

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

Wrightstown, New Jersey
County of Burlington

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

WRIGHTSTOWN, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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*

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

Mrs. Helen E. Payne
Superintendent

Mrs. Amy S. Lerner
School Business Administrator

December 4, 2023

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, 2023 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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, 2023, 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 15th, for the current and past nine fiscal years are detailed below.

FISCAL YEAR	ENROLLMENT	PERCENT CHANGE
2023	1,418	8.33%
2022	1,309	16.88%
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%

ECONOMIC CONDITION AND OUTLOOK

The local community of North Hanover Township is not experiencing any major development or expansion. The student population has been on an upswing since the 2020-2021 school year. Initially it was possibly due to the implementation of a full day preschool program and the district remaining open full time during the COVID-19 pandemic, however, the district continues to see an increase in enrollment of both town and military students. 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

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. During the summer of 2022, the district installed new security and technology systems at the Upper Elementary School as well as restructuring of the main office area to enhance security. Due to increasing enrollments, the district is embarking upon a revision to their Long Range Facility Plan to analyze spaces and facilities.

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

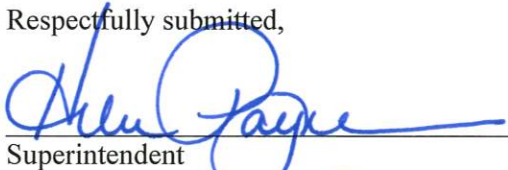
INDEPENDENT AUDIT

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,

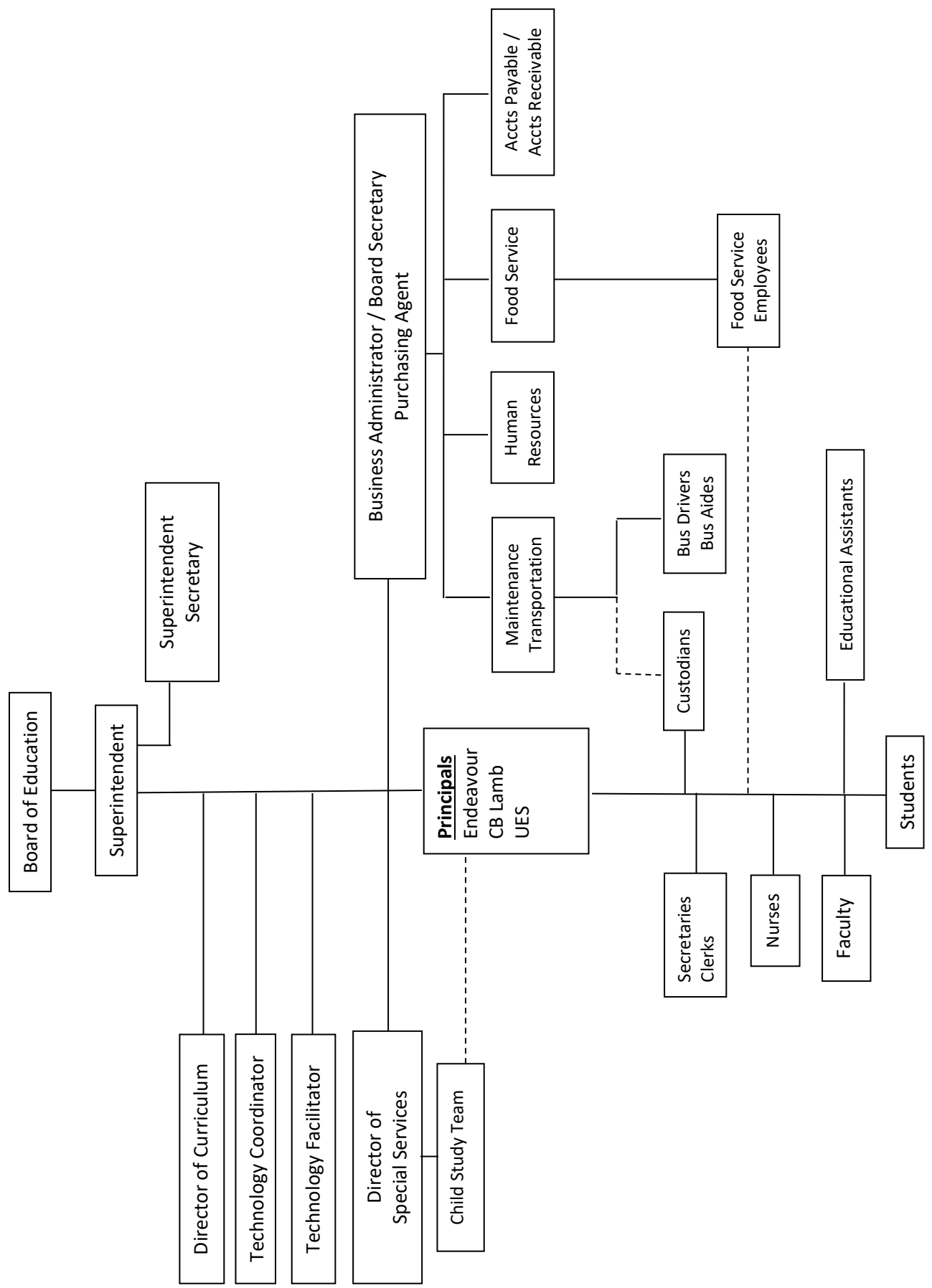


Superintendent



School Business Administrator/Board Secretary

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT



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

**ROSTER OF OFFICIALS
JUNE 30, 2023**

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
William C. Sullivan, President	2025
Nancy Morrow, Vice President	2023
Ross Greene	2023
Anthony Grindlinger	2025
Joanna Tallone	2023
Lieutenant Colonel Megan Hall, 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

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FINANCIAL SECTION

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

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

Opinions

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, 2023, 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.

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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Prior Period Restatement

Due to a valuation of District capital assets in the current year, Net Position as of June 30, 2022 on the statement of activities and the statement of revenues, expenses and changes in fund net position has been restated, as discussed in Note 20 to the financial statements. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund statements and long-term debt schedules are presented for purposes of additional analysis, as required by the Office of School 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, long-term debt schedules and accompanying schedules of expenditures or federal award and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2023 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
December 4, 2023

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, 2023
(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, 2023. 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, 2023
(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 2023 and 2022.

Table 1
Summary of Net Position

	June 30, <u>2023</u>	June 30, <u>2022</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 42,435,190	\$ 39,393,048	\$ 3,042,142	8%
Capital Assets, Net	103,359,349	100,422,735	2,936,614	3%
Total Assets	<u>145,794,539</u>	<u>139,815,783</u>	<u>5,978,756</u>	4%
Deferred Outflow of Resources	<u>949,272</u>	<u>819,577</u>	<u>129,695</u>	16%

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited) (Continued)

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

Table 1
Summary of Net Position (continued)

	June 30, <u>2023</u>	June 30, <u>2022</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current and other Liabilities	1,240,593	1,811,196	(570,603)	-32%
Noncurrent Liabilities	6,073,574	4,864,139	1,209,435	25%
Total Liabilities	<u>7,314,167</u>	<u>6,675,335</u>	638,832	10%
Deferred Inflow of Resources	<u>973,126</u>	<u>2,723,845</u>	(1,750,719)	-64%
Net Position:				
Net Investment in Capital Assets	103,359,349	100,422,735	2,936,614	3%
Restricted	37,557,599	29,397,714	8,159,885	28%
Unrestricted (Deficit)	(2,460,430)	1,415,731	(3,876,161)	-274%
Total Net Position	<u>\$ 138,456,518</u>	<u>\$ 131,236,180</u>	<u>\$ 7,220,338</u>	6%

Table 2 reflects the changes in net position for fiscal years 2023 and 2022.

Table 2
Summary of Changes in Net Position

	June 30, <u>2023</u>	June 30, <u>2022</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 341,256	\$ 6,141	\$ 335,115	5457%
Operating Grants & Contributions	10,144,157	11,238,033	(1,093,876)	-10%
General Revenues:				
Property Taxes	3,368,055	3,213,780	154,275	5%
Federal & State Aid	29,940,371	22,065,145	7,875,226	36%
Other General Revenues	1,265,346	184,670	1,080,676	585%
Total Revenues	<u>45,059,185</u>	<u>36,707,769</u>	<u>8,351,416</u>	23%

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited) (Continued)

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

Table 2
Summary of Changes in Net Position (continued)

	June 30, <u>2023</u>	June 30, <u>2022</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Function/Program Expenses:				
Regular Instruction	6,187,035	5,886,656	300,379	5%
Special Education Instruction	5,387,388	4,943,544	443,844	9%
Other Instruction	1,129,175	987,879	141,296	14%
Tuition	902,045	491,472	410,573	84%
Student & Instruction Related Services	5,619,810	4,662,929	956,881	21%
General Administrative	550,529	446,583	103,946	23%
School Administrative Services	568,642	646,864	(78,222)	-12%
Central Services	391,420	378,320	13,100	3%
Administrative Information Technology	39,302	39,303	(1)	0%
Plant Operations & Maintenance	2,111,923	1,981,633	130,290	7%
Pupil Transportation	2,127,717	1,449,235	678,482	47%
Unallocated Benefits	6,916,470	7,859,601	(943,131)	-12%
On Behalf TPAF Pension and Social Security Contributions	1,524,815	870,248	654,567	75%
Loss on Disposal of Capital Assets	-	113,573	(113,573)	-100%
Unallocated Depreciation	3,432,881	2,479,370	953,511	38%
Food Service	949,695	990,207	(40,512)	-4%
Total Expenses	37,838,847	34,227,417	3,611,430	11%
Change In Net Position	7,220,338	2,480,352	4,739,986	191%
Net Position - Beginning	131,236,180	128,755,828	2,480,352	2%
Net Position - Ending	<u>\$ 138,456,518</u>	<u>\$ 131,236,180</u>	<u>\$ 7,220,338</u>	6%

As described in Note 1 to the financial statements in “Adopted Accounting Pronouncements”, the district has adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. The adoption of this principle had no material effect on the district’s financial position.

As described in Note 20 to the financial statements, the district restated its net position as a result of a valuation of its capital assets. The total prior period adjustment to net position was (\$13,283,460).

Governmental Activities

Governmental activities increased the net position of the School District by \$7,287,030 or 5.57% during the current fiscal year.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$138,003,710 with an unrestricted deficit balance of \$2,707,890. 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, 2023
(Unaudited) (Continued)

Governmental Activities (continued)

Table 3

Unrestricted Net Position (With GASB 68)	\$	(2,707,890)
Add back: PERS Pension Liability		5,359,329
Add back: Deferred Inflows related to pensions		973,126
Less: Deferred Outflows related to pensions		<u>(949,272)</u>
Unrestricted Net Position (Without GASB 68)	<u>\$</u>	<u>2,675,293</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 \$452,808, a decrease of \$66,692 from the prior year.

General Fund Budgeting Highlights

Final budgeted revenues were \$25,400,699, which was equal to the original budget. Final budgeted appropriations were \$33,742,674, which was an increase of \$8,340,225 from the original budget. The difference is the combination of \$6,224,200 in prior year reserve for encumbrances and a utilization of Federal Impact Aid Reserve of \$2,116,025.

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 \$41,447,819, an increase of \$3,703,069 or 9.81% from the prior year fund balance in the amount of \$37,744,750.

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2023, totaled \$103,359,349 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, 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 \$2,936,614. Table 4 reflects the capital assets.

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited) (Continued)

Capital Assets (continued)

Table 4
Summary of Capital Assets - Governmental Activities

<u>Capital Asset (Net of Depreciation):</u>	June 30, <u>2023</u>	June 30, <u>2022</u>
Land	\$ 98,818	\$ 98,818
Construction in Progress	-	32,360,803
Building and Improvements	100,147,675	64,522,213
Equipment	2,907,508	3,206,333
	<u>\$ 103,154,001</u>	<u>\$ 100,188,167</u>
Depreciation Expense	<u>\$ 3,432,881</u>	<u>\$ 2,479,370</u>

Summary of Capital Assets - Business-Type Activities

<u>Capital Asset (Net of Depreciation):</u>	June 30, <u>2023</u>	June 30, <u>2022</u>
Equipment	\$ 205,348	\$ 234,568
	<u>\$ 205,348</u>	<u>\$ 234,568</u>
Depreciation Expense	<u>\$ 29,220</u>	<u>\$ 29,773</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 \$714,245 and \$5,359,329, 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, 2023
(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 budgetary state and federal funding for the 2022-23 school year when compared to the 2021-22 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 2023-24 budget will be adequate to satisfy all of 2023-24 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, 2023

	GOVERNMENTAL <u>ACTIVITIES</u>	BUSINESS-TYPE <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash & Cash Equivalents	\$ 2,924,797	\$ 313,361	\$ 3,238,158
Receivables, Net (Note 4)	1,622,962	148	1,623,110
Inventory	-	16,936	16,936
Internal Balances	70,434	(70,434)	-
Restricted Cash & Cash Equivalents	37,556,986	-	37,556,986
Capital Assets, Net (Note 5)			
Non-depreciable	98,818	-	98,818
Depreciable	103,055,183	205,348	103,260,531
Total Assets	145,329,180	465,359	145,794,539
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	949,272	-	949,272
Total Deferred Outflow of Resources	949,272	-	949,272
Total Assets and Deferred Outflows of Resources	146,278,452	465,359	146,743,811
LIABILITIES:			
Accounts Payable	214,953	-	214,953
Due to Other Governments	500,682	1,282	501,964
Unearned Revenue	512,407	11,269	523,676
Noncurrent Liabilities (Note 7):			
Due in more than one year	6,073,574	-	6,073,574
Total Liabilities	7,301,616	12,551	7,314,167
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	973,126	-	973,126
Total Deferred Inflow of Resources	973,126	-	973,126
Total Liabilities and Deferred Inflows of Resources	8,274,742	12,551	8,287,293
NET POSITION:			
Net Investment in Capital Assets	103,154,001	205,348	103,359,349
Restricted for:			
Capital Projects	2,017,490	-	2,017,490
Impact Aid	35,228,217	-	35,228,217
Other Purposes	311,892	-	311,892
Unrestricted (Deficit)	(2,707,890)	247,460	(2,460,430)
Total Net Position	\$ 138,003,710	\$ 452,808	\$ 138,456,518

