

**HARDING TOWNSHIP
SCHOOL DISTRICT**

**Harding Township School District
New Vernon, New Jersey**

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024**

**Annual Comprehensive
Financial Report**

of the

**Harding Township School District
Board of Education**

New Vernon, New Jersey

For the Fiscal Year Ended June 30, 2024

Prepared by

**Harding Township School District
Board of Education**

HARDING TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION

HARDING TOWNSHIP SCHOOL



October 11, 2024

President and
Members of the Board of Education
Harding Township School District
County of Morris, New Jersey

Dear Board Members:

The annual comprehensive financial report (ACFR) of the Harding Township School District (District) for the fiscal year ended June 30, 2024, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2024 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive 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, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

- 1) **REPORTING ENTITY AND ITS SERVICES:** The Harding Township 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 Harding Township School District and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PK through 8. These include regular as well as special education. The District completed the 2023-2024 fiscal year with an enrollment of 297 students, which is 12 students more than the previous year's enrollment.

Lee's Hill Road · P.O. Box 248 · New Vernon, NJ 07976 · (973) 267-6398 · Fax: (973) 267-7133

Celebrating Excellence!

- 2) **ECONOMIC CONDITION AND OUTLOOK:** Harding Township continues to be an attractive community for families to live and raise their children. Enrollment numbers have remained relatively constant over the past several years and projections indicate that there will be a moderate increase over the next few years.
- 3) **MAJOR INITIATIVES:** The Harding Township School District continues to provide a wide range of programs, products and services to its students. The highlights of our activities include:

Students in kindergarten through grade 5 utilize the 2020 version of Math in Focus, which is a program derived from Singapore Math. Singapore Math is a proven, highly effective teaching approach that instills deep understanding of mathematical concepts. Math in Focus provides a solid foundation leading into middle school where students continue into Big Ideas, another Singapore-based program. Students in kindergarten through fifth grade are taught reading and writing through the use of Teachers College Reading and Writing Project. This workshop based model allows a highly personalized approach to literacy instruction. Reading and writing workshop is supplemented with Foundations in kindergarten through third grade to support phonemic awareness and word attack skills. Students in fourth and fifth grade use Words Their Way for word study. At the middle school level, all students have 80 minutes of language arts instruction daily which includes reading, writing, grammar and word study. Using literature from all genres, students explore literary elements to further develop their reading comprehension and writing skills.

Technology is incorporated in appropriate, meaningful ways to enhance instruction and meeting academic objectives. Beginning in second grade, students become familiar with Google Classroom and related Google platforms. By the end of fourth grade, students are proficient in their use of Chromebooks, several Google platforms and other technology tools to support their learning.

Harding Township School offers many special subjects to provide a balanced experience for all students. Special subjects include Spanish, technology, library/media, art, music, band, PE and STEM. As a result of ongoing evaluation and assessment of the school's effectiveness in meeting the needs and interests of all students, Harding Township School just completed construction on a STEM lab that includes three distinct learning spaces to support STEM investigations across all grade levels. The STEM program is rooted in a Board approved K-8 curriculum and is directed by a designated STEM teacher. The 2023-2024 academic school year saw the introduction of coding and robotics to our Middle School curricular offerings.

Harding Township School demonstrates an ongoing commitment to promoting the development of well-rounded students. To this end, the school has an established Character Education program to support social and emotional learning, as well as several extra-curricular activities which include athletics, jazz band, chorus, elementary play, middle school musical, TSA, Future Cities, forensics, and Battle of the Books.

District-wide improvements include a roof top unit HVAC project in the Middle School and a new roof on the Matthew C. Sellitto Gymnasium. Future renovations and improvements include a new roof for the district's Elementary building.

- 4) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is 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 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 federal and state awards. This internal control system is also subject to periodic evaluation by the District's management.

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

- 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 a vote of the Board of Education. 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 canceled 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, 2024.

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

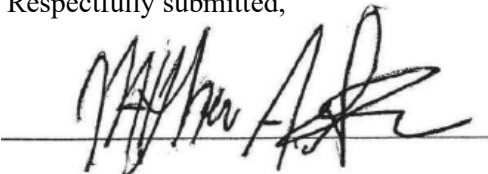
- 7) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

- 8) **RISK MANAGEMENT:** The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The District oversees its own risk management. A schedule of insurance coverage is found on 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 Nisivoccia LLP, was selected by the Board. The auditors' report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

- 10) **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Harding Township School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report was accomplished with the efficient and dedicated services of our Board Office staff.

Respectfully submitted,

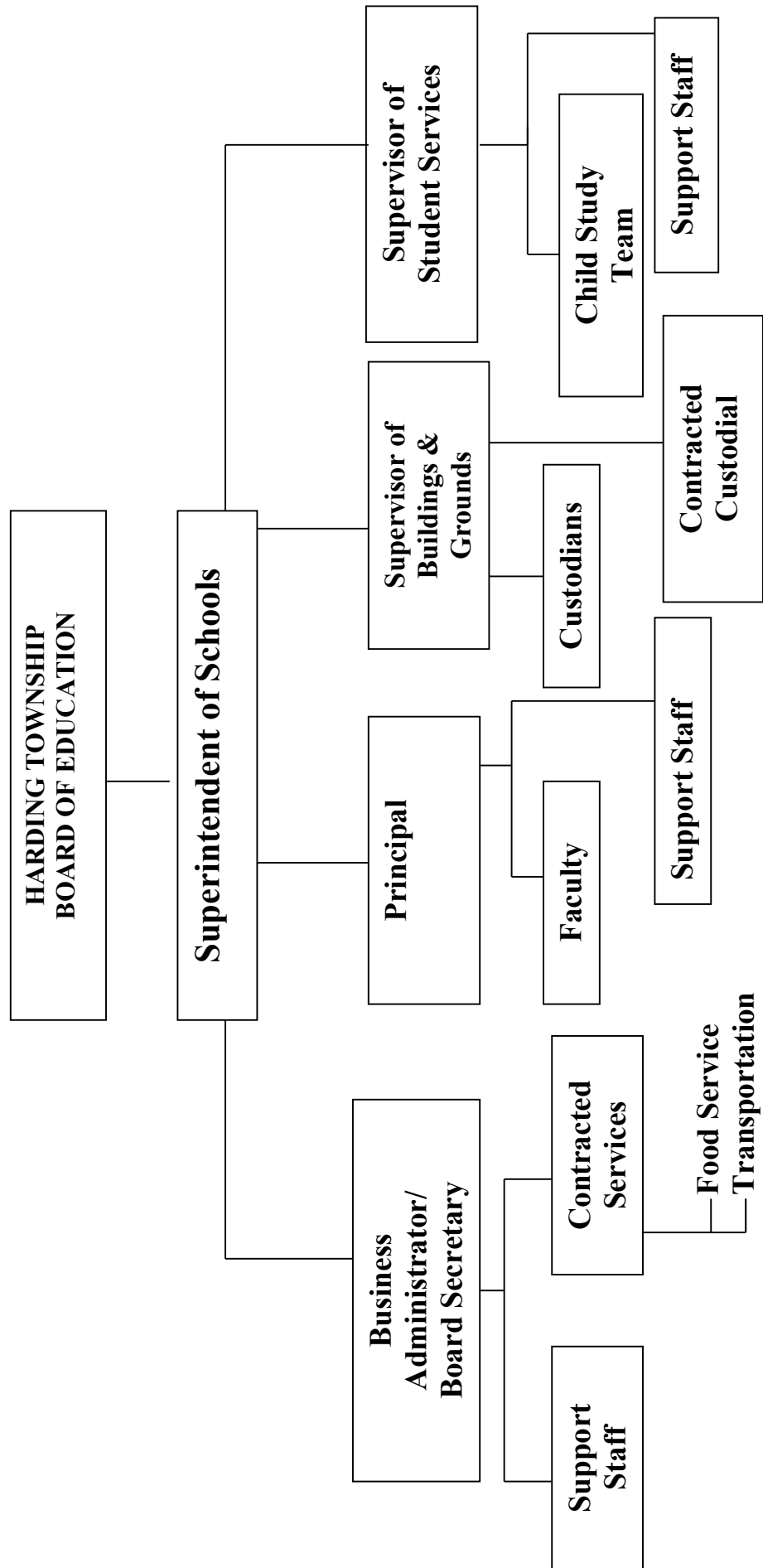


Dr. Matthew A. Spelker
Superintendent of Schools



John Jennings
School Business Administrator/Board Secretary

HARDING TOWNSHIP SCHOOL ORGANIZATIONAL CHART



HARDING TOWNSHIP SCHOOL DISTRICT
NEW VERNON, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2024

<u>Members of the Board of Education</u>		<u>Term Expires - December</u>
Davor Gjivoje	President	2025
Alex Anastasiou	Vice President	2026
Melissa Krikos	Member	2024
Richard Bruno	Member	2025
Abi Singh	Member	2026

Other Officials

Dr. Matthew Spelker, Superintendent of Schools

John Jennings, School Business Administrator/Board Secretary

Marc Zitomer, Board Attorney

HARDING TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

Nisivoccia LLP
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856-1320

Board Attorneys

Schenck, Price, Smith & King, LLP
220 Park Avenue, P.O. Box 991
Florham Park, NJ 07932

Cornell, Merlino, McKeever & Osborn, LLC
238 St. Paul Street
Westfield, NJ 07090

Official Depository

T.D. Bank, N.A.
70 Morristown Road
Bernardsville, NJ 07924

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Harding Township School District
County of Morris, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Harding Township School District (the "District"), in the County of Morris, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

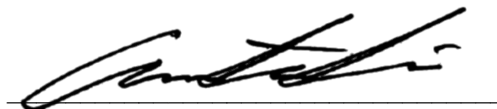
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated.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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

October 11, 2024
Mount Arlington, New Jersey

NISIVOCIA LLP



Andrew Kucinski
Licensed Public School Accountant #2684
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Harding Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

This section of Harding Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2024. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

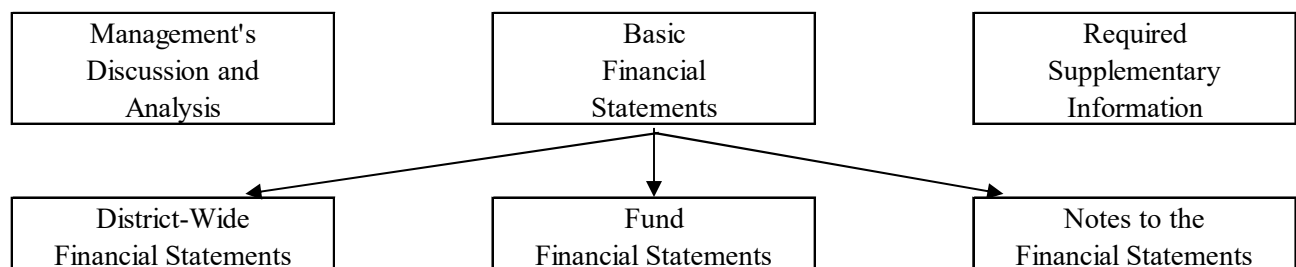
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short- and long-term* financial information about the activities the District operates like a business, such as food services.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of the School District's Financial Report



**Harding Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets, lease assets, subscription assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

**Harding Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows, and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows, and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term liabilities) or to show that it is properly using certain revenue (such as federal grants).

The District has two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The District currently does not maintain any internal service funds.

**Harding Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

Notes to the Basic Financial Statements: Provide additional information essential to a full understanding of the District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$3,119,712 on June 30, 2024, which was \$1,182,257 or 61.02% more than the prior year (See Figure A-3).

