

**ANDOVER REGIONAL
SCHOOL DISTRICT**

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

**Annual Comprehensive Financial Report
For The Fiscal Year Ended June 30, 2021**

Annual Comprehensive

Financial Report

of the

Andover Regional School District

Board of Education

Newton, Sussex County

For the Fiscal Year Ending June 30, 2021

Prepared by

Andover Regional School District

Board of Education

Finance Department

OUTLINE OF ACFR

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1
Organizational Chart	2
Roster of Officials	3
Consultants and Advisors	4

FINANCIAL SECTION

Independent Auditor's Report	7-9
Required Supplementary Information – Part I Management's Discussion and Analysis	11-18
Basic Financial Statements	
A. District-Wide Financial Statements:	
A-1 Statement of Net Position	21
A-2 Statement of Activities	22
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	24
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance	25
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Proprietary Funds:	
B-4 Statement of Net Position	27
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	28
B-6 Statement of Cash Flows	29
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	N/A
B-8 Statement of Changes in Fiduciary Net Position	N/A
Notes to the Financial Statements	31-61
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	64-77
C1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	N/A
C-1b Community Block Development Grant (CDBG) – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	78

OUTLINE OF ACFR

		<u>Page</u>
Notes to Required Supplementary Information - Part II		
C-3	Budget-to-GAAP Reconciliation	79
 Required Supplementary Information – Part III		
L.	Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1/L-3	Schedule of the District's Proportionate Share of the Net Pension Liability	80
L-2	Schedule of District Contributions	81
M.	Schedules Related to Accounting and Reporting for OPEB (GASB 75)	
M-1	Schedule of the Schedule of Changes in the State's Total OPEB Liability and Related Ratios (TPAF and PERS)	82
 Notes to Required Supplementary Information - Part III		83
 Other Supplementary Information		
D.	School Level Schedules:	
D-1	Combining Balance Sheet	N/A
D-2	Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3	Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E.	Special Revenue Fund:	
E-1	Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund – Budgetary Basis	86
E-2	Schedule of Preschool Education Aid Expenditures-All Programs- Budgetary Basis	N/A
F.	Capital Projects Fund:	
F-1	Summary Schedule of Project Expenditures	N/A
F-2	Summary Schedule of Revenues and Expenditures	N/A
F-2a	Schedule of Project Revenues and Expenditures-Project Detail	N/A
G.	Proprietary Funds	
	Enterprise Fund:	
G-1	Combining Statement of Net Position	See B-4
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	See B-5
G-3	Combining Statement of Cash Flows	See B-6
	Internal Service Fund:	
G-4	Combining Statement of Net Position	N/A
G-5	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6	Combining Statement of Cash Flows	N/A

OUTLINE OF ACFR

Other Supplementary Information-(Continued)

	<u>Page</u>
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	N/A
H-2 Combining Statement of Changes in Fiduciary Net Position	N/A
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	91
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Budgetary Comparison Schedule Debt Service Fund	92

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1 Net Position by Component	94
J-2 Changes in Net Position	95-96
J-3 Fund Balances - Governmental Funds	97
J-4 Changes in Fund Balances - Governmental Funds	98
J-5 General Fund Other Local Revenue by Source	99

Revenue Capacity

J-6 Assessed Value and Estimated Actual Value of Taxable Property	100-101
J-7 Direct and Overlapping Property Tax Rates	102-103
J-8 Principal Property Taxpayers	104-105
J-9 Property Tax Levies and Collections	106

Debt Capacity

J-10 Ratios of Outstanding Debt by Type	107
J-11 Ratios of General Bonded Debt Outstanding	108
J-12 Direct and Overlapping Governmental Activities Debt	109
J-13 Legal Debt Margin Information	110

Demographic and Economic Information

J-14 Demographic and Economic Statistics	111
J-15 Principal Employers	112

Operating Information

J-16 Full-time Equivalent District Employees by Function/Program	113
J-17 Operating Statistics	114
J-18 School Building Information	115
J-19 Schedule of Required Maintenance Expenditures by School Facility	116
J-20 Insurance Schedule	117

OUTLINE OF ACFR

SINGLE AUDIT SECTION

	<u>Page</u>
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	119-120
K-2 Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB's Circular 15-08	121-122
K-3 Schedule of Expenditures of Federal Awards, Schedule A	123
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	124
K-5 Notes to the Schedules of Awards and Financial Assistance	125-126
K-6 Schedule of Findings and Questioned Costs	127-129
K-7 Summary Schedule of Prior Audit Findings	130

Introductory Section



**ANDOVER REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

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

January 26, 2022

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

Dear Board Members:

The comprehensive annual financial report of the Andover Regional School District for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Andover Regional Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is subject to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget "Uniform Guidance", "Audits of States, Local Governments and Non-profit Organizations", and New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control and compliance with applicable laws, regulations contracts and grants and findings and questioned costs are included in the single audit section of this report.

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1) **REPORTING ENTITY AND ITS SERVICES:** Andover Regional School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB) in codification section 2100. All funds of the District are included in this report. The Andover Regional Board of Education and all its schools constitute the District's reporting entity.

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

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

3) **MAJOR INITIATIVES:**

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

The District continues to maintain a relationship with the Newton School District via a sending/receiving agreement for Andover Regional high school students. Approximately 180 students residing in the Andover Regional community in grades 9-12 attend Newton High School through this sending/receiving relationship.

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

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reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2021.

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

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

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

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

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

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

Respectfully submitted,

Dr. Clifford Burns

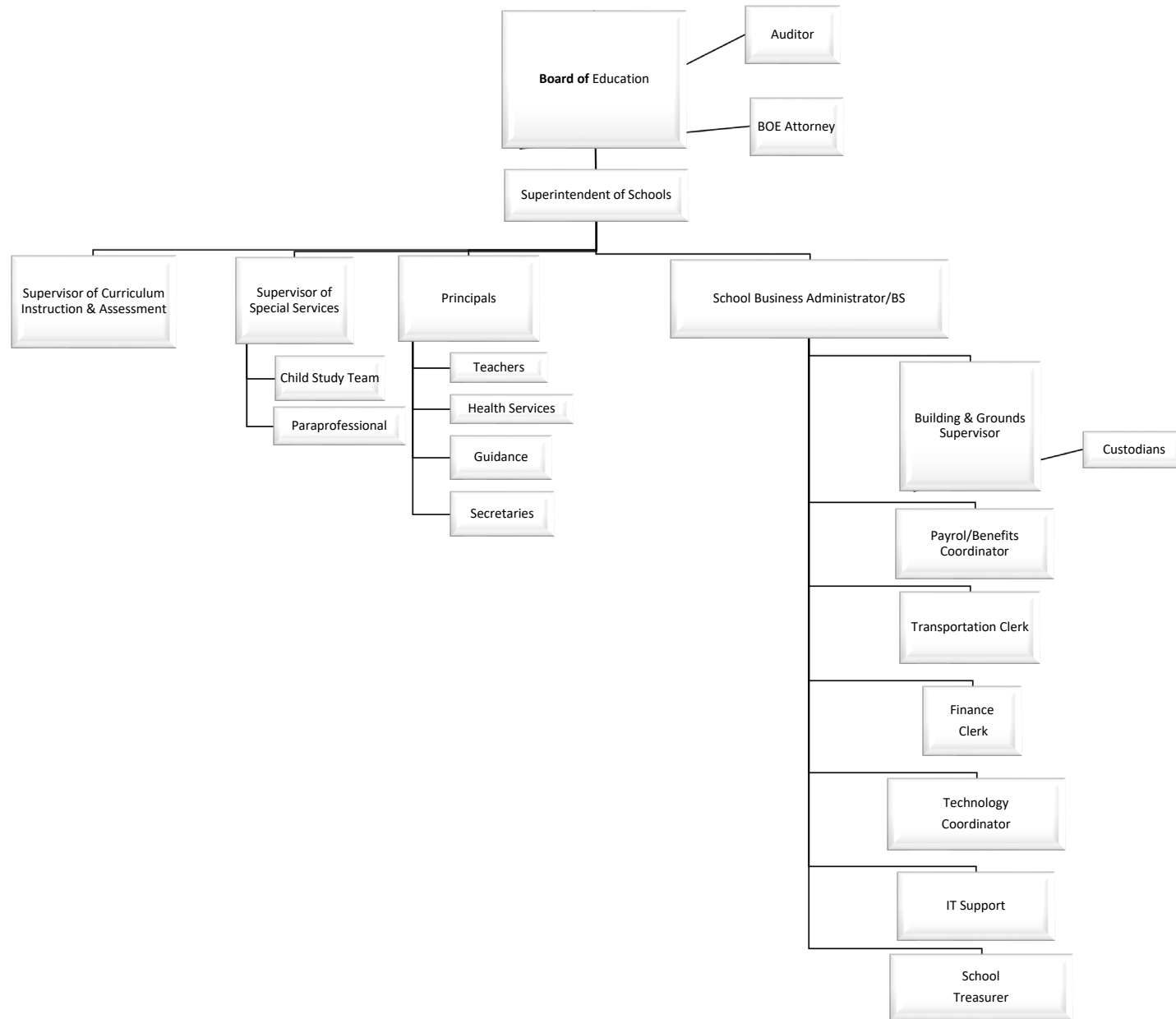
Superintendent

Nicole Sylvester

School Business Administrator/Board Secretary

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**ANDOVER REGIONAL SCHOOL DISTRICT
ORGANIZATIONAL CHART**



**ANDOVER REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2021

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Robert Koroski, President	2023
Maria Dunbar, Vice President	2023
James Fetcho	2023
William Porter	2022
Lena Sciroppo	2021
Jessican Brennan	2021
Rebecca Bearden	2022
Steven Minnick	2022
Vincenia Annuzzi	2021

Other Officials

Dennis Tobin, Interim Superintendent

Nicole Sylvester, School Business Administrator/Board Secretary

Marie Goble, Treasurer of School Monies

**ANDOVER REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ARCHTECT

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

AUDIT FIRM

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

ATTORNEY

Scarinci & Hollenbeck, LLC
1100 Valley Brook Avenue, P.O. Box 790
Lyndhurst, New Jersey 07071

OFFICIAL DEPOSITORIES

Lakeland Bank

250 Oak Ridge Road
Oak Ridge, New Jersey 07438

First Hope Bank

161 Newton-Sparta Road
Newton, New Jersey 07860

NJ Cash Management

State Street Bank and Trust
P.O. Box 5994
Boston, MA 02206-5994

Financial Section

Independent Auditor's Report

ARDITO & COMPANY LLC



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

Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Andover Regional School District Board of Education, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

-Continued-

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Andover Regional School District Board of Education, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Andover Regional School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

-Continued-

The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circulars 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statement information, long-term debt schedules, and schedule of state financial assistance, as required by New Jersey OMB's Circulars 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated January 26, 2022, on our consideration of the Andover Regional School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the District's internal control over financial reporting and compliance.



ARDITO & COMPANY LLC
January 26, 2022



Licensed Public School Accountant No. 2369

Required Supplementary Information - Part I

Management's Discussion and Analysis

ANDOVER REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

The discussion and analysis of Andover Regional School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- ◆ In total, Net Position increased \$2,010,196 which represents a 24.6% increase from 2020.
- ◆ General revenues accounted for \$14,927,379 in revenue or 73.2% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$5,463,639 or 26.8% of total revenues of \$20,391,018.
- ◆ Total assets of governmental activities increased by \$1,469,965, as cash and cash equivalents increased by \$1,522,203, receivables decreased by \$3,520, and capital assets decreased by \$49,479.
- ◆ The School District had \$18,380,822 in expenses; only \$5,463,639 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$14,927,379 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$17,995,632 in revenues and \$16,834,443 in expenditures. The General Fund's surplus balance increased \$1,151,189 over 2020, which compares favorably to the budgeted decrease of \$1,652,953.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

ANDOVER REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during 2021?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the School District’s Most Significant Funds

Fund Financial Statements

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

ANDOVER REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Governmental Funds

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

The School District as a Whole

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

Table 1 provides a summary of the School District's Net Position for 2021 compared to 2020.

Table 1
Net Position

	<u>2021</u>	<u>2020</u>
Assets		
Current and Other Assets	\$ 5,999,699	\$ 4,480,255
Capital Assets	<u>13,167,089</u>	<u>13,216,568</u>
Total Assets	<u>19,166,788</u>	<u>17,696,823</u>
Deferred Outflows of Resources	<u>576,264</u>	<u>380,447</u>
Liabilities		
Long-Term Liabilities	7,441,087	8,161,282
Other Liabilities	<u>924,488</u>	<u>572,594</u>
Total Liabilities	<u>8,365,575</u>	<u>8,733,876</u>
Deferred Inflows of Resources	<u>1,200,579</u>	<u>1,176,692</u>
Net Position		
Invested in Capital Assets, Net of Debt	8,232,089	7,496,568
Restricted	4,455,538	3,662,047
Unrestricted	<u>(2,510,729)</u>	<u>(2,991,913)</u>
Total Net Position	<u>\$ 10,176,898</u>	<u>\$ 8,166,702</u>

ANDOVER REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Total assets of governmental activities increased by \$1,469,965, as cash and cash equivalents increased by \$1,522,203, receivables decreased by \$3,520, and capital assets decreased by \$49,479. The cash increase was mainly due to operational efficiencies in spending towards the budget, and non-budgeted miscellaneous revenues. Capital assets decreased because of depreciation expense for the fiscal year.

Table 2 shows the changes in Net Position from fiscal year 2020.

Table 2
Changes in Net Position

	<u>2021</u>	<u>2020</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 80,698	\$ 295,209
Operating Grants and Contributions	5,382,941	4,769,643
General Revenues:		
Property Taxes	14,677,339	14,402,300
Investment Earnings	10,176	10,568
Other	<u>239,864</u>	<u>196,368</u>
Total Revenues	<u>20,391,018</u>	<u>19,674,088</u>
Program Expenses		
Instruction	6,937,258	6,940,160
Support Services:		
Tuition	4,124,983	4,607,833
Pupils and Instructional Staff	2,246,760	1,924,874
General Administration, School Administration, Business	1,353,684	1,268,404
Operations and Maintenance of Facilities	1,794,916	1,191,504
Pupil Transportation	1,374,296	1,182,875
Transfer to Charter School	171,833	128,346
Business-Type Activities	116,986	108,476
Interest and Fiscal Charges	<u>260,106</u>	<u>277,220</u>
Total Expenses	<u>18,380,822</u>	<u>17,629,692</u>
Increase in Net Position	<u>\$ 2,010,196</u>	<u>\$ 2,044,396</u>

ANDOVER REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 72.0% percent of revenues for governmental activities for the Andover Regional School District for the fiscal year 2021.