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, 2023**

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	\$ 6,187,035	\$ -	\$ -	(6,187,035)	-	\$ (6,187,035)
Special Education Instruction	5,387,388	-	2,950,141	(2,437,247)	-	(2,437,247)
Other Instruction	1,129,175	-	-	(1,129,175)	-	(1,129,175)
Support Services:						
Tuition	902,045	-	172,316	(729,729)	-	(729,729)
Student & Instruction Related Services	5,619,810	-	1,706,199	(3,913,611)	-	(3,913,611)
General Administrative	550,529	-	-	(550,529)	-	(550,529)
School Administrative Services	568,642	-	-	(568,642)	-	(568,642)
Central Services	391,420	-	-	(391,420)	-	(391,420)
Administrative Info. Technology	39,302	-	-	(39,302)	-	(39,302)
Plant Operations & Maintenance	2,111,923	-	-	(2,111,923)	-	(2,111,923)
Pupil Transportation	2,127,717	-	-	(2,127,717)	-	(2,127,717)
Unallocated Benefits	6,916,470	-	3,262,227	(3,654,243)	-	(3,654,243)
On Behalf TPAF Pension and Soc. Sec. Contributions	1,524,815	-	1,524,815	-	-	-
Unallocated Depreciation	3,432,881	-	-	(3,432,881)	-	(3,432,881)
Total Governmental Activities	36,889,152	-	9,615,698	(27,273,454)	-	(27,273,454)
Business-Type Activities:						
Food Service	949,695	341,256	528,459	-	(79,980)	(79,980)
Total Business-Type Activities	949,695	341,256	528,459	-	(79,980)	(79,980)
Total Primary Government	\$ 37,838,847	\$ 341,256	\$ 10,144,157	(27,273,454)	(79,980)	(27,353,434)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				3,368,055	-	3,368,055
Federal & State Aid Restricted				75,533	-	75,533
Federal & State Aid Not Restricted				29,864,838	-	29,864,838
Miscellaneous				1,252,058	13,288	1,265,346
Total General Revenues, Special Items and Transfers				34,560,484	13,288	34,573,772
Change In Net Position				7,287,030	(66,692)	7,220,338
Net Position - Beginning (Restated - See Note 20)				130,716,680	519,500	131,236,180
Net Position - Ending				\$ 138,003,710	\$ 452,808	\$ 138,456,518

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, 2023**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS:				
Cash & Cash Equivalents	\$ 1,136,574	\$ -	\$ 2,215,653	\$ 3,352,227
Receivables, Net:				
Interfund Receivable	137,962	155,642	-	293,604
Due from Other Governments:				
State	693,183	-	-	693,183
Federal	-	559,662	370,117	929,779
Restricted Cash & Cash Equivalents	37,556,986	-	-	37,556,986
Total Assets	\$ 39,524,705	\$ 715,304	\$ 2,585,770	\$ 42,825,779
LIABILITIES & FUND BALANCES:				
Liabilities:				
Cash Deficit	\$ -	\$ 427,430	\$ -	\$ 427,430
Accounts Payable	78,155	136,798	-	214,953
Interfund Payable	155,642	-	67,528	223,170
Unearned Revenue	-	512,407	-	512,407
Total Liabilities	233,797	1,076,635	67,528	1,377,960
Fund Balances:				
Restricted for:				
Capital Reserve	2,017,490	-	-	2,017,490
Impact Aid - General	34,825,129	-	-	34,825,129
Impact Aid - Capital Fund	403,088	-	-	403,088
Scholarship	-	613	-	613
Unemployment	311,279	-	-	311,279
Assigned to:				
Other Purposes	994,589	-	-	994,589
Unassigned	739,333	(361,944)	2,518,242	2,895,631
Total Fund Balances	39,290,908	(361,331)	2,518,242	41,447,819
Total Liabilities & Fund Balances	\$ 39,524,705	\$ 715,304	\$ 2,585,770	

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 \$131,124,545 and the accumulated depreciation is \$27,970,544.	103,154,001
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	949,272
Deferred Inflows related to pensions	(973,126)
Accrued pension contributions for the June 30, 2023 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.	(500,682)
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.	(6,073,574)
Net Position of Governmental Activities	\$ 138,003,710

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, 2023

	<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	\$ 3,368,055	\$ -	\$ -	\$ 3,368,055
Miscellaneous	1,219,699	500	32,359	1,252,558
Total Local Sources	<u>4,587,754</u>	<u>500</u>	<u>32,359</u>	<u>4,620,613</u>
State Sources	21,039,001	3,623,636	-	24,662,637
Federal Sources	15,178,278	2,361,041	-	17,539,319
Total Revenues	<u>40,805,033</u>	<u>5,985,177</u>	<u>32,359</u>	<u>46,822,569</u>
Expenditures:				
Instruction:				
Regular Instruction	6,187,035	-	-	6,187,035
Special Education Instruction	2,437,247	2,950,141	-	5,387,388
Other Instruction	1,129,175	-	-	1,129,175
Support Services:				
Tuition	729,729	172,316	-	902,045
Student & Instruction Related Services	3,636,028	1,983,782	-	5,619,810
General Administrative	550,529	-	-	550,529
School Administrative Services	568,642	-	-	568,642
Central Services	391,420	-	-	391,420
Administrative Info. Technology	39,302	-	-	39,302
Plant Operations & Maintenance	1,964,915	-	-	1,964,915
Pupil Transportation	2,127,717	-	-	2,127,717
Unallocated Benefits	4,272,370	1,080,988	-	5,353,358
On Behalf TPAF Pension and Social Security Contributions	6,352,441	-	-	6,352,441
Capital Outlay	6,470,190	75,533	-	6,545,723
Total Expenditures	<u>36,856,740</u>	<u>6,262,760</u>	<u>-</u>	<u>43,119,500</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>3,948,293</u>	<u>(277,583)</u>	<u>32,359</u>	<u>3,703,069</u>
Other Financing Sources (Uses):				
Transfers in	32,359	164,520	-	196,879
Transfers out	(164,520)	-	(32,359)	(196,879)
Total Other Financing Sources (Uses)	<u>(132,161)</u>	<u>164,520</u>	<u>(32,359)</u>	<u>-</u>
Net changes in fund balances	3,816,132	(113,063)	-	3,703,069
Fund Balance, July 1	35,474,776	(248,268)	2,518,242	37,744,750
Fund Balance, June 30	<u>\$ 39,290,908</u>	<u>\$ (361,331)</u>	<u>\$ 2,518,242</u>	<u>\$ 41,447,819</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, 2023**

Total Net Changes in Fund Balances - Governmental Funds (B-2) \$ 3,703,069

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	\$ (3,432,881)	
Capital Outlays	<u>6,398,715</u>	2,965,834

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.

768,925

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 (+).

(150,798)

Change in Net Position of Governmental Activities

\$ 7,287,030

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2023**

ASSETS	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	FOOD SERVICE <u>FUND</u>	TOTALS
Current Assets:		
Cash	\$ 313,361	\$ 313,361
Accounts Receivable:		
State	8	8
Federal	140	140
Inventories	16,936	16,936
	<hr/>	<hr/>
Total Current Assets	330,445	330,445
Noncurrent Assets:		
Capital Assets:		
Equipment	579,149	579,149
Less: Accumulated Depreciation	(373,801)	(373,801)
	<hr/>	<hr/>
Total Noncurrent Assets	205,348	205,348
	<hr/>	<hr/>
Total Assets	535,793	535,793
	<hr/>	<hr/>
LIABILITIES		
Current Liabilities:		
Interfunds Payable	70,434	70,434
Accounts Payable	1,282	1,282
Unearned Revenue	11,269	11,269
	<hr/>	<hr/>
Total Liabilities	82,985	82,985
	<hr/>	<hr/>
NET POSITION		
Net Investment in Capital Assets	205,348	205,348
Unrestricted	247,460	247,460
	<hr/>	<hr/>
Total Net Position	\$ 452,808	\$ 452,808
	<hr/>	<hr/>

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, 2023**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	FOOD SERVICE <u>FUND</u>	TOTALS
Operating Revenues:		
Local Sources:		
Daily Sales-Reimbursable Programs	\$ 304,257	\$ 304,257
Daily Sales - Nonreimbursable Program	35,667	35,667
Miscellaneous	1,332	1,332
Total Operating Revenue	341,256	341,256
Operating Expenses:		
Salaries - FSMC	225,713	225,713
Salaries - District	186,007	186,007
Payroll Taxes - FSMC	43,830	43,830
Employee Benefits - District	2,049	2,049
Cost of Sales - Reimbursable	311,449	311,449
Cost of Sales - Non-Reimbursable	38,715	38,715
Supplies & Materials	29,944	29,944
Management Fee	46,420	46,420
Depreciation	29,220	29,220
Miscellaneous	36,348	36,348
Total Operating Expenses	949,695	949,695
Operating Income/(Loss)	(608,439)	(608,439)
Nonoperating Revenues/(Expenses):		
State Sources:		
State School Lunch Program	8,012	8,012
State School Reduced Lunch & Breakfast Program	14,226	14,226
Federal Sources:		
National School Breakfast Program	79,299	79,299
National School Lunch Program	283,367	283,367
Healthy Hunger-Free Kids Act	9,939	9,939
Supply Chain Assistance Award	73,104	73,104
Food Distribution Program	60,512	60,512
Interest Earnings	13,288	13,288
Total Nonoperating Revenue/(Expenses)	541,747	541,747
Change in Net Position	(66,692)	(66,692)
Total Net Position - July 1	519,500	519,500
Total Net Position - Ending	\$ 452,808	\$ 452,808

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, 2023**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	FOOD SERVICE FUND	TOTALS
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 313,560	\$ 313,560
Payments to Employees	(457,599)	(457,599)
Payments to Suppliers	(403,191)	(403,191)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	(547,230)	(547,230)
	<hr/>	<hr/>
Cash Flows From Noncapital Financing Activities:		
Cash Received From State & Federal Programs	467,799	467,799
	<hr/>	<hr/>
Net Cash Provided by Noncapital Financing Activities	467,799	467,799
	<hr/>	<hr/>
Cash Flows From Investing Activities:		
Interest & Dividends	13,288	13,288
	<hr/>	<hr/>
Net Cash Provided/(Used) by Investing Activities	13,288	13,288
	<hr/>	<hr/>
Net Increase/(Decrease) in Cash & Cash Equivalents	(66,143)	(66,143)
Balances - Beginning of Year	379,504	379,504
	<hr/>	<hr/>
Balances - Ending of Year	<u>\$ 313,361</u>	<u>\$ 313,361</u>
 Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:		
Operating Income (Loss)	\$ (608,439)	\$ (608,439)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by (Used in) Operating Activities:		
Depreciation & Net Amortization	29,220	29,220
Food Distribution Program	60,512	60,512
Change in Assets & Liabilities:		
(Increase)/Decrease in Inventory	(2,109)	(2,109)
Increase/(Decrease) in Accounts & Interfunds Payable	1,282	1,282
Increase/(Decrease) in Unearned Revenue	(27,696)	(27,696)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (547,230)</u>	<u>\$ (547,230)</u>

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, 2023

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NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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 6th grade. The North Hanover Township School District has an approximate enrollment at June 30, 2023 of 1,418 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, 2023.

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023 (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, 2023 (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 financed purchases 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, 2023 (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, 2023 (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, 2023 (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, 2023 (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, 2023 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, 2023 (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, 2023 (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, 2023.
- 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 components 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, 2023 (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, 2023:

Statement No. 96, *Subscription-Based Information Technology Arrangements*. Statement No. 96 establishes a single approach to accounting and financial reporting for subscription-based information technology arrangements for government end users. Statement No. 96 is effective for reporting periods beginning after June 15, 2022. The District has implemented this standard as of June 30, 2023.

Recently Issued Accounting Pronouncements

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

Statement No. 101, *Compensated Absences*. Statement No. 101 aligns the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Management has not yet determined the potential impact on the District's financial statements.

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.

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

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

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 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, 2023, the School District’s bank balance of \$41,780,387 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 41,083,633
Uninsured and Uncollateralized	<u>696,754</u>
	<u>\$ 41,780,387</u>

Investments

The School District had no investments at June 30, 2023.

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 1,954,118
Increased by:	
Interest Earnings	<u>63,372</u>
Ending Balance, June 30, 2023	<u>\$ 2,017,490</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 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, 2022 to June 30, 2023 fiscal year is as follows:

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

Note 3. Reserve Accounts (continued):

Beginning Balance, July 1, 2022	\$	26,941,154
Increased by:		
Deposits approved by the Board, June 13, 2023		10,000,000
		36,941,154
Decreased by:		
Withdrawals approved by the Board		(2,116,025)
Ending Balance, June 30, 2023	\$	34,825,129

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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$	214,851
Increased by:		
Deposits approved by the Board, June 13, 2023		188,237
Ending Balance, June 30, 2023	\$	403,088

Note 4. Accounts Receivable

Accounts receivable at June 30, 2023 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:

<u>Description</u>	Governmental Funds			<u>Total Governmental Activities</u>	Proprietary Funds		<u>Total Business-Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>		<u>Food Service Fund</u>		
Federal Awards	\$ -	\$ 559,662	\$ 370,117	\$ 929,779	\$ 140	\$ 140	
State Awards	693,183	-	-	693,183	8	8	
Total	\$ 693,183	\$ 559,662	\$ 370,117	\$ 1,622,962	\$ 148	\$ 148	

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

Note 5. Capital Assets

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

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2023</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 98,818	\$ -	\$ -	\$ 98,818
Construction in Progress	32,360,803	-	(32,360,803)	-
Total Capital Assets not being depreciated	<u>32,459,621</u>	<u>-</u>	<u>(32,360,803)</u>	<u>98,818</u>
Capital Assets being depreciated:				
Building Improvements	86,736,961	6,277,215	32,360,803	125,374,979
Equipment	5,529,248	121,500	-	5,650,748
Total Capital Assets being depreciated	<u>92,266,209</u>	<u>6,398,715</u>	<u>32,360,803</u>	<u>131,025,727</u>
Less: Accumulated Depreciation:				
Building Improvements	(22,214,748)	(3,012,556)	-	(25,227,304)
Equipment	(2,322,915)	(420,325)	-	(2,743,240)
Total Accumulated Depreciation	<u>(24,537,663)</u>	<u>(3,432,881)</u>	<u>-</u>	<u>(27,970,544)</u>
Total Capital Assets being depreciated, net	<u>67,728,546</u>	<u>2,965,834</u>	<u>32,360,803</u>	<u>103,055,183</u>
Total Governmental Activities Capital Assets, net	<u>\$ 100,188,167</u>	<u>\$ 2,965,834</u>	<u>\$ -</u>	<u>\$ 103,154,001</u>
	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2023</u>
Business-Type Activities:				
Equipment	\$ 579,149	\$ -	\$ -	\$ 579,149
	<u>579,149</u>	<u>-</u>	<u>-</u>	<u>579,149</u>
Less: Accumulated Depreciation:				
Equipment	(344,581)	(29,220)	-	(373,801)
	<u>(344,581)</u>	<u>(29,220)</u>	<u>-</u>	<u>(373,801)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 234,568</u>	<u>\$ (29,220)</u>	<u>\$ -</u>	<u>\$ 205,348</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, 2023 are as follows:

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

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

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 137,962	\$ 155,642
Special Revenue Fund	155,642	-
Capital Projects Fund	-	67,528
Food Service Fund	-	70,434
	<u>\$ 293,604</u>	<u>\$ 293,604</u>

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	\$ 32,359	\$ 164,520
Special Revenue Fund	164,520	-
Capital Projects Fund	-	32,359
	<u>\$ 196,879</u>	<u>\$ 196,879</u>

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

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2023 the following changes occurred in long-term obligations for the governmental and business-type activities:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Balance Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 563,447	\$ 216,667	\$ 65,869	\$ 714,245	\$ -
Net Pension Liability	4,300,692	1,058,637	-	5,359,329	-
	<u>\$ 4,864,139</u>	<u>\$ 1,275,304</u>	<u>\$ 65,869</u>	<u>\$ 6,073,574</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.