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	Change 2023/24
Current and							
Other Assets	\$ 3,882,765	\$ 3,131,250	\$ 26,328	\$ 26,358	\$ 3,909,093	\$ 3,157,608	
Capital Assets, Net	1,088,158	843,365	9,165	9,799	1,097,323	853,164	
Total Assets	4,970,923	3,974,615	35,493	36,157	5,006,416	4,010,772	24.82%
Deferred Outflows of Resources	358,217	263,788			358,217	263,788	35.80%
Other Liabilities	229,966	231,367	9,116	10,995	239,082	242,362	
Long-Term Liabilities	1,864,959	1,803,402			1,864,959	1,803,402	
Total Liabilities	2,094,925	2,034,769	9,116	10,995	2,104,041	2,045,764	2.77%
Deferred Inflows of Resources	140,880	291,341			140,880	291,341	-51.64%
Net Position:							
Net Investment in							
Capital Assets	843,021	478,311	9,165	9,799	852,186	488,110	
Restricted	2,510,329	2,767,261			2,510,329	2,767,261	
Unrestricted/(Deficit)	(260,015)	(1,333,279)	17,212	15,363	(242,803)	(1,317,916)	
Total Net Position/ (Deficit)	\$ 3,093,335	\$ 1,912,293	\$ 26,377	\$ 25,162	\$ 3,119,712	\$ 1,937,455	61.02%

Changes in Net Position. Net position from governmental activities increased \$1,181,042 and net position from business-type activities increased \$1,215.

**Harding Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities 2023/24	Business- Type Activities 2023/24	Governmental Activities 2022/23	Business- Type Activities 2022/23	Total School District 2023/24	Total School District 2022/23	Percentage Change 2023/24
Revenue:							
Program Revenue:							
Charges for Services	\$ 130,641	\$ 142,146	\$ 123,321	\$ 145,343	\$ 272,787	\$ 268,664	
Operating Grants and Contributions	2,636,145		3,150,813		2,636,145	3,150,813	
General Revenue:							
Property Taxes	11,602,469		11,278,768		11,602,469	11,278,768	
Other	207,231		97,672	50	207,231	97,722	
Total Revenue	14,576,486	142,146	14,650,574	145,393	14,718,632	14,795,967	-0.52%
Expenses:							
Instruction	6,538,799		6,733,813		6,538,799	6,733,813	
Pupil and Instruction Services	3,378,249		3,419,127		3,378,249	3,419,127	
Administrative and Business	970,411		1,002,142		970,411	1,002,142	
Maintenance and Operations	1,363,929		1,178,592		1,363,929	1,178,592	
Transportation	1,130,994		1,322,246		1,130,994	1,322,246	
Other	1,677	152,316	2,784	135,230	153,993	138,014	
Total Expenses	13,384,059	152,316	13,658,704	135,230	13,536,375	13,793,934	-1.87%
Transfers	(11,385)	11,385	(8,045)	8,045			
Change in Net Position	\$ 1,181,042	\$ 1,215	\$ 983,825	\$ 18,208	\$ 1,182,257	\$ 1,002,033	17.99%

The financial position of the District's governmental activities increased \$1,181,042 primarily due to changes in the net pension liability and related deferred inflows and outflows. Business-type activities Net Position increased \$1,215.

Figure A-5 presents the cost of six major District activities: instruction, pupil and instruction services, administrative and business, maintenance and operations, transportation and other expenses and shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs – the financial obligation or burden placed on the District's taxpayers by each of these functions.

**Figure A-5
Net Cost of Governmental Activities**

	Total Cost of Services 2023/24	Net Cost of Services 2023/24	Total Cost of Services 2022/23	Net Cost of Services 2022/23
Instruction	\$ 6,538,799	\$ 4,292,244	\$ 6,733,813	\$ 4,001,215
Pupil and Instruction Services	3,378,249	3,319,481	3,419,127	3,382,206
Administrative and Business	970,411	828,636	1,002,142	837,171
Maintenance and Operations	1,363,929	1,363,929	1,178,592	1,158,592
Transportation	1,130,994	811,306	1,322,246	1,002,602
Other	1,677	1,677	2,784	2,784
	<u>\$ 13,384,059</u>	<u>\$ 10,617,273</u>	<u>\$ 13,658,704</u>	<u>\$ 10,384,570</u>

**Harding Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

Business-Type Activities

Net position from the District's business-type activity increased by \$1,215. (Refer to Figure A-4).

Financial Analysis of the District's Funds

To maintain a stable financial position, the District must continue to practice sound fiscal management, including but not limited to cost containment practices, seeking out all available efficiencies and a continual evaluation of all offered services and programs.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments are due to changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Asset and Long-Term Liabilities Administration

Capital Assets

The District's capital assets increased by \$244,159, or 28.62%. More information regarding the District's capital assets is contained in Note 7 to the basic financial statements.

Figure A-6

Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	Change
							2023/24
Construction in Progress	\$ 145,300				\$ 145,300		
Site Improvements	99,061	\$ 24,315			99,061	\$ 24,315	
Buildings and Building Improvements	542,341	513,239			542,341	513,239	
Machinery and Equipment	301,456	305,811	\$ 9,165	\$ 9,799	310,621	315,610	
Total Capital Assets (Net of Depreciation)	\$ 1,088,158	\$ 843,365	\$ 9,165	\$ 9,799	\$ 1,097,323	\$ 853,164	28.62%

**Harding Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

Capital Asset and Long-Term Liabilities Administration

The District's long-term liabilities increased by \$61,557, or 3.41%, during the fiscal year due to an increase in compensated absences of \$60,450, a decrease in financed purchases payable of \$119,917, and an increase of \$121,024 in the District's net PERS pension liability. Detailed information regarding the District's long-term liabilities is contained in Note 8 to the basic financial statements.

**Figure A-7
Outstanding Long-Term Liabilities**

	Total School District		Percentage
	2023/24	2022/23	Change 2023/24
Compensated Absences Payable	\$ 164,261	\$ 103,811	
Financed Purchases Payable	245,137	365,054	
Net Pension Liability - PERS	1,455,561	1,334,537	
	<u>\$ 1,864,959</u>	<u>\$ 1,803,402</u>	3.41%

Factors Bearing on the District's Future Revenue/Expense Changes

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstance that could significantly affect its financial health in the future.

- Budget development will continue to be challenging to maintain existing programs given inflation, continued building maintenance costs, and rising employee salary and benefit costs.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office at 34 Lee's Hill Road, New Vernon, NJ 07976.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HARDING TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,697,683	\$ 23,097	\$ 1,720,780
Other Accounts Receivable		559	559
Receivables from State Government	250,415		250,415
Receivables from Federal Government	124,924		124,924
Other Receivables	440		440
Inventories		2,672	2,672
Restricted Cash and Cash Equivalents	1,809,303		1,809,303
Capital Assets, Net:			
Construction in Progress	145,300		145,300
Depreciable Capital Assets	942,858	9,165	952,023
Total Assets	4,970,923	35,493	5,006,416
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	358,217		358,217
Total Deferred Outflows of Resources	358,217		358,217
LIABILITIES			
Accounts Payable	228,469	3,895	232,364
Payable to Federal Government	1,473		1,473
Payable to State Government	24		24
Unearned Revenue		5,221	5,221
Noncurrent Liabilities:			
Due Within One Year	121,676		121,676
Due Beyond One Year	1,743,283		1,743,283
Total Liabilities	2,094,925	9,116	2,104,041
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	140,880		140,880
Total Deferred Inflows of Resources	140,880		140,880
NET POSITION			
Net Investment in Capital Assets	843,021	9,165	852,186
Restricted for:			
Capital Projects	1,419,242		1,419,242
Unemployment Compensation	67,531		67,531
Student Activities	29,705		29,705
Scholarships	19,825		19,825
Maintenance	273,000		273,000
Excess Surplus	701,026		701,026
Unrestricted/(Deficit)	(260,015)	17,212	(242,803)
Total Net Position/(Deficit)	\$ 3,093,335	\$ 26,377	\$ 3,119,712

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HARDING TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 4,171,956	\$ 71,873	\$ 1,193,043	\$ (2,907,040)		\$ (2,907,040)
Special Education	1,928,905		883,564	(1,045,341)		(1,045,341)
Other Special Instruction	159,797		28,968	(130,829)		(130,829)
Other Instruction	278,141		69,107	(209,034)		(209,034)
Support Services:						
Tuition	1,838,681			(1,838,681)		(1,838,681)
Student & Instruction Related Services	1,539,568	58,768		(1,480,800)		(1,480,800)
General Administrative Services	540,313		71,428	(468,885)		(468,885)
School Administrative Services	70,298		11,126	(59,172)		(59,172)
Central Services	327,413		59,221	(268,192)		(268,192)
Administrative Information Technology	32,387			(32,387)		(32,387)
Plant Operations and Maintenance	1,363,929			(1,363,929)		(1,363,929)
Pupil Transportation	1,130,994		319,688	(811,306)		(811,306)
Capital Outlay	1,677			(1,677)		(1,677)
Total Governmental Activities	13,384,059	130,641	2,636,145	(10,617,273)		(10,617,273)
Business-Type Activities:						
Food Service	152,316	142,146			\$ (10,170)	(10,170)
Total Business-Type Activities	152,316	142,146			(10,170)	(10,170)
Total Primary Government	\$ 13,536,375	\$ 272,787	\$ 2,636,145	(10,617,273)	(10,170)	(10,627,443)

HARDING TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 11,602,469	\$	\$ 11,602,469
Miscellaneous Income	207,231		207,231
Transfers	(11,385)	\$ 11,385	
Total General Revenue and Transfers	11,798,315	11,385	11,809,700
Change in Net Position	1,181,042	1,215	1,182,257
Net Position - Beginning	1,912,293	25,162	1,937,455
Net Position - Ending	<u>\$ 3,093,335</u>	<u>\$ 26,377</u>	<u>\$ 3,119,712</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

HARDING TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 699,011		\$ 998,672	\$ 1,697,683
Interfund Receivable	120,575			120,575
Receivables From State Government	250,415			250,415
Receivables From Federal Government		\$ 124,924		124,924
Other Receivables	440			440
Restricted Cash and Cash Equivalents	1,759,773	49,530		1,809,303
Total Assets	<u>\$ 2,830,214</u>	<u>\$ 174,454</u>	<u>\$ 998,672</u>	<u>\$ 4,003,340</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable - Vendors	\$ 85,617	\$ 2,852		\$ 88,469
Payable to Federal Government		1,473		1,473
Payable to State Government		24		24
Interfund Payable		120,575		120,575
Total Liabilities	<u>85,617</u>	<u>124,924</u>		<u>210,541</u>
Fund Balances:				
Restricted:				
Capital Reserve	1,419,242			1,419,242
Maintenance Reserve	273,000			273,000
Excess Surplus - Current Year (for 2025-2026)	350,703			350,703
Excess Surplus - Prior Year (for 2024-2025)	350,323			350,323
Unemployment Compensation	67,531			67,531
Student Activities		29,705		29,705
Scholarships		19,825		19,825
Committed:				
Capital Projects			\$ 998,672	998,672
Assigned for:				
Other Purposes	8,750			8,750
Unassigned	275,048			275,048
Total Fund Balances	<u>2,744,597</u>	<u>49,530</u>	<u>998,672</u>	<u>3,792,799</u>
Total Liabilities and Fund Balances	<u>\$ 2,830,214</u>	<u>\$ 174,454</u>	<u>\$ 998,672</u>	<u>\$ 4,003,340</u>
Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:				
Total Fund Balances (Above)				\$ 3,792,799
Capital Assets Used in Governmental Activities are not financial resources and therefore are not reported in the Funds.				1,088,158
Long-Term Liabilities, including compensated absences payable, net pension liability, and financed purchases payable are not due and payable in the current period and therefore are not reported as liabilities in the Governmental Funds.				(1,864,959)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not reported in the Governmental Funds:				
Deferred Outflows				218,217
Deferred Inflows				(140,880)
Net Position of Governmental Activities (Exhibit A-1)				<u>\$ 3,093,335</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

HARDING TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 11,602,469			\$ 11,602,469
Tuition from Individuals	71,873			71,873
Transportation Fees From Individuals	10,290			10,290
Rents and Royalties	6,000			6,000
Restricted Miscellaneous Revenue	3,989	\$ 63,768		67,757
Unrestricted Miscellaneous Revenue	164,400			164,400
Total - Local Sources	11,859,021	63,768		11,922,789
State Sources	2,883,536	8,826		2,892,362
Federal Sources		403,534		403,534
Total Revenues	14,742,557	476,128		15,218,685
EXPENDITURES:				
Current:				
Regular Instruction	2,491,882	184,966		2,676,848
Special Education Instruction	1,012,011	209,842		1,221,853
Other Special Instruction	91,765			91,765
School-Sponsored/Other Instruction	160,097			160,097
Support Services and Undistributed Costs:				
Tuition	1,838,681			1,838,681
Student and Other Instruction Related Services	1,209,613	52,304		1,261,917
General Administration Services	370,643			370,643
School Administration Services	40,749			40,749
Central Services	220,488			220,488
Administrative Information Technology	32,387			32,387
Plant Operations and Maintenance	1,261,990			1,261,990
Student Transportation	1,087,825			1,087,825
Unallocated Benefits	3,860,714			3,860,714
Capital Outlay	154,885	22,552	\$ 145,300	322,737
Total Expenditures	13,833,730	469,664	145,300	14,448,694
Excess/(Deficit) of Revenue Over/(Under) Expenditures	908,827	6,464	(145,300)	769,991
OTHER FINANCING SOURCES/(USES):				
Transfer	(1,155,357)		1,143,972	(11,385)
Total Other Financing Sources/(Uses)	(1,155,357)		1,143,972	(11,385)
Net Change in Fund Balances	(246,530)	6,464	998,672	758,606
Fund Balance - July 1	2,991,127	43,066		3,034,193
Fund Balance - June 30	\$ 2,744,597	\$ 49,530	\$ 998,672	\$ 3,792,799

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

HARDING TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 758,606

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 depreciation and disposal of assets exceeded capital outlays in the period.