Instruction comprises 37.7% of district expenses. Support services expenses make up 59.3% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2020. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2021</u>	<u>Net Cost of Services 2021</u>	<u>Total Cost of Services 2020</u>	<u>Net Cost of Services 2020</u>
Instruction	\$ 6,937,258	\$ 4,241,654	\$ 6,940,160	\$4,244,482
Support Services:				
Tuition	4,124,983	4,124,983	4,607,833	4,607,833
Pupils and Instructional Staff	2,246,760	1,402,573	1,924,874	1,152,485
General Admin., School Admin., Business	1,353,684	871,340	1,268,404	811,374
Operation and Maintenance of Facilities	1,794,916	1,155,353	1,191,504	762,182
Pupil Transportation	1,374,296	884,608	1,182,875	756,662
Charter	171,833	171,833	128,346	128,346
Business-Type Activities	116,986	(3,456)	108,476	16,209
Interest and Fiscal Charges	<u>260,106</u>	<u>68,295</u>	<u>277,220</u>	<u>85,267</u>
Total Expenses	<u>\$ 18,380,822</u>	<u>\$ 12,917,183</u>	<u>\$ 17,629,692</u>	<u>\$12,564,840</u>

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

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

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

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

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

ANDOVER REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

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

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

The dependence upon tax revenues is apparent. Over 61.1% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 77.8%. The community, as a whole, is the primary support for the Andover Regional School District.

The School District's Funds

Information about the School District's major funds starts on page 26. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$19,235,274 and expenditures of \$18,077,555. The General Fund's surplus balance increased \$1,151,189 over 2020, which compares favorably to the budgeted decrease of \$1,652,953.

General Fund Budgeting Highlights

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

During the course of the fiscal 2021 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$16,318,156, \$504,469 over original budgeted estimates of \$15,813,687. This difference was due primarily to non-budgeted miscellaneous revenues.

General fund revenues exceeded expenditures by \$1,127,443. Again this surplus compares to a budgeted deficit of \$1,652,953, which was due to the budgeted surplus needed to balance the 2020-2021 budget. The budgeted deficit was reduced due to revenue increases and cost savings mainly in the areas of instruction, tuition, plant maintenance, transportation, and benefits.

Overall general fund balance (budget basis) was \$5,225,773, and amounts ear-marked and reserved for future purposes were \$4,384,942, creating a surplus in unreserved fund balance of \$800,370. Management believes unreserved fund balance at 4% statutory levels will provide adequate working capital for the district.

ANDOVER REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Capital Assets

At the end of the fiscal year 2021, the School District had \$13,167,089 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2021 balances compared to 2020.

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

	<u>2021</u>	<u>2020</u>
Land	\$ 265,016	\$ 265,016
Land Improvements	15,923	21,042
Buildings and Improvements	12,751,670	12,768,810
Machinery and Equipment	<u>134,480</u>	<u>161,700</u>
Totals	<u>\$ 13,167,089</u>	<u>\$ 13,216,568</u>

Overall capital assets decreased \$49,479 from fiscal year 2020 to fiscal year 2021. The decrease in capital assets was due to depreciation expense for the year.

Capital improvements of \$449,438 were purchased during fiscal year 2021 and included building improvements to the school roof and maintenance equipment.

Debt Administration

At June 30, 2021, the School District had \$5,299,071 as outstanding long term debt. Of this amount, \$364,071 is for compensated absences, and \$4,935,000 is for bonds payable outstanding.

At June 30, 2021, the School District's overall legal debt margin was \$27,696,363 and the unvoted debt margin was \$22,761,363.

ANDOVER REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

For the Future

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

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

Contacting the School District's Financial Management

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

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2021

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,356,471	\$ 44,167	\$ 3,400,638
Receivables, Net	293,816	10,878	304,694
Inventory		5,778	5,778
Restricted Assets:			
Capital and Maint. Reserve - Cash	2,288,589		2,288,589
Capital Assets, Net (Note 6)	13,167,089		13,167,089
Total Assets	<u>19,105,965</u>	<u>60,823</u>	<u>19,166,788</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	<u>576,264</u>		<u>576,264</u>
LIABILITIES			
Accounts Payable	773,373		773,373
Payroll Deductions and Withholdings	2,655		2,655
Unemployment Compensation Claims Payable	6,902		6,902
Net Pension Liability (Note 8)	2,142,016		2,142,016
Accrued Interest	61,331		61,331
Unearned Revenue	78,503	1,724	80,227
Noncurrent Liabilities (Note 7):			
Due Within One Year	795,000		795,000
Due Beyond One Year	4,504,071		4,504,071
Total Liabilities	<u>8,363,851</u>	<u>1,724</u>	<u>8,365,575</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	<u>1,200,579</u>		<u>1,200,579</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	8,232,089		8,232,089
Restricted for:			
Other Purposes	4,455,538		4,455,538
Unrestricted	(2,569,828)	59,099	(2,510,729)
Total Net Position	<u>\$ 10,117,799</u>	<u>\$ 59,099</u>	<u>\$ 10,176,898</u>

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

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular	\$ 4,386,385	\$ 25,652	\$ 1,761,028		\$ (2,599,705)		\$ (2,599,705)
Special Education	2,089,433	12,219	732,285		(1,344,929)		(1,344,929)
Other Special Instruction	17,566	103	6,156		(11,307)		(11,307)
Other Instruction	443,874	2,596	155,565		(285,713)		(285,713)
Support Services:							
Tuition	4,124,983				(4,124,983)		(4,124,983)
Student & Instruction Related Serv.	2,246,760	13,140	831,047		(1,402,573)		(1,402,573)
School Administrative Services	354,939	2,076	124,396		(228,467)		(228,467)
General and Business Admin. Serv.	998,745	5,841	350,031		(642,873)		(642,873)
Plant Operations and Maintenance	1,794,916	10,497	629,066		(1,155,353)		(1,155,353)
Pupil Transportation	1,374,296	8,037	481,651		(884,608)		(884,608)
Charter School	171,833				(171,833)		(171,833)
Interest and Other Fiscal Charges	260,106		191,811		(68,295)		(68,295)
Total Governmental Activities	18,263,836	80,161	5,263,036		(12,920,639)		(12,920,639)
Business-Type Activities:							
Food Service	116,986	537	119,905			\$ 3,456	3,456
Total Business-Type Activities	116,986	537	119,905	-	-	3,456	3,456
Total Primary Government	\$ 18,380,822	\$ 80,698	\$ 5,382,941		\$ (12,920,639)	\$ 3,456	\$ (12,917,183)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 13,903,600		\$ 13,903,600
Taxes Levied for Debt Service					773,739		773,739
Investment Earnings					10,176		10,176
Miscellaneous Income					239,864	-	239,864
Transfers					(10,000)	\$ 10,000	
Total General Revenues, Special Items, Extraordinary Items and Transfers					14,917,379	10,000	14,927,379
Change in Net Position					1,996,740	13,456	2,010,196
Net Position—Beginning					8,046,993	45,643	8,092,636
Prior Period Adjustments (See Note 20)					74,066		74,066
Net Position—Beginning (Restated)					8,121,059	45,643	8,166,702
Net Position—Ending					\$ 10,117,799	\$ 59,099	\$ 10,176,898

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

FUND FINANCIAL STATEMENTS

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

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 5,599,562	\$ 45,498	\$ 5,645,060
Receivables from Other Governments	194,490	80,055	274,545
Other Accounts Receivable	18,966	305	19,271
Interfund Receivables	14,458		14,458
TOTAL ASSETS	\$ 5,827,476	\$ 125,858	\$ 5,953,334
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 770,611	\$ 2,762	\$ 773,373
Interfund Payable		14,458	14,458
Payroll Deductions and Withholdings Payable	2,655		2,655
Unemployment Compensation Claims Payable	6,902		6,902
Due State Government			-
Interfund Payable			-
Deferred Revenue		78,503	78,503
Total Liabilities	780,168	95,723	875,891
Fund Balances:			
<u>Restricted for:</u>			
Excess Surplus - Designated for			
Subsequent Year's Expenditures	780,591		780,591
Excess Surplus	570,762		570,762
Capital Reserve Account	2,006,621		2,006,621
Tuition Reserve	745,000		745,000
Maintenance Reserve	281,968		281,968
Unemployment Compensation	40,461		40,461
Student Activities		30,135	30,135
<u>Unassigned:</u>			
General Fund	621,905		621,905
Total Fund Balances	5,047,308	30,135	5,077,443
TOTAL LIABILITIES AND FUND BALANCE	\$ 5,827,476	\$ 125,858	\$ 5,953,334

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 \$21,789,579 and the accumulated depreciation is \$8,573,011. \$ 13,167,089

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8) 576,264

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 8) (1,200,579)

Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8) (2,142,016)

Long-term liabilities, including bonds payable, Compensated Absences, and Lease Obligations are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7) (5,299,071)

Accrued Interest on Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7) (61,331)

Net Position of governmental activities (Exhibit A-1) \$ 10,117,799

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

ANDOVER REGIONAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

Exhibit B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 13,903,600		\$ 773,739	\$ 14,677,339
Tuition	80,161			80,161
Miscellaneous	243,299	\$ 6,741		250,040
Total - Local Sources	<u>14,227,060</u>	<u>6,741</u>	<u>773,739</u>	<u>15,007,540</u>
State Sources	3,768,572		191,811	3,960,383
Federal Sources	-	267,351		267,351
Total Revenues	<u>17,995,632</u>	<u>274,092</u>	<u>965,550</u>	<u>19,235,274</u>
EXPENDITURES				
Current:				
Regular Instruction	2,342,249	233,939		2,576,188
Special Education Instruction	1,441,045			1,441,045
Other Special Instruction	12,115			12,115
Other Instruction	306,132			306,132
Support services and undistributed costs:				
Tuition	4,124,983			4,124,983
Student and Instruction Related Services	1,505,928	43,623		1,549,551
School Administrative Services	244,795			244,795
Other Administrative Services	688,817			688,817
Plant Operations and Maintenance	1,198,022			1,198,022
Pupil Transportation	947,828			947,828
Unallocated Benefits	3,325,319			3,325,319
Transfer to Charter School	171,833			171,833
Debt Service:				
Principal			785,000	785,000
Interest and Other Charges			180,550	180,550
Capital Outlay	525,377			525,377
Total Expenditures	<u>16,834,443</u>	<u>277,562</u>	<u>965,550</u>	<u>18,077,555</u>
Excess (Deficiency) of Revenues Over Expend.	<u>1,161,189</u>	<u>(3,470)</u>	<u>-</u>	<u>1,157,719</u>
OTHER FINANCING SOURCES (USES)				
Transfer - Interfund Transfer	(10,000)			(10,000)
Total Other Financing Sources and Uses	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Net Change in Fund Balances	1,151,189	(3,470)	-	1,147,719
Fund Balance—July 1	3,855,658			3,855,658
Prior Period Adjustment-See Note 20	40,461	33,605		74,066
Fund Balance—July 1 (Restated)	<u>3,896,119</u>	<u>33,605</u>	<u>-</u>	<u>3,929,724</u>
Fund Balance—June 30	<u>\$ 5,047,308</u>	<u>\$ 30,135</u>	<u>-</u>	<u>\$ 5,077,443</u>

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

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 1,147,719

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	\$ (498,917)	
	Capital Outlays	<u>449,438</u>	(49,479)

Pension contributions are reported in governmental funds as expenditures. However,

in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption.

This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

150,255

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

785,000

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

(43,130)

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

6,375

Change in Net Position of Governmental Activities (Exhibit A-2)

\$ 1,996,740

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

STATEMENT OF PROPRIETARY NET POSITION
 PROPRIETARY FUNDS

June 30, 2021

		Business-Type Activities - Enterprise Funds	
		<u>Food Service</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and Cash Equivalents		\$ 44,167	\$ 44,167
Accounts Receivable-Federal and State		10,878	10,878
Inventories		<u>5,778</u>	<u>5,778</u>
Total Current Assets		<u>60,823</u>	<u>60,823</u>
Noncurrent Assets:			
Furniture, Machinery and Equipment		56,800	56,800
Less Accumulated Depreciation		<u>(56,800)</u>	<u>(56,800)</u>
Total Noncurrent Assets		<u>-</u>	<u>-</u>
	Total Assets	<u>60,823</u>	<u>60,823</u>
LIABILITIES			
Current liabilities:			
Accounts Payable		-	-
Deferred Revenue		<u>1,724</u>	<u>1,724</u>
Total Current Liabilities		<u>1,724</u>	<u>1,724</u>
	Total Liabilities	<u>1,724</u>	<u>1,724</u>
NET POSITION			
Invested in Capital Assets Net of Related Debt		-	-
Unrestricted		<u>59,099</u>	<u>59,099</u>
	Total Net Position	<u>\$ 59,099</u>	<u>\$ 59,099</u>

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

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit B-5

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 537	\$ 537
Daily Sales - Non-Reimb. Programs	-	-
Miscellaneous Income	-	-
Total Operating Revenues	<u>537</u>	<u>537</u>
 Operating Expenses:		
Cost of Sales - Reimbursable Programs	41,520	41,520
Cost of Sales - Non-reimbursable Programs	2,236	2,236
Salaries	27,968	27,968
Employee Benefits	7,930	7,930
Purchased Property Service	10,812	10,812
Cleaning, Repair and Maintenance Services	17,980	17,980
COVID Emergency Costs	8,540	8,540
Depreciation	-	-
Total Operating Expenses	<u>116,986</u>	<u>116,986</u>
 Operating Income (Loss)	<u>(116,449)</u>	<u>(116,449)</u>
 Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	4,190	4,190
Federal Sources:		
National School Lunch Program	74,775	74,775
School Breakfast Program	33,460	33,460
Food Distribution Program	7,480	7,480
Total Nonoperating Revenues (Expenses)	<u>119,905</u>	<u>119,905</u>
 Income (Loss) Before Contributions and Transfers	3,456	3,456
 Transfers In (Out)	<u>10,000</u>	<u>10,000</u>
Change in Net Position	13,456	13,456
 Total Net Position—Beginning	<u>45,643</u>	<u>45,643</u>
 Total Net Position—Ending	<u>\$ 59,099</u>	<u>\$ 59,099</u>

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

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds	
	<u>Food Service</u>	<u>Total Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 537	\$ 537
Payments to Employees	(27,968)	(27,968)
Payments for Employee Benefits	(7,930)	(7,930)
Payments to Suppliers	<u>(76,360)</u>	<u>(76,360)</u>
Net Cash Provided by (used for) Operating Activities	<u>(111,721)</u>	<u>(111,721)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	3,734	3,734
Federal Sources	99,652	99,652
Transfers to Other Funds	<u>10,000</u>	<u>10,000</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>113,386</u>	<u>113,386</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,665	1,665
Balances—Beginning of Year	<u>42,502</u>	<u>42,502</u>
Balances—End of Year	<u>\$ 44,167</u>	<u>\$ 44,167</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (116,449)	\$ (116,449)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Depreciation and Net Amortization	-	-
Federal Commodities	7,480	7,480
(Increase) Decrease in Accounts Receivable	-	-
(Increase) Decrease in Inventories	(761)	(761)
Increase (Decrease) in Accounts Payable	<u>(1,991)</u>	<u>(1,991)</u>
Total Adjustments	<u>4,728</u>	<u>4,728</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (111,721)</u>	<u>\$ (111,721)</u>

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

Notes to Financial Statements

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the ACFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27, GASB No. 75, Accounting for OPEB, and GASB No. 84, Fiduciary Activities. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2020.

A. Reporting Entity:

The Andover Regional School District is a Type II district located in the County of Sussex, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Andover Regional School District had an approximate enrollment at June 30, 2021, of 613 students.