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

Note 8. Pension Plans (continued):

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to 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 the noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022, the State's pension contribution was more 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, 2023, the School District reported a liability of \$5,359,329 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022. 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, 2021, to the measurement date of June 30, 2022.

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

Note 8. Pension Plans (continued):

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

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, 2022. The School District’s proportion measured as of June 30, 2022, was 0.03551%, which was a decrease of 0.00079% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized full accrual pension expense/(benefit) of \$(321,094) in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2022 measurement date. At June 30, 2023 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 38,681	\$ 34,111
Changes of Assumptions	16,605	802,504
Net Difference between Projected and Actual Earnings on Pension Plan Investments	221,818	-
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	171,486	136,511
School District Contributions Subsequent to Measurement Date	500,682	-
	\$ 949,272	\$ 973,126

\$500,682 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, 2024 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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:

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

Note 8. Pension Plans (continued):

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

Year Ending		Amount
<u>Dec 31.</u>		
2023	\$	(430,981)
2024		(219,570)
2025		(107,080)
2026		233,608
2027		<u>(513)</u>
	\$	<u>(524,536)</u>

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:

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

Note 8. Pension Plans (continued):

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	-	5.16
June 30, 2021	5.13	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022		5.04
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	-	5.00
June 30, 2021	5.00	-
June 30, 2022	5.00	
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
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
June 30, 2021	5.13	5.13
June 30, 2022	5.04	5.04

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

Note 8. Pension Plans (continued):

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

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

Inflation		
Price		2.75%
Wage		3.25%
Salary Increases:		
Through 2027	2.85 - 6.55%	Based on Years of Service
Thereafter	2.75 - 6.55%	Based on Years of Service
Investment Rate of Return		7.00%
Mortality Rate Table		
PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021	
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021	

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of 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 asset class included in PERS’s target asset allocation as of June 30, 2022 are summarized in the following table:

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

Note 8. Pension Plans (continued):

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.37%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	100.00%	

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	\$ 6,943,478	\$ 5,359,329	\$ 4,095,169

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

Note 8. Pension Plans (continued):

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

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2023 and 2022:

Balances at June 30, 2023 and June 30, 2022

	<u>6/30/2023</u>	<u>6/30/2022</u>
Actuarial valuation date (including roll forward)	June 30, 2022	June 30, 2021
Collective Deferred Outflows of Resources	\$ 1,660,772,008	\$ 1,164,738,169
Collective Deferred Inflows of Resources	3,236,303,935	8,339,123,762
Collective Net Pension Liability	15,219,184,920	11,972,782,878
District's portion of the Plan's total Net Pension Liability	0.03551%	0.03630%

Special Funding Situation – Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation 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 related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities’ total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the nonemployer contributing entities’ total proportionate share of the collective pension expense associated with the local participating employer.

The State’s proportionate share of the PERS net pension liability associated with the special funding situation is \$-0- as of June 30, 2023. The State’s proportionate share of the contribution associated with the special funding situation was \$11,276 as of June 30, 2023. These are based on measurements as of June 30, 2022.

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 Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

Note 8. Pension Plans (continued):

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to 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 2022, the State's pension contribution was more 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, 2023 was \$50,926,814. The School District's proportionate share was \$-0-.

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

Note 8. Pension Plans (continued):

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

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The State's proportionate share of the net pension liability associated with the School District was based on projection of the State's long-term contributions to the pension plan associated with the School District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2022, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.09871%, which was an increase of 0.00957% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the School District recognized \$1,370,583 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, 2022 measurement date.

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	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-2021.

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

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

Note 8. Pension Plans (continued):

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.37%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments 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 7.00% 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, 2023 (continued)**

Note 8. Pension Plans (continued):

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

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	<u>59,712,772</u>	<u>50,926,814</u>	<u>43,525,749</u>
	<u>\$ 59,712,772</u>	<u>\$ 50,926,814</u>	<u>\$ 43,525,749</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, 2023 and 2022:

Balances at June 30, 2023 and June 30, 2022

	<u>6/30/2023</u>	<u>6/30/2022</u>
Actuarial valuation date (including roll forward)	June 30, 2022	June 30, 2021
Collective Deferred Outflows of Resources	\$ 5,004,259,312	\$ 6,373,530,834
Collective Deferred Inflows of Resources	19,682,774,794	27,363,797,906
Collective Net Pension Liability	51,676,587,303	48,165,991,182
District's portion of the Plan's total Net Pension Liability	0.09871%	0.08914%

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023 (continued)

Note 8. Pension Plans (continued):

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;
- 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, 2023, employee contributions totaled \$35,768, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$19,510.

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.

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

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

General Information about the OPEB Plan (continued):

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 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, 2022, was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

	TPAF/ABP	PERS	PFRS
Salary Increases:	2.75 - 4.25% based on years of service	2.75 - 6.55% based on years of service	3.25 - 16.25% based on years of service

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023 (continued)

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

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

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

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, 2022 was \$56,414,011. The School District’s proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2022, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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, 2022, the State proportionate share of the OPEB Obligation attributable to the School District was 0.11139%, which was an increase of 0.00023% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the State of New Jersey recognized an OPEB expense in the amount of \$1,412,314 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, 2022 measurement date.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increased to 13.44% in fiscal year 2026 and decreased to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increased to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreased to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

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

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate

The following presents the total nonemployer OPEB liability as of June 30, 2022, 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:

	June 30, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 66,308,736	\$ 56,414,011	\$ 48,483,884
State of New Jersey's Total Non- employer Liability	\$ 59,529,589,697	\$ 50,646,462,966	\$ 43,527,080,995

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, 2022, 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:

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 46,629,628	\$ 56,414,011	\$ 69,266,392
State of New Jersey's Total Nonemployer OPEB Liability	\$ 41,862,397,291	\$ 50,646,462,966	\$ 62,184,866,635

* See Healthcare Cost Trend Assumptions for details of rates.

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

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

Additional Information

Collective balances of the Local Group at June 30, 2022 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion	\$ -	\$ -
Differences between Expected & Actual Experience	9,042,402,619	(15,462,950,679)
Change in Assumptions	8,765,620,577	(17,237,289,230)
Contributions Made in Fiscal Year Year Ending 2023 After June 30, 2022 Measurement Date **	TBD	-
	<u>\$ 17,808,023,196</u>	<u>\$ (32,700,239,909)</u>

** Employer Contributions made after June 30, 2022 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,		
2023	\$	(2,517,151,602)
2024		(2,517,151,602)
2025		(2,517,151,602)
2026		(2,175,449,761)
2027		(1,243,951,140)
Thereafter		(3,921,361,006)
	<u>\$</u>	<u>(14,892,216,713)</u>

Plan Membership

At June 30, 2021, the Program membership consisted of the following:

	June 30, 2021
Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	151,669
	<u>364,817</u>

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

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

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2023 (measurement date June 30, 2022) is as follows:

Total OPEB Liability

Service Cost	\$ 2,770,618,025
Interest Cost	1,342,187,139
Difference Between Expected & Actual Experience	1,399,200,736
Change in Benefit Terms	-
Changes of Assumptions	(13,586,368,097)
Contributions: Member	42,650,252
Gross Benefit Payments	<u>(1,329,476,059)</u>
Net Change in Total OPEB Liability	(9,361,188,004)
Total OPEB Liability (Beginning)	<u>60,007,650,970</u>
Total OPEB Liability (Ending)	<u>\$ 50,646,462,966</u>
Total Covered Employee Payroll	\$ 14,753,355,408
Net OPEB Liability as a Percentage of Payroll	343%

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, 2023, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$4,299,750, \$921,193, \$1,129,534 and \$1,964, respectively.

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:

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

Note 11. Risk Management (continued):

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$ 33,913	\$ 3,530	\$ 13,142	\$ 311,279
2021-2022	27,220	173	-	286,978
2020-2021	26,324	292	-	259,585

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 Annual Comprehensive 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, 2023 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.

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	AXA Equitable	Valic Investments
Lincoln Investments	Met Life	

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023 (continued)

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, 2023, the liability for compensated absences reported on the government-wide Statement of Net Position was \$714,245.

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 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, 2023 was \$-0-.

Note 17. Fund Balances

General Fund – Of the \$39,290,908 General Fund balance at June 30, 2023, \$2,017,490 has been restricted for the Capital Reserve Account; \$34,825,129 has been restricted for the Impact Aid – General Reserve Account; \$403,088 has been restricted for the Impact Aid – Capital; \$311,279 has been restricted for unemployment account; \$994,589 has been assigned to other purposes; and \$739,333 has been unassigned.

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

Note 17. Fund Balances (continued):

Special Revenue Fund – Of the \$(361,331) Special Revenue Fund balance at June 30, 2023, \$613 is restricted for Scholarship and \$(361,944) is unassigned.

Capital Projects Fund – Of the \$2,518,242 Capital Projects Fund balance at June 30, 2023, \$2,518,242 is unassigned.

Note 18. Deficit Fund Balances

The School District has deficit fund balance of \$361,944 in the Special Revenue Fund as of June 30, 2023 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 Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated special revenue 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 \$361,944 is due to the last state aid payment for the General Fund and Special Revenue Fund.

Note 19. Deficit in Net Position

Unrestricted Net Position – The School District’s governmental activities had a deficit in unrestricted net position in the amount of \$2,707,890. The primary causes of the deficit are the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employees’ Retirement System (PERS) as of June 30, 2023. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

Note 20. Prior Period Restatement

During the year ended June 30, 2023 the District completed a full appraisal of its capital assets. The District adjusted its beginning balances to reflect changes to its Net Position in the Governmental Activities. The beginning balances as of July 1, 2022 were adjusted as follows:

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (continued)**

Note 20. Prior Period Restatement (continued):

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

Net Position as previously reported at June 30, 2022	\$ 144,000,140
Prior Period Adjustment:	
Capital Assets - Construction in Progress	(10,047,392)
Capital Assets - Accumulated Depreciation	<u>(3,236,068)</u>
Total Prior Period Adjustment	<u>(13,283,460)</u>
Net Position as restated, July 1, 2022	<u>\$ 130,716,680</u>

Note 21. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2023 and December 4, 2023, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no have come to the attention of the School District that would require disclosure.

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, 2023**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 3,368,055	\$ -	\$ 3,368,055	\$ 3,368,055	\$ -
Interest Earned on Capital Reserve Funds	10-1XXX	3,500	-	3,500	31,013	27,513
Other Restricted Miscellaneous Revenue	10-1XXX	-	-	-	37,443	37,443
Unrestricted Miscellaneous Revenues	10-1XXX	214,750	-	214,750	1,151,243	936,493
Total Local Sources		3,586,305	-	3,586,305	4,587,754	1,001,449
State Sources:						
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	12,234,922	-	12,234,922	12,234,922	-
Security Aid	10-3177	192,147	-	192,147	192,147	-
Adjustment Aid	10-3178	403,273	-	403,273	403,273	-
Extraordinary Aid	10-3131	130,000	-	130,000	689,127	559,127
Nonpublic Transportation Reimbursement	10-3198	-	-	-	4,056	4,056
State Reimbursements for Lead Testing of Drinking Water	10-3300	-	-	-	6,284	6,284
On-behalf TPAF Pension Contributions (Non-budgeted)	10-3901	-	-	-	4,299,750	4,299,750
On-behalf TPAF Post-Retirement (Non-budgeted)	10-3902	-	-	-	1,129,534	1,129,534
On-behalf TPAF Long-Term Disability (Non-budgeted)	10-3903	-	-	-	1,964	1,964
Reimbursed TPAF Social Security Contributions (Non-budgeted)	10-3903	-	-	-	921,193	921,193
Total State Sources		14,291,416	-	14,291,416	21,213,324	6,921,908
Federal Sources:						
Impact Aid - 7003(b)	10-4101	7,500,000	-	7,500,000	14,541,573	7,041,573
Impact Aid - 7003(d)	10-4101	-	-	-	118,969	118,969
Impact Aid - 7007(a)	10-4101	-	-	-	188,237	188,237
Impact Aid - Severe Disability	10-4101	-	-	-	308,349	308,349
Medicaid Reimbursement	10-4200	22,978	-	22,978	19,256	(3,722)
FFCRA/SEMI	10-4210	-	-	-	1,894	1,894
Total Federal Sources		7,522,978	-	7,522,978	15,178,278	7,655,300
Total Revenues		25,400,699	-	25,400,699	40,979,356	15,578,657
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Kindergarten	11-110-100-101	848,679	(940)	847,739	775,281	72,458
Grades 1 - 5	11-120-100-101	4,103,468	(34,418)	4,069,050	3,872,555	196,495
Grades 6 - 8	11-130-100-101	692,724	(35,771)	656,953	639,604	17,349
Unused Sick Payment	11-120-100-299	-	10,000	10,000	10,000	-
Unused Sick Payment	11-130-100-299	-	16,375	16,375	16,375	-
Regular Programs - Home Instruction:						
Salaries of Teachers	11-150-100-101	-	11,521	11,521	11,521	-
Purchased Professional/Educational Services	11-150-100-320	3,500	1,257	4,757	3,877	880
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	22,357	(17,035)	5,322	-	5,322
Purchased Professional/Educational Services	11-190-100-320	137,400	46,105	183,505	178,641	4,864
Purchased Professional/Technical Services	11-190-100-340	821,230	(459,935)	361,295	306,021	55,274
Other Purchased Services	11-190-100-500	750	-	750	681	69
General Supplies	11-190-100-610	227,933	147,616	375,549	349,034	26,515
Textbooks	11-190-100-640	50,000	(36,236)	13,764	12,559	1,205
Other Objects	11-190-100-890	10,400	3,793	14,193	10,886	3,307
Total Regular Programs		6,918,441	(347,668)	6,570,773	6,187,035	383,738

