joint Insurance Fund (SPELL JIF)**</b>		
Property / Inland Marine / Automobile Physical Damage	175,000,000	
Crime	500,000	
Workers Compensation	Statutory	
Employers Liability	20,000,000	
General Liability / Auto Liability	20,000,000	
Educators' Legal Liability	20,000,000	
<b>Travelers Insurance Company</b>		
Boiler and Machinery	125,000,000	1,000
<b>AIG / Commerce and Industry Insurance Company</b>		
Pollution Legal Liability	3,000,000	25,000
<b>AIG / Lexington Insurance Company, Inc.</b>		
Cyber Liability	2,000,000	10,000
<b>Lloyd's of London</b>		
Violent Malicious Acts	1,000,000	15,000
<b>Lloyd's of London</b>		
Disaster Management Services	2,000,000	15,000
<b>Surety Bonds - Selective Insurance</b>		
Treasurer	250,000	
Board Secretary	215,000	
<b>Excess and Reinsurance Carriers Involved **</b>		
Property and Crime.....	SPELL JIF, Great American Insurance Company Great American Insurance Company Axis Surplus Insurance Company Westchester Fire Insurance Company Alterra Excess & Surplus Insurance Company Ironshore Specialty Insurance Company Steadfast Insurance Company RSUI Indemnity Company James River Insurance Company BRIT / Lloyd's of London Arch Specialty Insurance Company	
General Liability and Automobile Liability.....	SPELL JIF, Great American Insurance Company	
Workers Compensation.....	SPELL JIF, Great American Insurance Company, Safety National Casualty Company	
Educators Legal Liability.....	SPELL JIF, Great American Insurance Company	

Source: District records

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**SINGLE AUDIT SECTION**

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**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 Township School District  
County of Burlington  
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 activities, the business-type activities, each major fund and the aggregate remaining fund information of the North Hanover Township School District (the "School District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 19, 2022.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School 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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

**HOLT MCNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants & Advisors*

Michael Holt  
Certified Public Accountant  
Public School Accountant, No. 1148

Medford, New Jersey  
February 19, 2022

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

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

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

We have audited the North Hanover Township School District’s (the “School District”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District’s major federal and state programs for the fiscal year ended June 30, 2021. The School District’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the School District’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; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards, the Uniform Guidance and New Jersey OMB’s Circular 15-08 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 the School District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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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 the School District's compliance.

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

In our opinion, the School District 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, 2021.

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

Management of the School District 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 the School District'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 the Uniform Guidance and New Jersey OMB's Circular 15-08, 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 the School District'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.