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

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

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

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

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

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

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

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GOVERNMENTAL FUNDS (Continued)

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

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

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

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

PROPRIETARY FUNDS

The District reports the following proprietary funds:

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

Additionally, the District reports the following fund type:

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

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

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

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

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not recognize encumbrances as expenditures. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

D. Encumbrance Accounting:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

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

Capital Assets:

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

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

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

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

Compensated Absences:

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

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

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

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

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2021 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

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

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

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

Fund Balance Reserves:

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

Revenues—Exchange and Nonexchange Transactions

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

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

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

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

Operating Revenues and Expenses:

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

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

Management Estimates:

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

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2021, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2021, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents (A-1)
Checking	\$5,689,227
	\$5,689,227
	\$5,689,227

The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$5,689,227 and the bank balance was \$5,883,070. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$296,042 was covered by federal depository insurances and \$5,587,028 was covered by collateral pool.

NOTE 3: RECEIVABLES

Receivables at June 30, 2021, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government-Wide Financial Statements
State Aid	\$194,490	\$194,975
Federal Aid	80,055	90,448
Other Local Receivables	19,271	19,271
Gross Receivable	\$293,816	\$304,694
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	\$293,816	\$304,694

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2021, consisted of the following:

Food	<u>\$5,778</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 5: DEFERRED BOND ISSUANCE COSTS

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

NOTE 6: CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 265,016			\$ 265,016
Total Capital Assets Not Being Depreciated	<u>265,016</u>			<u>265,016</u>
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	329,947			329,947
Buildings and Building Improvements	20,719,615	\$ 409,993		21,129,608
Machinery and Equipment	475,001	39,445		514,446
Total at Historical Cost	<u>21,524,563</u>	<u>449,438</u>	-	<u>21,974,001</u>
Less Accumulated Depreciation for:				
Land Improvements	(308,905)	(5,118)		(314,024)
Building and Improvements	(7,950,805)	(427,133)		(8,377,938)
Equipment	(313,301)	(66,665)		(379,966)
Total Accumulated Depreciation	<u>(8,573,011)</u>	<u>(498,916)</u>	-	<u>(9,071,928)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>12,951,552</u>	<u>(49,478)</u>		<u>12,902,073</u>
Government Activity Capital Assets, Net	<u>\$ 13,216,568</u>	<u>\$ (49,478)</u>		<u>\$ 13,167,089</u>

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6: CAPITAL ASSETS - (Continued)

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

Depreciation expense was charged to functions as follows:

Instruction	\$	449,024
Direct Expenses of Various Functions		49,892
Total		498,916

NOTE 7: LONG-TERM OBLIGATIONS

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

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2021, are as follows:

	<u>Balance</u>		<u>Decreases</u>	<u>Balance</u>	<u>Amounts</u>
	<u>7/1/20</u>	<u>Increases</u>		<u>6/30/21</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$5,720,000		(\$785,000)	\$4,935,000	\$795,000
Other Liabilities:					
Compensated Absences Payable	320,941	\$43,130		364,071	
Total	\$6,040,941	\$43,130	(\$785,000)	\$5,299,071	\$795,000

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

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

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

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 7: LONG-TERM OBLIGATIONS (Continued)

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

For the year ended June 30, 2021, it is not necessary for the Board to establish a liability for arbitrage rebate.

	Government Activities			
Issue Dates	Interest Rates	Date of Maturity	Balance 6/30/21	
Series 2012 Refunding Bonds	6/15/12	2.1-4.0%	2/15/30	\$ 2,690,000
Series 2014 Refunding Bonds	9/1/14	2.0-3.0%	2/15/25	2,245,000
Total Bonds				\$ 4,935,000

B. Debt Service Requirements:

Debt Service requirements on serial bonds payable at June 30, 2021, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 795,000	\$ 163,550	\$ 958,550
2023	815,000	141,325	956,325
2024	850,000	115,550	965,550
2025	875,000	88,650	963,650
2026	300,000	60,975	360,975
Thereafter	1,300,000	131,075	1,431,075
	\$ 4,935,000	\$ 701,125	\$ 5,636,125

NOTE 8: PENSION PLANS

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

ANDOVER REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

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

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$24,583,031 as measured on June 30, 2020 and \$27,279,753 measured on June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$1,528,678 and revenue of \$1,528,678 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2021 is based upon changes in the collective net pension liability with a measurement period of June 30, 2019 through June 30, 2020. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2019 and June 30, 2020.

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

ANDOVER REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

	<u>6/30/2019</u>	<u>6/30/2020</u>
Collective deferred outflows of resources	\$10,077,460,797	\$9,589,140,982
Collective deferred inflows of resources	\$17,525,379,167	\$14,409,361,877
Collective net pension liability (Nonemployer-State of New Jersey)	\$61,370,943,870	\$65,848,796,740
State's portion of the net pension liability that was associated with the district	\$27,279,753	\$24,583,031
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.044451%	0.037333%

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

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.45%
Therafter	2.75-5.65%
Investment Rate of Return:	7.00%

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-US devel.markets equit	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yeild	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash equivalent	4.00%	0.50%
US Treasuries	5.00%	1.94%
Risk mitigation	3.00%	3.40%

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

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's net pension liability to changes in the discount rate - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2020, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(4.40%)</u>	<u>Rate (5.40%)</u>	<u>(6.40%)</u>
State's Collective Net Pension Liability	\$ 77,517,093,055	\$ 65,993,498,688	\$ 56,425,087,777

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2020 was \$21,529,179,998.

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

	<u>Year Ended June 30:</u>
2021	(\$262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	<u>(335,285,618)</u>
Total	<u>(\$4,965,440,613)</u>

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2020 are as follows:

Service cost	\$1,643,902,335
Interest on total ension liability	4,680,942,056
Benefit Changes	(16,738,469)
Member contributions	(867,037,595)
Administrative expens	13,511,148
Expected investment return net of investment expenses	(1,525,370,804)
Pension expense related to specific liabilities of individual employers	4,749,837
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	177,152,462
Changes in assumptions	(394,786,992)
Difference between projected and actual investment earnings on pension plan investments	<u>387,432,792</u>
Total pension expense	<u>\$4,103,756,770</u>

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

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

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

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

At June 30, 2021, the District reported a liability of \$2,142,016 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability for the June 30, 2019 valuation was determined by an experience study for the period July 1, 2014 to June 30, 2018. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2020 and 2019. At June 30, 2020, the District's proportion was 0.01314% which was an increase of 0.00137% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$23,579. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 39,003	\$ 7,575
Changes of assumptions	69,489	896,882
Net difference between projected and actual earnings on pension plan investments	73,216	-
Changes in proportion and differences between District contributions and proportionate share of contributions	250,863	296,122
District contributions subsequent to the measurement date	143,693	
Total	<u>\$ 576,264</u>	<u>\$ 1,200,579</u>

ANDOVER REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

\$143,693 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability measured as of June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2021	(\$285,615)
2022	(260,394)
2023	(148,809)
2024	(60,176)
2025	<u>(13,015)</u>
Total	<u>(\$768,008)</u>

	<u>6/30/2019</u>	<u>6/30/2020</u>
Collective deferred outflows of resources	\$3,149,522,616	\$2,347,583,337
Collective deferred inflows of resources	7,645,087,574	7,849,949,467
Collective net pension liability (Non State - Local Group)	\$18,018,482,972	\$16,307,384,832
District's portion of net pension liability	\$2,120,341	\$2,142,016
District's proportion %	0.01176759%	0.01313525%

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

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00%-6.00% based on years of service
Therafter	3.00%-7.00% based on years of service
Investment Rate of Return:	7.00%

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

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

ANDOVER REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-US devel.markets equit	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yeild	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash equivalentents	4.00%	0.50%
US Treasuries	5.00%	1.94%
Risk mitigation	3.00%	3.40%

Discount rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability measured as of June 30, 2020, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>Rate (7.00%)</u>	<u>(8.00%)</u>
District's proportionate share of the net pension liability	\$ 2,696,441	\$2,142,016	\$ 1,671,571

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2020 are as follows:

Service cost	\$46,618
Interest on total Pension liability	151,895
Benefit Changes	(1,041)
Member contributions	(33,136)
Administrative expens	793
Expected investment return net of investment expenses	(89,418)
Pension expense related to specific liabilities of individual employers	(415)
Recognition (amortization) of deferred inflows/outflows:	0
Differences between expected and actual experience	10,709
Changes in assumptions	(78,887)
Difference between projected and actual investment earnings on pension plan investments	<u>16,462</u>
Total pension expense	<u>\$23,579</u>

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

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

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

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

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

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

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

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

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

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

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

<u>Three-Year Trend Information for PERS</u>			
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2021	\$143,693	100 %	-0-
6/30/2020	\$114,919	100 %	-0-
6/30/2019	\$128,753	100 %	-0-

<u>Three-Year Trend Information for TPAF (On behalf)</u>			
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2021	\$1,024,554	100 %	-0-
6/30/2020	\$834,222	100 %	-0-
6/30/2019	\$893,268	100 %	-0-

During the fiscal year ended June 30, 2021, the State of New Jersey did contribute \$1,345,434 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$308,296 during the year ended June 30, 2021, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

ANDOVER REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9: POST-RETIREMENT BENEFITS

Plan description and benefits provided

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

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

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

Total Nonemployer OPEB Liability

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

Actuarial assumptions and other imputes The June 30, 2021 GASB 75 reporting is based on a measurement date of June 30, 2020. The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018, for TPAF and PERS, respectively. 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:

Inflation rate	2.50%
Salary Increases Through 2026:	1.55-4.45% TPAF 2.00-6.00% PERS Based on service years

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9: POST-RETIREMENT BENEFITS-(Continued)

Salary Increases Thereafter:	1.55-4.45% TPAF	3.00-7.00% PERS	Based on service years
Discount rate (2020)	2.21%		
Discount rate (2019)	3.50%		
Healthcare cost trend rates (PPO Plans)	5.6% decreasing to 4.5% after seven years		
Healthcare cost trend rates (Self-insured post 65 PPO Plans)	4.50%		
Healthcare cost trend rates (HMO Plans)	5.6% decreasing to 4.5% after seven years		
Healthcare cost trend rates (Prescription Drug Benefits)	7.0% decreasing to 4.5% after seven years		
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%		
Healthcare cost trend rates (Medicare Advantage)	4.50%		

The discount rate for June 30, 2020 and 2019 was 2.21% and 3.50%, respectively. 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.

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-2020. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality-table with fully generational mortality improvement projections from the central year using Scale MP-2020.

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

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2019	\$41,729,081,045
<u>Changes for the year:</u>	
Service Cost	1,790,973,822
Interest on the Total OPEB Liability	1,503,341,357
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	11,544,750,637
Changes of Assumptions	12,386,549,981
Gross Benefit Payments	(1,180,515,618)
Contributions from Members	35,781,384
Net changes	<u>26,080,881,563</u>
The State's Total OPEB Liability Balance at 6/30/2020	<u>\$67,809,962,608</u>

The State's total OPEB liability attributable to the District: \$29,972,815

ANDOVER REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9: POST-RETIREMENT BENEFITS-(Continued)

There were no changes of benefit terms.

Changes of assumptions and other inputs reflects a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020 and other changes.

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

	June 30, 2020		
	<u>At 1% Decrease</u> <u>1.21%</u>	<u>At Discount Rate</u> <u>2.21%</u>	<u>At 1% Increase</u> <u>3.21%</u>
Total OPEB Liability (School Retirees)	\$81,748,410,002	\$67,809,962,608	\$56,911,439,160

	June 30, 2019		
	<u>At 1% Decrease</u> <u>2.50%</u>	<u>At Discount Rate</u> <u>3.50%</u>	<u>At 1% Increase</u> <u>4.50%</u>
Total OPEB Liability (School Retirees)	\$49,298,534,898	\$41,729,081,045	\$35,716,321,820

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

	June 30, 2020		
	<u>At 1% Decrease</u>	<u>Health Care Cost Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)	\$54,738,488,540	\$67,809,962,608	\$83,375,182,975

	June 30, 2019		
	<u>At 1% Decrease</u>	<u>Health Care Cost Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)	\$34,382,902,820	\$41,729,081,045	\$51,453,912,586

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9: POST-RETIREMENT BENEFITS-(Continued)

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

For the year ended June 30, 2020, the board of education recognized OPEB expense and related revenue of \$852,058 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$10,295,318,750	(\$9,170,703,615)
Changes of assumptions or other inputs	<u>11,534,251,250</u>	<u>(7,737,500,827)</u>
Total	<u>\$21,829,570,000</u>	<u>(\$16,908,204,442)</u>

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

Year ended June 30:	
2021	\$43,440,417
2022	43,440,417
2023	43,440,417
2024	43,440,417
2025	43,440,417
Thereafter	<u>4,704,163,473</u>
	<u>\$4,921,365,558</u>

NOTE 10: COMPENSATED ABSENCES

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

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

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

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2021:

	<u>Interfund</u> <u>Receivable</u>	<u>Interfund</u> <u>Payable</u>	
General Fund	\$ 14,458	-	
Capital Projects Fund	-	\$ -	
Special Revenue Fund		\$ 14,458	
Enterprise Fund		-	
Debt Service Fund	-	-	
	<u>\$ 14,458</u>	<u>\$ 14,458</u>	

The interfund payable in the special revenue fund is due to the general fund for cash advances to cover cash deficit caused by federal grant reimbursements that have not yet been received.

NOTE 12: RISK MANAGEMENT

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

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

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

<u>Fiscal Year</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2020-2021	\$58	\$11,466	\$4,622	\$47,363 *
2019-2020	\$277	\$10,781	\$2,958	\$40,461
2018-2019	\$379	\$58,117	\$50,045	\$32,361

* - Unemployment compensation fund balance and unemployment compensation claims payable

ANDOVER REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

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

NOTE 14: CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning balance July 1, 2020	\$ 1,146,471
Interest	50
Withdrawal	(39,900)
Deposits: June Board resolution June 23, 2021	900,000
Ending balance June 30, 2021	<u>\$ 2,006,621</u>

NOTE 15: MAINTENANCE RESERVE ACCOUNT

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

The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning balance July 1, 2020	\$ 412,416
Withdrawal	(130,548)
Interest	100
Ending balance June 30, 2021	<u>\$ 281,968</u>

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 16: TUITION RESERVE ACCOUNT

A tuition reserve account was established by the School District Board of Education in fiscal year 2021, for the accumulation of funds for use in fiscal year 2022 and 2023, respectively, in accordance with NJAC 6A:23A17.1(f). The tuition reserve account is maintained in the general fund and enables the district to reserve fund balance for an anticipated large tuition adjustment for the current contract year. A maximum reserve for the current year is restricted to ten percent of the formal sending/receiving contract amount. Upon certification of rates in the second year following the contract year, full appropriation of the applicable year’s reserve must be liquidated and any remaining balance related to that year must be reserved and budgeted for tax relief.

The activity of the tuition reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning balance July 1, 2020	\$ 398,000
Deposits: June Board resolution June 23, 2021	<u>347,000</u>
Ending balance June 30, 2021	<u><u>\$ 745,000</u></u>

NOTE 17: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$5,047,308 General Fund fund balance at June 30, 2021, \$1,351,353 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$780,591 of the excess surplus was appropriated and included as anticipated revenue for the year ending June 30, 2022); \$2,006,621 is reserved in the Capital Reserve Account; \$281,968 is reserved in the Maintenance Reserve Account; \$745,000 is reserved in the Tuition Reserve Account; \$40,461 is reserved for Unemployment Compensation; and \$621,905 is unreserved and undesignated.