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	407,508	15,512	423,020	422,332	688
Other Salaries for Instruction	11-212-100-106	153,397	2,399	155,796	154,948	848
Purchased Professional/Technical Services	11-212-100-320	23,000	(10,000)	13,000	11,756	1,244
General Supplies	11-212-100-610	4,500	(17)	4,483	2,986	1,497
Total Multiple Disabilities		588,405	7,894	596,299	592,022	4,277
Resource Room/ Resource Center:						
Salaries of Teachers	11-213-100-101	1,628,568	(59,408)	1,569,160	1,431,278	137,882
Other Salaries for Instruction	11-213-100-106	186,238	(16,570)	169,668	126,829	42,839
Purchased Professional/Technical Services	11-213-100-320	37,000	(7,929)	29,071	28,946	125
General Supplies	11-213-100-610	4,000	(491)	3,509	3,470	39
Unused Sick Payment	11-213-100-299	-	52	52	52	-
Total Resource Room		1,855,806	(84,346)	1,771,460	1,590,575	180,885
Preschool Disabilities - Full Time:						
Salaries of Teachers	11-216-100-101	157,200	(5,361)	151,839	148,090	3,749
Other Salaries for Instruction	11-216-100-106	63,005	33,044	96,049	96,049	-
Purchased Professional/Technical Services	11-216-100-320	13,000	(6,585)	6,415	3,012	3,403
General Supplies	11-216-100-600	2,000	(500)	1,500	624	876
Unused Sick Payment	11-216-100-299	-	6,875	6,875	6,875	-
Total Preschool Disabilities		235,205	27,473	262,678	254,650	8,028
Home Instruction:						
Purchased Professional - Educational Services	11-219-100-320	5,000	(5,000)	-	-	-
Total Home Instruction		5,000	(5,000)	-	-	-
Total Special Education		2,684,416	(53,979)	2,630,437	2,437,247	193,190
Basic Skills/Remedial:						
Salaries of Teachers	11-230-100-101	770,076	95,329	865,405	864,873	532
General Supplies	11-230-100-610	1,000	218	1,218	1,073	145
Unused Sick Payment	11-230-100-299	-	1,575	1,575	1,575	-
Total Basic Skills/Remedial		771,076	97,122	868,198	867,521	677
Bilingual Education:						
Salaries of Teachers	11-240-100-101	166,033	(7,291)	158,742	133,631	25,111
General Supplies	11-240-100-610	1,050	-	1,050	-	1,050
Total Bilingual Education		167,083	(7,291)	159,792	133,631	26,161
School Sponsored Cocurricular Activities:						
Salaries of Teachers	11-401-100-100	8,100	2,588	10,688	10,688	-
Purchased Services	11-401-100-500	23,500	1,165	24,665	17,145	7,520
Other Objects	11-401-100-800	41,700	(16,351)	25,349	22,396	2,953
Total School Sponsored Cocurricular Activities		73,300	(12,598)	60,702	50,229	10,473
At Risk Programs:						
Salaries of Reading Specialists	11-424-100-179	78,273	-	78,273	77,794	479
General Supplies	11-424-100-610	500	-	500	-	500
Total At Risk Programs		78,773	-	78,773	77,794	979
Total - Instruction		10,693,089	(324,414)	10,368,675	9,753,457	615,218

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Undistributed Expenditures:						
Instruction:						
Tuition to County Special Services						
School Districts & Regular Day Schools	11-000-100-565	211,219	167,570	378,789	364,923	13,866
Tuition to Private Schools for the Handicapped - State	11-000-100-566	61,638	308,056	369,694	364,806	4,888
Total Instruction (Undistributed Expenditures)		272,857	475,626	748,483	729,729	18,754
Health Services:						
Salaries						
Purchased Professional/Technical Services	11-000-213-300	43,000	125,000	168,000	160,570	7,430
Supplies & Materials	11-000-213-600	6,600	(2,199)	4,401	4,365	36
Other Objects	11-000-213-800	1,200	(467)	733	-	733
Total Health Services		401,186	125,459	526,645	517,435	9,210
Other Support Services - Students - Related Services:						
Salaries						
Purchased Professional/Educational Services	11-000-216-320	55,000	65,610	120,610	103,714	16,896
Supplies & Materials	11-000-216-600	1,300	-	1,300	1,282	18
Other Objects	11-000-216-800	680	-	680	-	680
Total Other Support Services-Students-Related Services		614,422	85,362	699,784	653,646	46,138
Other Support Services - Students - Extra Services:						
Salaries						
Purchased Professional/Educational Services	11-000-217-320	142,620	(10,927)	131,693	63,647	68,046
Total Other Support Services-Students-Related Services		569,395	84,976	654,371	566,721	87,650
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff						
Other Salaries	11-000-218-110	-	2,027	2,027	2,027	-
Other Purchased Professional & Technical Services	11-000-218-390	1,200	(295)	905	905	-
Supplies and Materials	11-000-218-600	3,550	(424)	3,126	3,126	-
Total Other Support Services-Students-Regular Services		328,320	6,264	334,584	334,184	400
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff						
Salaries of Secretarial & Clerical Assistants	11-000-219-105	58,175	-	58,175	56,548	1,627
Unused Vacation Payment/Retirees	11-000-219-199	-	15,770	15,770	15,770	-
Purchased Professional/Educational Services	11-000-219-320	69,000	62,975	131,975	91,489	40,486
Other Purchased Professional & Technical Services	11-000-219-390	26,000	-	26,000	25,828	172
Other Purchased Services	11-000-219-500	2,500	(460)	2,040	1,288	752
Supplies & Materials	11-000-219-600	10,000	-	10,000	9,287	713
Other Objects	11-000-219-800	2,500	-	2,500	1,296	1,204
Total Other Support Services-Students-Special Services		583,485	117,509	700,994	613,246	87,748
Improvement of Instruction Services/Other Support Services - Instructional Staff:						
Salaries of Supervisors of Instruction						
Salaries of Other Professional Staff	11-000-221-104	78,738	-	78,738	78,624	114
Other Salaries	11-000-221-110	40,000	(50)	39,950	4,160	35,790
Salaries of Facil, Math, Lit Coaches	11-000-221-176	251,294	50	251,344	231,152	20,192
Other Objects	11-000-221-500	39,450	(6,126)	33,324	28,193	5,131
Supplies & Materials	11-000-221-600	1,500	-	1,500	1,032	468
Other Purchased Services	11-000-221-800	750	-	750	683	67
Total Improvement of Instruction Services/Other Support Services - Instructional Staff		546,283	(6,126)	540,157	478,201	61,956

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Educational Media Services/School Library:						
Salaries	11-000-222-100	182,066	7,500	189,566	186,320	3,246
Salaries of Technology Coordinator	11-000-222-177	70,351	154,400	224,751	217,459	7,292
Other Purchased Professional & Technical Services	11-000-222-300	161,630	(154,151)	7,479	7,479	-
Supplies & Materials	11-000-222-600	27,000	(4,502)	22,498	21,322	1,176
Other Objects	11-000-222-800	-	65	65	65	-
Total Educational Media Services/School Library		441,047	3,312	444,359	432,645	11,714
Instructional Staff Training Services:						
Other Salaries	11-000-223-110	-	330	330	330	-
Purchased Professional and Technical Services	11-000-223-320	70,000	(25,575)	44,425	39,620	4,805
Supplies and Materials	11-000-223-600	1,500	-	1,500	-	1,500
Total Instructional Staff Training Services		71,500	(25,245)	46,255	39,950	6,305
Support Services General Administration:						
Salaries	11-000-230-100	283,117	19,244	302,361	302,337	24
Group Insurance	11-000-230-210	3,500	(3,500)	-	-	-
Legal Services	11-000-230-331	33,000	38,353	71,353	71,353	-
Audit Fees	11-000-230-332	36,000	(650)	35,350	35,320	30
Architectural/Engineering Services	11-000-230-334	-	29,500	29,500	17,700	11,800
Other Purchased Professional Services	11-000-230-339	5,000	-	5,000	5,000	-
Purchase of Technical Services	11-000-230-340	5,397	2,238	7,635	7,635	-
Communications/Telephone	11-000-230-530	34,890	(21,721)	13,169	13,169	-
BOE Other Purchased Services	11-000-230-585	38,000	(13,328)	24,672	24,671	1
Other Purchased Services	11-000-230-590	36,921	290	37,211	37,211	-
Supplies & Materials	11-000-230-610	1,750	1,896	3,646	3,645	1
Miscellaneous Expenditures	11-000-230-890	8,500	(2,558)	5,942	5,930	12
BOE Membership Dues & Fees	11-000-230-895	28,500	(1,942)	26,558	26,558	-
Total Support Services General Administration		514,575	47,822	562,397	550,529	11,868
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	382,511	(47,761)	334,750	309,687	25,063
Salaries of Secretarial & Clerical Assistants	11-000-240-105	248,846	(150)	248,696	244,718	3,978
Other Salaries	11-000-240-110	3,000	620	3,620	1,220	2,400
Unused Vacation Payment	11-000-240-199	-	2,800	2,800	2,800	-
Other Purchased Services	11-000-240-500	12,500	(4,160)	8,340	5,493	2,847
Supplies & Materials	11-000-240-600	7,000	415	7,415	3,622	3,793
Other Objects	11-000-240-800	1,380	50	1,430	1,102	328
Total Support Services School Administration		655,237	(48,186)	607,051	568,642	38,409
Central Services:						
Salaries	11-000-251-100	345,682	(39,545)	306,137	306,137	-
Unused Vacation Payment	11-000-251-199	-	5,208	5,208	5,208	-
Unused Sick Payment	11-000-251-299	-	25,913	25,913	25,912	1
Purchased Technical Services	11-000-251-340	24,970	(3,002)	21,968	21,968	-
Misc. Purchased Services	11-000-251-592	11,000	13,172	24,172	24,150	22
Supplies and Materials	11-000-251-600	4,500	1,943	6,443	5,351	1,092
Miscellaneous Expenditures	11-000-251-890	7,500	(4,806)	2,694	2,694	-
Total Central Services		393,652	(1,117)	392,535	391,420	1,115
Administration Information Technology:						
Purchased Professional Services	11-000-252-330	38,600	-	38,600	38,600	-
Other Purchased Services	11-000-252-500	360	590	950	684	266
Other Objects	11-000-252-800	1,500	(590)	910	18	892
Total Administration Information Technology		40,460	-	40,460	39,302	1,158

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Allowable Maintenance for School Facilities:						
Salaries	11-000-261-100	376,447	2,230	378,677	373,019	5,658
Cleaning, Repair, Maintenance Services	11-000-261-420	358,937	(36,744)	322,193	254,322	67,871
Lead Testing of Drinking Water	11-000-261-421	7,500	(1,450)	6,050	-	6,050
General Supplies	11-000-261-610	15,450	2,600	18,050	13,926	4,124
Total Maintenance for School Facilities		758,334	(33,364)	724,970	641,267	83,703
Other Operation & Maintenance of Plant Services:						
Salaries	11-000-262-100	463,958	(36,864)	427,094	427,094	-
Salaries for Noninstructional Aides	11-000-262-107	43,538	4,656	48,194	46,760	1,434
Unused Vacation Payment	11-000-262-199	-	7,375	7,375	7,375	-
Purchased Professional/Technical Services	11-000-262-300	32,000	13,650	45,650	45,650	-
Cleaning, Repair & Maintenance Services	11-000-262-420	79,853	50,424	130,277	91,421	38,856
Other Purchased Property Services	11-000-262-490	39,645	11,345	50,990	41,101	9,889
Insurance	11-000-262-520	108,500	(4,009)	104,491	104,491	-
Miscellaneous Purchased Services	11-000-262-590	7,800	600	8,400	6,835	1,565
General Supplies	11-000-262-610	89,000	14,319	103,319	97,182	6,137
Energy (Natural Gas)	11-000-262-621	95,000	53,305	148,305	100,695	47,610
Energy (Heat & Electricity)	11-000-262-622	400,000	(2,862)	397,138	264,215	132,923
Energy (Gasoline)	11-000-262-626	6,500	(1,261)	5,239	536	4,703
Other Objects	11-000-262-800	14,000	2,729	16,729	16,494	235
Total Operation & Maintenance of Plant Services		1,379,794	113,407	1,493,201	1,249,849	243,352
Cleaning, Repair & Maintenance Services						
General Supplies	11-000-263-420	71,415	4,709	76,124	55,737	20,387
General Supplies	11-000-263-610	7,000	1,791	8,791	2,595	6,196
Total Undistributed Expenditures - Care & Upkeep of Grounds		78,415	6,500	84,915	58,332	26,583
Undistributed Expenditures - Security						
Cleaning, Repair & Maintenance Services	11-000-266-420	37,000	918	37,918	15,449	22,469
Cleaning, Repair & Maintenance Services	11-000-266-610	4,000	-	4,000	18	3,982
Total Undistributed Expenditures - Security		41,000	918	41,918	15,467	26,451
Student Transportation Services:						
Salaries for Noninstructional Aides	11-000-270-107	59,159	6,440	65,599	65,599	-
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	62,081	23,457	85,538	83,699	1,839
Salaries for Pupil Transportation (Between Home & School) - Special	11-000-270-161	97,407	(6,478)	90,929	88,186	2,743
Unused Sick Payment - Retiree	11-000-270-299	-	18,200	18,200	18,200	-
Other Purchased Technical Services	11-000-270-390	7,500	(562)	6,938	6,938	-
Cleaning, Repair, & Maint. Services	11-000-270-420	8,000	4,262	12,262	10,132	2,130
Contract Service Aid In Lieu of Payments	11-000-270-503	13,000	286	13,286	12,775	511
Contracted Services (Between Home & School) - Vendors	11-000-270-511	868,837	90,365	959,202	941,427	17,775
Contracted Services (Special Education Students) - Vendor	11-000-270-514	327,868	505,908	833,776	833,776	-
Contracted Services (Special Education Students) - Joint Agreements	11-000-270-515	-	401	401	401	-
Contracted Services (Special Education Students) - ESCS	11-000-270-518	-	41,858	41,858	39,358	2,500
Miscellaneous Purchased Services	11-000-270-593	720	1,664	2,384	1,970	414
General Supplies	11-000-270-610	28,000	89	28,089	19,270	8,819
Transportation Supplies	11-000-270-615	14,500	(8,051)	6,449	4,148	2,301
Miscellaneous Expenditures	11-000-270-800	3,500	(1,500)	2,000	1,838	162
Total Student Transportation Services		1,490,572	676,339	2,166,911	2,127,717	39,194