Depreciation Expense	\$	(61,329)	
Disposal of Assets (Net of			
Accumulated Depreciation)		(14,938)	
Capital Outlays		321,060	244,793

In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (60,450)

Repayment of financed purchases 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. 119,917

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability		(121,024)	
Change in Deferred Outflows		88,739	
Change in Deferred Inflows		150,461	

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 1,181,042

HARDING TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Business-type Activities - Enterprise Funds Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 23,097
Accounts Receivable	559
Inventories	2,672
	<hr/>
Total Current Assets	26,328
	<hr/>
Non-Current Assets:	
Capital Assets	40,644
Less: Accumulated Depreciation	(31,479)
	<hr/>
Total Non-Current Assets	9,165
	<hr/>
Total Assets	35,493
	<hr/>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	3,895
Unearned Revenue - Prepaid Sales	5,221
	<hr/>
Total Liabilities	9,116
	<hr/>
<u>NET POSITION</u>	
Investment in Capital Assets	9,165
Unrestricted	17,212
	<hr/>
Total Net Position	\$ 26,377
	<hr/> <hr/>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HARDING TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 142,146
Total Operating Revenue	142,146
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	84,026
Salaries, Benefits & Payroll Taxes	42,457
Supplies, Insurance & Other Costs	12,574
Management Fee	12,000
Depreciation Expense	634
Miscellaneous Expense	625
Total Operating Expenses	152,316
Operating Loss	(10,170)
Transfers - General Fund	11,385
Change in Net Position	1,215
Net Position - Beginning of Year	25,162
Net Position - End of Year	\$ 26,377

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
 AN INTEGRAL PART OF THIS STATEMENT

HARDING TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 142,146
Payments to Food Service Contractor	(152,451)
Payments to Suppliers	(190)
Net Cash (Used for) Operating Activities	(10,495)
Cash Flows Provided by Noncapital Financing Activities:	
Transfers In - General Fund	11,385
Net Cash Provided by Noncapital Financing Activities	11,385
Net Increase in Cash and Cash Equivalents	890
Cash and Cash Equivalents, July 1	22,207
Cash and Cash Equivalents, June 30	\$ 23,097
Reconciliation of Operating Income to Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (10,170)
Adjustment to Reconcile Operating Loss to Net Cash (Used for) Operating Activities:	
Depreciation	634
Changes in Assets and Liabilities:	
Decrease in Inventory	906
Increase in Accounts Receivable	14
Increase in Unearned Revenue	378
(Decrease) in Accounts Payable	(2,257)
Net Cash (Used for) Operating Activities	\$ (10,495)

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Harding Township School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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.

A. Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other non-exchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

District-Wide Financial Statements: (Cont'd)

Program revenue includes (a) 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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the 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. Separate statements for each fund category – governmental and proprietary - 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.

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 and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay sub-fund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. 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.

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, lease assets or subscription assets (other than those financed by proprietary funds).

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

Fund Financial Statements: (Cont'd)

Capital Projects Fund: (Cont'd) 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, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The Food Service 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 cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. 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. Capital asset, lease asset or subscription asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financed purchases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budget for the fiscal year ended June 30, 2024 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary 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 budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the 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 except in student activities and scholarships. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. These grants are recognized on the budgetary basis in full at the time of the award but are recognized on the GAAP basis as they are expended and requested for reimbursement.

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 14,750,999	\$ 476,128
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	61,841	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(70,283)</u>	
Total Revenues as Reported on the Statement of Revenues,		
Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 14,742,557</u>	<u>\$ 476,128</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 13,833,730</u>	<u>\$ 469,664</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 13,833,730</u>	<u>\$ 469,664</u>
	<u>Capital Projects Fund</u>	
	<u>Fund Balance</u>	<u>Revenue and Other Financing Sources</u>
Revenue and Other Financing Sources/ Fund Balance per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis)	\$ 1,761,320	\$ 1,906,620
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grants Receivable/Revenue Not Recognized on GAAP Basis	<u>(762,648)</u>	<u>(762,648)</u>
Revenue and Other Financing Sources/ Fund Balance per Governmental Funds (GAAP)	<u>\$ 998,672</u>	<u>\$ 1,143,972</u>

E. Cash and Cash Equivalents and Investments

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments Cont'd)

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

F. Interfund Transactions:

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

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed or assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year-end.

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

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the general or enterprise funds represent payments made to vendors for services that will benefit periods beyond June 30, 2024.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Lease Assets

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

M. Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

O. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2024.

P. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various employee contracts/agreements. Upon termination, employees are paid for accrued vacation. The District's various employee contracts/agreements permit 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 contracts/agreements.

In the district-wide *Statement of Net Position*, 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.

Q. Lease Payable

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

R. Subscription Payable

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Unearned Revenue

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

T. Fund Balance Appropriated

General Fund: Of the \$2,744,597 General Fund fund balance at June 30, 2024, \$1,419,242 is restricted in the capital reserve account; \$273,000 is restricted in the maintenance reserve account; \$350,703 is restricted for current fiscal year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2026; \$350,323 is restricted for the prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2025; \$67,531 is restricted for unemployment compensation; \$8,750 is assigned for year-end encumbrances; and \$275,048 is unassigned (which is \$70,283 less than the budgetary basis due to the non-recognition of the last two state aid payments).

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2024 is \$49,530, of which \$29,705 is restricted for student activities and \$19,825 is restricted for scholarships.

Capital Projects Fund: The \$998,672 fund balance in the Capital Projects Fund at June 30, 2024 is committed.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict 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 year's budget. The District had excess surplus at June 30, 2024 as noted above.

P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last state aid payments.

U. Deficit in Net Position:

The District has a deficit in unrestricted net position of \$259,787 in its governmental activities, which is primarily due to the net pension liability. This deficit does not indicate the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

V. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

V. Net Position: (Cont'd)

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2024 related to pensions.

The District had deferred inflows of resources at June 30, 2024 for related to pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, lease assets, net of accumulated amortization, and subscription assets, net of accumulated amortization reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

W. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for a capital reserve, a maintenance reserve, excess surplus, unemployment compensation, student activities, and scholarships.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The district has committed resources in the Capital Projects Fund.

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

W. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and the amount designated for the subsequent year's expenditures in the general fund.

X. Revenue - Exchange and Non-exchange 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.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property 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 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 non-exchange 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, interest and tuition.

Y. Operating Revenue and Expenses:

Operating revenue 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.

Z. Management Estimates:

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

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

AA. Pensions

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

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the section of this note on Investments.

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

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.

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits: (Cont'd)

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, and

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%.

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

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1970, c.236 (C.17-9-41); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

(8) Agreements for the repurchase of fully collateralized securities if: (Cont'd)

- (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and
- (e) a master repurchase agreement providing for the custody and security of collateral is executed; or

(9) Deposit of funds in accordance with the following conditions:

- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
- (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
- (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
- (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
- (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2024, cash and cash equivalents of the District consisted of the following:

	Restricted Cash and Cash Equivalents	Cash and Cash Equivalents	Total
Checking Accounts	<u>\$ 1,809,303</u>	<u>\$ 1,720,780</u>	<u>\$ 3,530,083</u>

During the period ended June 30, 2024, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2024, was \$3,530,083 and the bank balance was \$4,020,728.

NOTE 4. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2024, the District transferred \$99,300 to the capital outlay accounts of which \$23,500 was for equipment and did not require County Superintendent approval and \$75,800 was for Construction Services and required approval from the County Superintendent which was obtained.

NOTE 5. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution 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.

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 5. CAPITAL RESERVE ACCOUNT (Cont'd)

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 State Department of Education, 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 (June 1 to June 30) of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. Withdrawals from the Capital Reserve Account were for use in DOE approved facilities projects, consistent with the District's LRFP.

The activity for the Capital Reserve Account for the fiscal year ended June 30, 2024 is as follows:

Beginning Balance, July 1, 2023	\$1,806,782
Board Resolution - June 24, 2024	850,000
Transfer from Special Revenue	13,500
Unexpended transfers to Capital Outlay Returned	8,732
	<hr/> 2,679,014
Budgeted Withdrawal from Capital Reserve	(40,000)
Withdrawal from Capital Reserve by Board Resolution	(75,800)
Transfer to Capital Projects Fund	(1,143,972)
	<hr/>
Ending Balance, June 30, 2024	<u>\$1,419,242</u>

The balance in the capital reserve account at June 30, 2024 does not exceed the LRFP balance of local support costs of uncompleted capital projects.

NOTE 6. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board resolution on June 26, 2023. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 6. MAINTENANCE RESERVE ACCOUNT (Cont'd)

The activity of the Maintenance Reserve Account for the fiscal year ended June 30, 2024 is as follows:

Beginning Balance, July 1, 2023	\$ 123,000
Board Resolution - June 24, 2024	<u>150,000</u>
Ending Balance, June 30, 2024	<u><u>\$ 273,000</u></u>

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2024 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Construction in Progress		\$ 145,300		\$ 145,300
Total Capital Assets Not Being Depreciated		<u>145,300</u>		<u>145,300</u>
Capital Assets Being Depreciated:				
Site Improvements	\$ 25,369	75,800		101,169
Buildings and Building Improvements	12,095,401	31,268		12,126,669
Machinery and Equipment	798,122	68,692	\$ (37,395)	829,419
Total Capital Assets Being Depreciated	<u>12,918,892</u>	<u>175,760</u>	<u>(37,395)</u>	<u>13,057,257</u>
Governmental Activities Capital Assets	<u>12,918,892</u>	<u>321,060</u>	<u>(37,395)</u>	<u>13,202,557</u>
Less Accumulated Depreciation:				
Site Improvements	(1,054)	(1,054)		(2,108)
Buildings and Building Improvements	(11,582,162)	(2,166)		(11,584,328)
Machinery and Equipment	(492,311)	(58,109)	22,457	(527,963)
	<u>(12,075,527)</u>	<u>(61,329)</u>	<u>22,457</u>	<u>(12,114,399)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 843,365</u></u>	<u><u>\$ 259,731</u></u>	<u><u>\$ (14,938)</u></u>	<u><u>\$ 1,088,158</u></u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 40,644			\$ 40,644
Less: Accumulated Depreciation	<u>(30,845)</u>	<u>\$ (634)</u>		<u>(31,479)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 9,799</u></u>	<u><u>\$ (634)</u></u>	<u><u>\$ - 0 -</u></u>	<u><u>\$ 9,165</u></u>

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 7. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 9,819
Special Education Instruction	1,441
Other Instruction	7,813
Student and Instruction Related Services	11,168
School Administration	8,979
General Administration	6,795
Operations and Maintenance of Plant	15,314
	<u>\$ 61,329</u>

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2024, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2023	Accrued	Retired	Balance 6/30/2024
Compensated Absences Payable	\$ 103,811	\$ 68,350	\$ 7,900	\$ 164,261
Net Pension Liability - PERS	1,334,537	121,024		1,455,561
Financed Purchases Payable	365,054		119,917	245,137
	<u>\$ 1,803,402</u>	<u>\$ 189,374</u>	<u>\$ 127,817</u>	<u>\$ 1,864,959</u>

A. Bonds Payable:

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 and are liquidated by the Debt Service Fund.