NOTE 18: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 is \$570,762.

NOTE 19: TAX ABATEMENTS

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

ANDOVER REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 20: PRIOR PERIOD ADJUSTMENT

Restatement of Prior Period:

As the Unemployment Fund does not meet the definition of a fiduciary activity prescribed in GASB No. 84 paragraph 11, the Unemployment Fund is to be reported in the general fund. However, these funds are restricted pursuant to N.J.S.A. 43:21-7.3(g). Accordingly, as use of these funds are restricted by statute, any unemployment net position at 7/1/2020 should be classified as restricted fund balance in the general fund.

As the Student Activities Fund does not meet the definition of a fiduciary activity prescribed in GASB No. 84 paragraph 11, the Student Activities Fund is to be reported in the special revenue fund. N.J.A.C. 6A:23A-16.12 governs the establishment and operation of the Student Activity Fund restricting expenditures within the fund and prohibiting the transfer of any unspent balances to any other fund.

Governmental Activities Net Position:

Net Position (per A-2), June 30, 2020	\$ 8,046,993
Restricted fund balance for Unemployment Claims per GASB No. 84	40,461
Restricted fund balance for Student Activities per GASB No. 84	<u>33,605</u>
Net Position (per A-2), June 30, 2020, as Restated	<u><u>\$ 8,121,059</u></u>

Governmental Funds:

Fund Balance (per B-2), June 30, 2020	\$ 3,855,658
Restricted fund balance for Unemployment Claims per GASB No. 84	40,461
Restricted fund balance for Student Activities per GASB No. 84	<u>33,605</u>
Fund Balance (per B-2), June 30, 2020, as Restated	<u><u>\$ 3,929,724</u></u>

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 13,903,600		\$ 13,903,600	\$ 13,903,600	
Tuition from Individuals	24,000		24,000	13,550	\$ (10,450)
Tuition from Other LEA's				66,611	66,611
Miscellaneous	3,100		3,100	243,299	240,199
Total - Local Sources	13,930,700	-	13,930,700	14,227,060	296,360
State Sources:					
Equalization Aid	28,208		28,208	28,208	
School Choice	54,284		54,284	54,284	
Transportation Aid	542,672		542,672	542,672	
Special Education Aid	532,625		532,625	532,625	
Security Aid	61,429		61,429	61,429	
Adjustment Aid	663,769		663,769	663,769	
Extraordinary Aid				202,820	202,820
Other State Aid				5,289	5,289
TPAF Pension (On-Behalf - Non-Budgeted)				1,023,919	1,023,919
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				320,880	320,880
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				635	635
TPAF Social Security (Reimbursed - Non-Budgeted)				308,296	308,296
Total State Sources	1,882,987		1,882,987	3,744,826	1,861,839
TOTAL REVENUES	15,813,687		15,813,687	17,971,886	2,158,199

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	218,027	50,719	268,746	268,746	
Grades 1-5 - Salaries of Teachers	1,027,683	(20,802)	1,006,881	1,006,881	
Grades 6-8 - Salaries of Teachers	864,951	16,110	881,061	881,061	
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000	850	5,850	5,850	
Purchased Professional-Educational Services	3,000	(850)	2,150	576	1,574
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services					
Purchased Technical Services	5,800		5,800	3,605	2,195
Other Purchased Services (400-500 series)	21,500		21,500	19,360	2,140
General Supplies	259,873	(31,405)	228,468	133,863	94,605
Textbooks	64,263	(255)	64,008	22,307	41,701
TOTAL REGULAR PROGRAMS - INSTRUCTION	2,470,097	14,367	2,484,464	2,342,249	142,215
SPECIAL EDUCATION - INSTRUCTION					
Learning or Language Disabilities:					
Salaries of Teachers	144,949	9,055	154,004	152,194	1,810
Other Salaries for Instruction	140,521	(9,055)	131,466	82,123	49,343
General Supplies	9,511		9,511	8,512	999
Total Learning or Language Disabilities	294,981		294,981	242,829	52,152
Special Education - Multiple Disabilities:					
Salaries of Teachers	64,864	878	65,742	65,242	500
Other Salaries for Instruction	22,524	(878)	21,646	18,804	2,842
General Supplies	1,720		1,720	1,084	636
Total Special Education - Multiple Disabilities	89,108		89,108	85,130	3,978

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Special Education - Multiple Disabilities:					
Salaries of Teachers	153,537	5,845	159,382	159,382	
Other Salaries for Instruction	118,916	(5,022)	113,894	113,894	
General Supplies	2,307	469	2,776	2,776	
Total Special Education - Multiple Disabilities	274,760	1,292	276,052	276,052	
Resource Room/Resource Center:					
Salaries of Teachers	585,869	(1,291)	584,578	507,366	77,212
Other Salaries for Instruction	115,686	(3,688)	111,998	99,735	12,263
General Supplies	5,045		5,045	3,367	1,678
Total Resource Room/Resource Center	706,600	(4,979)	701,621	610,468	91,153
Preschool Disabilities - Part Time:					
Salaries of Teachers	143,725	18,282	162,007	162,007	
Other Salaries for Instruction	71,949	(12,719)	59,230	59,230	
General Supplies	5,814	(2,035)	3,779	3,779	
Total Preschool Disabilities - Part Time	221,488	3,528	225,016	225,016	
Home Instruction:					
Salaries of Teachers	5,000		5,000	1,550	3,450
Purchased Professional-Educational Services	3,000		3,000		3,000
Total Home Instruction	8,000		8,000	1,550	6,450
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,594,937	(159)	1,594,778	1,441,045	153,733
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	199,499	161	199,660	196,431	3,229
General Supplies	840	208	1,048	988	60
Total Basic Skills/Remedial - Instruction	200,339	369	200,708	197,419	3,289

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Bilingual Education - Instruction:					
Salaries of Teachers	14,675		14,675	11,955	2,720
General Supplies	476	(208)	268	160	108
Total Bilingual Education - Instruction	15,151	(208)	14,943	12,115	2,828
School-Spon. Co/Extra Curricular Actvts. - Inst.:					
Salaries	61,400		61,400	46,265	15,135
General Supplies	4,652		4,652	1,964	2,688
Total School-Spon. Cocurricular Actvts. - Inst.	66,052		66,052	48,229	17,823
School-Spon. Athletics - Instruction:					
Salaries	30,000		30,000	400	29,600
Purchased Services (300-500 series)	3,500		3,500		3,500
General Supplies	8,700		8,700	1,719	6,981
Total School-Spon. Athletics - Inst.	42,200		42,200	2,119	40,081
Summer School - Instruction:					
Salaries	28,000	225	28,225	28,225	
Other Salaries of Instruction	13,000		13,000	7,140	5,860
General Supplies	28,000	(225)	27,775	23,000	4,775
Total Summer School - Instruction	69,000		69,000	58,365	10,635
TOTAL INSTRUCTION	4,457,776	14,369	4,472,145	4,101,541	370,604

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State - Regular	3,044,262	(45,319)	2,998,943	2,842,339	156,604
Tuition to Other LEAs Within the State - Special	362,078	430,365	792,443	786,699	5,744
Tuition to County Voc. District - Regular	113,550		113,550	94,019	19,531
Tuition to County Voc. District - Special	22,710		22,710		22,710
Tuition to Private Schools for the Disabled - Within State	851,083	(432,177)	418,906	401,926	16,980
Tuition - State Facilities					
Total Instruction	4,393,683	(47,131)	4,346,552	4,124,983	221,569
Attendance and Social Work:					
Salaries	104,482	(10,736)	93,746	88,059	5,687
Purchased Prof & Tech Svcs	38,400	(105)	38,295	35,908	2,387
Total Attendance and Social Work	142,882	(10,841)	132,041	123,967	8,074
Health Services:					
Salaries	130,734	44,825	175,559	175,559	
Purchased Professional and Technical Services	38,600	(24,029)	14,571	14,571	
Supplies and Materials	3,197	5,840	9,037	9,037	
Total Health Services	172,531	26,636	199,167	199,167	
Speech, OT, PT and Related Services:					
Salaries	155,596	2,883	158,479	155,601	2,878
Purchased Professional - Educational Services	31,000	(18,858)	12,142	10,095	2,047
Supplies and Materials	600	181	781	781	
Total Speech, OT, PT and Related Services	187,196	(15,794)	171,402	166,477	4,925

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.					
Salary- Extraordinary	63,278		63,278	62,815	463
Purchased Professional - Educational Services	161,446		161,446	109,356	52,090
Supplies and Materials	1,274	6,075	7,349	1,572	5,777
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.	<u>225,998</u>	<u>6,075</u>	<u>232,073</u>	<u>173,743</u>	<u>58,330</u>
Guidance:					
Salaries of Other Professional Staff	229,089	3,502	232,591	230,470	2,121
Other Purchased Prof. and Tech. Services	7,400	(4,221)	3,179		3,179
Supplies and Materials	1,483	719	2,202	2,002	200
Total Guidance	<u>237,972</u>		<u>237,972</u>	<u>232,472</u>	<u>5,500</u>
Child Study Teams:					
Salaries of Other Professional Staff	243,766	13,458	257,224	257,224	
Salaries of Secretarial and Clerical Assistants	46,529	(1,123)	45,406	45,406	
Other Purchased Prof. and Tech. Services	11,240	(1,902)	9,338	9,338	
Supplies and Materials	2,336	535	2,871	2,871	
Other Objects	1,340	124	1,464	1,464	
Total Child Study Teams	<u>305,211</u>	<u>11,092</u>	<u>316,303</u>	<u>316,303</u>	

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Improvement of Instruction Services :					
Salaries of Other Professional Staff	103,227	14,988	118,215	118,215	
Other Salaries					
Purchased Professional-Educational Services	30,000	(16,519)	13,481	6,379	7,102
Supplies and Materials	5,200	1,531	6,731	6,519	212
Total Improvement of Instruction Services	<u>138,427</u>		<u>138,427</u>	<u>131,113</u>	<u>7,314</u>
Educational Media Services/School Library:					
Salaries	101,399	(623)	100,776	80,235	20,541
Salaries of Technology Coordinator	68,685	623	69,308	68,633	675
Purchased Professional and Technical Services	7,000	(935)	6,065	5,887	178
Other Purchased Services (400-500 series)					
Supplies and Materials	2,200		2,200	1,470	730
Total Educational Media Services/School Library	<u>179,284</u>	<u>(935)</u>	<u>178,349</u>	<u>156,225</u>	<u>22,124</u>
Instructional Staff Training Services:					
Purchased Professional-Educational Services	34,000	(2,227)	31,773	4,787	26,986
Other Purchased Services (400-500 series)					
Supplies and Materials	400	1,285	1,685	1,674	11
Total Instructional Staff Training Services	<u>34,400</u>	<u>(942)</u>	<u>33,458</u>	<u>6,461</u>	<u>26,997</u>

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Supp. Services - General Administration:					
Salaries	189,907	5,550	195,457	195,457	
Legal Services	10,000	24,451	34,451	34,451	
Audit Fees	27,000	12	27,012	27,012	
Architectural/Engineering Services	3,000	(3,000)			
Other Professional Services	7,200	745	7,945	7,945	
Communications/Telephone	42,200	3,172	45,372	45,371	1
BOE Other Purchased Services	3,837	(3,837)			
Other Purchased Services (400-500 series)	10,100	7,826	17,926	17,926	
General Supplies	3,700	(926)	2,774	2,774	
BOE In-House Training/Meeting Supplies					
Miscellaneous Expenditures	3,050	(1,500)	1,550	1,550	
BOE Membership Dues and Fees	10,000	(1,503)	8,497	8,497	
Total Supp. Services - General Administration	309,994	30,990	340,984	340,983	1
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	175,063	16,803	191,866	191,866	
Salaries of Secretarial and Clerical Assistants	47,541	(151)	47,390	47,390	
Supplies and Materials	3,000	(1,300)	1,700	1,700	
Other Objects	10,850	(7,011)	3,839	3,839	
Total Support Services - School Administration	236,454	8,341	244,795	244,795	

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Central Services:					
Salaries	176,914	6,816	183,730	183,730	
Purchased Professional Services	24,500	(2,166)	22,334	22,334	
Misc. Purchased Services (400-500 series)	5,700	(5,090)	610	610	
Supplies and Materials	1,600	2,895	4,495	4,495	
Miscellaneous Expenditures	2,625	(461)	2,164	2,164	
Total Central Services	211,339	1,994	213,333	213,333	
Admin. Information Technology:					
Salaries	50,130	16,562	66,692	66,692	
Purchased Technical Services	34,825	11,673	46,498	55,498	(9,000)
Supplies and Materials	11,742	569	12,311	12,311	
Total Admin. Information Technology	96,697	28,804	125,501	134,501	(9,000)
Required Maintenance for School Facilities:					
Salaries	69,595	6,498	76,093	76,093	
Cleaning, Repair, and Maintenance Services	374,402	19,109	393,511	222,556	170,955
General Supplies	78,650	(25,250)	53,400	13,105	40,295
Total Required Maintenance for School Facilities	522,647	357	523,004	311,754	211,250

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Operations and Maintenance of Plant:					
Salaries	304,173	6,248	310,421	294,759	15,662
Purchased Professional and Technical Services	132,860		132,860	63,159	69,701
Cleaning, Repair and Maintenance Services	118,083	(15,781)	102,302	11,198	91,104
Other Purchased Property Services	8,500	5,000	13,500	13,500	
Insurance	70,517	905	71,422	71,372	50
General Supplies	211,800	(5,905)	205,895	88,996	116,899
Energy (Natural Gas)	70,000	10,046	80,046	80,046	
Energy (Electricity)	165,000	(16,332)	148,668	126,662	22,006
Energy (Gasoline)	3,000		3,000	1,017	1,983
Other Objects	12,585		12,585	1,601	10,984
Total Other Operations and Maintenance of Plant	1,096,518	(15,819)	1,080,699	752,310	328,389
Care and Upkeep of Grounds:					
Salaries	66,166	(3,999)	62,167	42,305	19,862
Cleaning, Repair, and Maintenance Services					
General Supplies	5,300	3,999	9,299	7,432	1,867
Total Care and Upkeep of Grounds	71,466		71,466	49,737	21,729
Security:					
Cleaning, Repair, and Maintenance Services	7,000		7,000	4,677	2,323
General Supplies	113,140		113,140	79,544	33,596
Total Security	120,140		120,140	84,221	35,919

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Student Transportation Services					
Salary for Pupil Trans. (Bet. Home & Sch) - Reg.	39,484		39,484	39,484	
Salary for Pupil Trans. (Bet. Home & Sch) - Spec Ed.	27,885		27,885	22,690	5,195
Other Purchased Professional and Technical Services	4,400	10,450	14,850	14,850	
Contract Services - Aid in Lieu of Payments-Nonpub.Sch.	21,000		21,000	14,982	6,018
Contract Services - Aid in Lieu of Payments-School Choice	23,000	(9,250)	13,750	8,504	5,246
Contract Services - (Between Home and School) - Vendors	506,000		506,000	493,943	12,057
Contract Services (Other than Between Home & School)-Vendors	20,000	(1,200)	18,800	13,270	5,530
Contract Services - (Between Home and School) - Joint Agreements	7,500		7,500	2,352	5,148
Contract Services - (Special Ed. Students) - Vendors	590,230		590,230	337,753	252,477
Transportation Supplies	2,000		2,000		2,000
Total Student Transportation Services	1,241,499		1,241,499	947,828	293,671