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Unallocated Benefits - Employee Benefits:						
Group Insurance	11-000-291-210	-	3,500	3,500	3,226	274
Social Security Contributions	11-000-291-220	360,000	11,620	371,620	365,741	5,879
Other Retirement Contribution - PERS	11-000-291-241	450,871	(19,182)	431,689	425,719	5,970
Other Retirement Contribution - Regular	11-000-291-249	30,000	(7,495)	22,505	19,510	2,995
Unemployment Contributions	11-000-291-250	1,750	12,982	14,732	12,874	1,858
Workmen's Compensation	11-000-291-260	182,101	(767)	181,334	179,388	1,946
Health Benefits	11-000-291-270	3,553,744	175,367	3,729,111	3,265,418	463,693
Other Health Benefits	11-000-291-290	-	494	494	494	-
Total Unallocated Benefits		4,578,466	176,519	4,754,985	4,272,370	482,615
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	4,299,750	(4,299,750)
On-Behalf TPAF Post-Retirement Medical		-	-	-	1,129,534	(1,129,534)
On-behalf TPAF Long-Term Disability		-	-	-	1,964	(1,964)
Reimbursed TPAF Social Security Contributions		-	-	-	921,193	(921,193)
Total Nonbudgeted		-	-	-	6,352,441	(6,352,441)
Total Undistributed Expenditures		13,759,000	1,805,975	15,564,975	20,633,093	(5,068,118)
Total Expenditures - Current Expense		24,452,089	1,481,561	25,933,650	30,386,550	(4,452,900)
Capital Outlay:						
Interest Deposit to Capital Reserve	10-604-000-000	3,500	-	3,500	-	3,500
Regular Programs - Instruction:						
Grades 1-5	12-120-100-730	631,040	(150,791)	480,249	174,928	305,321
Grades 6-8	12-130-100-730	145,000	245,060	390,060	333,228	56,832
Total Regular Programs		776,040	94,269	870,309	508,156	362,153
Undistributed Expenditures:						
Instruction	12-000-100-730	6,300	15,115	21,415	20,670	745
Central Services	12-000-251-730	-	26,596	26,596	26,596	-
Required Maintenance School Facilities	12-000-261-730	-	648,068	648,068	54,563	593,505
Total Undistributed Expenditures		6,300	689,779	696,079	101,829	594,250
Facilities Acquisition & Construction Services:						
Construction Services	12-000-400-450	-	6,074,616	6,074,616	5,860,205	214,411
Total Facilities Acquisition & Construction Services		-	6,074,616	6,074,616	5,860,205	214,411
Total Capital Outlay		785,840	6,858,664	7,644,504	6,470,190	1,174,314
Total Expenditures		25,237,929	8,340,225	33,578,154	36,856,740	(3,278,586)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Uses/(Sources)		162,770	(8,340,225)	(8,177,455)	4,122,616	12,300,071

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Other Financing Sources/(Uses):						
Transfer In - Capital Projects		-	-	-	32,359	(32,359)
Local Contr. - Transfer to Special Revenue - Inclusion	11-105-100-936	(164,520)	-	(164,520)	(164,520)	-
Total Other Financing Sources/(Uses)		(164,520)	-	(164,520)	(132,161)	(32,359)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures						
After Other Financing Uses/(Sources)		(1,750)	(8,340,225)	(8,341,975)	3,990,455	12,332,430
Fund Balances, July 1		36,673,562	-	36,673,562	36,673,562	-
Fund Balances, June 30		\$ 36,671,812	\$ (8,340,225)	\$ 28,331,587	\$ 40,664,017	\$ 12,332,430
Prior Year Reserve for Encumbrances			\$ 6,224,200			
Utilization of Impact Aid General Reserves			2,116,025			
Total Budget Transfers			\$ 8,340,225			

RECAPITULATION OF FUND BALANCE:

Restricted Fund Balance:		
Capital Reserve	\$ 2,017,490	
Impact Aid - Operating	34,825,129	
Impact Aid - Capital Fund	403,088	
Unemployment Compensation	311,279	
Assigned Fund Balance:		
Year-end Encumbrances	994,589	
Unassigned Fund Balance	2,112,442	
Subtotal	40,664,017	
Reconciliation to Governmental Fund Statements (GAAP):		
Last Two State Aid Payments Not Recognized on GAAP Basis	(1,373,109)	
Fund Balance Per Governmental Funds (GAAP)	\$ 39,290,908	

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
REVENUES					
Federal Sources	\$ 1,763,661	\$ 1,730,196	\$ 3,493,857	\$ 2,634,076	\$ (859,781)
State Sources	3,984,299	-	3,984,299	3,734,080	(250,219)
Local Sources	-	500	500	500	-
Total Revenues	5,747,960	1,730,696	7,478,656	6,368,656	(1,110,000)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	2,142,288	(66,814)	2,075,474	1,908,925	166,549
Other Salaries for Instruction	567,948	10,518	578,466	573,179	5,287
Purchased Professional & Educational Services	85,380	(465)	84,915	45,358	39,557
Tuition	-	172,316	172,316	172,316	-
Other Purchased Services (400-500 Series)	53,600	(9,360)	44,240	17,850	26,390
General Supplies	280,757	259,764	540,521	314,940	225,581
Miscellaneous	500	-	500	50	450
Total Instruction	3,130,473	365,959	3,496,432	3,032,618	463,814
Support Services:					
Salaries of Program Directors	235,773	296,696	532,469	482,790	49,679
Salaries of Other Prof. Staff	225,779	(17,649)	208,130	191,620	16,510
Salaries of Secr. & Clerical Asst.	69,192	(2,114)	67,078	61,073	6,005
Other Salaries	111,262	51,140	162,402	146,925	15,477
Community Parent Involv. Spec.	96,728	480	97,208	95,316	1,892
Salaries of Master Teachers	94,407	2,174	96,581	96,581	-
Benefits	1,036,492	211,856	1,248,348	1,080,988	167,360
Purchased Professional & Educational Services	60,000	161,706	221,706	190,679	31,027
Purchased Professional & Technical Services	396,691	418,452	815,143	525,442	289,701
Other Purchased Services (400-500 Series)	184,248	33,583	217,831	168,301	49,530
General Supplies	10,630	52,648	63,278	52,914	10,364
Miscellaneous Expense	360	14,814	15,174	14,341	833
Total Support Services	2,521,562	1,223,786	3,745,348	3,106,970	638,378
Facilities Acquisition & Construction Services:					
Instructional Equipment	-	388,909	388,909	381,101	7,808
Noninstructional Equipment	260,445	(247,958)	12,487	12,487	-
Total Facilities Acquisition & Construction Services	260,445	140,951	401,396	393,588	7,808
Total Expenditures	5,912,480	1,730,696	7,643,176	6,533,176	1,110,000
Excess/(Deficiency) of Revenues Over/(Under)					
Expenditures & Other Financing Sources/(Uses)	(164,520)	-	(164,520)	(164,520)	-
Other Financing Sources/(Uses):					
Transfer from Operating Budget - Pre K	164,520	-	164,520	164,520	-
Total Other Financing Sources/(Uses)	164,520	-	164,520	164,520	-
Net change in fund balance	-	-	-	-	-
Fund Balance, July 1	-	-	-	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, 2023**

**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)	\$ 40,979,356	\$ 6,368,656
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	-	124,467
Current Year	-	(394,883)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,198,786	248,881
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>(1,373,109)</u>	<u>(361,944)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 40,805,033</u>	<u>\$ 5,985,177</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 36,856,740	\$ 6,533,176
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.	-	<u>(270,416)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 36,856,740</u>	<u>\$ 6,262,760</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 TEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.0355125%	0.0363035%	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	\$ 5,359,329	\$ 4,300,692	\$ 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	\$ 2,716,027	\$ 2,590,819	\$ 2,641,105	\$ 2,511,728	\$ 2,462,562	2,391,703	\$ 2,545,109	\$ 2,335,112	Unavailable	Unavailable
School District's proportionate share of the net pension liability as a percentage of its covered payroll	197.32%	166.00%	223.22%	249.41%	280.40%	333.30%	392.34%	387.89%	Unavailable	Unavailable
Plan fiduciary net position as a percentage of the total pension liability	62.91%	70.33%	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).

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's Contractually required contribution	\$ 447,830	\$ 425,156	\$ 395,490	\$ 338,182	\$ 348,830	\$ 317,237	\$ 299,520	\$ 346,896	\$ 320,018	\$ 302,688
Contributions in relation to the contractually required contribution	(447,830)	(425,156)	(395,490)	(338,182)	(348,830)	(317,237)	(299,520)	(346,896)	(320,018)	(302,688)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,839,023	\$ 2,716,027	\$ 2,590,819	\$ 2,641,105	\$ 2,511,728	\$ 2,462,562	\$ 2,391,703	\$ 2,545,109	\$ 2,335,112	Unavailable
Contributions as a percentage of covered payroll	15.77%	15.65%	15.27%	12.80%	13.89%	12.88%	12.52%	13.63%	13.70%	Unavailable

**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 TEN FISCAL YEARS**

	2023	2022	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%	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	50,926,814	42,852,280	59,791,566	55,998,285	57,590,542	63,258,722	73,973,461	63,436,261	51,281,684	48,034,622
	\$ 50,926,814	\$ 42,852,280	\$ 59,791,566	\$ 55,998,285	\$ 57,590,542	\$ 63,258,722	\$ 73,973,461	\$ 63,436,261	\$ 51,281,684	\$ 48,034,622
School District's covered payroll	\$ 12,277,015	\$ 11,704,908	\$ 10,966,524	\$ 9,730,091	\$ 9,512,345	\$ 9,512,345	\$ 9,408,557	\$ 9,552,805	Unavailable	Unavailable
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%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	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).

**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 SIX FISCAL YEARS*

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 3,096,558	\$ 3,386,322	\$ 1,827,624	\$ 1,919,122	\$ 2,100,018	\$ 2,533,140
Interest Cost	1,495,034	1,730,390	1,680,263	2,169,763	2,289,026	1,982,358
Difference Between Expected and Actual Experiences	1,684,640	(13,260,572)	13,219,175	(11,412,815)	(4,383,583)	-
Changes of Benefit Terms	-	(70,999)	-	-	-	-
Changes of Assumptions	(15,133,565)	65,809	13,914,114	698,050	(6,292,906)	(8,295,413)
Contributions: Member	47,507	44,238	40,194	42,601	50,679	53,340
Gross Benefit Payments	(1,480,875)	(1,363,063)	(1,326,102)	(1,437,152)	(1,466,342)	(1,448,579)
Net Change in Total OPEB Liability	(10,290,701)	(9,467,875)	29,355,268	(8,020,431)	(7,703,108)	(5,175,154)
Total OPEB Liability (Beginning)	66,704,712	76,172,587	46,817,319	54,837,750	62,540,858	67,716,012
Total OPEB Liability (Ending)	\$ 56,414,011	\$ 66,704,712	\$ 76,172,587	\$ 46,817,319	\$ 54,837,750	\$ 62,540,858
State's Covered Employee Payroll***	\$ 14,993,042	\$ 14,295,727	\$ 13,607,629	\$ 12,241,819	\$ 11,974,907	\$ 11,904,048
Net OPEB Liability as a Percentage of Payroll	376.27%	466.61%	559.78%	382.44%	457.94%	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, 2023**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - None.

Public Employee's Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - None.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 2.16% as of June 30, 2021, to 3.54% as of June 30, 2022.