As of June 30, 2024, the District has no bonds outstanding.

B. Bonds Authorized But Not Issued

As of June 30, 2024, the District had no bonds authorized but not issued.

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term portions, and the General Fund will be used to liquidate the governmental activities compensated absences payable. There is no current portion and \$164,261 is the long-term portion of the compensated absences balance of the governmental funds.

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

C. Compensated Absences Payable: (Cont'd)

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. At June 30, 2024, no liability existed for compensated absences in the Proprietary Fund.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2024 is \$-0- and the long-term portion is \$1,455,561. See Note 9 for further information on the PERS.

E. Financed Purchase Payable:

The District has a financed purchase agreement for the purchase of equipment and improvements for the STEM Lab Project. The financed purchase agreement totals \$600,000, of which \$354,863 has been liquidated as of June 30, 2024. The finance purchase agreement is for a term of five years. The current portion of the financed purchase payable is \$121,676 and the long-term portion is \$123,461. The following is a schedule of the future minimum financed purchases payments under the District's financed purchase agreement, and the present value of the net minimum financed purchases payments at June 30, 2024.

<u>Fiscal Year Ending:</u>	<u>Total</u>
June 30, 2025	\$ 125,273
June 30, 2026	125,273
Total Minimum Financed Purchases Payable	250,546
Less: Amount Representing Interest	(5,409)
Present Value of Net Minimum Financed Purchases Payments	<u>\$ 245,137</u>

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey.

A. Public Employees' Retirement System (PERS)

Plan Description

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

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided

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

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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

District contributions to PERS amounted to \$134,310 for fiscal year 2024. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$4,539 to the PERS for normal pension benefits on behalf of the District.

The employee contribution rate was 7.50% effective July 1, 2018.

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Special Funding Situation

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

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

At June 30, 2024, the District reported a liability of \$1,455,561 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the District's proportion was 0.0100%, which was a decrease of 0.0012% from its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the District recognized an pension expense of \$16,132 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$4,539 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023.

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2019	5.21		\$ (7,906)
	2020	5.16		(71,942)
	2021	5.13	\$ 3,197	
	2022	5.04		(8,365)
			<u>3,197</u>	<u>(88,213)</u>
Changes in Proportion	2019	5.21	3,766	
	2020	5.16		(21,356)
	2021	5.13		(25,361)
	2022	5.04	29,176	
	2023	5.08	161,460	
			<u>194,402</u>	<u>(46,717)</u>
Difference Between Expected and Actual Experience	2019	5.21	604	
	2020	5.16	4,008	
	2021	5.13		(2,543)
	2022	5.04		(3,407)
	2023	5.08	9,304	
			<u>13,916</u>	<u>(5,950)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2020	5.00	22,541	
	2021	5.00	(187,464)	
	2022	5.00	223,037	
	2023	5.00	(51,412)	
			<u>6,702</u>	
Contribution Subsequent to Measurement Date	2023	1.00	140,000	
			<u>\$ 358,217</u>	<u>\$ (140,880)</u>

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the contribution subsequent to the measurement date) related to pensions will be recognized in the pension expense as follows:

Fiscal Year Ending June 30,	Total
2024	\$ (76,848)
2025	(42,894)
2026	59,941
2027	(10,727)
2028	180
	<u>\$ (70,348)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% 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 a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Assets	8.00%	8.58%
Real Estate	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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 upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments in determining the total pension liability.

Sensitivity of the 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 collective net pension liability as of June 30, 2023 calculated using the discount rate as disclosed below, 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:

	June 30, 2023		
	At 1% Decrease (6.00%)	Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 1,891,697	\$ 1,455,561	\$ 1,079,895

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided

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. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2023, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are 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 local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Special Funding Situation (Cont'd)

In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2024, the State of New Jersey contributed \$1,290,497 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$391,981.

The employee contribution rate was 7.50% effective July 1, 2023.

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

At June 30, 2024, the State's proportionate share of the net pension liability associated with the District was \$15,955,528. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the District's proportion was 0.0313%, which was an increase of 0.0033% from its proportion measured as of June 30, 2022.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>15,955,528</u>
Total	<u><u>\$ 15,955,528</u></u>

For the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$391,981 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions				
	2016	8.30	\$ 391,340,712	
	2017	8.30		\$ 2,080,865,206
	2018	8.29		1,883,063,885
	2019	8.04		1,514,535,609
	2020	7.99	805,517,879	
	2021	7.93		9,179,534,541
	2022	7.83	82,066,487	
			<u>1,278,925,078</u>	<u>14,657,999,241</u>
Difference Between Expected and Actual Experience	2016	8.30		4,866,656.00
	2017	8.30	37,022,988	
	2018	8.29	330,339,649	
	2019	8.04		58,842,090
	2020	7.99		4,293,040
	2021	7.93	121,815,868	
	2022	7.83		15,372,285
	2023	7.93	169,161,907	
			<u>658,340,412</u>	<u>83,374,071</u>
Net Difference Between Projected and Actual Investment Earnings	2020	5.00	241,395,539	
	2021	5.00	(1,777,316,905)	
Pension Plan Investments	2022	5.00	2,489,500,994	
	2023	6.00	(477,296,442)	
			<u>476,283,186</u>	
			<u>\$ 2,413,548,676</u>	<u>\$ 14,741,373,312</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Fiscal Year Ending June 30,	Total
2024	\$ (3,918,676,894)
2025	(3,446,016,070)
2026	(1,604,289,401)
2027	(1,742,641,843)
2028	(1,672,806,952)
Thereafter	56,606,524
	<u>\$ (12,327,824,636)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 4.25% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate - TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension 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 pension plan investments was applied to all projected benefit payments in determining the total pension liability.

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2023 calculated using the discount rate as disclosed 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:

	June 30, 2023		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
State's Proportionate Share of the Total Net Pension Liability Associated with the District	\$ 18,814,463	\$ 15,955,528	\$ 12,723,134

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains their health benefit coverage through Horizon Blue Cross/Blue Shield of NJ and dental insurance coverage through Delta Dental Plan of NJ.

Property and Liability Insurance

The District is a member of the School Alliance Insurance Fund (the "Fund"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of the Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

The audit of the Fund as of June 30, 2024 is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2023 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 55,099,784
Net Position	\$ 19,896,776
Total Revenue	\$ 53,694,497
Total Expenses	\$ 54,788,356
Change in Net Position	\$ (1,093,859)
Members' Dividends	\$ - 0 -

Financial statements for the Fund are available at the Fund's Executive Director's Office:

Public Entity Group Administrative Services
51 Everett Drive
Suite B-40
West Windsor, NJ 08550
(609) 275-1155

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 the District's contributions, employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Compensation Fund restricted balance in the general fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023-2024	\$ 9,321	\$ 5,332	\$ 67,531
2022-2023	9,613	338	63,542
2021-2022	8,519	- 0 -	54,267

NOTE 11. ECONOMIC DEPENDENCY

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

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 120,575	
Special Revenue Fund		\$ 120,575
	<u>\$ 120,575</u>	<u>\$ 120,575</u>

The interfund payable from the Special Revenue Fund and the interfund receivable in the General Fund as of June 30, 2024 represents the negative cash balance in the Special Revenue Fund as a result of reimbursements not being received from grantors prior to June 30, 2024.

NOTE 13. DEFERRED COMPENSATION

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

The plan administrators are as follows:

AXA Equitable

Lincoln Financial

NOTE 14. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10. Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined mutually agreed-upon schedule.

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 15. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2024 the District had the following encumbrances:

General Fund	Capital Projects Fund	Total Governmental Funds
<u> </u>	<u> </u>	<u> </u>
\$ 8,750	\$ 17,500	\$ 26,250
<u> </u>	<u> </u>	<u> </u>

The Capital Projects Fund has encumbrances of \$17,500 included in the committed fund balances on the Governmental Funds Balance Sheet.

Litigation

The District is periodically involved in pending lawsuits. The District estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

NOTE 16. ACCOUNTS PAYABLE

At June 30, 2024 the District had the following accounts payable:

	General Fund	Special Revenue Fund	District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Total Business Type Activities/ Proprietary Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Vendors	\$ 69,932	\$ 2,852		\$ 72,784	\$ 3,895
Payroll Deductions & Withholdings	15,685			15,685	
Due to State of New Jersey	<u> </u>	\$ 24	\$ 140,000	140,024	<u> </u>
	<u>\$ 85,617</u>	<u>\$ 2,876</u>	<u>\$ 140,000</u>	<u>\$ 228,493</u>	<u>\$ 3,895</u>

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefits 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 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

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

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notice-oheb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2022, the plan membership consisted of the following:

Retirees Plan Members and Spouses of Retirees Currently Receiving Benefit Payments	152,383
Active Plan Members	<u>217,212</u>
Total	<u><u>369,595</u></u>

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023.

Actuarial Assumptions and Other Inputs

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.

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

100% of active employees are considered to participate in the Plan upon retirement.

Mortality Rates

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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.

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2022	\$ 11,733,042
Changes for Year:	
Service Cost	675,260
Interest on the Total OPEB Liability	422,708
Changes in Assumptions	24,192
Differences between Expected and Actual Experience	(534,181)
Gross Benefit Payments by the State	(329,508)
Contributions from Members	10,833
Net Changes	269,304
Balance at June 30, 2023	<u>\$ 12,002,346</u>

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2023, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District 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:

	June 30, 2023		
	At 1% Decrease (2.65%)	At Discount Rate (3.65%)	At 1% Increase (4.65%)
Total OPEB Liability Attributable to the District	\$ 14,070,690	\$ 12,002,346	\$ 10,341,706

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2023, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 9,963,798	\$ 12,002,346	\$ 14,669,792

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

For the fiscal year ended June 30, 2024 the District recognized OPEB expense of \$626,266 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2023 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 432,489
	2018	9.51		447,665
	2019	9.29	\$ 65,859	
	2020	9.24	1,610,135	
	2021	9.24	9,164	
	2022	9.13		2,432,063
	2023	9.30	21,590	
			<u>1,706,748</u>	<u>3,312,217</u>

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	2018	9.51		\$ 423,184
	2019	9.29		775,160
	2020	9.24	\$ 1,500,709	
	2021	9.24		1,762,386
	2022	9.13	250,468	
	2023	9.30		200,568
			<u>1,751,177</u>	<u>3,161,298</u>
Changes in Proportion	N/A	N/A	<u>1,393,843</u>	<u>(668,812)</u>
			<u>\$ 4,851,768</u>	<u>\$ 5,804,703</u>

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

Fiscal Year Ending June 30,	Total
2024	\$ (598,545)
2025	(598,545)
2026	(520,219)
2027	(306,702)
2028	(62,778)
Thereafter	<u>(928,800)</u>
	<u>\$ (3,015,590)</u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

HARDING TOWNSHIP SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of the Net Pension Liability	0.0077925915%	0.0080614675%	0.0092770514%	0.0091154598%	0.0088781600%	0.0092906852%	0.0088687818%	0.0085887291%	0.0088783709%	0.0100491778%
District's proportionate share of the Net Pension Liability	\$ 1,458,966	\$ 1,809,638	\$ 2,747,597	\$ 2,121,933	\$ 1,748,065	\$ 1,674,041	\$ 1,446,266	\$ 1,017,464	\$ 1,334,537	\$ 1,455,560
District's covered employee payroll	\$ 867,215	\$ 597,092	\$ 612,139	\$ 597,139	\$ 626,146	\$ 618,941	\$ 625,785	\$ 619,228	\$ 684,533	\$ 790,235
District's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll	168.24%	303.08%	448.85%	355.35%	279.18%	270.47%	231.11%	164.31%	194.96%	184.19%
Net Change in Total OPEB Liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	46.41%	65.23%
Total Pension Liability										