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
UNALLOCATED BENEFITS					
Social Security Contributions	300,000	15,304	315,304	315,304	
Other Retirement Contributions - DCRP	30,000	(5,783)	24,217	21,723	2,494
Other Retirement Contributions - Regular	130,000	15,060	145,060	145,060	
Unemployment Compensation	30,000	(15,060)	14,940		14,940
Workmen's Compensation	54,600		54,600	51,895	2,705
Health Benefits	1,256,968	(35,950)	1,221,018	1,109,560	111,458
Tuition Reimbursement	53,500		53,500	14,888	38,612
Other Employee Benefits	38,850		38,850	13,159	25,691
TOTAL UNALLOCATED BENEFITS	1,893,918	(26,429)	1,867,489	1,671,589	195,900
On-behalf TPAF pension Contrib. (non-budgeted)				1,023,919	(1,023,919)
On-behalf TPAF PRM Contrib. (non-budgeted)				320,880	(320,880)
On-behalf TPAF pension LTD Ins. (non-budgeted)				635	(635)
Reimbursed TPAF Social Security Contributions (non-budgeted)				308,296	(308,296)
TOTAL ON-BEHALF CONTRIBUTIONS				1,653,730	(1,653,730)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	1,893,918	(26,429)	1,867,489	3,325,319	(1,457,830)
TOTAL UNDISTRIBUTED EXPENDITURES	11,818,256	(3,602)	11,814,654	12,035,692	(221,038)
TOTAL GENERAL CURRENT EXPENSE	16,276,032	10,767	16,286,799	16,137,233	149,566

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	137,750		137,750	39,900	97,850
Purchased Professional Services	75,700		75,700	39,445	36,255
Construction Services	825,000		825,000	409,993	415,007
Supplies and Materials					
Assessment for Debt Service on SDA Funding	36,039		36,039	36,039	
Total Facilities Acquisition and Construction Services	1,074,489		1,074,489	525,377	549,112
TOTAL CAPITAL OUTLAY	1,074,489		1,074,489	525,377	549,112
Transfer of Funds to Charter Schools	116,119	55,714	171,833	171,833	
TOTAL EXPENDITURES	17,466,640	66,481	17,533,121	16,834,443	698,678
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,652,953)	(66,481)	(1,719,434)	1,137,443	2,856,877
Other Financing Sources (Uses):					
Operating Transfer In/(Out):					
Transfer to Food Service Fund				(10,000)	10,000
Total Transfer In/(Out)				(10,000)	10,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(1,652,953)	(66,481)	(1,719,434)	1,127,443	2,866,877
Fund Balance, July 1	4,057,869		4,057,869	4,057,869	
Prior Period Adjustment-Unemployment Fund Net Position as of June 30, 2020	40,461		40,461	40,461	
Fund Balance, July 1 (Restated)	4,098,330		4,098,330	4,098,330	
Fund Balance, June 30	\$ 2,445,377	\$ (66,481)	\$ 2,378,896	\$ 5,225,773	\$ 2,866,877

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Recapitulation:					
Restricted for:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 780,591	
Excess Surplus				570,762	
Capital Reserve				2,006,621	
Tuition Reserve - FY20-21 Due FY 22-23				347,000	
Tuition Reserve - FY19-20 Due FY 21-22				398,000	
Maintenance Reserve				281,968	
Unemployment Compensation				40,461	
Unassigned:					
Unrestricted Fund Balance				<u>800,370</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				<u>5,225,773</u>	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(178,465)</u>	
Fund Balance per Governmental Funds(GAAP Basis B-2)				<u><u>\$ 5,047,308</u></u>	

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources		\$ 16,541	\$ 16,541	\$ 6,741	\$ (9,800)
Federal Sources	\$ 179,684	178,335	358,019	267,351	(90,668)
Total Revenues	179,684	194,876	374,560	274,092	(100,468)
EXPENDITURES:					
Instruction					
Other Salaries	5,447	23,987	29,434	21,384	8,050
Tuition	115,666	53,571	169,237	151,026	18,211
General Supplies	41,516	67,339	108,855	61,529	47,326
Total Instruction	162,629	144,897	307,526	233,939	73,587
Support Services					
Purchased Educational Services	16,255	38,547	54,802	35,362	19,440
Supplies and Materials	800	8,900	9,700	2,259	7,441
		6,002	6,002	6,002	
Total Support Services	17,055	53,449	70,504	43,623	26,881
Total Expenditures	179,684	198,346	378,030	277,562	100,468
Total Outflows	\$ 179,684	\$ 198,346	\$ 378,030	\$ 277,562	\$ 100,468
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		(3,470)	(3,470)	(3,470)	
Fund Balance Beginning				-	
Prior Period Adjustment *				33,605	
Fund Balance Beginning (Restated)				33,605	
Fund Balance Ending				<u>\$ 30,135</u>	
<u>Recapitulation:</u>					
Restricted:					
Student Activities				\$ 30,135	
Total Fund Balance				<u>\$ 30,135</u>	

* Represents the student activity fund ending balance as of June 30, 2020 for payable to student groups

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

For the Fiscal Year Ended June 30, 2021

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

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$17,971,886	\$274,092
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	N/A	N/A
Current Year	N/A	N/A
Adjustment for: Prior Year Final State Aid Payment not included in Budgetary State Source Revenues and is considered a revenue for GAAP reporting purposes	202,211	
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(178,465)</u>	<u>N/A</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$17,995,632</u>	<u>\$ 274,092</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$16,834,443	\$277,562
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	N/A	N/A
Current Year	<u>N/A</u>	<u>N/A</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$16,834,443</u>	<u>\$277,562</u>

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

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
State's proportionate share of the net pension liability (asset) associated with the District	\$ 24,583,031	\$ 27,279,763	\$ 28,932,174	\$ 29,105,333	\$ 35,097,072	\$ 29,656,882	\$ 25,290,246	\$ 25,473,719		
Total	\$ 24,583,031	\$ 27,279,763	\$ 28,932,174	\$ 29,105,333	\$ 35,097,072	\$ 29,656,882	\$ 25,290,246	\$ 25,473,719		
District's covered employee payroll	\$ 4,237,820	\$ 3,939,681	\$ 3,698,743	\$ 3,972,034	\$ 4,638,945	\$ 4,339,275	\$ 4,315,898	\$ 4,512,287		
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%		

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

Exhibit L-1

Public Employees' Retirement System (PERS)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
District's proportion of the net pension liability (asset)	0.013135249%	0.011767591%	0.012896550%	0.014211676%	0.014175037%	0.014152204%	0.013732773%	0.013679999%		
District's proportionate share of the net pension liability (asset)	\$ 2,142,016	\$ 2,120,341	\$ 2,539,266	\$ 3,308,251	\$ 4,198,239	\$ 3,176,886	\$ 2,571,151	\$ 2,614,520		
District's covered employee payroll	\$ 911,792	\$ 837,736	\$ 846,111	\$ 821,946	\$ 854,943	\$ 943,638	\$ 975,711	\$ 961,236		
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	234.92%	253.10%	300.11%	402.49%	491.05%	336.66%	263.52%	272.00%		
Plan fiduciary net position as a percentage of the total pension liability (Local)	58.32%	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%		

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

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

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
District's covered employee payroll	\$ 4,237,820	\$ 3,939,681	\$ 3,698,743	\$ 3,972,034	\$ 4,638,945	\$ 4,339,275	\$ 4,315,898	\$ 4,512,287		
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		

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

Public Employees' Retirement System (PERS)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 143,693	\$ 114,919	\$ 128,753	\$ 132,704	\$ 125,929	\$ 134,273	\$ 113,211	\$ 103,076		
Contributions in relation to the contractually required contribution	(143,693)	(114,919)	(128,753)	(132,704)	(125,929)	(134,273)	(113,211)	(103,076)		
Contribution deficiency (excess)	-	-	-	-	-	-	-	-		
District's covered employee payroll	\$ 911,792	\$ 837,736	\$ 846,111	\$ 821,946	\$ 854,943	\$ 943,638	\$ 975,711	\$ 961,236		
Contributions as a percentage of covered-employee payroll	15.76%	13.72%	15.22%	16.15%	14.73%	14.23%	11.60%	10.72%		

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

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

Exhibit M-1

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

The State of New Jersey's Total OPEB Liability	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Service Cost	\$ 1,790,973,822	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319					
Interest	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792					
Change in Benefit Terms										
Differences Between Expected and Actual Experience	11,544,750,637	(7,323,140,818)	(5,002,065,740)							
Benefit Payments	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)					
Contributions from Members	35,781,384	37,971,171	42,614,005	45,748,749	46,273,747					
Changes of Assumptions or other inputs	<u>12,386,549,981</u>	<u>622,184,027</u>	<u>\$ (5,291,448,855)</u>	<u>\$ (7,086,599,129)</u>	<u>8,611,513,521</u>					
Net change in total OPEB liability	26,080,881,563	(4,381,751,937)	(7,529,008,876)	(4,191,942,326)	10,982,132,360					
Total OPEB Liability - Beginning	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184	\$ 46,849,651,824					
Total OPEB Liability - Ending	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184					
The State of New Jersey's total OPEB liability **	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184					
The State of New Jersey's OPEB liability attributable to the District **	\$ 29,972,815	\$ 19,743,269	\$ 22,948,282	\$ 27,407,589	\$ 29,599,949					
The District's proportionate share of the total OPEB liability	Zero	Zero	Zero	Zero	Zero					
District's covered employee payroll	\$ 5,149,612	\$ 4,777,417	\$ 4,544,854	\$ 4,793,980	\$ 5,493,888					
Total District's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%					
District's contribution	None	None	None	None	None					
State's covered employee payroll ***	\$ 14,267,738,657	\$ 13,929,083,479	\$ 13,640,275,833	\$ 13,493,400,208	\$ 13,493,400,208					
Total State's OPEB liability as a percentage of its covered-employee payroll	475.27%	299.58%	338.05%	397.53%	428.59%					

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

*** Covered payroll for the Measurement Period ending June 30, 2019 and June 30, 2020 is based on the payroll on the June 30, 2018 and June 30, 2019 census data, respectively

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

ANDOVER REGIONAL SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2021

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules

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

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

OPEB Schedules

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

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020.

Public Employees' Retirement System (PERS)

Pension Schedules

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

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

OPEB Schedules

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

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020.

OTHER SUPPLEMENTARY INFORMATION

<p style="text-align: center;">SPECIAL REVENUE FUND DETAIL STATEMENTS</p>
--

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

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2021

	Title I	Title II (A)	Title IV	IDEA Part B	IDEA Preschool	CARES	Corona Relief Fund	Local Grants	Student Activities	Totals
REVENUES										
Local Sources								\$ 4,209	\$ 2,532	\$ 6,741
Federal Sources	\$ 28,249	\$ 9,266	\$ 8,418	\$ 151,026	\$ 6,834	\$ 38,592	\$ 24,966			267,351
TOTAL REVENUES	28,249	9,266	8,418	151,026	6,834	38,592	24,966	4,209	2,532	274,092
EXPENDITURES:										
Instruction:										
Other Salaries	8,050				6,834	6,500				21,384
Tuition				151,026						151,026
General Supplies	262					32,092	24,966	4,209		61,529
Total Instruction	8,312			151,026	6,834	38,592	24,966	4,209		233,939
Support Services:										
Purchased Educational Services	17,881	9,266	8,215							35,362
Supplies and Materials	2,056		203							2,259
Student Activities									6,002	6,002
Total Support Services	19,937	9,266	8,418						6,002	43,623
TOTAL EXPENDITURES	28,249	9,266	8,418	151,026	6,834	38,592	24,966	4,209	6,002	277,562
Total Outflows	\$ 28,249	\$ 9,266	\$ 8,418	\$ 151,026	\$ 6,834	\$ 38,592	\$ 24,966	\$ 4,209	\$ 6,002	\$277,562
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	(3,470)	(3,470)
Fund Balance Beginning	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustment *	-	-	-	-	-	-	-	-	33,605	33,605
Fund Balance Beginning (Restated)	-	-	-	-	-	-	-	-	33,605	33,605
Fund Balance Ending	-	-	-	-	-	-	-	-	\$ 30,135	\$ 30,135

* Represents the student activity fund ending balance as of June 30, 2020 for payable to student groups

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

N/A

<p style="text-align: center;">PROPRIETARY FUND DETAIL STATEMENTS</p>
--

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

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

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

**FIDUCIARY FUND
DETAIL STATEMENTS**

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

N/A

LONG-TERM DEBT SCHEDULES

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

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit I-1

**SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE July 1, 2020</u>	<u>RETIRED</u>	<u>BALANCE June 30, 2021</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Series 2014 Refunding Bonds	9/1/14	\$ 5,735,000	02/15/22	\$ 535,000	3.00%	\$ 2,775,000	\$ 530,000	\$ 2,245,000
			02/15/23	550,000	3.00%			
			02/15/24	570,000	3.00%			
			02/15/25	590,000	3.00%			
Series 2012 Refunding Bonds	6/15/12	4,425,000	02/15/22	260,000	2.38%	2,945,000	255,000	2,690,000
			02/15/23	265,000	3.50%			
			02/15/24	280,000	3.50%			
			02/15/25	285,000	3.50%			
			02/15/26	300,000	3.50%			
			02/15/27	305,000	3.50%			
			02/15/28	320,000	4.00%			
			02/15/29	330,000	4.00%			
	02/15/30	345,000	4.00%					
Total								
						\$ 5,720,000	\$ 785,000	\$ 4,935,000

ANDOVER REGIONAL SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 773,739		\$ 773,739	\$ 773,739	
Total - Local Sources	<u>773,739</u>		<u>773,739</u>	<u>773,739</u>	
State Sources:					
Debt Service Aid Type II	191,811		191,811	191,811	
Total - State Sources	<u>191,811</u>		<u>191,811</u>	<u>191,811</u>	
TOTAL REVENUES	<u>965,550</u>		<u>965,550</u>	<u>965,550</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	180,550		180,550	180,550	-
Redemption of Principal	785,000		785,000	785,000	-
Total Regular Debt Service	<u>965,550</u>		<u>965,550</u>	<u>965,550</u>	
TOTAL EXPENDITURES	<u>965,550</u>		<u>965,550</u>	<u>965,550</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1					-
Fund Balance, June 30	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance					

Andover Regional School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	94-99
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	100-106
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	107-110
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	111-112
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	113-117

Sources:

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

**Andover Regional School District
Net Position by Component,
Last Ten Fiscal Years**

(accrual basis of accounting)