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, 2023**

	I.D.E.A PART B PRESCHOOL	ARP - IDEA PART B PRESCHOOL	E.S.E.A. CONSOLIDATED			
			TITLE I	TITLE II	TITLE III	TITLE IV
			IMMIGRANT			SUBTOTAL
Revenues:						
Federal Sources	\$ 17,574	\$ 1,585	\$ 1,726	\$ 177,469	\$ 15,268	\$ 18,648
					\$ 7,516	\$ 16,228
Total Revenues	333,968	1,585	1,726	177,469	15,268	18,648
					7,516	16,228
						589,982
Expenditures:						
Instruction:						
Salaries of Teachers	-	-	-	104,220	10,045	1,350
Purchased Professional	-	-	-	-	-	218
Tuition	172,316	-	-	-	-	-
General Supplies	8,375	-	-	27,032	-	16,107
					7,116	16,048
Total Instruction	180,691	-	-	131,252	10,045	17,675
					7,116	16,228
						370,581
Support Services:						
Benefits	-	1,585	1,726	46,217	-	-
Purchased Professional						
Technical Services	152,277	-	-	-	-	-
Other Purchased Services	1,000	-	-	-	-	-
General Supplies	-	-	-	-	5,223	973
					400	-
Total Support Services	153,277	1,585	1,726	46,217	5,223	973
					400	-
						219,401
Total Expenditures	333,968	1,585	1,726	177,469	15,268	18,648
					7,516	16,228
						589,982
Net Change in Fund Balance	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	C.R.R.S.A. - ESSER II						AMERICAN RESCUE PLAN			
	ESSER II	ACCEL.	ESSER III	ACCEL.	LEARNING	LEARNING	SUMMER	LEARNING	BEYOND THE	SUBTOTAL
Revenues:										
Federal Sources	\$ 1,267	\$ 300	\$ 602,308	\$ 51,606	\$ 4,800	\$ 33,260	\$ 4,800	\$ 33,260	\$ 693,541	
Total Revenues	1,267	300	602,308	51,606	4,800	33,260	4,800	33,260	693,541	
Expenditures:										
Instruction:										
Salaries of Teachers	-	-	194,841	640	-	20,390	-	-	215,871	
Other Purchased Services	-	-	10,200	-	4,800	-	-	-	15,000	
General Supplies	-	-	14,045	16,380	-	12,870	-	-	43,295	
Total Instruction	-	-	219,086	17,020	4,800	33,260	4,800	33,260	274,166	
Support Services:										
Salaries of Other Prof. Staff	-	300	-	1,080	-	-	-	-	1,380	
Benefits	-	-	110,352	-	-	-	-	-	110,352	
Purchased Professional										
Technical Services	1,267	-	272,870	33,200	-	-	-	-	307,337	
General Supplies	-	-	-	306	-	-	-	-	306	
Total Support Services	1,267	300	383,222	34,586	-	-	-	-	419,375	
Total Expenditures	1,267	300	602,308	51,606	4,800	33,260	4,800	33,260	693,541	
Net Change in Fund Balance	-	-	-	-	-	-	-	-	-	
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	DEPARTMENT OF DEFENSE - EDUCATION ACTIVITY				STARBASE PROGRAM	PRESCHOOL EDUCATION AID	OTHER LOCAL PROGRAMS	SCHOLARSHIP	TOTAL
	MAKING MATH MEANINGFUL	HELLO GRANT	PEACE GRANT	STEMKAMP GRANT					
Revenues:									
Federal Sources	\$ 195,868	\$ 256,941	\$ 376,090	\$ 37,959	\$ 483,695	\$ -	\$ -	\$ -	\$ 2,634,076
State Sources	-	-	-	-	-	3,734,080	-	-	3,734,080
Local Sources	-	-	-	-	-	-	500	-	500
Total Revenues	195,868	256,941	376,090	37,959	483,695	3,734,080	500	-	6,368,656
Expenditures:									
Instruction:									
Salaries of Teachers	34,813	96,299	720	10,386	139,002	1,296,039	-	-	1,908,925
Other Salaries for Instruction	-	-	-	5,950	-	567,229	-	-	573,179
Purchased Professional	4,940	-	-	-	-	40,200	-	-	45,358
Tuition	-	-	-	-	-	-	-	-	172,316
Other Purchased Services	-	-	-	-	-	2,850	-	-	17,850
General Supplies	64,946	11,229	15,218	-	29,800	68,200	-	-	314,940
Miscellaneous	-	-	-	-	-	50	-	-	50
Total Instruction	104,699	107,528	15,938	16,336	168,802	1,974,568	-	-	3,032,618
Support Services:									
Salaries of Program Directors	39,375	48,240	13,500	-	146,000	235,675	-	-	482,790
Salaries of Other Prof. Staff	-	-	-	-	-	190,240	-	-	191,620
Salaries of Secr. & Clerical Asst.	-	-	-	-	-	61,073	-	-	61,073
Other Salaries	5,280	2,000	-	1,500	41,300	96,845	-	-	146,925
Community Parent Involv. Spec.	-	-	-	-	-	95,316	-	-	95,316
Salaries of Master Teachers	-	-	-	-	-	96,581	-	-	96,581
Benefits	6,220	28,876	3,010	-	58,428	824,574	-	-	1,080,988
Purchased Professional									
Educational Services	27,056	60,000	19,000	-	350	83,773	500	-	190,679
Purchased Professional									
Technical Services	-	-	-	10,000	-	45,828	-	-	525,442
Other Purchased Services	3,617	4,153	6,587	4,759	5,545	142,640	-	-	168,301
General Supplies	1,171	613	-	5,364	18,281	20,583	-	-	52,914
Miscellaneous Expense	8,450	5,531	-	-	-	360	-	-	14,341
Total Support Services	91,169	149,413	42,097	21,623	269,904	1,893,488	500	-	3,106,970
Facilities Acquisition & Construction Services:									
Instructional Equipment	-	-	318,055	-	44,989	18,057	-	-	381,101
Noninstructional Equipment	-	-	-	-	-	12,487	-	-	12,487
Total Facilities Acquisition & Construction Services	-	-	318,055	-	44,989	30,544	-	-	393,588
Total Expenditures	195,868	256,941	376,090	37,959	483,695	3,898,600	500	-	6,533,176
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	(164,520)	-	-	(164,520)
Other Financing Sources/(Uses):									
Transfer from Operating Budget - Pre K	-	-	-	-	-	164,520	-	-	164,520
Total Other Financing Sources/(Uses)	-	-	-	-	-	164,520	-	-	164,520
Net Change in Fund Balance	-	-	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-	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, 2023**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 1,297,898	\$ 1,296,039	\$ 1,859
Other Salaries for Instruction	572,516	567,229	5,287
Purchased Services	77,008	40,200	36,808
Other Purchased Services	6,600	2,850	3,750
General Supplies	164,463	68,200	96,263
Miscellaneous	500	50	450
	<hr/>	<hr/>	<hr/>
Total Instruction	2,118,985	1,974,568	144,417
	<hr/>	<hr/>	<hr/>
Support Services:			
Salaries of Program Directors	235,964	235,675	289
Salaries of Other Professional Staff	208,130	190,240	17,890
Salaries of Secr. And Clerical Assistants	67,076	61,073	6,003
Other Salaries	111,262	96,845	14,417
Community Parent Involvement Spec.	97,208	95,316	1,892
Salaries of Master Teachers	96,581	96,581	-
Employee Benefits	842,848	824,574	18,274
Purchased Professional Educational Services	89,401	83,773	5,628
Purchased Professional Technical Services	45,828	45,828	-
Other Purchased Professional Services	184,048	142,640	41,408
Supplies	20,583	20,583	-
Miscellaneous	360	360	-
	<hr/>	<hr/>	<hr/>
Total Support Services	1,999,289	1,893,488	105,801
	<hr/>	<hr/>	<hr/>
Facilities Acquisition & Construction Services:			
Instructional Equipment	18,057	18,057	-
Noninstructional Equipment	12,487	12,487	-
	<hr/>	<hr/>	<hr/>
Total Facilities Acquisition & Construction Services	30,544	30,544	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>\$ 4,148,818</u>	<u>\$ 3,898,600</u>	<u>\$ 250,218</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2022-2023 Preschool Education Aid Allocation	\$ 3,619,440
Add: Actual Preschool Education Aid Carryover (June 30, 2022)	589,499
Add: Budgeted transfer from the General Fund	<hr/> 164,520
Total Preschool Education Aid Funds Available for 2022-2023 Budget	4,373,459
Less: 2022-23 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<hr/> (4,148,818)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2023	224,641
Add: June 30, 2023 Unexpended Preschool Education Aid Funds	<hr/> 250,218
2022-2023 Carryover- Preschool Education Aid Funds	<hr/> <u>\$ 474,859</u>
2022-2023 Preschool Education Aid Funds Carryover Budgeted in 2023-2024	<hr/> <u>\$ 224,641</u>

F. Capital Projects Fund

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**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>PROJECT TITLE</u>	<u>ORIGINAL DATE</u>	<u>APPROPRIATIONS</u>	<u>LESS: UNFUNDED LOCAL PORTION</u>	<u>EXPENDITURES PRIOR YEAR</u>	<u>CURRENT YEAR</u>	<u>UNEXPENDED BALANCE JUNE 30, 2023</u>
Construction of New Joint Base Elementary School	6/30/2016	\$ 73,216,751	\$ 152,054	\$ 65,998,423	\$ -	\$ 7,066,274
Total		<u>\$ 73,216,751</u>	<u>\$ 152,054</u>	<u>\$ 65,998,423</u>	<u>\$ -</u>	<u>\$ 7,066,274</u>

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

(4,548,032)

Total Fund Balance (GAAP Basis) - June 30, 2023

\$ 2,518,242

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Revenues and Other Financing Sources:	
Miscellaneous	<u>\$ 32,359</u>
Total Revenues and Other Financing Sources	<u>32,359</u>
Expenditures and Other Financing Uses:	
Transfer to General Fund	<u>32,359</u>
Total Expenditures and Other Financing Uses	<u>32,359</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>
Net Change in Fund Balance	-
Fund Balance - July 1	<u>7,066,274</u>
Fund Balance - June 30	<u><u>\$ 7,066,274</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 FISCAL YEAR ENDED JUNE 30, 2023**

	<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
Total Revenues and Other Financing Sources	73,064,697	-	73,064,697	73,216,751
Expenditures and Other Financing Uses:				
Federal Portion:				
Purchased Professional & Technical Services	510,547	-	510,547	527,000
Construction Services	55,742,688	-	55,742,688	60,274,267
Equipment	1,156,755	-	1,156,755	1,156,755
	57,409,990	-	57,409,990	61,958,022
Local Portion:				
Purchased Professional & Technical Services	2,591,420	-	2,591,420	3,642,100
Land & Improvements	2,984,787	-	2,984,787	3,750,000
Construction Services	354,007	-	354,007	354,400
Equipment	979,453	-	979,453	1,785,221
Miscellaneous	1,678,766	-	1,678,766	1,727,008
	8,588,433	-	8,588,433	11,258,729
Total Expenditures and Other Financing Uses	65,998,423	-	65,998,423	73,216,751
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 7,066,274	\$ -	\$ 7,066,274	\$ -

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	90.14%
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)

	FISCAL YEAR ENDING JUNE 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities:										
Net Investment in Capital Assets	\$ 103,154,001	\$ 113,471,627	\$ 109,689,870	\$ 103,769,680	\$ 87,622,320	\$ 57,844,079	\$ 42,078,497	\$ 40,634,881	\$ 37,009,812	\$ 44,218,748
Restricted	37,557,599	29,397,714	28,597,984	31,860,172	37,663,294	35,351,058	30,927,015	29,930,633	24,314,218	25,303,917
Unrestricted	(2,707,890)	1,130,799	3,373,675	671,854	(3,104,622)	(4,008,185)	(5,846,629)	(6,722,627)	(2,153,779)	(254,617)
Total Governmental Activities	\$ 138,003,710	\$ 144,000,140	\$ 141,661,529	\$ 136,301,706	\$ 122,180,992	\$ 89,186,952	\$ 67,158,883	\$ 63,842,887	\$ 59,170,251	\$ 69,268,048
Business-Type Activities:										
Net Investment in Capital Assets	\$ 205,348	\$ 234,568	\$ 260,872	\$ 94,147	\$ 117,189	\$ 148,407	\$ 216,115	\$ 216,313	\$ 198	\$ 897
Unrestricted	247,460	284,932	116,887	108,579	50,964	40,170	(114,981)	297,861	30,382	37,671
Total Business-Type Activities	\$ 452,808	\$ 519,500	\$ 377,759	\$ 202,726	\$ 168,153	\$ 188,577	\$ 101,134	\$ 514,174	\$ 30,580	\$ 38,568
District-Wide:										
Net Investment in Capital Assets	\$ 103,359,349	\$ 113,706,195	\$ 109,950,742	\$ 103,863,827	\$ 87,739,509	\$ 57,992,486	\$ 42,294,612	\$ 40,851,194	\$ 37,010,010	\$ 44,219,645
Restricted	37,557,599	29,397,714	28,597,984	31,860,172	37,663,294	35,351,058	30,927,015	29,930,633	24,314,218	25,303,917
Unrestricted	(2,460,430)	1,415,731	3,490,562	780,433	(3,053,658)	(3,968,015)	(5,961,610)	(6,424,766)	(2,123,397)	(216,946)
Total District Net Position	\$ 138,456,518	\$ 144,519,640	\$ 142,039,288	\$ 136,504,432	\$ 122,349,145	\$ 89,375,529	\$ 67,260,017	\$ 64,357,061	\$ 59,200,831	\$ 69,306,616

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
FISCAL YEAR ENDING JUNE 30.										
Expenses:										
Governmental Activities										
Instruction:										
Regular Instruction	\$ (6,187,035)	\$ (5,886,656)	\$ (5,486,334)	\$ (5,302,254)	\$ (12,554,909)	\$ (12,204,967)	\$ (5,342,994)	\$ (5,853,374)	\$ (5,695,480)	\$ (6,113,015)
Special Education Instruction	(5,387,388)	(4,943,544)	(4,145,780)	(3,959,291)	(4,588,575)	(4,998,202)	(2,707,276)	(2,097,735)	(2,233,963)	(2,204,707)
Other Instruction	(1,129,175)	(987,879)	(923,959)	(824,001)	(1,892,615)	(1,882,866)	(949,918)	(1,020,152)	(1,024,079)	(1,163,761)
Support Services:										
Tuition	(902,045)	(491,472)	(338,855)	(370,974)	(269,252)	(281,307)	(271,090)	(214,251)	(369,555)	(389,342)
Attendance & Social Work	-	-	-	-	-	-	-	(19,000)	(19,000)	(38,000)
Health Services	-	-	-	-	-	-	-	(334,889)	(364,743)	(426,049)
Student & Instruction Related Services	(5,619,810)	(4,662,929)	(3,707,494)	(3,686,085)	(4,956,000)	(4,055,919)	(2,391,452)	(2,020,830)	(1,570,191)	(1,547,122)
General Administrative	(550,529)	(446,583)	(392,229)	(417,217)	-	-	(390,241)	-	-	-
Educational Media Services/School Library	-	-	-	-	-	-	-	(417,231)	(286,092)	(318,433)
School Administrative Services	(568,642)	(646,864)	(631,734)	(626,427)	(830,318)	(1,165,812)	(692,488)	(431,912)	(455,255)	(443,504)
Central Services	(391,420)	(378,320)	(346,633)	(341,106)	(457,627)	(533,735)	(323,657)	-	-	-
Administrative Info. Technology	(39,302)	(39,303)	(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)
Plant Operations & Maintenance	(2,111,923)	(1,981,633)	(1,880,598)	(1,650,869)	(2,354,995)	(2,662,369)	(1,783,812)	(1,616,514)	(2,479,855)	(1,991,487)
Pupil Transportation	(2,127,717)	(1,449,235)	(1,513,243)	(1,163,728)	(1,740,320)	(2,022,225)	(1,305,778)	(1,270,570)	(1,497,840)	(1,520,839)
Unallocated/Allocated Benefits	(6,916,470)	(7,859,601)	(8,110,658)	(5,671,432)	-	-	(4,438,866)	(9,654,343)	(8,775,963)	(6,749,543)
On Behalf TPAF Pension and Soc. Sec. Contr.	(1,524,815)	(870,248)	(4,188,986)	(3,872,435)	-	-	(2,624,941)	-	-	-
Decrease in Compensated Absences - Unallocated	-	-	-	-	-	-	(56,010)	1,461	(5,666)	8,205
Unallocated Depreciation	(3,432,881)	(2,479,370)	(2,587,503)	(2,821,761)	-	-	(1,339,048)	(1,327,347)	(1,327,347)	(1,857,654)
Total Governmental Activities	(36,889,152)	(33,123,637)	(34,292,329)	(30,745,081)	(30,254,314)	(30,522,906)	(24,651,143)	(27,340,146)	(27,318,882)	(25,987,099)
Business-Type Activities:										
Food Service	(949,695)	(990,207)	(675,077)	(625,693)	(732,345)	(710,159)	(783,539)	(763,311)	(768,884)	(750,449)
Total Business-Type Activities Expense	(949,695)	(990,207)	(675,077)	(625,693)	(732,345)	(710,159)	(783,539)	(763,311)	(768,884)	(750,449)
Total District Expenses	\$ (37,838,847)	\$ (34,113,844)	\$ (34,967,406)	\$ (31,370,774)	\$ (30,986,659)	\$ (31,233,065)	\$ (25,434,682)	\$ (28,103,457)	\$ (28,087,766)	\$ (26,737,548)
Program Revenues:										
Governmental Activities										
Operating Grants & Contributions	\$ 9,615,698	\$ 10,112,243	\$ 11,136,531	\$ 8,000,594	\$ 8,713,633	\$ 8,545,267	\$ 3,174,868	\$ 5,970,302	\$ 4,798,744	\$ 373,670
Total Governmental Activities Program Revenues	9,615,698	10,112,243	11,136,531	8,000,594	8,713,633	8,545,267	3,174,868	5,970,302	4,798,744	373,670