HARDING TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 64,241	\$ 69,307	\$ 83,756	\$ 87,086	\$ 89,148	\$ 91,096	\$ 97,020	\$ 100,584	\$ 111,515	\$ 134,310
Contributions in relation to the contractually required contribution	(64,241)	(69,307)	(83,756)	(87,086)	(89,148)	(91,096)	(97,020)	(100,584)	(111,515)	(134,310)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 597,092	\$ 612,139	\$ 597,139	\$ 626,146	\$ 618,941	\$ 625,785	\$ 619,228	\$ 684,533	\$ 790,235	\$ 816,792
Net Change in Total OPEB Liability covered employee payroll	10.76%	11.32%	14.03%	13.91%	14.40%	14.56%	15.67%	14.69%	14.11%	16.44%

HARDING TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
State's proportion of the Net Pension Liability attributable to the District	0.0258121298%	0.0262009638%	0.0261796731%	0.0276104539%	0.0291020732%	0.0281799633%	0.0286233477%	0.0292515146%	0.0279969049%	0.0312653220%
State's proportionate share of the Net Pension Liability attributable to the District	\$ 13,795,743	\$ 16,560,128	\$ 20,594,598	\$ 18,615,964	\$ 18,514,114	\$ 17,294,299	\$ 18,848,130	\$ 14,062,721	\$ 14,444,840	\$ 15,955,528
District's covered employee payroll	\$ 2,766,240	\$ 2,809,679	\$ 2,961,884	\$ 3,004,583	\$ 3,122,108	\$ 3,204,842	\$ 3,270,247	\$ 3,541,087	\$ 3,638,981	\$ 3,771,528
Net Change in Total OPEB Liability										
Liability attributable to the District as a percentage of its covered employee payroll	498.72%	589.40%	695.32%	619.59%	593.00%	539.63%	576.35%	397.13%	396.95%	423.05%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%	34.68%

HARDING TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS - ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 742,341	\$ 1,011,145	\$ 1,547,397	\$ 1,289,620	\$ 1,079,308	\$ 1,020,064	\$ 1,172,057	\$ 330,902	\$ 1,171,741	\$ 1,302,710
Contributions in relation to the contractually required contribution	(141,652)	(209,605)	(310,563)	(438,971)	(554,231)	(627,820)	(850,306)	(1,152,536)	(1,278,054)	(1,290,497)
Contribution deficiency/(excess)	\$ 600,689	\$ 801,540	\$ 1,236,834	\$ 850,649	\$ 525,077	\$ 392,244	\$ 321,751	\$ (821,634)	\$ (106,313)	\$ 12,213
District's covered employee payroll	\$ 2,809,679	\$ 2,961,884	\$ 3,004,583	\$ 3,122,108	\$ 3,204,842	\$ 3,270,247	\$ 3,541,087	\$ 3,638,981	\$ 3,771,528	\$ 4,183,309
Contributions as a percentage of covered employee payroll	5.04%	7.08%	10.34%	14.06%	17.29%	19.20%	24.01%	31.67%	33.89%	30.85%

HARDING TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability:							
Service Cost	\$ 704,672	\$ 580,221	\$ 491,622	\$ 549,239	\$ 1,045,478	\$ 863,571	\$ 675,260
Interest Cost	363,741	421,664	352,031	329,770	362,242	310,939	422,708
Change of Benefit Terms					(14,863)		
Difference Between Expected and Actual Experience		(2,345,977)	(447,260)	2,811,020	(2,378,498)	40,096	(534,181)
Changes in Assumptions	(1,689,640)	(1,002,678)	134,192	2,778,708	13,777	(3,147,494)	24,192
Member Contributions	9,646	8,075	8,190	8,027	9,261	9,881	10,833
Gross Benefit Payments	(261,961)	(233,639)	(276,275)	(264,828)	(285,345)	(307,994)	(329,508)
Net Change in Total OPEB Liability	(873,542)	(2,572,334)	262,500	6,211,936	(1,247,948)	(2,231,001)	269,304
Total OPEB Liability - Beginning	12,183,431	11,309,889	8,737,555	9,000,055	15,211,991	13,964,043	11,733,042
Total OPEB Liability - Ending	\$ 11,309,889	\$ 8,737,555	\$ 9,000,055	\$ 15,211,991	\$ 13,964,043	\$ 11,733,042	\$ 12,002,346
District's Covered Employee Payroll *	\$ 3,406,771	\$ 3,574,023	\$ 3,601,722	\$ 3,748,254	\$ 3,823,783	\$ 3,896,032	\$ 4,160,315
Total OPEB Liability as a Percentage of Covered Employee Payroll	30.12%	40.90%	40.02%	24.64%	27.38%	33.21%	34.66%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019, 2020, 2021, 2022, and 2023 are based on the payroll on the June 30, 2016, 2017, 2018, 2019, 2020, 2021, and 2022 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2017.

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

There were none.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2022 actuarial valuation the salary increases were 2.75 – 4.25% based on years of service while in the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2023 was 3.65%. The discount rate for June 30, 2022 was 3.54%, a change of .11%.

The health care trend rates in the valuation as of June 30, 2023 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

BUDGETARY COMPARISON SCHEDULES

HARDING TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 11,602,469		\$ 11,602,469	\$ 11,602,469	
Tuition From Individuals	70,000		70,000	71,873	\$ 1,873
Transportation Fees From Individuals	9,000		9,000	10,290	1,290
Rents and Royalties	13,000		13,000	6,000	(7,000)
Unrestricted Miscellaneous Revenues	62,500		62,500	164,400	101,900
Other Restricted Miscellaneous Revenues				3,989	3,989
Total Revenues from Local Sources	<u>11,756,969</u>		<u>11,756,969</u>	<u>11,859,021</u>	<u>102,052</u>
Revenues from State Sources:					
Categorical Transportation Aid	319,770		319,770	319,770	
Extraordinary Aid	250,700		250,700	152,469	(98,231)
Categorical Special Education Aid	364,590		364,590	364,590	
Categorical Security Aid	32,259		32,259	32,259	
Non Public Transportation Aid				84,544	84,544
TPAF Post Retirement Contributions (Non-Budgeted)				355,232	355,232
TPAF Pension Contributions (Non-Budgeted)				1,290,497	1,290,497
TPAF Non-Contributory Insurance (Non-Budgeted)				14,717	14,717
TPAF Long-Term Disability Insurance (Non-Budgeted)				668	668
Reimbursed TPAF Social Security Contributions				277,232	277,232
Total Revenues from State Sources	<u>967,319</u>		<u>967,319</u>	<u>2,891,978</u>	<u>1,924,659</u>
TOTAL REVENUE	<u>12,724,288</u>		<u>12,724,288</u>	<u>14,750,999</u>	<u>2,026,711</u>

HARDING TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 64,118	\$ 1,588	\$ 65,706	\$ 65,706	
Kindergarten - Salaries of Teachers	148,721	2,921	151,642	151,642	
Grades 1-5 - Salaries of Teachers	1,110,000	34,677	1,144,677	1,144,677	
Grades 6-8 - Salaries of Teachers	925,000	(3,766)	921,234	921,234	
Regular Programs - Home Instruction:					
Purchased Professional-Educational Services	2,000	(1,868)	132	132	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	52,000	5,172	57,172	57,172	
Purchased Professional-Educational Services	19,500	(1,623)	17,877	16,737	\$ 1,140
Other Purchased Services (400-500 series)	44,000	(15,861)	28,139	17,585	10,554
General Supplies	105,093	(9,369)	95,724	82,016	13,708
Textbooks	11,000	20,856	31,856	31,856	
Other Objects	2,300	825	3,125	3,125	
Total Regular Programs - Instruction	2,483,732	33,552	2,517,284	2,491,882	25,402
Special Education - Instruction:					
Multiple Disabilities:					
Other Salaries for Instruction	50,498	(50,498)			
Total Multiple Disabilities	50,498	(50,498)			

HARDING TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	\$ 836,771	\$ 9,671	\$ 846,442	\$ 846,442	
Other Salaries for Instruction	199,434	6,030	205,464	159,312	\$ 46,152
Other Purchased Services (400-500 series)	1,500	(1,153)	347		347
General Supplies	2,500	3,757	6,257	6,257	
Textbooks	500	(500)			
Total Resource Room/Resource Center	1,040,705	17,805	1,058,510	1,012,011	46,499
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,091,203	(32,693)	1,058,510	1,012,011	46,499
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	90,625	1,140	91,765	91,765	
General Supplies	2,000	(2,000)			
Total Basic Skills/Remedial - Instruction	92,625	(860)	91,765	91,765	
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	108,000		108,000	88,236	19,764
Supplies and Materials	2,000	645	2,645	2,645	
Transfers to Cover Deficit (Agency Funds)		4,064	4,064	4,064	
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	110,000	4,709	114,709	94,945	19,764

HARDING TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Athletics - Instruction:					
Salaries	\$ 60,000		\$ 60,000	\$ 55,469	\$ 4,531
Purchased Services (300-500 series)	1,000		1,000		1,000
Supplies and Materials	5,000	\$ (1,005)	3,995	3,995	
Other Objects	6,000	(4,072)	1,928	1,013	915
Transfers to Cover Deficit (Agency Funds)	2,000	1,350	3,350	3,270	80
Total School-Sponsored Athletics - Instruction	74,000	(3,727)	70,273	63,747	6,526
Summer School - Instruction:					
Salaries of Teachers	9,000	(385)	8,615	1	8,614
Other Salaries of Instruction	2,000	(2,000)			
Total Summer School - Instruction	11,000	(2,385)	8,615	1	8,614
Summer School - Support Services:					
Purchased Professional and Technical Services		1,404	1,404	1,404	
Total Summer School - Support Svcs		1,404	1,404	1,404	
Total Summer School	11,000	(981)	10,019	1,405	8,614
TOTAL INSTRUCTION	3,862,560		3,862,560	3,755,755	106,805

HARDING TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular	\$ 1,300,911	\$ (101,428)	\$ 1,199,483	\$ 1,128,952	\$ 70,531
Tuition to Other LEAs Within the State-Special	286,000		286,000	87,750	198,250
Tuition to County Voc. School Dist.-Regular	42,000		42,000	35,514	6,486
Tuition to Priv. Sch. for the Handicap. W/I State	663,500		663,500	503,645	159,855
Tuition to Priv Sch Handicap & Oth LEAs-Spl,O/S St	160,000		160,000	81,500	78,500
Tuition - Other	5,000		5,000	1,320	3,680
Total Undistributed Expenditures - Instruction	2,457,411	(101,428)	2,355,983	1,838,681	517,302
Undistributed Expend. - Attend. & Social Work:					
Salaries	65,781		65,781	64,537	1,244
Purchased Professional and Technical Services	4,500	269	4,769	4,769	
Total Undist. Expend. - Attendance and Social Work	70,281	269	70,550	69,306	1,244
Undistributed Expenditures - Health Services:					
Salaries	62,109	1,167	63,276	63,276	
Purchased Professional and Technical Services	5,000	(800)	4,200	4,200	
Supplies and Materials	2,000	236	2,236	2,236	
Total Undist. Expenditures - Health Services	69,109	603	69,712	69,712	

HARDING TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	\$ 84,378	\$ 1,459	\$ 85,837	\$ 85,837	
Purchased Professional - Educational Services	50,000	(1,459)	48,541	31,340	\$ 17,201
Supplies and Materials	500	9	509	509	
Total Undist. Expend. - Speech, OT, PT, Related Svcs	134,878	9	134,887	117,686	17,201
Undist. Expend.-Other Supp. Serv. Students-Extra. Serv.:					
Purchased Professional - Educational Services	45,000	(312)	44,688	40,477	4,211
Supplies and Materials		303	303	303	
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	45,000	(9)	44,991	40,780	4,211
Undist. Expend.-Guidance:					
Salaries of Other Professional Staff	78,527	1,449	79,976	79,976	
Supplies and Materials	250		250	124	126
Total Undist Expend. - Guidance	78,777	1,449	80,226	80,100	126
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	356,133	853	356,986	356,986	
Salaries of Secretarial and Clerical Assistants	52,508	1,020	53,528	53,528	
Other Salaries		433	433	433	
Purchased Professional - Educational Services	70,000	(269)	69,731	25,052	44,679
Supplies and Materials	10,000	(433)	9,567	2,677	6,890
Other Objects	5,000	(1,873)	3,127	1,065	2,062
Total Undist Expend. - Child Study Team	493,641	(269)	493,372	439,741	53,631