Exhibit J-1

	2012	2013	2014	2015	Fiscal Year Ending June 30,		2018	2019	2020	2021
					2016	2017				
Governmental activities										
Invested in capital assets, net of related debt	\$ 4,424,513	\$ 5,005,336	\$ 5,231,009	\$ 5,644,839	\$ 5,411,694	\$ 5,720,801	\$ 6,251,208	\$ 6,596,357	\$ 7,496,568	\$ 8,232,089
Restricted	163,583	10,692	10,713	55,948	305,000	726,000	1,615,888	2,704,917	3,662,047	4,455,538
Unrestricted	(184,735)	(704,326)	(2,617,799)	(2,474,825)	(3,005,929)	(3,109,617)	(2,681,704)	(3,284,886)	(3,037,556)	(2,569,828)
Total governmental activities net position	<u>\$ 4,403,361</u>	<u>\$ 4,311,702</u>	<u>\$ 2,623,923</u>	<u>\$ 3,225,962</u>	<u>\$ 2,710,765</u>	<u>\$ 3,337,184</u>	<u>\$ 5,185,392</u>	<u>\$ 6,016,388</u>	<u>\$ 8,121,059</u>	<u>\$ 10,117,799</u>
Business-type activities										
Invested in capital assets, net of related debt				\$ 7,793	\$ 4,006					
Restricted						-	-	-	-	-
Unrestricted				31,839	44,302	41,653	\$ 40,005	\$ 31,852	\$ 45,643	\$ 59,099
Total business-type activities net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,632</u>	<u>48,308</u>	<u>\$ 41,653</u>	<u>\$ 40,005</u>	<u>\$ 31,852</u>	<u>\$ 45,643</u>	<u>\$ 59,099</u>
District-wide										
Invested in capital assets, net of related debt	\$ 4,424,513	\$ 5,005,336	\$ 5,231,009	\$ 5,652,632	\$ 5,415,700	\$ 5,720,801	\$ 6,251,208	\$ 6,596,357	\$ 7,496,568	\$ 8,232,089
Restricted	163,583	10,692	10,713	55,948	305,000	726,000	1,615,888	2,704,917	3,662,047	4,455,538
Unrestricted	(184,735)	(704,326)	(2,617,799)	(2,442,986)	(2,961,627)	(3,067,964)	(2,641,699)	(3,253,034)	(2,991,913)	(2,510,729)
Total district net position	<u>\$ 4,403,361</u>	<u>\$ 4,311,702</u>	<u>\$ 2,623,923</u>	<u>\$ 3,265,594</u>	<u>\$ 2,759,073</u>	<u>\$ 3,378,837</u>	<u>\$ 5,225,397</u>	<u>\$ 6,048,240</u>	<u>\$ 8,166,702</u>	<u>\$ 10,176,898</u>

Source: ACFR Schedule A-1

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

Exhibit J-2

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	\$ 4,319,982	\$ 4,261,677	\$ 4,044,977	\$ 4,717,033	\$ 5,618,275	\$ 5,764,771	\$ 6,154,705	\$ 4,904,544	\$ 4,654,211	\$ 4,386,385
Special education	1,522,533	1,939,673	1,574,939	2,478,544	2,113,018	1,845,126	1,843,625	1,610,376	1,960,973	2,089,433
Other instruction	329,691	410,449	340,899	474,466	377,201	397,197	335,088	285,495	324,976	461,440
Support Services:										
Tuition	4,026,415	4,284,945	4,069,844	3,937,232	4,621,849	4,468,513	4,461,200	4,976,000	4,607,833	4,124,983
Student & instruction related services	1,653,323	1,509,797	1,575,167	1,655,822	2,076,766	2,120,608	1,959,118	1,960,845	1,924,874	2,246,760
School administrative services	430,579	430,040	416,409	483,385	472,650	440,972	382,264	419,303	314,571	354,939
General administrative services	819,886	789,472	826,661	739,617	907,266	940,834	1,108,679	899,266	953,833	998,745
Plant operations and maintenance	968,317	951,266	1,114,013	1,187,679	1,075,138	1,628,635	984,128	1,873,602	1,191,504	1,794,916
Pupil transportation	886,254	814,146	965,346	1,017,964	1,343,962	1,443,594	1,401,334	1,616,631	1,182,875	1,374,296
Capital Outlay			37,763	53,791						
Unallocated Depreciation	386,157	402,689	409,118	428,997						
Transfer to Charter School	8,862	20,546	10,788	11,013	68,611	12,770	29,934	75,511	128,346	171,833
Interest on long-term debt	418,980	427,617	388,937	369,640	363,063	287,368	308,796	291,972	277,220	260,106
Total governmental activities expenses	<u>15,770,979</u>	<u>16,242,317</u>	<u>15,774,861</u>	<u>17,555,183</u>	<u>19,037,799</u>	<u>19,350,388</u>	<u>18,968,871</u>	<u>18,913,545</u>	<u>17,521,216</u>	<u>18,263,836</u>
Business-type activities:										
Food service				202,861	150,563	148,004	147,168	139,910	108,476	116,986
Preschool/Child Care					36	-	-	10,238	-	-
Total business-type activities expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,861</u>	<u>150,599</u>	<u>148,004</u>	<u>147,168</u>	<u>150,148</u>	<u>108,476</u>	<u>116,986</u>
Total district expenses	<u>\$ 15,770,979</u>	<u>\$ 16,242,317</u>	<u>\$ 15,774,861</u>	<u>\$ 17,758,044</u>	<u>\$ 19,188,398</u>	<u>\$ 19,498,392</u>	<u>\$ 19,116,039</u>	<u>\$ 19,063,693</u>	<u>\$ 17,629,692</u>	<u>\$ 18,380,822</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (regular & special education)		\$ 33,000	\$ 87,146	\$ 79,773	\$ 79,044	\$ 10,056	\$ 13,890	\$ 69,947	\$ 237,669	\$ 80,161
Operating grants and contributions	3,853,163	3,799,828	3,656,725	4,990,649	5,566,587	6,336,055	6,592,521	5,502,695	4,734,916	5,263,036
Capital Grants and contributions										
Total governmental activities program revenues	<u>3,853,163</u>	<u>3,832,828</u>	<u>3,743,871</u>	<u>5,070,422</u>	<u>5,645,631</u>	<u>6,346,111</u>	<u>6,606,411</u>	<u>5,572,642</u>	<u>4,972,585</u>	<u>5,343,197</u>
Business-type activities:										
Charges for services										
Food service				161,796	106,665	102,926	109,176	105,491	57,540	537
Preschool/Child Care					7,948	-	-	-	-	-
Operating grants and contributions				41,033	43,145	38,404	36,150	36,504	34,727	119,905
Total business type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,829</u>	<u>157,758</u>	<u>141,330</u>	<u>145,326</u>	<u>141,995</u>	<u>92,267</u>	<u>120,442</u>
Total district program revenues	<u>\$ 3,853,163</u>	<u>\$ 3,832,828</u>	<u>\$ 3,743,871</u>	<u>\$ 5,273,251</u>	<u>\$ 5,803,389</u>	<u>\$ 6,487,441</u>	<u>\$ 6,751,737</u>	<u>\$ 5,714,637</u>	<u>\$ 5,064,852</u>	<u>\$ 5,463,639</u>
Net (Expense)/Revenue										
Governmental activities	\$ (11,917,816)	\$ (12,409,489)	\$ (12,030,990)	\$ (12,484,761)	\$ (13,392,168)	\$ (13,004,277)	\$ (12,362,460)	\$ (13,340,903)	\$ (12,548,631)	\$ (12,920,639)
Business-type activities	-	-	-	(32)	7,159	(6,674)	(1,842)	(8,153)	(16,209)	3,456
Total district-wide net expense	<u>\$ (11,917,816)</u>	<u>\$ (12,409,489)</u>	<u>\$ (12,030,990)</u>	<u>\$ (12,484,793)</u>	<u>\$ (13,385,009)</u>	<u>\$ (13,010,951)</u>	<u>\$ (12,364,302)</u>	<u>\$ (13,349,056)</u>	<u>\$ (12,564,840)</u>	<u>\$ (12,917,183)</u>

"Continued"

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

Exhibit J-2

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 11,439,030	\$ 11,667,811	\$ 11,889,498	\$ 12,214,591	\$ 12,592,919	\$ 12,844,777	\$ 13,101,673	\$ 13,363,706	\$ 13,630,980	\$ 13,903,600
Taxes levied for debt service	839,355	815,079	803,813	803,813	742,684	768,477	773,491	778,783	771,320	773,739
Tuition Received										
Investment earnings					3,361	4,955	5,859	8,100	10,568	10,176
Miscellaneous income	178,065	24,526	264,420	68,396	16,956	12,487	307,698	21,310	196,368	239,864
Adjustment to Capital Assets										
NJ SDA Grants for Capital Projects										(10,000)
Transfers										
Total governmental activities	<u>12,456,450</u>	<u>12,507,416</u>	<u>12,957,731</u>	<u>13,086,800</u>	<u>13,355,920</u>	<u>13,630,696</u>	<u>14,188,721</u>	<u>14,171,899</u>	<u>14,609,236</u>	<u>14,917,379</u>
Business-type activities:										
Miscellaneous Income					1,517	19	194	-	-	-
Transfers				39,664						10,000
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,664</u>	<u>1,517</u>	<u>19</u>	<u>194</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Total district-wide	<u>\$ 12,456,450</u>	<u>\$ 12,507,416</u>	<u>\$ 12,957,731</u>	<u>\$ 13,126,464</u>	<u>\$ 13,357,437</u>	<u>\$ 13,630,715</u>	<u>\$ 14,188,915</u>	<u>\$ 14,171,899</u>	<u>\$ 14,609,236</u>	<u>\$ 14,927,379</u>
Change in Net Position										
Governmental activities	\$ 538,634	\$ 97,927	\$ 926,741	\$ 602,039	\$ (36,248)	\$ 626,419	\$ 1,826,261	\$ 830,996	\$ 2,060,605	\$ 1,996,740
Business-type activities	-	-	-	39,632	8,676	(6,655)	(1,648)	(8,153)	(16,209)	13,456
Total district	<u>\$ 538,634</u>	<u>\$ 97,927</u>	<u>\$ 926,741</u>	<u>\$ 641,671</u>	<u>\$ (27,572)</u>	<u>\$ 619,764</u>	<u>\$ 1,824,613</u>	<u>\$ 822,843</u>	<u>\$ 2,044,396</u>	<u>\$ 2,010,196</u>

Source: ACFR Schedule A-2

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

Exhibit J-3

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Reserved	\$ 183,785		\$ 495,310	\$ 779,722	\$ 155,000	\$ 576,000	\$ 1,465,888	\$ 2,704,917	\$ 3,628,442	\$ 4,425,403
Unreserved	55,249	\$ (177,406)		12,390	544,430	920,764	989,337	216,215	267,677	621,905
Total general fund	<u>\$ 239,034</u>	<u>\$ (177,406)</u>	<u>\$ 495,310</u>	<u>\$ 792,112</u>	<u>\$ 699,430</u>	<u>\$ 1,496,764</u>	<u>\$ 2,455,225</u>	<u>\$ 2,921,132</u>	<u>\$ 3,896,119</u>	<u>\$ 5,047,308</u>
All Other Governmental Funds										
Reserved	\$ 3,453	\$ 10,692	\$ 10,713	\$ 55,948					\$ 33,605	\$ 30,135
Unreserved, reported in:										
Special revenue fund			-	-					-	-
Capital projects fund					\$ 2	\$ 9	\$ 25	\$ 55	-	-
Debt service fund					4,928	2	4,002	4,002	-	-
Total all other governmental funds	<u>\$ 3,453</u>	<u>\$ 10,692</u>	<u>\$ 10,713</u>	<u>\$ 55,948</u>	<u>\$ 4,930</u>	<u>\$ 11</u>	<u>\$ 4,027</u>	<u>\$ 4,057</u>	<u>\$ 33,605</u>	<u>\$ 30,135</u>

Source: ACFR Schedule B-1

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

Exhibit J-4

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues										
Tax levy	\$ 12,255,301	\$ 12,482,890	\$ 12,693,311	\$ 13,018,404	\$ 13,335,603	\$ 13,613,254	\$ 13,875,164	\$ 14,142,489	\$ 14,402,300	\$ 14,677,339
Tuition charges		33,000	87,146	79,773	79,044	10,056	13,890	69,948	237,669	80,161
Miscellaneous	188,975	24,669	264,420	68,396	20,317	17,442	8,365	29,410	207,000	250,040
State sources	3,518,635	3,547,053	3,437,726	3,675,021	3,868,470	3,978,535	4,067,795	4,151,965	3,904,780	3,960,383
Federal sources	346,702	252,632	218,999	208,454	244,502	206,688	203,563	180,976	273,824	267,351
Total revenue	16,309,613	16,340,244	16,701,602	17,050,048	17,547,936	17,825,975	18,168,777	18,574,788	19,025,573	19,235,274
Expenditures										
Instruction										
Regular Instruction	3,032,481	2,938,267	3,042,620	3,074,461	4,106,907	3,561,296	3,679,698	3,102,775	3,272,699	2,576,188
Special education instruction	1,218,824	1,500,665	1,197,474	1,499,803	1,677,493	1,258,694	1,219,368	1,149,454	1,557,320	1,441,045
Other instruction	272,547	312,313	254,743	299,520	299,454	270,957	221,626	203,781	258,082	318,247
Support Services:										
Tuition	4,026,415	4,284,945	4,069,844	3,937,232	4,621,849	4,468,513	4,461,200	4,976,000	4,607,833	4,124,983
Student & instruction related services	1,382,268	1,302,745	1,303,107	1,389,964	1,648,713	1,446,620	1,295,755	1,399,612	1,528,652	1,549,551
School Administrative services	310,330	293,487	264,260	314,977	375,230	300,819	252,828	299,290	249,819	244,795
General administrative services	723,086	686,149	682,758	693,907	699,961	641,811	733,277	641,878	757,493	688,817
Plant operations and maintenance	786,638	820,328	888,108	1,007,232	853,536	717,819	818,724	896,520	946,241	1,198,022
Pupil transportation	873,052	791,778	930,334	1,009,998	1,066,951	984,780	926,838	1,153,919	939,388	947,828
Unallocated employee benefits	2,477,651	2,431,757	2,330,000	2,417,981	1,146,665	2,188,441	2,409,712	2,728,516	2,210,114	3,325,319
Charter Schools	8,862	20,546	10,788	11,013	68,611	12,770	29,934	75,511	128,346	171,833
Capital outlay	80,734	348,492	148,764	416,286	153,066	214,140	195,865	509,220	641,842	525,377
Debt service:										
Principal	555,000	650,000	620,000	675,000	705,000	715,000	725,000	755,000	765,000	785,000
Interest and other charges	472,108	367,973	393,705	324,725	268,200	251,900	236,475	217,375	202,275	180,550
Total expenditures	16,219,996	16,749,445	16,136,505	17,072,099	17,691,636	17,033,560	17,206,300	18,108,851	18,065,104	18,077,555
Excess (Deficiency) of revenues over (under) expenditures	89,617	(409,201)	565,097	(22,051)	(143,700)	792,415	962,477	465,937	960,469	1,157,719
Other Financing Sources (uses)										
NJ SDA Grants for Capital Projects					-	-	-	-	-	-
Transfers in	1	1	107,642	364,089						
Transfers out	(1)	(1)	(2)	(1)					(30,000)	(10,000)
Total other financing sources (uses)	-	-	107,640	364,088	-	-	-	-	(30,000)	(10,000)
Net change in fund balances	\$ 89,617	\$ (409,201)	\$ 672,737	\$ 342,037	\$ (143,700)	\$ 792,415	\$ 962,477	\$ 465,937	\$ 930,469	\$ 1,147,719
Debt service as a percentage of noncapital expenditures	6.4%	6.2%	6.3%	6.0%	5.5%	5.7%	5.7%	5.5%	5.6%	5.5%