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

	FISCAL YEAR ENDING JUNE 30.									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Business-Type Activities:										
Charges for Services:										
Food Service	341,256	6,141	6,940	158,540	208,302	206,407	224,513	201,154	190,766	203,781
Operating Grants	528,459	1,125,790	645,047	501,649	503,620	488,056	662,616	386,755	600,440	556,133
Total Business Type Activities	869,715	1,131,931	651,987	660,189	711,922	694,463	887,129	587,909	791,206	739,914
Program Revenues										
Total District Program Revenues	\$ 10,485,413	\$ 11,244,174	\$ 11,788,518	\$ 8,660,783	\$ 9,425,555	\$ 9,239,730	\$ 4,061,997	\$ 6,558,211	\$ 5,589,950	\$ 1,113,584
Net/(Expense)/Revenue:										
Governmental Activities	(27,273,454)	(23,011,394)	(23,155,798)	(22,744,487)	(21,540,681)	(21,977,639)	(21,476,275)	(21,369,844)	(22,520,138)	(25,613,429)
Business-Type Activities	(79,980)	141,724	(23,090)	34,496	(20,423)	(15,696)	103,590	(175,402)	22,322	(10,535)
Total District-Wide Net Expense	\$ (27,353,434)	\$ (22,869,670)	\$ (23,178,888)	\$ (22,709,991)	\$ (21,561,104)	\$ (21,993,335)	\$ (21,372,685)	\$ (21,545,246)	\$ (22,497,816)	\$ (25,623,964)
General Revenues & Other Changes in Net Assets:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 3,368,055	\$ 3,213,780	\$ 3,150,765	\$ 3,088,985	\$ 3,028,417	\$ 2,814,625	\$ 2,759,436	\$ 2,705,329	\$ 2,520,776	\$ 2,292,048
Federal & State Aid Not Restricted & Not Restricted	29,940,371	22,065,145	24,967,859	33,590,242	50,664,916	40,712,505	21,578,742	22,565,532	20,113,960	20,178,578
Transportation	-	-	-	-	-	-	-	28,300	106,545	175,939
Tuition	-	5,570	118,893	110,787	153,074	301,440	174,002	25,733	25,197	13,107
Investment Earnings	-	-	-	-	-	-	-	4,916	127,333	7,628
Miscellaneous Income	1,252,058	179,083	350,942	75,189	688,315	285,803	404,610	267,984	152,560	168,693
Cancelled Prior Year Unearned Revenue	-	-	-	-	-	-	29,675	-	-	-
Loss on Disposal of Capital Asset	-	(113,573)	(581,287)	-	-	(108,665)	(154,194)	-	-	-
Total Governmental Activities	34,560,484	25,350,005	28,007,172	36,865,203	54,534,722	44,005,708	24,792,271	25,597,794	23,046,371	22,835,993
Business-type Activities										
Investment Earnings	13,288	17	-	76	-	-	-	4,159	3,162	2,547
Loss on Disposal of Capital Asset	-	-	(22,237)	-	-	-	(453)	-	-	-
Total Business-Type Activities	13,288	17	(22,237)	76	-	-	(453)	4,159	3,162	2,547
Total District-Wide	\$ 34,573,772	\$ 25,350,022	\$ 27,984,935	\$ 36,865,279	\$ 54,534,722	\$ 44,005,708	\$ 24,791,818	\$ 25,601,953	\$ 23,049,533	\$ 22,838,540
Change in Net Position:										
Governmental Activities	\$ 7,287,030	\$ 2,338,611	\$ 4,851,374	\$ 14,120,716	\$ 32,994,041	\$ 22,028,069	\$ 3,315,996	\$ 4,227,950	\$ 526,233	\$ (2,777,436)
Business-Type Activities	(66,692)	141,741	(45,327)	34,572	(20,423)	(15,696)	103,137	(171,243)	25,484	(7,988)
Total District	\$ 7,220,338	\$ 2,480,352	\$ 4,806,047	\$ 14,155,288	\$ 32,973,618	\$ 22,012,373	\$ 3,419,133	\$ 4,056,707	\$ 551,717	\$ (2,785,424)

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

	FISCAL YEAR ENDING JUNE 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund:										
Restricted	\$ 37,556,986	\$ 29,397,101	\$ 28,336,316	\$ 29,843,530	\$ 33,610,677	\$ 28,346,636	\$ 23,493,660	\$ 25,641,385	\$ 24,314,218	\$ 2,032,606
Committed	-	-	-	-	-	-	-	205,159	2,299,790	22,394,722
Assigned	994,589	6,224,200	9,985,244	6,591,755	2,201,205	524,209	228,553	1,280,681	337,934	876,589
Unassigned	739,333	(146,525)	(493,958)	2,299,515	3,496,190	4,271,156	2,582,786	-	-	-
Total General Fund	\$ 39,290,908	\$ 35,474,776	\$ 37,827,602	\$ 38,734,800	\$ 39,308,072	\$ 33,142,001	\$ 26,304,999	\$ 27,127,225	\$ 26,951,942	\$ 25,303,917
All Other Governmental Funds:										
Restricted, Reported in:										
Special Revenue Fund	\$ 613	\$ 613	\$ 613	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Projects Fund	2,518,242	2,518,242	2,748,661	2,775,443	4,052,617	7,004,422	7,433,355	4,289,248	-	-
Assigned, Reported in:										
Special Revenue Fund	(361,944)	(248,881)	(297,675)	(312,192)	(16,784)	-	-	-	-	-
Total All Other Governmental Funds	\$ 2,156,911	\$ 2,269,974	\$ 2,451,599	\$ 2,463,251	\$ 4,035,833	\$ 7,004,422	\$ 7,433,355	\$ 4,289,248	\$ -	\$ -

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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Tax Levy	\$ 3,368,055	\$ 3,213,780	\$ 3,150,765	\$ 3,088,985	\$ 3,028,417	\$ 2,814,625	\$ 2,759,436	\$ 2,705,329	\$ 2,520,776	\$ 2,292,048
Tuition Charges	-	5,570	118,893	110,787	153,074	301,440	174,002	25,733	25,197	13,107
Interest Earned Capital Reserve Funds	-	-	-	-	-	-	-	4,916	127,333	7,628
Transportation	-	-	-	-	-	-	-	28,300	106,545	175,939
Miscellaneous	1,252,558	179,083	350,942	75,189	688,315	285,803	407,570	267,984	152,560	168,693
State Sources	24,662,637	22,070,600	18,918,587	18,215,007	16,965,229	14,770,087	14,279,594	13,929,458	13,617,625	13,382,663
Federal Sources	17,539,319	10,842,209	13,682,329	22,060,606	39,326,241	29,427,649	10,471,056	11,485,897	9,049,136	7,169,585
Total Revenue	46,822,569	36,311,242	36,221,516	43,350,574	60,161,276	47,599,604	28,091,658	28,447,617	25,599,172	23,209,663
Expenditures										
Instruction:										
Regular Instruction	6,187,035	5,886,656	5,486,334	5,302,254	6,269,205	5,941,212	5,342,994	5,853,374	5,666,352	6,113,015
Special Education Instruction	5,387,388	4,943,544	4,145,780	3,959,291	2,291,273	2,433,056	2,707,276	2,097,735	2,233,963	2,204,707
Other Instruction	1,129,175	987,879	923,959	824,001	945,064	916,554	949,918	1,020,152	1,024,079	1,163,761
Support Services:										
Tuition	902,045	491,472	338,855	370,974	203,156	177,748	271,090	214,251	369,555	389,342
Attendance & Social Work	-	-	-	-	-	-	-	19,000	19,000	38,000
Health Services	-	-	-	-	389,993	398,644	-	334,889	364,743	426,049
Student & Instruction Related	-	-	-	-	-	-	-	-	-	-
General Administrative	5,619,810	4,662,929	3,707,494	3,686,085	3,048,084	2,164,152	2,391,452	2,020,830	1,570,191	1,547,122
Educational Media Services/ School Library	550,529	446,583	392,229	417,217	-	-	390,241	-	-	-
School Administrative Services	-	-	-	-	-	-	-	417,231	286,092	318,433
Central Services	568,642	646,864	631,734	626,427	626,493	736,637	692,488	431,912	455,255	443,504
Administration Information	391,420	378,320	346,633	341,106	345,289	337,249	323,657	323,678	361,546	387,863
Technology	39,302	39,303	38,323	37,501	35,553	33,438	33,572	38,124	31,318	32,327
Other Administrative Services	-	-	-	-	424,481	418,665	-	701,657	820,989	811,658
Plant Operations & Maintenance	1,964,915	1,981,633	1,880,598	1,734,772	1,776,894	1,682,260	1,783,812	1,616,514	1,877,948	1,991,487
Pupil Transportation	2,127,717	1,449,235	1,513,243	1,163,728	1,313,109	1,277,774	1,305,778	1,270,570	1,497,840	1,520,839
On-Behalf TPAF Pension and Social Security Contributions	6,352,441	5,984,872	4,309,091	3,580,934	-	-	2,624,941	-	-	-
Unallocated Benefits	5,353,358	4,571,703	4,845,561	4,766,921	7,752,166	7,451,399	4,045,375	6,275,221	6,545,818	6,749,543
Capital Outlay	6,545,723	6,374,700	9,088,980	18,885,218	31,543,031	17,222,748	2,936,858	1,347,948	826,458	324,230
Total Expenditures	43,119,500	38,845,693	37,648,814	45,696,429	56,963,791	41,191,536	25,799,452	23,983,086	23,951,147	24,461,880
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ 3,703,069	(2,534,451)	(1,427,298)	(2,145,855)	3,197,485	6,408,068	2,292,206	4,464,531	1,648,025	(1,252,217)
Other Financing Sources/(Uses):										
Transfers In	196,879	163,555	170,112	3,711	(22,587)	-	5,768,202	5,338,473	-	-
Transfers Out	(196,879)	(163,555)	(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	-	-	-
Net Change in Fund Balances	\$ 3,703,069	(2,534,451)	(1,427,298)	(2,145,855)	3,197,485	6,408,068	2,321,881	4,464,531	1,648,025	(1,252,217)
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		TUITION OTHER	TOTAL
				FROM OTHER LEA's			
2023	\$ 411,591	\$ 808,108	-	-	\$ -	-	\$ 1,219,699
2022	51,329	125,635	-	5,570	-	-	182,534
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

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
2023	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
2022	7,283,000	302,698,800	42,553,400	3,662,643	67,562,800	327,800	13,919,400	438,007,843	195,175,320	958,611	438,966,454	0.767	458,742,703
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

**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	REGIONAL	TOTAL	TOWNSHIP	BURLINGTON	
	<u>SCHOOL</u>	<u>SCHOOL</u>	<u>DIRECT</u>	<u>OF NORTH HANOVER</u>	<u>COUNTY</u>	
2023	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
2022	0.767	0.668	1.435	0.391	0.393	2.219
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

Source: Municipal Tax Collector

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

Taxpayer	2023			2014		
	TAXABLE	RANK	% OF TOTAL	TAXABLE	RANK	% OF TOTAL
	ASSESSED		DISTRICT NET	ASSESSED		DISTRICT NET
	VALUE		ASSESSED	VALUE		ASSESSED
			VALUE			VALUE
		UNAVAILABLE			UNAVAILABLE	
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>	
2023	Unavailable	Unavailable	Unavailable	Unavailable
2022	9,819,724	9,684,028	98.62%	135,696
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

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, 2023

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

There is no Outstanding Debt as of June 30, 2023

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2022**

<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	\$ 5,290,000	100.00%	\$ 5,290,000
Northern Burlington County Regional	43,740,000	14.47%	6,329,894
Burlington County	161,356,421	0.86%	1,393,796
Subtotal, Overlapping Debt			13,013,690
North Hanover School District Direct Debt			-
Total Direct & Overlapping Debt			\$ 13,013,690

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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt Limit	\$ 15,966,452	\$ 15,755,216	\$ 15,526,154	\$ 15,237,617	\$ 14,927,439	\$ 14,698,482	\$ 14,260,153	\$ 14,493,238	\$ 14,493,238	\$ 14,953,108
Legal Debt Margin	\$ 15,966,452	\$ 15,755,216	\$ 15,526,154	\$ 15,237,617	\$ 14,927,439	\$ 14,698,482	\$ 14,260,153	\$ 14,493,238	\$ 14,493,238	\$ 14,953,108
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 2022

	Equalized Valuation Basis
Average Equalized Valuation of Taxable Property	\$ 456,184,341
Debt Limit (3.5% of Average Equalization Value)	\$ 15,966,452
Legal Debt Margin	\$ 15,966,452

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>
2022	7,984	N/A	N/A	4.0%
2021	7,939	551,728,744	69,496	5.7%
2020	7,474	501,908,996	67,154	8.8%
2019	7,483	475,380,024	63,528	3.9%
2018	7,499	458,488,860	61,140	3.8%
2017	7,517	445,540,107	59,271	6.2%
2016	7,547	434,578,901	57,583	7.1%
2015	7,597	424,862,225	55,925	10.4%
2014	7,643	409,450,796	53,572	11.5%
2013	7,664	395,791,952	51,643	11.1%

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**

	2023		
	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>		

2014 UNAVAILABLE

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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Instruction:										
Regular	90	84	82	84	100	85	84	96	96	95
Special Education	82	57	57	58	58	60	58	52	52	59
Other Special Education	6	6	6	6	6	6	6	6	6	12
Support Services:										
Student & Instruction Related Services	46	19	18	18	18	17	18	12	12	24
School Administrative Services	12	12	12	12	12	12	12	13	13	15
General & Business Administrative Services	2	2	2	2	2	2	2	2	2	2
Plant Operations & Maintenance	22	21	19	18	18	18	18	19	19	30
Pupil Transportation	6	5	5	5	5	5	5	4	4	11
Business & Other Support Services	8	8	8	8	5	5	8	7	7	7
Food Service	12	7	7	7	2	3	7	6	6	6
Total	286	221	216	218	226	213	218	217	217	261

Source: District Personnel Records

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

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO ELEMENTARY	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2023	1,418	\$ 36,573,777	\$ 25,793	3.98%	148	10	1,401	1,298	7.77%	92.65%
2022	1,309	32,470,993	24,806	-2.72%	147	8	1,300	1,204	12.55%	92.62%
2021	1,120	28,559,834	25,500	13.08%	145	8	1,155	1,100	-3.19%	95.24%
2020	1,189	26,811,211	22,549	26.92%	148	8	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%

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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Elementary Schools:										
Columbia School:										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	38,007	38,007	38,007
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	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	N/A	N/A	36,154	36,154	36,154	36,154	36,154	36,154
Capacity (Students)	N/A	N/A	N/A	N/A	244	244	244	244	244	244
Enrollment	N/A	N/A	N/A	N/A	322	295	282	282	337	330
Atlantis School:										
Square Feet	N/A	N/A	N/A	N/A	39,855	39,855	39,855	39,855	39,855	39,855
Capacity (Students)	N/A	N/A	N/A	N/A	283	283	283	283	283	283
Enrollment	N/A	N/A	N/A	N/A	193	209	228	228	234	234
Endeavour School:										
Square Feet	182,751	182,751	182,751	182,751	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (Students)	850	850	850	850	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	780	745	603	632	N/A	N/A	N/A	N/A	N/A	N/A
C.B. Lamb Elementary School:										
Square Feet	71,549	71,549	71,549	65,861	65,861	65,861	65,861	65,861	65,861	65,861
Capacity (Students)	446	446	446	446	446	446	446	446	446	446
Enrollment	291	323	290	290	330	403	419	419	419	408
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	347	241	227	267	268	286	291	291	291	304