HARDING TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Other Professional Staff	\$ 112,476	\$ 524	\$ 113,000	\$ 113,000	
Salaries of Secretarial and Clerical Assistants	62,489	(524)	61,965	60,489	\$ 1,476
Other Salaries	26,500		26,500	6,042	20,458
Purchased Professional - Educational Services	3,200		3,200	551	2,649
Total Undist. Expend.-Improv. of Inst. Serv.	204,665		204,665	180,082	24,583
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	64,736	(1,030)	63,706	63,706	
Salaries of Technology Coordinators	64,375	1,625	66,000	66,000	
Purchased Professional and Technical Services	70,000	(595)	69,405	66,403	3,002
Supplies and Materials	10,000	(2,053)	7,947	5,711	2,236
Total Undist Expend-Edu. Media Serv./Sch. Library	209,111	(2,053)	207,058	201,820	5,238
Undist.Expend.-Instructional Staff Training Services:					
Purchased Professional - Educational Service	8,000	(1,984)	6,016	1,290	4,726
Other Purchased Services (400-500 series)	6,000	3,096	9,096	9,096	
Supplies and Materials	2,500	(1,112)	1,388		1,388
Total Undist.Expend.-Instructional Staff Training Services	16,500		16,500	10,386	6,114

HARDING TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	\$ 225,732	\$ 536	\$ 226,268	\$ 226,268	
Legal Services	26,500	26,785	53,285	53,285	
Audit Fees	32,500	2,000	34,500	34,500	
Architectural/Engineering Services	7,500	(7,500)			
Other Purchased Professional Services	5,000	(5,000)			
Communications / Telephone	16,500	(3,663)	12,837	12,837	
BOE Other Purchased Services	4,500	(3,049)	1,451	1,451	
Other Purch. Serv. (400-500 series other than 530 & 585)	27,000	(3,848)	23,152	23,152	
General Supplies	5,000	(2,557)	2,443	2,443	
Judgments Against The School District	50,000	(7,544)	42,456	685	\$ 41,771
Miscellaneous Expenditures	10,000	(103)	9,897	9,715	182
BOE Membership Dues and Fees	6,000	307	6,307	6,307	
Total Undist. Expend.-Support Serv.-Gen. Admin.	416,232	(3,636)	412,596	370,643	41,953
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	28,119	131	28,250	28,250	
Salaries of Secretarial and Clerical Assistants	7,498	(504)	6,994	6,994	
Supplies and Materials	3,000	119	3,119	3,119	
Other Objects	4,000	(1,464)	2,536	2,386	150
Total Undist. Expend.-Support Serv.-School Adm.	42,617	(1,718)	40,899	40,749	150

HARDING TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 179,471	\$ 8,129	\$ 187,600	\$ 187,600	
Purchased Technical Services	28,000	(613)	27,387	26,548	\$ 839
Miscellaneous Purchased Services (400-500 series other than 594)		343	343	343	
Supplies and Materials	5,000	(2,055)	2,945	2,945	
Interest on Lease Purchase Agreements	1,000	(1,000)			
Other Objects	2,500	552	3,052	3,052	
Total Undist. Expend. - Central Services	215,971	5,356	221,327	220,488	839
Undist. Expend. - Admin. Info. Technology:					
Purchased Professional Services	15,000		15,000	14,903	97
Supplies and Materials	23,700		23,700	17,484	6,216
Total Undist. Expend. - Admin. Info. Technology	38,700		38,700	32,387	6,313
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	94,575	(17)	94,558	94,371	187
Cleaning, Repair, and Maintenance Services	140,000	(7,772)	132,228	125,877	6,351
Lead Testing of Drinking Water	3,000	(3,000)			
General Supplies	40,664	(7,954)	32,710	17,385	15,325
Total Undist. Expend.- Required Maint. for School Facilities	278,239	(18,743)	259,496	237,633	21,863

HARDING TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries	\$ 161,000	\$ 6,656	\$ 167,656	\$ 167,656	
Purchased Professional and Technical Services	90,000	11,497	101,497	86,469	\$ 15,028
Cleaning, Repair, and Maintenance Services	267,500	17,055	284,555	283,055	1,500
Rental of Land & Bldg. Oth. than Lease Pur. Agrmt.	140,000	(1,828)	138,172	135,500	2,672
Insurance	75,000	935	75,935	75,935	
General Supplies	70,750	2,868	73,618	71,343	2,275
Energy (Natural Gas)	70,000	(21,454)	48,546	29,572	18,974
Energy (Electricity)	130,000	(979)	129,021	114,870	14,151
Other Objects	1,500	541	2,041	2,041	
Total Undist. Expend.-Custodial Services	1,005,750	15,291	1,021,041	966,441	54,600
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	12,500	22,646	35,146	26,396	8,750
General Supplies	15,213	4,311	19,524	19,524	
Total Care And Upkeep Of Grounds	27,713	26,957	54,670	45,920	8,750
Security:					
Purchased Professional and Technical Services	6,500	5,496	11,996	11,996	
Total Security	6,500	5,496	11,996	11,996	
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	1,318,202	29,001	1,347,203	1,261,990	85,213

HARDING TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Student Transportation Serv.:					
Salaries of Non-Instructional Aides	\$ 80,794	\$ 1,606	\$ 82,400	\$ 82,400	
Management Fee - ESC&CTSA Transportation Program	40,000	(4,156)	35,844	21,082	\$ 14,762
Other Purchased Professional and Technical Services	4,500	750	5,250	5,127	123
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	200,000	28,017	228,017	226,360	1,657
Contract. Serv.(Bet. Home & Sch.)-Vendors	625,996	(4,742)	621,254	557,692	63,562
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	40,000		40,000	26,771	13,229
Contract. Serv.(Spl. Ed. Students)-Vendors	560,734	(46,862)	513,872	168,393	345,479
Total Undist. Expend.-Student Trans. Serv.	1,552,024	(25,387)	1,526,637	1,087,825	438,812
UNALLOCATED BENEFITS					
Group Insurance	15,500	687	16,187	16,187	
Social Security Contributions	133,000	(12,464)	120,536	120,536	
Other Retirement Contributions - PERS	115,000	19,310	134,310	134,310	
Workers Compensation	45,000	3,991	48,991	48,991	
Health Benefits	1,460,000	66,728	1,526,728	1,526,728	
Tuition Reimbursement	72,000	(15,523)	56,477	56,477	
Other Employee Benefits	9,000	2,299	11,299	11,239	60
Unused Sick Payment to Terminated/Retired Staff		7,900	7,900	7,900	
TOTAL UNALLOCATED BENEFITS	1,849,500	72,928	1,922,428	1,922,368	60

HARDING TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				\$ 355,232	\$ (355,232)
TPAF Pension Contributions (Non-Budgeted)				1,290,497	(1,290,497)
TPAF Non-Contributory Insurance (Non-Budgeted)				14,717	(14,717)
TPAF Long-Term Disability Insurance (Non-Budgeted)				668	(668)
Reimbursed TPAF Social Security Contributions				277,232	(277,232)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				1,938,346	(1,938,346)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 1,849,500	\$ 72,928	\$ 1,922,428	3,860,714	(1,938,286)
TOTAL UNDISTRIBUTED EXPENDITURES	9,212,619	(24,885)	9,187,734	9,923,090	(735,356)
TOTAL GENERAL CURRENT EXPENSE	13,075,179	(24,885)	13,050,294	13,678,845	(628,551)
CAPITAL OUTLAY					
Equipment					
Grades 1-5	7,500	(4,401)	3,099	3,099	
Grades 6-8	7,500	(4,401)	3,099	3,099	
Undistributed:					
Undistributed Expenditures - Admin. Info. Tech.		17,731	17,731	15,264	2,467
Undist. Expend. - Required Maint for School Fac.	12,500	1,071	13,571	13,571	
Undist. Expend. - Care and Upkeep of Grounds	10,000	(10,000)			
Undist. Expend. - Security		23,500	23,500	10,000	13,500
Total Equipment	37,500	23,500	61,000	45,033	15,967

HARDING TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities Acquisition and Construction Serv.:					
Construction Services	\$ 40,000	\$ 75,800	\$ 115,800	\$ 107,068	\$ 8,732
Assessment for Debt Service on SDA Funding	2,784		2,784	2,784	
Total Facilities Acquisition and Const. Serv.	42,784	75,800	118,584	109,852	8,732
TOTAL CAPITAL OUTLAY	80,284	99,300	179,584	154,885	24,699
 TOTAL EXPENDITURES	 13,155,463	 74,415	 13,229,878	 13,833,730	 (603,852)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(431,175)	(74,415)	(505,590)	917,269	1,422,859
Other Financing Sources/(Uses):					
Transfers to Cover Deficit (Enterprise Fund)	(10,000)	(1,385)	(11,385)	(11,385)	
Capital Reserve - Transfer to Capital Projects Fund	(1,143,972)		(1,143,972)	(1,143,972)	
Total Other Financing Sources/(Uses)	(1,153,972)	(1,385)	(1,155,357)	(1,155,357)	
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,585,147)	(75,800)	(1,660,947)	(238,088)	1,422,859
Fund Balance, July 1	3,052,968		3,052,968	3,052,968	
Fund Balance, June 30	\$ 1,467,821	(75,800)	\$ 1,392,021	\$ 2,814,880	\$ 1,422,859

HARDING TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Recapitulation:
Restricted Fund Balance:
 Excess Surplus - Restricted For 2025-2026
 Excess Surplus - Restricted For 2024-2025
 Capital Reserve
 Maintenance Reserve
 Unemployment Compensation
Assigned Fund Balance:
 Year End Encumbrances
Unassigned Fund Balance

Reconciliation to Governmental Funds Statement (GAAP):
 Last State Aid Payments not Recognized on GAAP basis

Fund Balance per Governmental Funds (GAAP)

\$	350,703
	350,323
	1,419,242
	273,000
	67,531
	8,750
	345,331
	<u>2,814,880</u>
	<u>(70,283)</u>
\$	<u><u>2,744,597</u></u>

HARDING TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources		\$ 57,304	\$ 57,304	\$ 63,768	\$ 6,464
State Sources		8,826	8,826	8,826	
Federal Sources	\$ 146,437	260,870	407,307	403,534	(3,773)
Total Revenue	146,437	327,000	473,437	476,128	2,691
Expenditures:					
Instruction:					
Salaries of Teachers		29,524	29,524	29,524	
Tuition	78,000	95,805	173,805	173,805	
General Supplies	68,437	(16,059)	52,378	52,378	
Textbooks		347	347	347	
Total Instruction	146,437	109,617	256,054	256,054	
Support Services:					
Personal Services - Employee Benefits		2,259	2,259	2,259	
Purchased Professional/Technical Services		55,807	55,807	52,053	3,754
Other Purchased Services		36,037	36,037	36,037	
Supplies and Materials		48,424	48,424	48,405	19
Student Activities		36,804	36,804	36,804	
Scholarship		15,500	15,500	15,500	
Total Support Services		194,831	194,831	191,058	3,773
Facilities Acquisition and Construction Services:					
Buildings		6,235	6,235	6,235	
Instructional Equipment		16,317	16,317	16,317	
Total Facilities Acquisition and Construction Services		22,552	22,552	22,552	
Total Expenditures	146,437	327,000	473,437	469,664	3,773
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 6,464	\$ 6,464

HARDING TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 14,750,999	\$ 476,128
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	61,841	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(70,283)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 14,742,557</u>	<u>\$ 476,128</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 13,833,730</u>	<u>\$ 469,664</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 13,833,730</u>	<u>\$ 469,664</u>

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Fnds. The budget for the fiscal year ended June 30, 2024 was submitted to the County office and was approved by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary 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).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the 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 except for student activities and scholarships. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