Source: ACFR Schedule B-2

ANDOVER REGIONAL SCHOOL DISTRICT

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

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2012	\$ 2,038	\$ 1,068		\$ 174,958 *	\$ 178,064
2013	2,023	4,347	33,000	17,655	57,025
2014	1,577	5,847	\$ 87,146	256,974	351,544
2015	3,052	46,319	79,773	19,365	148,509
2016	3,361	5,083	79,044	11,871	99,359
2017	4,955	12,333	10,056	147	27,491
2018	5,859		13,890	2,490	22,239
2019	8,100	10,843	69,948	9,437	98,328
2020	10,568	188,681	237,669	3,780	440,698
2021	10,176	233,121	80,161	2	323,460

SOURCE: District Records

* - includes \$150,000 of insurance proceeds

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2012	\$1,635,900	\$29,312,300	\$745,700	\$107,600	\$12,952,400	\$150,200	\$968,100	\$49,230,963	\$3,058,500	\$300,263	\$46,172,463	\$2.300	\$77,595,697
2013	1,330,200	29,312,300	745,700	113,400	13,057,900	150,200	968,100	49,262,516	3,315,800	268,916	45,946,716	2.530	76,857,630
2014	1,330,200	29,344,000	745,700	113,400	13,477,900	150,200	968,100	49,728,879	3,315,800	283,579	46,413,079	2.650	70,893,559
2015	1,330,200	29,344,000	745,700	113,400	13,477,900	150,200	968,100	49,728,879	3,315,800	283,579	46,413,079	2.650	70,893,559
2016	1,697,500	43,840,600	595,300	44,900	20,488,200	256,000	1,683,700	77,473,500	8,867,300	0	68,606,200	1.820	69,334,605
2017	1,812,800	43,603,900	460,700	31,700	20,322,800	256,000	1,683,700	77,038,900	8,867,300	-	68,171,600	1.843	69,759,297
2018	1,708,100	43,657,100	460,700	31,700	20,269,600	256,000	1,686,100	76,936,600	8,867,300	-	68,069,300	1.883	66,257,495
2019	1,472,000	43,729,000	460,700	27,000	20,401,400	256,000	1,686,100	77,135,600	9,103,400	-	68,032,200	1.947	67,136,768
2020	1,080,600	43,484,700	460,700	27,000	20,288,500	256,000	1,686,100	76,910,900	9,627,300	-	67,283,600	1.873	66,068,662
2021	1,080,600	43,485,900	478,700	33,000	20,307,500	256,000	1,686,100	76,955,100	9,627,300	-	67,327,800	1.873	68,497,474

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2012	\$12,445,000	\$490,626,600	\$23,645,700	\$1,257,270	\$79,866,600	\$5,233,500	\$1,700,000	\$675,622,861	\$60,246,100	\$602,091	\$615,376,761	\$1.850	\$841,278,247
2013	12,447,400	486,442,600	24,539,100	1,247,370	79,530,500	5,233,500	1,700,000	672,356,206	60,539,000	676,736	611,817,206	1.870	787,520,336
2014	11,734,500	486,040,500	24,118,500	1,259,370	79,362,400	5,575,900	1,700,000	671,047,885	60,539,300	717,415	610,508,585	1.910	723,921,710
2015	11,739,900	483,478,000	24,967,700	1,259,370	79,531,000	5,575,900	1,700,000	669,684,133	60,699,200	733,063	608,984,933	1.910	684,777,001
2016	11,739,900	483,478,000	24,967,700	1,259,370	79,531,000	5,575,900	1,700,000	669,684,133	60,699,200	733,063	608,984,933	1.974	684,777,001
2017	11,311,800	481,529,300	25,287,500	1,247,070	76,811,500	5,575,900	1,700,000	665,319,591	60,995,000	861,521	604,324,591	1.882	681,593,457
2018	12,886,100	510,391,500	28,343,500	1,090,600	86,704,200	6,772,100	2,244,700	707,860,447	58,513,000	914,747	649,347,447	1.971	667,740,551
2019	11,419,200	507,656,100	29,291,400	1,119,200	64,104,500	6,933,400	22,129,500	701,921,002	58,340,500	927,202	643,580,502	1.971	679,423,689
2020	10,756,000	507,964,500	29,092,900	1,118,900	97,356,300	6,933,400	2,244,700	714,842,812	58,476,200	899,912	656,366,612	2.032	709,965,823
2021	10,635,100	505,823,900	29,924,400	1,048,400	96,840,400	6,933,400	2,244,700	682,741,013	29,288,100	2,613	653,452,913	2.032	719,688,843

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Andover Regional Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Andover	Sussex County	
2012	\$2.150	\$0.150	\$2.300	\$0.690	\$0.780	\$3.770
2013	\$2.370	\$0.160	\$2.530	\$0.700	\$0.830	\$4.060
2014	\$2.490	\$0.160	\$2.650	\$0.680	\$0.860	\$4.190
2015	\$2.490	\$0.160	\$2.650	\$0.680	\$0.860	\$4.190
2016	\$1.727	\$0.093	\$1.820	\$0.477	\$0.513	\$2.810
2017	\$1.750	\$0.093	\$1.843	\$0.477	\$0.563	\$2.883
2018	\$1.790	\$0.093	\$1.883	\$0.477	\$0.555	\$2.915
2019	\$1.838	\$0.109	\$1.947	\$0.525	\$0.573	\$3.045
2020	\$1.836	\$0.100	\$1.936	\$0.525	\$0.567	\$3.028
2021	\$1.773	\$0.100	\$1.873	\$0.539	\$0.595	\$3.007

Source: District Records and Municipal Tax Collector

Note:

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

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

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

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

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Andover Regional Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Andover Township	Sussex County	
2012	\$1.670	\$0.120	\$1.790	\$0.860	\$0.590	\$3.240
2013	\$1.730	\$0.120	\$1.850	\$0.880	\$0.600	\$3.330
2014	\$1.750	\$0.120	\$1.870	\$0.910	\$0.590	\$3.370
2015	\$1.790	\$0.120	\$1.910	\$0.960	\$0.610	\$3.480
2016	\$1.790	\$0.120	\$1.910	\$0.960	\$0.610	\$3.480
2017	\$1.854	\$0.120	\$1.974	\$1.007	\$0.580	\$3.561
2018	\$1.772	\$0.110	\$1.882	\$0.956	\$0.565	\$3.403
2019	\$1.862	\$0.109	\$1.971	\$1.008	\$0.614	\$3.593
2020	\$1.869	\$0.107	\$1.976	\$1.032	\$0.642	\$3.650
2021	\$1.924	\$0.108	\$2.032	\$1.061	\$0.644	\$3.737

Source: District Records and Municipal Tax Collector

Note:

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

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

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

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

Exhibit J-8

Andover Borough

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Black River Holdings, LLC	\$ 1,174,800	1	1.7%	\$ 1,766,100	1	3.85%
49 Main Street % Crown Castle	1,069,200	2	1.6%	947,800	2	2.07%
SGP Century, LLC	900,000	3	1.3%	718,000	3	1.76%
Cox Living Trust	785,200	4	1.2%	620,210	6	1.35%
UNZ Tiger Mart, Inc	709,200	5	1.1%			
136 Hwy 206, LLC	706,400	6	1.1%			
Shade Tree Enterprises, LLC	683,200	7	1.0%	714,500	4	1.56%
J. Nechamkin Family, LLC	646,800	8	1.0%	440,000	10	0.96%
Sunn Kis, LLC	638,800	9	1.0%			
Pio Costa Enterprises, LP	592,400	10	0.9%			
Westby Corporation				640,800	5	1.39%
Felicetti-Murphy, LLC				560,000	7	1.22%
Individual Taxpayer #2				495,400	8	1.08%
Individual Taxpayer #3				450,000	9	0.98%
Total	\$ 7,906,000		11.74%	\$ 7,352,810		16.22%

Source: District ACFR & Municipal Tax Assessor

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

Exhibit J-8

Andover Township

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Andover Subacute & Rehab Center	\$ 26,599,700	1	4.1%			
Andover Nursing home	8,528,600	2	1.3%	\$ 14,172,900	1	2.47%
Young Realty Association	2,786,700	6	0.4%	14,009,300	2	2.44%
Perona Realty Corporation	4,310,900	3	0.7%	4,947,100	5	0.86%
Newton Country Club	3,109,000	5	0.5%	6,704,300	3	1.17%
St. Paul's Abbey	2,063,900	9	0.3%	4,856,700	6	0.85%
Alex Cable, Inc.	3,374,500	4	0.5%			
MMK Reinsurance (Bermuda) Ltd.	-		0.0%			
Individual Taxpayer #1	-		0.0%	4,715,400	7	0.82%
Martin & Faul LTD	2,244,700	7	0.3%	3,079,800	10	0.05%
Life Care Mews, Inc.				6,179,000	4	1.08%
Morel Builders, Inc.				4,162,200	8	0.72%
Individual Taxpayer #2				3,857,600	9	0.67%
Individual Taxpayer # 3	2,236,100	8	0.3%			
CCOM, LLC	1,850,000	10	0.3%			
Total	\$ 57,104,100		8.74%	\$38,502,100		11.13%

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

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$12,255,301	\$12,255,301	100.00%	-
2013	\$12,482,890	\$12,482,890	100.00%	-
2014	\$12,693,311	\$12,693,311	100.00%	-
2015	\$13,018,404	\$13,018,404	100.00%	-
2016	\$13,335,603	\$13,335,603	100.00%	-
2017	\$13,613,254	\$13,613,254	100.00%	-
2018	\$13,875,164	\$13,875,164	100.00%	-
2019	\$14,142,489	\$14,142,489	100.00%	-
2020	\$14,402,300	\$14,402,300	100.00%	-
2021	\$14,677,339	\$14,677,339	100.00%	-

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

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

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2012	\$ 11,325,000	-	-	-	-0-	\$ 11,325,000	3.27%	\$1,673.07	
2013	10,675,000	-	-	-	-0-	10,675,000	2.99%	1,590.20	
2014	10,055,000	-	\$ 68,770	-	-0-	10,123,770	2.76%	1,519.40	
2015	9,385,000	-	316,978	-	-0-	9,701,978	2.62%	1,469.33	
2016	8,680,000	-	229,253	-	-0-	8,909,253	2.55%	1,354.61	
2017	7,965,000	-	414,933	-	-0-	8,379,933	2.28%	1,280.36	
2018	7,240,000	-	-	-	-0-	7,240,000	1.89%	1,117.80	
2019	6,485,000	-	-	-	-0-	6,485,000	1.69%	1,001.24	
2020	5,720,000	-	-	-	-0-	5,720,000	1.44%	889.17	
2021	4,935,000	-	-	-	-0-	4,935,000	1.21%	770.13	

*

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

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

* Current data unavailable

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

Exhibit J-11

General Bonded Debt Outstanding					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2012	\$ 11,325,000	-0-	\$ 11,325,000	1.72%	\$ 1,673.07
2013	\$ 10,675,000	-0-	\$ 10,675,000	1.63%	\$ 1,590.20
2014	\$ 10,055,000	-0-	\$ 10,055,000	1.53%	\$ 1,519.40
2015	\$ 9,385,000	-0-	\$ 9,385,000	1.43%	\$ 1,469.33
2016	\$ 8,680,000	-0-	\$ 8,680,000	1.29%	\$ 1,354.61
2017	\$ 7,965,000	-0-	\$ 7,965,000	1.11%	\$ 1,280.36
2018	\$ 7,240,000	-0-	\$ 7,240,000	1.01%	\$ 1,117.80
2019	\$ 6,485,000	-0-	\$ 6,485,000	0.91%	\$ 1,001.24
2020	\$ 5,720,000	-0-	\$ 5,720,000	0.79%	\$ 889.17
2021	\$ 4,935,000	-0-	\$ 4,935,000	0.68%	\$ 770.13 *

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

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

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

R Revised

* Current data unavailable

**Andover Regional School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2021**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Constituent Townships	\$ 4,013,378	100%	\$ 4,013,378
Other debt			
Sussex County	97,520,409	4.46%	<u>4,349,758</u>
Subtotal, overlapping debt			8,363,136
Andover Regional School District Direct Debt	4,935,000	100%	<u>4,935,000</u>
Total direct and overlapping debt			<u><u>\$ 13,298,136</u></u>

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

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized valuation basis	
	2020	\$ 825,169,334
	2019	789,001,320
	2018	759,803,294
	[A]	<u>\$ 2,373,973,948</u>
Average equalized valuation of taxable property	[A/3]	\$ 791,324,649
Debt limit (3.5 % of average equalization value)	[B]	27,696,363
Net bonded school debt	[C]	4,935,000
Legal debt margin	[B-C]	<u>\$ 22,761,363</u>

	Fiscal Year									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt limit	\$27,511,880	\$25,817,718	\$24,649,220	\$23,336,617	\$26,762,444	\$26,337,400	\$26,237,159	\$26,333,422	\$26,773,442	\$27,696,363
Total net debt applicable to limit	<u>11,325,000</u>	<u>10,675,000</u>	<u>10,055,000</u>	<u>9,385,000</u>	<u>8,680,000</u>	<u>7,965,000</u>	<u>7,240,000</u>	<u>6,485,000</u>	<u>5,720,000</u>	<u>4,935,000</u>
Legal debt margin	<u>\$16,186,880</u>	<u>\$15,142,718</u>	<u>\$14,594,220</u>	<u>\$13,951,617</u>	<u>\$18,082,444</u>	<u>\$18,372,400</u>	<u>\$18,997,159</u>	<u>\$19,848,422</u>	<u>\$21,053,442</u>	<u>\$22,761,363</u>
Total net debt applicable to the limit as a percentage of debt limit	41.16%	41.35%	40.79%	40.22%	32.43%	30.24%	27.59%	24.63%	21.36%	17.82%

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

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

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

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2012	6,864	\$ 345,122,137	\$50,832 R	7.0%
2013	6,806	\$ 346,112,508	\$51,457 R	7.0%
2014	6,744	\$ 356,715,394	\$53,814 R	5.8%
2015	6,686	\$ 366,451,674	\$55,706 R	4.4%
2016	6,615	\$ 370,976,349	\$57,006 R	4.2%
2017	6,559	\$ 369,515,591	\$58,798 R	4.0%
20118	6,503	\$ 367,717,735	\$61,156 R	3.8%
2019	6,483	\$ 383,393,061	\$63,784 R	3.1%
2020	6,433	\$ 397,282,781	\$63,784 *	8.5%
2021	6,408	\$ 408,727,872	\$63,784 *	*

Source:

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

^b Personal income provided by US Dept Commerce

^c Per Capita provided by NJ Dept of Labor

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

P Projected

R Revised

* Current data unavailable

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

Exhibit J-15

2021				2012			
Employer	Employees	Rank (Optional)	Percentage of Total Employment	Employer	Employees	Rank (Optional)	Percentage of Total Employment
		1	N/A	Selective Insurance	954	1	2.44%
		2		Andover Subacute & Rehab	900	2	2.30%
		3		County of Sussex	800	3	2.04%
		4		Newton Memorial Hospital	800	4	2.04%
		5		Ronetco Supermarkets	757	5	1.93%
		6		Vernon Township BOE	629	6	1.61%
		7		F.O. Phoenix, Inc.	600	7	1.53%
		8		Mountain Creek Resort	450	8	1.15%
		9		Hopatcong BOE	380	9	0.97%
		10		Wal-Mart	300	10	0.77%
	-				6,570		16.78%

Source: Economic Development Partnership; Current Data Unavailable.