Number of Schools at June 30, 2023
Elementary = 3

Source: District Facilities Office

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ 6,000
Columbia School	-	-	-	-	61,421	82,015	69,179	70,765	151,520	70,005
Discovery School	-	-	-	-	71,892	95,328	91,592	95,162	158,720	69,694
Atlantis School	-	-	-	-	-	-	-	-	-	-
Endeavor School	222,908	239,666	269,700	100,648	-	-	-	-	-	-
C.B. Lamb School	184,438	221,052	132,352	232,928	232,616	139,616	162,548	168,835	264,551	98,870
Upper Elementary School	233,921	246,599	232,489	244,489	268,996	278,057	300,539	211,862	216,866	76,950
Total School Facilities	\$ 641,267	\$ 707,317	\$ 634,541	\$ 578,065	\$ 634,926	\$ 595,016	\$ 623,858	\$ 546,624	\$ 797,657	\$ 321,519

Source: District records

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023**

	COVERAGE	DEDUCTIBLE
Burlington County Insurance Pool Joint Insurance Fund (BCIP JIF)		
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	-
School Pool for Excess Liability Limits Joint Insurance Fund (SPELL JIF)**		
Property / Inland Marine / Automobile Physical Damage	175,000,000	
Crime	500,000	
Workers Compensation	Statutory	
Employers Liability	10,000,000	
General Liability / Auto Liability	20,000,000	
Educators' Legal Liability	20,000,000	
Travelers Insurance Company		
Boiler and Machinery	125,000,000	1,000
AIG / Commerce and Industry Insurance Company		
Pollution Legal Liability	3,000,000	25,000 - 250,000
AIG / Lexington Insurance Company, Inc.		
Cyber Liability	2,000,000	50,000 - 100,000
Lloyd's of London		
Violent Malicious Acts	1,000,000	10,000
Surety Bonds - Selective Insurance		
Treasurer	275,000	
Board Secretary	250,000	
Excess and Reinsurance Carriers Involved **		
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 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 Insurance Company	
Educators Legal Liability.....	SPELL JIF, Great American Insurance Company	

Source: District records

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SINGLE AUDIT SECTION

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
North Hanover 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, 2023, 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 December 4, 2023.

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

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deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on 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
December 4, 2023



HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

EXHIBIT K-2

**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

Opinion on 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School District's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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; New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individual or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted accounting standards, *Government Auditing Standards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, we:

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

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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
December 4, 2023

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**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	ADJUSTMENTS	BALANCE, JUNE 30, 2023 (ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
U.S. Department of Health and Human Services Passed Through New Jersey Department of Human Services: Medical Assistance Program (SEMI) Medical Assistance Program (SEMI)	93.778 93.778	2305NI5MAP 2305NI5MAP	100-054-7540-211 100-054-7540-211	\$ 19,256 1,894	7/1/22-6/30/23 1/1/21-12/31/21	\$ - -	\$ 19,256 1,894	\$ (19,256) (21,150)	\$ - -	\$ - -	\$ - -	\$ - -
Total U.S. Department of Health and Human Services												
U.S. Department of Agriculture Passed Through New Jersey Department of Agriculture: Child Nutrition Cluster: School Breakfast Program	10.553	231NI304NI099	100-010-3350-028	79,299	7/1/22-6/30/23	-	79,159	(79,299)	-	-	(140)	-
National School Lunch Program	10.555	231NI304NI099	100-010-3350-026	283,367	7/1/22-6/30/23	-	283,367	(283,367)	-	-	(140)	-
Healthy Hunger-Free Kids Act	10.555	231NI304NI099	100-010-3350-026	9,939	7/1/22-6/30/23	-	9,939	(9,939)	-	-	-	-
COVID-19 Supply Chain Assistance	10.555	231NI304NI099	100-010-3350-118	73,104	7/1/22-6/30/23	-	73,104	(73,104)	-	-	-	-
Food Distribution Program (Noncash Assistance)	10.555	231NI304NI099	Unavailable	63,929	7/1/22-6/30/23	-	63,929	(59,738)	-	-	-	4,191
Food Distribution Program (Noncash Assistance)	10.555	221NI304NI099	Unavailable	41,372	7/1/21-6/30/22	774	-	(774)	-	-	-	-
Total Child Nutrition Cluster						774	430,339	(426,922)	-	-	(140)	4,191
Pandemic EBT Administrative Costs	10.649	2021I5900941	100-010-3350-115	-	7/1/21-6/30/22	774	509,498	(506,221)	-	-	(140)	4,191
Total U.S. Department of Agriculture						774	509,498	(506,221)	-	-	(140)	4,191
U.S. Department of Education Direct Federal: Impact Aid: Impact Aid - 7003(b) Impact Aid - 7003(d) Impact Aid - 7007(a)	84.041 84.041 84.041	S041BI43114 S041BI43114 S041BI43114	N/A - Direct N/A - Direct N/A - Direct	14,541,573 118,969 188,237	Various Various Various	- -	14,541,573 118,969 188,237	(14,541,573) (118,969) (188,237)	- -	- -	- -	- -
Passed Through New Jersey Department of Education: I.D.E.A. Part B (Special Education Cluster) Basic Basic COVID-19 ARP - IDEA Basic	84.027 84.027 84.027X	H027A220100 H027A210100 H027X210100	100-034-5065-016 100-034-5065-016 100-034-5065-094	333,968 297,422 54,552	7/1/22-9/30/23 7/1/21-9/30/22 7/1/21-9/30/22	- (48,624) (52,387)	273,140 48,624 327,112	(333,968) (1,585) (335,553)	- -	- -	(60,828) -	- -
Preschool COVID-19 ARP - Preschool	84.173 84.173X	H173A220114 H173X210114	100-034-5065-020 100-034-5065-095	17,574 4,641	7/1/22-9/30/23 7/1/21-9/30/22	- -	14,224 1,726	(17,574) (1,726)	- -	- -	(3,350) (3,350)	- -
Total Special Education Cluster						(52,387)	343,062	(354,853)	-	-	(64,178)	-
Title I - Part A Title I - Part A	84.010 84.010	S010A220030 S010A210030	100-034-5064-194 100-034-5064-194	196,899 196,786	7/1/22-9/30/23 7/1/21-9/30/22	- (54,969)	104,610 54,969	(177,469) -	- -	1,166	(71,693)	-
Title II - Part A, Supporting Effective Instruction Title II - Part A, Supporting Effective Instruction Title II - Part A, Supporting Effective Instruction	84.367 84.367 84.367	S367A210029 S367A210029 S367A150029	100-034-5063-290 100-034-5063-290 100-034-5063-290	24,042 30,680 49,290	7/1/22-9/30/23 7/1/21-9/30/22 7/1/15-6/30/16	- (4,295) 400	9,652 4,295 -	(15,268) -	- -	159	(5,457)	-
Title III, English Language Acquisition Title III, English Language Acquisition Title III, English Language Acquisition	84.365 84.365 84.365	S365A220030 S365A210030 S365A220030	100-034-5064-187 100-034-5064-187 100-034-5064-187	27,136 20,827 10,563	7/1/22-9/30/23 7/1/21-9/30/22 7/1/22-9/30/23	- (4,158) (4,158)	6,166 4,158 699	(18,648) -	- -	(291)	(12,773)	-
Total U.S. Department of Education						(4,158)	11,023	(26,164)	-	(291)	(19,590)	-

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 FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	ADJUSTMENTS	BALANCE, JUNE 30, 2023	
											(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
Title IV	84.424	S365A220030	100-034-5063-348	29,387	7/1/22-9/30/23	-	6,513	-	-	-	(9,715)	-
Title IV	84.424	S365A210030	100-034-5063-348	28,620	7/1/21-9/30/22	(9,000)	9,000	(16,228)	-	-	-	-
						(9,000)	15,513	(16,228)	-	-	(9,715)	-
Education Stabilization Fund:												
COVID-19 Coronavirus Response & Relief Supplemental Appropriations:												
CRSA - ESSER II	84.425D	S425D210027	100-034-5120-518	530,143	3/13/20-9/30/23	-	-	(1,267)	-	-	(1,267)	-
CR Learning Acceleration	84.425D	S425D210027	100-034-5120-518	34,022	3/13/20-9/30/23	-	300	(300)	-	-	-	-
CR Mental Health	84.425D	S425D210027	100-034-5120-518	45,000	3/13/20-9/30/23	(14,125)	14,125	-	-	-	-	-
COVID-19 American Rescue Plan:												
ARP - ESSER III	84.425U	S425U210027	100-034-5120-523	1,191,461	3/13/20-9/30/24	(160,800)	630,379	(602,308)	-	-	(132,729)	-
Accelerated Learning Coach and Educator Support	84.425U	S425U210027	100-034-5120-523	94,470	3/13/20-9/30/24	(4,605)	47,961	(51,606)	-	-	(8,250)	-
Summer Learning and Enrichment	84.425U	S425U210027	100-034-5120-523	40,000	3/13/20-9/30/24	-	-	(4,800)	-	-	(4,800)	-
Evidence Based Comp. Beyond the School Day	84.425U	S425U210027	100-034-5120-523	40,000	3/13/20-9/30/24	(5,790)	38,936	(33,260)	-	-	(114)	-
NJTSS Mental Health Support Staffing	84.425U	S425U210027	100-034-5120-523	45,000	3/13/20-9/30/24	(45,000)	45,000	-	-	-	-	-
Total Education Stabilization Fund				45,000	3/13/20-9/30/24	(230,320)	776,701	(693,541)	-	-	(147,160)	-
Total U.S. Department of Education						(354,729)	16,168,604	(16,132,302)	-	634	(317,793)	-
U.S Department of Defense												
Department of Defense Education Activity Grant:												
DODEA - Making Math Meaningful	12.556	HE1254-18-1-0006	Not Available	750,000	9/28/2018-5/31/2023	(30,109)	223,058	(195,868)	-	-	(2,919)	-
DODEA - HELLO Grant	12.556	HE1254-21-R-0008	Not Available	1,700,000	9/1/2021-5/31/2026	(11,962)	189,687	(256,941)	-	-	(79,216)	-
DODEA - PEACE Grant	12.556	HE12542210022	Not Available	1,000,000	9/30/2022-5/31/2027	-	38,147	(376,090)	-	-	(337,943)	-
DODEA - STEMPKAMP	12.556	Not Available	Not Available	37,959	7/1/21-9/30/22	18,980	18,979	(37,959)	-	-	-	-
DODEA - STEMPKAMP	12.556	Not Available	Not Available	37,959	7/1/22-9/30/23	-	35,359	-	-	-	-	35,359
						(23,091)	505,230	(866,858)	-	-	(420,078)	-
STEM Educational Outreach Programs - Starbase Program	12.018	Not Available	Not Available	408,718	7/1/21-9/30/22	(168,226)	435,876	(483,695)	-	-	(216,045)	-
Impact Aid-Department of Defense (DOD)	12.558	Not Available	Not Available	308,349	7/1/21-9/30/22	-	308,349	(308,349)	-	-	-	-
Community Investment Construction Grant	12.600	HQ00051810001	Not Available	61,958,022	12/9/2016-12/31/2021	(370,117)	-	-	-	-	(370,117)	-
Total U.S. Department of Defense						(561,434)	1,249,455	(1,658,902)	-	-	(1,006,240)	35,359
Total Expenditures of Federal Awards						\$ (915,389)	\$ 17,948,707	\$ (18,318,575)	\$ -	\$ 634	\$ (1,324,173)	\$ 39,550

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, 2023

GRANT OR STATE PROJECT NUMBER	STATE GRANTOR/PROGRAM TITLE	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2022	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO BUDGETARY SUBRECIPIENTS	BALANCE, JUNE 30, 2023	ACCOUNTS RECEIVABLE	UNEARNED REVENUE	MEMO	
											BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
<u>New Jersey Department of Education:</u>												
General Fund:												
	State Aid Public:											
	Equalization Aid											
	Security Aid											
	Adjustment Aid											
	Special Education Categorical Aid											
	Total State Aid Public											
	Transportation Aid											
	Additional Nonpublic School Transportation Aid											
	Additional Nonpublic School Transportation Aid											
	Extraordinary Aid											
	Extraordinary Aid											
	State Reimb. For Lead Testing of Drinking Water											
	Reimbursed TPAF Social Security Contributions											
	TPAF - Post Retirement											
	Medical (Noncash Assistance)											
	TPAF - Pension											
	Contributions (Noncash Assistance)											
	TPAF - Long-Term Disability											
	Insurance (Noncash Assistance)											
	Total General Fund											
	Special Revenue Fund:											
	Preschool Education Aid											
	Preschool Education Aid											
	Subtotal											
	Mentor Training											
	Total Special Revenue Fund											
<u>New Jersey Department of Agriculture:</u>												
	Enterprise Fund:											
	National School Lunch Program											
	School Lunch & Breakfast - Reduced (State Share)											
	Total Enterprise Fund											
	Total State Financial Assistance											
State Financial Assistance Programs not subject to Calculation for Major Program Determination:												
	TPAF - Post Retirement											
	Medical (Noncash Assistance)											
	TPAF - Pension											
	Contributions (Noncash Assistance)											
	TPAF - Long-Term Disability											
	Insurance (Noncash Assistance)											
	Total State Financial Assistance subject to Calculation for Major Program Determination											

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

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023. 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, 2023.

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 TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 (\$174,323) for the general fund and (\$383,479) 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	\$ 15,178,278	\$ 21,039,001	\$ 36,217,279
Special Revenue Fund	2,361,041	3,623,636	5,984,677
Food Service Fund	506,221	22,238	528,459
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ 18,045,540</u>	<u>\$ 24,684,875</u>	<u>\$ 42,730,415</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, 2023.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

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

2) Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

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

2) Significant deficiency(ies) identified? yes X none reported

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? yes X no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>12.556</u>	<u>HE1254</u>	<u>Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools</u>
<u>84.041</u>	<u>S041B143114</u>	<u>Impact Aid</u>
<u>84.425D</u>	<u>S425D210027</u>	<u>Education Stabilization Fund:</u>
<u>84.425U</u>	<u>S425U210027</u>	<u>COVID-19 C.R.R.S.A.</u>
		<u>COVID-19 A.R.P.</u>

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

Auditee qualified as low-risk auditee? X yes no

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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?	<u> X </u> yes	_____ no
Internal control over major programs:		
1) Material weakness(es) identified?	_____ yes	<u> X </u> no
2) Significant deficiency(ies) identified?	_____ yes	<u> X </u> 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	<u> X </u> no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
495-034-5094-003	Reimbursed TPAF Social Security Contributions
495-034-5120-086	Preschool Education Aid

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None.

Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 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

None.

STATE FINANCIAL ASSISTANCE

None.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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