HARDING TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Elementary and Secondary Education Act				I.D.E.A.		SDA Emergent & Capital Maintenance Needs Grant
	Title I	Title II	Title IV	Basic	Preschool		
REVENUE:							
Local Sources							
State Sources							
Federal Sources	\$ 26,183	\$ 13,203	\$ 10,000	\$ 85,492	\$ 3,061	\$ 6,235	
Total Revenue	26,183	13,203	10,000	85,492	3,061	6,235	
EXPENDITURES:							
Instruction:							
Salaries of Teachers							
Tuition	26,183			85,492	3,061		
General Supplies							
Textbooks							
Total Instruction	26,183			85,492	3,061		
Support Services:							
Personnel Services - Employee Benefits		13,203					
Purchased Professional/Technical Services							
Other Purchased Services			10,000				
Supplies							
Student Activities							
Scholarship							
Total Support Services		13,203	10,000				
Facilities Acquisition:							
Building							6,235
Instructional Equipment							
Total Facilities Acquisition							6,235
Total Expenditures	\$ 26,183	\$ 13,203	\$ 10,000	\$ 85,492	\$ 3,061	\$ 6,235	

HARDING TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Education Stabilization Fund					
	CRRSA			ARP		
	Learning Acceleration	Mental Health	Summer Learning	Beyond the School Day	Mental Health	
REVENUE:						
Local Sources	\$ 15,069	\$ 1,350	\$ 13,155	\$ 38,827	\$ 44,981	
State Sources						
Federal Sources						
Total Revenue	15,069	1,350	13,155	38,827	44,981	
EXPENDITURES:						
Instruction:						
Salaries of Teachers			8,614	20,910		
Tuition						
General Supplies	15,069		3,882			
Textbooks						
Total Instruction	15,069		12,496	20,910		
Support Services:						
Personnel Services - Employee Benefits			659	1,600	37,500	
Purchased Professional/Technical Services		1,350				
Other Purchased Services						
Supplies					7,481	
Student Activities						
Scholarship						
Total Support Services		1,350	659	1,600	44,981	
Facilities Acquisition:						
Building						
Instructional Equipment				16,317		
Total Facilities Acquisition				16,317		
Total Expenditures	\$ 15,069	\$ 1,350	\$ 13,155	\$ 38,827	\$ 44,981	

HARDING TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Nonpublic Technology	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Security Aid	REAP Grant
REVENUE:					
Local Sources					
State Sources	\$ 294	\$ 347	\$ 720	\$ 1,230	\$ 30,924
Federal Sources					
Total Revenue	294	347	720	1,230	30,924
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Tuition					
General Supplies	294	347	720	1,230	
Textbooks					
Total Instruction	294	347	720	1,230	
Support Services:					
Personnel Services - Employee Benefits					
Purchased Professional/Technical Services					
Other Purchased Services					30,924
Supplies					
Student Activities					
Scholarship					
Total Support Services					30,924
Facilities Acquisition:					
Building					
Instructional Equipment					
Total Facilities Acquisition					
Total Expenditures	\$ 294	\$ 347	\$ 720	\$ 1,230	\$ 30,924

HARDING TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	ACSERS	Local Grants	Student Activities	Scholarship	Total
REVENUE:					
Local Sources		\$ 5,000	\$ 41,259	\$ 17,509	\$ 63,768
State Sources					8,826
Federal Sources	\$ 121,289				403,534
Total Revenue	121,289	5,000	41,259	17,509	476,128
EXPENDITURES:					
Instruction:					
Salaries of Teachers					29,524
Tuition	85,252				173,805
General Supplies		5,000			52,378
Textbooks					347
Total Instruction	85,252	5,000			256,054
Support Services:					
Personnel Services - Employee Benefits					2,259
Purchased Professional/Technical Services					52,053
Other Purchased Services	36,037				36,037
Supplies			36,804		48,405
Student Activities					36,804
Scholarship				15,500	15,500
Total Support Services	36,037		36,804	15,500	191,058
Facilities Acquisition:					
Building					6,235
Instructional Equipment					16,317
Total Facilities Acquisition					22,552
Total Expenditures	\$ 121,289	\$ 5,000	\$ 36,804	\$ 15,500	\$ 469,664

CAPITAL PROJECTS FUND

HARDING TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ 762,648
Transfer from Capital Reserve	<u>1,143,972</u>
Total Revenue and Other Financing Sources	<u>1,906,620</u>
Expenditures:	
Purchased Professional and Technical Services	<u>145,300</u>
Total Expenditures	<u>145,300</u>
Excess/(Deficit) of Revenue over/(under) Expenditures	1,761,320
Fund Balance - Beginning of Year	<u>-0-</u>
Fund Balance - End of Year	<u><u>\$ 1,761,320</u></u>
<u>Recapitulation:</u>	
Committed - Year-End Encumbrances	\$ 17,500
Committed	<u>1,743,820</u>
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Receivable not Recognized on the GAAP Basis	<u>\$ (762,648)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 998,672</u></u>

HARDING TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ELEMENTARY SCHOOL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:			
State Sources - SDA Grant	\$ 497,128	\$ 497,128	\$ 497,128
Transfer from Capital Reserve	745,692	745,692	745,692
	<u>1,242,820</u>	<u>1,242,820</u>	<u>1,242,820</u>
Total Revenue and Other Financing Sources			
Expenditures:			
Purchased Professional and Technical Services	93,600	93,600	106,100
Construction Services			1,136,720
	<u>93,600</u>	<u>93,600</u>	<u>1,242,820</u>
Total Expenditures			
Excess/(Deficit) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 1,149,220</u>	<u>\$ 1,149,220</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	(05)-27-2010-050-23-R501
Original Authorized Cost	\$ 1,242,820
Percentage Completion	7.53%
Target Completion Date	9/1/2024

HARDING TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
MIDDLE SCHOOL HVAC SYSTEM UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:			
State Sources - SDA Grant	\$ 265,520	\$ 265,520	\$ 265,520
Transfer from Capital Reserve	<u>398,280</u>	<u>398,280</u>	<u>398,280</u>
Total Revenue and Other Financing Sources	<u>663,800</u>	<u>663,800</u>	<u>663,800</u>
Expenditures:			
Purchased Professional and Technical Services	51,700	51,700	56,700
Construction Services	<u> </u>	<u> </u>	<u>607,100</u>
Total Expenditures	<u>51,700</u>	<u>51,700</u>	<u>663,800</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 612,100</u>	<u>\$ 612,100</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	(02)-27-2010-050-23-R501
Original Authorized Cost	\$ 663,800
Percentage Completion	7.79%
Target Completion Date	5/30/2025

PROPRIETARY FUNDS

HARDING TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 23,097
Accounts Receivable	559
Inventories	<u>2,672</u>
Total Current Assets	<u>26,328</u>
Non-Current Assets:	
Capital Assets	40,644
Less: Accumulated Depreciation	<u>(31,479)</u>
Total Non-Current Assets	<u>9,165</u>
Total Assets	<u>35,493</u>

LIABILITIES:

Current Liabilities:	
Accounts Payable	3,895
Unearned Revenue - Prepaid Sales	<u>5,221</u>
Total Liabilities	<u>9,116</u>

NET POSITION:

Investment in Capital Assets	9,165
Unrestricted	<u>17,212</u>
Total Net Position	<u><u>\$ 26,377</u></u>

HARDING TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Operating Revenue:

Local Sources:

Daily Sales - Non-Reimbursable Programs	\$ 142,146
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Total Operating Revenue	142,146
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Operating Expenses:

Cost of Sales - Non-Reimbursable Programs	84,026
Salaries, Benefits and Payroll Taxes	42,457
Supplies, Insurance and Other Costs	12,574
Management Fee	12,000
Depreciation Expense	634
Miscellaneous Expense	625

Total Operating Expenses	152,316
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Operating Loss	(10,170)
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Transfer - General Fund	11,385
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Change in Net Position	1,215
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Net Position - Beginning of Year	25,162
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Net Position - End of Year	\$ 26,377
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HARDING TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 142,146
Payments to Food Service Contractor	(152,451)
Payments to Suppliers	(190)
	<hr/>
Net Cash (Used for) Operating Activities	(10,495)
	<hr/>
Cash Flows Provided by Noncapital Financing Activities:	
Transfers In - General Fund	11,385
	<hr/>
Net Cash Provided by Noncapital Financing Activities	11,385
	<hr/>
Net Increase in Cash and Cash Equivalents	890
Cash and Cash Equivalents, July 1	22,207
	<hr/>
Cash and Cash Equivalents, June 30	\$ 23,097
	<hr/> <hr/>
Reconciliation of Operating Income to Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (10,170)
Adjustment to Reconcile Operating Loss to Cash (Used for) Operating Activities:	
Depreciation	634
Changes in Assets and Liabilities:	
Decrease in Inventory	906
Decrease in Accounts Receivable	14
Increase in Unearned Revenue - Prepaid Sales	378
(Decrease) in Accounts Payable	(2,257)
	<hr/>
Net Cash (Used for) Operating Activities	\$ (10,495)
	<hr/> <hr/>

FIDUCIARY ACTIVITIES
NOT APPLICABLE

LONG-TERM LIABILITIES

HARDING TOWNSHIP SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance July 1, 2023</u>	<u>Matured</u>	<u>Balance June 30, 2024</u>
Equipment and Improvements for STEM Lab	\$ 600,000	1.467%	<u>\$ 365,054</u>	<u>\$ 119,917</u>	<u>\$ 245,137</u>
			<u>\$ 365,054</u>	<u>\$ 119,917</u>	<u>\$ 245,137</u>

STATISTICAL SECTION
(UNAUDITED)

This part of the District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

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.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

HARDING TOWNSHIP SCHOOL DISTRICTNET POSITION BY COMPONENTLAST TEN FISCAL YEARSUNAUDITED*(Accrual Basis of Accounting)*

	June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities:										
Net Investment in Capital Assets	\$ 3,459,205	\$ 3,768,302	\$ 4,080,792	\$ 4,602,782	\$ 4,984,206	\$ 5,593,834	\$ 5,000,001	\$ 299,614	\$ 478,311	\$ 843,021
Restricted	1,003,732	970,000	1,308,327	1,201,854	1,368,144	844,411	1,565,145	1,665,798	2,767,261	2,510,329
Unrestricted/(Deficit)	(1,301,901)	(1,305,983)	(1,524,114)	(1,593,774)	(1,483,739)	(1,691,338)	(1,379,071)	(1,036,944)	(1,333,279)	(260,015)
Total Governmental Activities Net Position	\$ 3,161,036	\$ 3,432,319	\$ 3,865,005	\$ 4,210,862	\$ 4,868,611	\$ 4,746,907	\$ 5,186,075	\$ 928,468	\$ 1,912,293	\$ 3,093,335
Business-type Activities:										
Investment in Capital Assets	\$ 17,018	\$ 13,486	\$ 9,956	\$ 6,425	\$ 2,894			\$ 11,012	\$ 9,799	\$ 9,165
Unrestricted/(Deficit)	372	(813)	991	3,331	(1,658)	\$ (14)	\$ (2,526)	(4,058)	15,363	17,212
Total Business-type Activities Net Position/(Deficit)	\$ 17,390	\$ 12,673	\$ 10,947	\$ 9,756	\$ 1,236	\$ (14)	\$ (2,526)	\$ 6,954	\$ 25,162	\$ 26,377
District-wide:										
Net Investment in Capital Assets	\$ 3,476,223	\$ 3,781,788	\$ 4,090,748	\$ 4,609,207	\$ 4,987,100	\$ 5,593,834	\$ 5,000,001	\$ 310,626	\$ 488,110	\$ 852,186
Restricted	1,003,732	970,000	1,308,327	1,201,854	1,368,144	844,411	1,565,145	1,665,798	2,767,261	2,510,329
Unrestricted/(Deficit)	(1,301,529)	(1,306,796)	(1,523,123)	(1,590,443)	(1,485,397)	(1,691,352)	(1,381,597)	(1,041,002)	(1,317,916)	(242,803)
Total District Net Position	\$ 3,178,426	\$ 3,444,992	\$ 3,875,952	\$ 4,220,618	\$ 4,869,847	\$ 4,746,893	\$ 5,183,549	\$ 935,422	\$ 1,937,455	\$ 3,119,712