**Purpose of this Report**

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

Respectfully Submitted,

**HOLT MCNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants & Advisors*

Michael Holt  
Certified Public Accountant  
Public School Accountant, No. 1148

Medford, New Jersey  
February 19, 2022

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NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE OR CLUSTER	ASSISTANCE LISTING NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2020	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	ADJUSTMENTS	BALANCE, JUNE 30, 2021	
											(ACCOUNTS RECEIVABLE)	(DUE TO GRANTOR)
	93.778	2106NJSMAP	100-064-7540-211	\$ 17,030	7/1/20-6/30/21	-	17,030	(17,030)	-	-	\$ -	\$ -
<b>U.S. Department of Health and Human Services</b>												
Passed Through New Jersey Department of Human Services:												
Medical Assistance Program (SEMI)												
<b>Total U.S. Department of Health and Human Services</b>												
<b>U.S. Department of Agriculture</b>												
Passed Through New Jersey Department of Agriculture:												
Child Nutrition Cluster:												
COVID-19 School Breakfast Program	10.553	21INJ304N1099	100-010-3350-100	172,243	7/1/20-6/30/21	-	172,243	(172,243)	-	-	-	-
COVID-19 School Breakfast Program	10.553	20INJ304N1099	100-010-3350-028	34,159	7/1/19-6/30/20	3,001	172,243	-	-	(3,001)	-	-
COVID-19 National School Lunch Program	10.555	21INJ304N1099	100-010-3350-098	311,165	7/1/20-6/30/21	-	311,165	(311,165)	-	-	-	-
COVID-19 National School Lunch Program	10.555	20INJ304N1099	100-010-3350-026	113,231	7/1/19-6/30/20	4,801	-	-	-	(4,801)	-	-
COVID-19 Healthy Hunger-Free Kids Act	10.555	21INJ304N1099	100-010-3350-098	6,206	7/1/20-6/30/21	-	6,206	(6,206)	-	-	-	-
COVID-19 Healthy Hunger-Free Kids Act	10.555	20INJ304N1099	100-010-3350-026	4,712	7/1/19-6/30/20	99	-	-	-	(99)	-	-
Food Distribution Program (Noncash Assistance)	10.555	20INJ304N1099	Unavailable	45,422	7/1/20-6/30/21	-	45,422	(41,849)	-	-	-	3,573
Food Distribution Program (Noncash Assistance)	10.555	21INJ304N1099	Unavailable	39,247	7/1/19-6/30/20	6,385	362,793	(365,605)	-	(4,900)	-	3,573
Total Child Nutrition Cluster												
<b>Total U.S. Department of Agriculture</b>												
<b>U.S. Department of the Treasury</b>												
Passed Through New Jersey Department of Education:												
COVID-19 ARP - Corona Virus Relief Fund	21.019	SLT0007	100-034-5120-517	68,270	3/13/20-9/30/22	-	68,270	(68,270)	-	-	-	-
<b>Total U.S. Department of the Treasury</b>												
<b>U.S. Department of Education</b>												
Direct Federal												
Impact Aid - 7003(b)	84.041	S041B143114	N/A - Direct	10,312,809	Various	-	17,846,204	(10,312,809)	-	-	-	7,533,395
Impact Aid - 7003(d)	84.041	Unavailable	N/A - Direct	121,092	Various	-	224,635	(121,092)	-	-	-	103,543
Passed Through New Jersey Department of Education:												
I.D.E.A. Part B (Special Education Cluster)												
Basic	84.027	H027A200100	100-034-5065-016	310,936	7/1/20-9/30/21	-	299,417	(310,989)	-	-	(11,572)	-
Basic	84.027	H027A190100	100-034-5065-016	282,559	7/1/19-9/30/20	(38,684)	38,684	-	-	-	-	-
Preschool	84.173	H173A200114	100-034-5065-020	15,765	7/1/20-9/30/21	-	338,101	(310,989)	-	-	(11,572)	-
Total Special Education Cluster												
Title I - Part A	84.010	S010A200030	100-034-5064-194	234,162	7/1/20-9/30/21	-	153,724	(238,579)	-	-	(84,855)	-
Title I - Part A	84.010	S010A190030	100-034-5064-194	202,318	7/1/19-9/30/20	(12,998)	12,998	-	-	-	-	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A200029	100-034-5063-290	21,839	7/1/20-9/30/21	-	4,174	(10,973)	-	-	(6,799)	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A190029	100-034-5063-290	19,586	7/1/19-9/30/20	(249)	249	-	-	-	-	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A150029	100-034-5063-290	49,290	7/1/15-6/30/16	400	-	-	-	-	-	400
Title III, English Language Acquisition	84.365	S365A200030	100-034-5064-187	18,100	7/1/20-9/30/21	-	4,423	(10,973)	-	-	(6,799)	-
Title III, English Language Acquisition	84.365	S365A190030	100-034-5064-187	24,162	7/1/19-9/30/20	(263)	12,765	(14,777)	-	-	(2,275)	-
Title IV	84.424	S365A200030	100-034-5063-348	16,616	7/1/20-9/30/21	-	6,169	(6,681)	-	-	(512)	-
Title IV	84.424	S365A190030	100-034-5063-348	10,691	7/1/19-9/30/20	(1,350)	7,519	(6,681)	-	-	(512)	-
COVID-19 Cares Emergency Relief Grant												
<b>Total U.S. Department of Education</b>												
<b>U.S. Department of Defense</b>												
Community Investment Construction Grant	12.600	HQ00051810001	Not Available	61,985,022	12/9/2016-12/31/2021	(8,323,155)	9,825,067	(1,872,029)	-	-	(370,117)	-
Impact Aid-Department of Defense ( DOD)	12.558	Unavailable	Not Available	588,713	7/1/20-6/30/21	(42,262)	166,882	(588,713)	-	-	(32,165)	-
Department of Defense Education Activity Grant	12.556	HE1254-18-1-0006	Not Available	750,000	9/28/2018-5/31/2023	(8,365,417)	10,580,662	(2,617,527)	-	-	(402,282)	-
<b>Total U.S. Department of Defense</b>												
<b>Total Expenditures of Federal Awards</b>												
				\$ 29,953,527		\$ (14,279,405)	\$ (508,295)	\$ (7,901)	\$ (400)	\$ (508,295)	\$ (400)	\$ 7,640,511