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

Exhibit J-16

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction										
Regular	41.0	48.0	48.0	48.0	48.0	47.0	47.0	47.0	47.0	49.0
Special education	16.0	18.0	13.0	13.0	13.0	12.0	12.0	12.0	12.0	12.0
Other special education	5.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Other Instruction	32.0	21.0	25.0	25.0	26.0	25.0	25.0	25.0	25.0	25.0
Support Services:										
Student & instruction related services	9.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
School administrative services	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0
General administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant operations and maintenance	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Pupil transportation	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Business and Other Support Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	121.0	123.0	122.0	122.0	123.0	120.0	120.0	119.0	119.0	121.0

Source: District Personnel Records

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

Exhibit J-17

Fiscal Year	Enrollment *	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	<u>Pupil/Teacher Ratio</u>		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School				
2012	903	\$ 15,112,154	\$ 16,735	5.31%	62	9.8:1	8.8:1	609.4	582.2	-6.62%	95.5%
2013	867	15,382,980	17,743	6.02%	66	11.0:1	10.3:1	609.8	581.1	0.07%	95.3%
2014	848	14,974,036	17,658	-0.48%	61	11.0:1	13.0:1	606.0	601.0	-0.62%	99.2%
2015	825	15,686,983	19,015	7.68%	61	11.0:1	13.0:1	604.0	600.0	-0.33%	99.3%
2016	810	16,565,370	20,451	7.56%	61	11.5:1	12.3:1	600.4	576.4	-0.60%	96.0%
2017	774	15,852,520	20,481	0.15%	59	11.5:1	12.3:1	730.6	706.6	21.69%	96.7%
2018	674	16,048,960	23,812	16.26%	59	11.5:1	12.3:1	672.3	654.3	-7.98%	97.3%
2019	653	16,627,256	25,463	6.94%	59	11.5:1	12.3:1	653.0	620.0	-2.87%	94.9%
2020	594	16,455,987	27,704	8.80%	59	10.1:1	10.1:1	594.0	575.0	-9.04%	96.8%
2021	613	16,586,628	27,058	-2.33%	62	11.5:1	12.3:1	627.7	594.7	5.67%	94.7%

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

Note: Enrollment based on annual October district count.

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

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

Exhibit J-18

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>District Building:</u>										
<u>Long Pond School</u>										
Square Feet	91,000	91,000	91,000	91,000	91,000	91,000	91,000	91,000	91,000	91,000
Capacity (Students)	554	554	554	554	554	554	554	554	554	554
Enrollment	318	295	298	298	236	241	221	225	211	200
<u>Florence M. Burd School</u>										
Square Feet	46,419	46,419	46,419	46,419	46,419	46,419	46,419	46,419	46,419	46,419
Capacity (Students)	500	500	500	500	500	500	500	500	500	500
Enrollment	306	306	306	306	277	251	249	232	244	218

Number of Schools at June 30, 2021
Elementary = 1
Middle School = 1

Source: District records, ASSA

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

ANDOVER REGIONAL SCHOOL DISTRICT
 GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 Last Nine Fiscal Years Ending June 30, 2021

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2012</u>	<u>2,013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
Long Pond School		\$ 52,124	\$ 57,583	\$ 71,153	\$ 60,888	\$ 69,737	\$ 57,923	\$ 61,137	\$ 84,136	\$ 89,730	\$ 155,877	\$ 760,286
Florence M. Burd School		<u>52,125</u>	<u>57,584</u>	<u>71,153</u>	<u>60,888</u>	<u>69,737</u>	<u>57,923</u>	<u>61,137</u>	<u>84,136</u>	<u>89,730</u>	<u>155,877</u>	<u>760,288</u>
Total School Facilities		115,167	142,306	121,776	139,474	139,474	115,845	122,273	168,271	179,459	311,754	1,555,799
Other Facilities		<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Grand Total		<u>\$ 115,167</u>	<u>\$ 142,306</u>	<u>\$ 121,776</u>	<u>\$ 139,474</u>	<u>\$ 139,474</u>	<u>\$ 115,845</u>	<u>\$ 122,273</u>	<u>\$ 168,271</u>	<u>\$ 179,459</u>	<u>\$ 311,754</u>	<u>\$ 1,555,799</u>

ANDOVER REGIONAL SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2021

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
<u>NJ SCHOOL INSURANCE GROUP</u>		
PROPERTY SECTION -		
Property-Blanket Building and Contents	\$ 32,630,500	\$ 5,000
LIABILITY SECTION -		
Comprehensive General Liability	11,000,000	n/a
Automobile Liability	11,000,000	n/a
Environmental Impairment Liability	1,000,000	50,000
Beazley Breach Response	2,000,000	varies
Employee Benefits Liability	11,000,000	1,000
WORKERS' COMPENSATION -		
(a) Statutory Benefits	Statutory	None
(b) Employers Liability	3,000,000	None
Supplemental Coverage	Statutory	None
SCHOOL BOARD LEGAL LIABILITY POLICY -		
School Leader's Professional Liability	11,000,000	5,000
Coverage B	100,000/300,000	5,000
CRIME -		
Faithful Performance	500,000	1,000
Computer Fraud	500,000	1,000
Forgery	100,000	500
OTHER COVERAGE		
Boiler and Machinery	100,000,000	5,000
Valuable Papers	10,000,000	5,000
INDIVIDUAL BONDS:		
School Business Administrator (NJSIG)	350,000	None
Treasurer of School Monies (Selective Insurance)	350,000	None

SOURCE: District Records

Single Audit Section

ARDITO & COMPANY LLC

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

Anthony Ardito, CPA, RMA, CMFO, PSA



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Andover Regional School District Board of Education in the County of Sussex, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Andover Regional School District Board of Education's basic financial statements, and have issued our report thereon dated January 26, 2022.

Internal Control Over Financial Reporting

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

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

-Continued-

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

Compliance and Other Matters

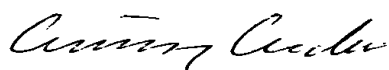
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and for New Jersey Department of Education use, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with **Government Auditing Standards** in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



ARDITO & COMPANY LLC
January 26, 2022



Licensed Public School Accountant No.2369



ARDITO & COMPANY LLC

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

Anthony Ardito, CPA, RMA, CMFO, PSA

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

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the Andover Regional School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB circulars 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2021. The Andover Regional School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circulars 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

-Continued-

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the Andover Regional School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Andover Regional School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circulars 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Andover Regional School District Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

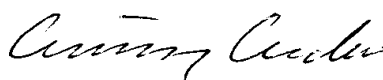
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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



ARDITO & COMPANY LLC

January 26, 2022



Licensed Public School Accountant No.2369

ANDOVER REGIONAL SCHOOL DISTRICT

K-3

Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2021

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA No.	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2020	Carryover/ Walkover Amount	Cash Received	Budgetary Expend.	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2021			Cumulative Total Expenditures	
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Department of Treasury																	
Passed-through State																	
Department of Education:																	
Special Revenue Fund:																	
Coronavirus Relief Fund Grant	21.019	TBD	N/A	\$ 24,966	7/1/20	6/30/21			\$ 24,966	\$ (24,966)						\$	24,966
U.S. Department of Education																	
Passed-through State																	
Department of Education:																	
Special Revenue Fund:																	
I.D.E.A. Part B, Basic Regular	84.027	H027A200100	N/A	\$151,026	7/1/20	6/30/21	\$ 6,046		161,692	(151,026)	\$ (16,712)						151,026
I.D.E.A. Part B, Preschool Special Education Cluster	84.173	H173A200114	N/A	6,834	7/1/20	6/30/21			6,834	(6,834)							6,834
				<u>6,046</u>				-	<u>168,526</u>	<u>(157,860)</u>	<u>(16,712)</u>	-	-	-	-		<u>157,860</u>
Title I	84.010A	S010A200030	N/A	52,181	7/1/20	6/30/21			693	(10,402)	8	\$ (51,488)	\$ 41,787				10,402
Title I	84.010A	S010A190030	N/A	51,895	7/1/19	6/30/20	(10,034)		27,881	(17,847)							51,895
Title II Part A	84.367A	S367B200027	N/A	12,099	7/1/20	6/30/21		1,550			(3,800)		(13,956)	11,706			-
Title II Part A	84.367A	S367B190027	N/A	11,319	7/1/19	6/30/20	(2,338)	(1,550)	14,616	(9,266)	(1,462)						11,319
Title IV	84.424A	S424A200027	N/A	10,000	7/1/20	6/30/21		(4,611)		(203)			(14,611)	9,797			203
Title IV ESEA	84.424A	S424A190027	N/A	10,000	7/1/19	6/30/20	(7,860)	4,611	11,464	(8,215)							10,000
				<u>(20,232)</u>				-	<u>54,654</u>	<u>(45,933)</u>	<u>(5,254)</u>	-	(80,055)	63,290	-		<u>83,819</u>
CARES Emergency Relief Grant Total CARES	84.425D	S425D200027	CARES	44,005	3/13/20	9/30/22			44,005	(38,592)				5,413			38,592
				<u>-</u>					<u>44,005</u>	<u>(38,592)</u>			-	5,413	-		<u>38,592</u>
Total Special Revenue Fund				(14,186)				-	292,151	(267,351)	(21,966)	-	(80,055)	68,703	-		305,237
U.S. Dept. of Agricul. Passed-Through																	
Passed Through State Dept. of Ed.																	
Enterprise Fund:																	
Child Nutrition Cluster:																	
National School Lunch Program (Food Distribution)	10.555	201NJ304N1099	N/A		7/1/19	6/30/20	963			(963)							963
National School Lunch Program (Food Distribution)	10.555	211NJ304N1099	N/A	8,240	7/1/20	6/30/21			8,240	(6,516)				1,724			6,516
School Breakfast Program	10.553	211NJ304N1099	N/A	33,460	7/1/20	6/30/21			29,869	(33,460)			(3,591)				33,460
National School Lunch Program	10.555	201NJ304N1099	N/A		7/1/19	6/30/20	(1,810)		1,810								
National School Lunch Program	10.555	211NJ304N1099	N/A	74,775	7/1/20	6/30/21			67,973	(74,775)			(6,802)				74,775
Total Enterprise Fund				(847)					107,892	(115,714)	-		(10,393)	1,724	-		115,714
Total Federal Financial Awards				\$ (15,033)				-	\$ 400,043	\$ (383,065)	\$ (21,966)	-	\$ (90,448)	\$ 70,427	-		\$ 420,951

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

ANDOVER REGIONAL SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2021

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2020	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2021			MEMO		
									(ACCTS. RECEIV.)	DEFER. REVENUE/ PAYABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
State Department of Education:													*	
General Fund:													*	
Equalization Aid	21-495-034-5121-078	7/1/20-6/30/21	\$ 28,208			\$ 28,208	\$ (28,208)						\$ 2,673	\$ 28,208
School Choice Aid	21-495-034-5121-068	7/1/20-6/30/21	54,284			54,284	(54,284)						5,145	54,284
Transportation Aid	21-495-034-5121-014	7/1/20-6/30/21	542,672			542,672	(542,672)						51,433	542,672
Special Education Aid	21-495-034-5121-089	7/1/20-6/30/21	532,625			532,625	(532,625)						50,481	532,625
Security Aid	21-495-034-5121-084	7/1/20-6/30/21	61,429			61,429	(61,429)						5,822	61,429
Adjustment Aid	21-495-034-5121-085	7/1/20-6/30/21	663,769			663,769	(663,769)						62,911	663,769
Extra-Ordinary Aid	21-495-034-5121-044	7/1/20-6/30/21	187,452				(187,452)			\$ (187,452)				187,452
Extra-Ordinary Aid	20-495-034-5121-044	7/1/19-6/30/20	168,793	\$ (153,425)		168,793	(15,368)							15,368
Non-Public Transportation Aid	21-100-034-5121-068	7/1/20-6/30/21	5,289			-	(5,289)			(5,289)				5,289
Non-Public Transportation Aid	20-100-034-5121-068	7/1/19-6/30/20	8,078	(8,078)		8,078								-
On Behalf TPAF Pension	21-495-034-5094-002	7/1/20-6/30/21	1,023,919			1,023,919	(1,023,919)							1,023,919
On Behalf TPAF Pension PMR	21-495-034-5094-001	7/1/20-6/30/21	320,880			320,880	(320,880)							320,880
On Behalf TPAF Pension LTD Ins	21-495-034-5094-004	7/1/20-6/30/21	635			635	(635)							635
Reimb.TPAF Soc.Sec.Contrib.	21-495-034-5094-003	7/1/20-6/30/21	308,296	(16,146)		322,693	(308,296)			(1,749)				308,296
Total General Fund				(177,649)		3,727,985	(3,744,826)			(194,490)			178,465	3,744,826
Debt Service Fund													*	
Debt Service Aid Type 2	21-100-034-5121-124	7/1/20-6/30/21	191,811			191,811	(191,811)							191,811
Total Debt Service				-	-	191,811	(191,811)	-	-	-	-	-	-	191,811
State Department of Agriculture:													*	
Enterprise Fund:													*	
Nat. School Lunch Prog. (State Share)	20-100-010-3350-023	7/1/19-6/30/20		(28)		28								
Nat. School Lunch Prog. (State Share)	21-100-010-3350-023	7/1/20-6/30/21	4,190			3,705	(4,190)			(485)				4,190
Total Enterprise Fund				(28)		3,733	(4,190)	-	-	(485)				4,190
Total State Financial Assistance				\$ (177,677)	-	\$ 3,923,529	\$ (3,940,827)	-	-	\$ (194,975)	-	-	\$ 178,465	\$ 3,940,827
Less On-behalf TPAF Pension Amounts:														
On Behalf TPAF Pension														1,023,919
On Behalf TPAF Pension PMR														320,880
On Behalf TPAF Pension LTD Ins														635
Total State Expenditures Subject to Major Program Determination														\$ (2,595,393)

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

NOTES TO THE SCHEDULES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2021

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying federal and state schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$23,746 for the general fund and -0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial federal and statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2021

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 3,768,572	\$ 3,768,572
Special Revenue Fund	\$ 267,351	-	267,351
Debt Service Fund		191,811	191,811
Food Service Fund	<u>115,715</u>	<u>4,190</u>	<u>119,905</u>
Total Financial Assistance	<u>\$ 383,066</u>	<u>\$ 3,964,573</u>	<u>\$ 4,347,639</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2021. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2021.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted? ___ Yes No

Federal Awards

Not Applicable

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
N/A		

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

Auditee qualified as low-risk auditee? ___ yes ___ no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Financial Assistance Section

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

Auditee qualified as low-risk auditee? x_yes_ no

Internal Control over major programs:

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

2) Were significant deficiencies identified that were not considered to be material weaknesses? yes x none

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular letter 15-08 as applicable? yes x no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

21-495-034-5121-085	State Aid Cluster (Adjustment Aid, etc.)
21-495-034-5121-014	Transportation Aid

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section II-Financial Statement Findings

N/A

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with *Government Auditing Standards*.

Section III - State Financial Assistance Findings and Questioned Costs

N/A

This section identifies audit findings required to be reported by NJOMB Circular Letter 15-08, as applicable. There were no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 15-08.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

N/A

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