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

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2020	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	ADJUSTMENT	BALANCE, JUNE 30, 2021		MEMO	
									ACCOUNTS RECEIVABLE	UNEARNED REVENUE	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
<b>New Jersey Department of Education:</b>												
General Fund:												
495-034-5120-078	\$ 9,974,505	7/1/20-6/30/21	\$ -	\$ 9,974,505	\$ (9,974,505)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 982,727	\$ 9,974,505
495-034-5120-084	192,147	7/1/20-6/30/21	-	192,147	(192,147)	-	-	-	-	-	18,931	192,147
495-034-5120-085	403,273	7/1/20-6/30/21	-	403,273	(403,273)	-	-	-	-	-	39,732	403,273
495-034-5120-089	842,583	7/1/20-6/30/21	-	842,583	(842,583)	-	-	-	-	-	83,015	842,583
Total State Aid Public												
495-034-5120-014	488,491	7/1/20-6/30/21	-	488,491	(488,491)	-	-	-	-	-	48,128	488,491
495-034-5120-014	2,900	7/1/20-6/30/21	-	-	(2,900)	-	-	-	(2,900)	-	-	2,900
495-034-5120-044	243,045	7/1/20-6/30/21	-	-	(243,045)	-	-	-	(243,045)	-	-	243,045
495-034-5120-044	272,302	7/1/19-6/30/20	(272,302)	-	-	-	-	-	-	-	-	-
100-034-5094-003	839,731	7/1/20-6/30/21	-	839,731	(839,731)	-	-	-	-	-	-	839,731
495-034-5094-001	827,452	7/1/20-6/30/21	-	827,452	(827,452)	-	-	-	-	-	-	827,452
495-034-5094-002	2,640,373	7/1/20-6/30/21	-	2,640,373	(2,640,373)	-	-	-	-	-	-	2,640,373
495-034-5094-004	1,535	7/1/20-6/30/21	-	1,535	(1,535)	-	-	-	-	-	-	1,535
Total General Fund												
	(272,302)			16,482,392	(16,456,035)	-	-	-	(245,945)	-	1,172,533	16,456,035
Special Revenue Fund:												
495-034-5120-086	2,976,750	7/1/20-6/30/21	-	2,976,750	(1,780,246)	-	-	-	-	1,196,504	297,675	1,780,246
495-034-5120-086	3,121,920	7/1/19-6/30/20	453,801	-	(648,094)	-	194,293	-	-	-	-	648,094
Subtotal												
			453,801	2,976,750	(2,428,340)	-	194,293	-	-	1,196,504	297,675	2,428,340
495-034-5120-050	1,560	7/1/16-6/30/17	1,560	-	-	-	-	-	-	1,560	-	-
Total Special Revenue Fund												
	455,361			2,976,750	(2,428,340)	-	194,293	-	-	1,198,064	297,675	2,428,340
<b>New Jersey Department of Agriculture:</b>												
Enterprise Fund:												
100-010-3350-022	17,199	7/1/20-6/30/21	-	15,519	(17,199)	-	-	-	(1,680)	-	-	17,199
100-010-3350-023	5,192	7/1/19-6/30/20	77	-	-	-	(77)	-	-	-	-	-
Total Enterprise Fund												
	77		77	15,519	(17,199)	-	(77)	-	(1,680)	-	-	17,199
Total State Financial Assistance												
	\$ 183,136			\$ 19,474,661	\$ (18,901,574)	\$ -	\$ 194,216	\$ (247,625)	\$ -	\$ 1,198,064	\$ 1,470,208	\$ 18,901,574
State Financial Assistance Programs not subject to Calculation for Major Program Determination:												
TPAF - Post Retirement					\$ 827,452							
Medical (Noncash Assistance)												
TPAF - Pension					2,640,373							
Contributions (Noncash Assistance)												
TPAF - Long-Term Disability					1,535.00							
Insurance (Noncash Assistance)												
Total State Financial Assistance subject to Calculation for Major Program Determination												
												\$ (15,432,214)

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



**NORTH HANOVER SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Note 1. Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the North Hanover School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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. Summary of Significant Accounting Policies**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2021. 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, 2021.

**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.

**NORTH HANOVER SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A.* 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments 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 (\$758) for the general fund and \$65,742 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 10,949,644	\$ 16,455,277	\$ 27,404,921
Special Revenue Fund	860,656	2,463,310	3,323,966
Capital Projects Fund	1,872,029	-	1,872,029
Food Service Fund	627,848	17,199	645,047
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Awards & Financial Assistance	<u>\$ 14,310,177</u>	<u>\$ 18,935,786</u>	<u>\$ 33,245,963</u>

**Note 4. Relationship to Federal and State Financial Reports**

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

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

The North Hanover School District had no loan balances outstanding at June 30, 2021.

**Note 6. Adjustment to Schedule of Expenditures of State Financial Assistance**

The adjustment to Preschool Aid in the Schedule of Expenditures of State Financial Assistance represents a revision in unearned revenue recorded as of the year ended June 30, 2021.



**NORTH HANOVER SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Section I - Summary of Auditor's Results (continued)**

**State Financial Assistance**

Dollar threshold used to determine Type A programs \_\_\_\_\_ \$ 750,000 \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ X \_\_\_\_\_ yes \_\_\_\_\_ no

Internal control over major programs:

    1) Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

    2) Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

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 New Jersey OMB's Circular 15-08? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

Identification of major programs:

**State Grant/Project Number(s)**

**Name of State Program**

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
_____ 495-034-5120-078 _____	<u>State Aid Public:</u>
_____ 495-034-5120-085 _____	_____ Equalization Aid _____
_____ 495-034-5120-084 _____	_____ Adjustment Aid _____
_____ 495-034-5120-089 _____	_____ Categorical Security Aid _____
_____ _____	_____ Categorical Special Education Aid _____
_____ _____	_____ _____
_____ _____	_____ _____

**NORTH HANOVER SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Section II – Financial Statement Findings – N/A**

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 *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

**Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs – N/A**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

**FEDERAL AWARDS – N/A**

**STATE FINANCIAL ASSISTANCE – N/A**

**NORTH HANOVER SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings – N/A

Federal Awards – N/A

State Financial Assistance – N/A