HARDING TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental Activities:										
Instruction										
Regular	\$ 3,125,145	\$ 3,135,338	\$ 3,425,409	\$ 4,191,224	\$ 4,221,574	\$ 4,210,459	\$ 4,479,720	\$ 3,997,271	\$ 4,615,144	\$ 4,171,956
Special Education	846,841	974,193	960,343	1,372,066	1,309,767	1,407,737	1,761,893	1,328,035	1,727,336	1,928,905
School Sponsored/Other Instruction	260,394	281,999	345,875	419,348	431,928	373,358	290,774	392,672	391,333	437,938
Support Services:										
Tuition	2,526,382	2,675,456	2,850,469	2,881,238	2,930,311	2,765,213	2,724,982	2,571,814	2,104,284	1,838,681
Student & Instruction Related Services	1,176,842	1,209,863	1,324,795	1,592,770	1,335,386	1,400,077	1,278,474	1,298,026	1,314,843	1,539,568
School Administrative Services	64,335	56,113	71,370	109,886	89,158	132,322	78,270	88,117	556,353	540,313
General Administrative Services	591,555	615,061	584,718	791,994	489,388	567,123	555,600	496,574	51,534	70,298
Central Services					238,220	218,800	202,725	217,650	340,081	327,413
Administrative Information Technology					16,833	64,118	75,469	78,269	54,174	32,387
Plant Operations and Maintenance	818,771	1,037,107	913,903	1,083,497	1,047,898	998,972	984,991	1,341,118	1,178,592	1,363,929
Pupil Transportation	941,336	959,124	681,041	1,002,589	1,066,041	1,191,013	1,190,198	1,290,472	1,322,246	1,130,994
Transfer of Funds to Charter School		26,172	24,338	10,127						
SDA Debt Service Assessment	2,784	2,784	2,784	2,784						
Interest on Long-term Debt	72,527	54,733	36,750	18,750	750					
Capital Outlay					6,189	57,845	6,019	2,784	2,784	1,677
Total Governmental Activities Expenses	10,426,892	11,027,943	11,221,795	13,476,273	13,183,443	13,387,037	13,629,115	13,102,802	13,658,704	13,384,059
Business-type Activities:										
Food Service	89,099	91,715	84,973	89,552	97,496	74,721	18,344	107,617	135,230	152,316
Total Business-type Activities Expense	89,099	91,715	84,973	89,552	97,496	74,721	18,344	107,617	135,230	152,316
Total District Expenses	10,515,991	11,119,658	11,306,768	13,565,825	13,280,939	13,461,758	13,647,459	13,210,419	13,793,934	13,536,375
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)					71,572	57,900	66,220	111,580	86,400	71,873
Student Related Services							2,787	26,783	36,921	58,768
Pupil Transportation				9,201	8,825	8,982				
Interest on Investments	11,188	10,668	9,739							
Operating Grants and Contributions	34,845	18,832	1,404							
Total Governmental Activities Program Revenues	1,081,443	1,050,836	1,093,839	3,078,840	2,874,462	2,633,524	2,917,178	2,126,394	3,150,813	2,636,145
	1,127,476	1,080,336	1,104,982	3,088,041	2,954,859	2,700,406	2,986,185	2,264,757	3,274,134	2,766,786
Business-type Activities:										
Charges for Services:										
Food Service	84,989	82,998	83,247	88,361	88,968	70,464	14,874	105,935	145,343	142,146
Total Business-type Activities Program Revenues	84,989	82,998	83,247	88,361	88,968	70,464	14,874	105,935	145,343	142,146
Total District-wide Program Revenues	1,212,465	1,163,334	1,188,229	3,176,402	3,043,827	2,770,870	3,001,059	2,370,692	3,419,477	2,908,932

HARDING TOWNSHIP SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

(Continued)

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net (Expense)/Revenue:										
Governmental Activities	\$ (9,299,416)	\$ (9,947,607)	\$ (10,116,813)	\$ (10,388,232)	\$ (10,228,584)	\$ (10,686,631)	\$ (10,642,930)	\$ (10,838,045)	\$ (10,384,570)	\$ (10,617,273)
Business-type Activities	(4,110)	(8,717)	(1,726)	(1,191)	(8,528)	(4,257)	(3,470)	(1,682)	10,113	(10,170)
Total District-wide Net Expense/(Revenue)	(9,303,526)	(9,956,324)	(10,118,539)	(10,389,423)	(10,237,112)	(10,690,888)	(10,646,400)	(10,839,727)	(10,374,457)	(10,627,443)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	9,254,883	9,601,885	9,905,421	10,052,092	10,304,571	10,490,662	10,798,662	11,105,027	11,278,768	11,602,469
Taxes Levied for Debt Service	455,198	447,936	458,250	442,940	426,226					
Federal and State aid not restricted	40,673	41,518	44,118	59,064	59,064					
Tuition	81,707	104,141	107,117	98,235						
Investment Earnings			113	3,249						
Miscellaneous Income	43,360	27,410	34,480	78,509	154,893	13,501	276,636	39,566	97,672	207,231
N.J. Economic Development Authority Grants	108,705								(8,045)	(11,385)
Transfers		(4,000)								
Total Governmental Activities	9,984,526	10,218,890	10,549,499	10,734,089	10,885,690	10,504,163	11,075,298	11,144,593	11,368,395	11,798,315
Business-type Activities:										
Transfers		4,000							8,045	11,385
Miscellaneous Income					8	3,007	958	150	50	
Total Business-type Activities		4,000			8	3,007	958	150	8,095	11,385
Total District-wide General Revenues and Other Changes in Net Position	9,984,526	10,222,890	10,549,499	10,734,089	10,885,698	10,507,170	11,076,256	11,144,743	11,376,490	11,809,700
Change in Net Position:										
Governmental Activities	685,110	271,283	432,686	345,857	657,106	(182,468)	432,368	306,548	983,825	1,181,042
Business-type Activities	(4,110)	(4,717)	(1,726)	(1,191)	(8,520)	(1,250)	(2,512)	(1,532)	18,208	1,215
Total District-wide Net Position	\$ 681,000	\$ 266,566	\$ 430,960	\$ 344,666	\$ 648,586	\$ (183,718)	\$ 429,856	\$ 305,016	\$ 1,002,033	\$ 1,182,257

HARDING TOWNSHIP SCHOOL DISTRICT
FUND BALANCES GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

	June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund:										
Restricted	\$ 875,575	\$ 961,177	\$ 1,324,828	\$ 1,205,560	\$ 1,363,532	\$ 815,080	\$ 1,537,916	\$ 1,628,383	\$ 2,724,195	\$ 2,460,799
Assigned	189,398	49,847	49,128	54,032	77,145	102,985	118,301	231,994	20,627	8,750
Unassigned	261,590	276,045	254,552	300,217	478,394	303,183	509,494	557,013	246,305	275,048
Total General Fund	\$ 1,326,563	\$ 1,287,069	\$ 1,628,508	\$ 1,559,809	\$ 1,919,071	\$ 1,221,248	\$ 2,165,711	\$ 2,417,390	\$ 2,991,127	\$ 2,744,597
All Other Governmental Funds:										
Restricted, Reported in:										
Special Revenue Fund						\$ 29,331	\$ 20,894	\$ 37,415	\$ 43,066	\$ 49,530
Capital Projects Fund	\$ 18,400	\$ 18,400		\$ 5,188	\$ 4,612					
Debt Service Fund/(Deficit)	131									
Unassigned/(Deficit)		(1)	\$ (1)	(644)						
Committed:										
Capital Projects Fund						11,412	83,035			998,672
Total All Other Governmental Funds/(Deficit)	\$ 18,531	\$ 18,399	\$ (1)	\$ 4,544	\$ 4,612	\$ 40,743	\$ 103,929	\$ 37,415	\$ 43,066	\$ 1,048,202
Total Governmental Funds	\$ 1,345,094	\$ 1,305,468	\$ 1,628,507	\$ 1,564,353	\$ 1,923,683	\$ 1,261,991	\$ 2,269,640	\$ 2,454,805	\$ 3,034,193	\$ 3,792,799

HARDING TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
Tax Levy	\$ 9,744,926	\$ 10,068,653	\$ 10,365,075	\$ 10,495,032	\$ 10,730,797	\$ 10,490,662	\$ 10,798,662	\$ 11,105,027	\$ 11,278,768	\$ 11,602,469
Tuition Charges	81,707	104,141	107,117	98,235	71,572	57,900	66,220	111,580	86,400	71,873
Transportation Fees	11,188	10,668	9,739	9,201	8,825	8,982			8,005	10,290
Interest Earnings			113	3,249	5,116					
Miscellaneous	124,517	60,224	70,752	101,219	149,777	13,501	279,423	66,349	126,588	238,157
State Sources	912,119	948,880	948,833	1,504,031	1,921,443	1,853,030	2,208,842	2,592,610	2,808,960	2,892,362
Federal Sources	128,840	110,660	152,852	136,709	210,662	162,647	200,367	170,817	853,864	403,534
Total Revenues	11,003,297	11,303,226	11,654,481	12,347,676	13,098,192	12,586,722	13,553,514	14,046,383	15,162,585	15,218,685
Expenditures:										
Instruction										
Regular Instruction	2,261,608	2,241,826	2,311,700	2,235,819	2,319,699	2,366,518	2,474,035	2,570,189	3,167,540	2,676,848
Special Education Instruction	629,925	718,446	684,566	768,862	786,129	820,992	997,268	866,678	1,059,475	1,221,853
Other Special Instruction	68,114	70,589	91,656	86,985	103,050	93,884	81,372	87,987	88,224	91,765
School Sponsored/Other Instruction	122,957	134,151	146,848	145,102	150,066	132,835	88,239	151,294	138,792	160,097
Support Services:										
Tuition	2,526,382	2,675,456	2,650,469	2,881,237	2,930,311	2,765,213	2,724,982	2,571,814	2,104,284	1,838,681
Student & Other Instruction Related Services	915,578	931,958	983,539	941,139	999,870	1,130,457	1,052,275	1,201,694	1,181,410	1,261,917
School Administration Services	45,740	42,405	49,552	60,384	50,301	75,448	40,536	54,571	37,833	40,749
General Administrative Services	491,995	494,617	451,467	535,597	322,102	377,611	356,190	347,570	386,196	370,643
Central Services										
Administrative Information Technology					143,797	143,774	146,108	169,558	215,816	220,488
Plant Operations and Maintenance	741,943	964,815	818,700	908,740	968,984	925,329	929,115	1,182,955	1,168,882	1,261,990
Student Transportation	922,870	943,891	854,224	956,238	1,052,456	1,175,463	1,172,984	1,269,174	1,300,428	1,087,825
Unallocated Benefits	1,430,483	1,505,882	1,690,143	2,109,449	2,278,920	2,356,483	2,774,729	3,199,290	3,572,946	3,860,714
Charter School		26,172	24,338	10,127						
Capital Outlay	356,174	485,844	79,240	295,151	157,987	887,853	232,563	110,175	99,152	322,737
Debt Service:										
Principal	445,000	440,000	450,000	450,000	450,000					
Interest and Other Charges	82,725	62,800	45,000	27,000	9,000					
Total Expenditures	11,041,494	11,738,852	11,331,442	12,411,830	12,739,505	13,315,978	13,145,865	13,861,218	14,575,152	14,448,694
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(38,197)	(435,626)	323,039	(64,154)	358,687	(729,256)	407,649	185,165	587,433	769,991
Other Financing Sources/(Uses)							600,000			
Proceeds from Financed Purchase Agreements										
Transfers out									(8,045)	(11,385)
Total Other Financing Sources/(Uses)									(8,045)	(11,385)
Net Change in Fund Balances	\$ (38,197)	\$ (435,626)	\$ 323,039	\$ (64,154)	\$ 358,687	\$ (729,256)	\$ 1,007,649	\$ 185,165	\$ 579,388	\$ 758,606
Debt Service as a Percentage of Noncapital Expenditures	4.94%	4.47%	4.40%	3.94%	3.65%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Harding Township School District Financial Reports

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

<u>Fiscal Year Ending June 30,</u>	<u>Interest on Investments</u>	<u>Refund of Prior Year Expenditures</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2015			\$ 81,707	\$ 54,548	\$ 136,255
2016			104,141	38,078	142,219
2017	\$ 115		107,116	44,217	151,448
2018	3,249		98,235	78,717	180,201
2019	5,116		71,572	133,411	210,099
2020	6,999		57,900	15,484	80,383
2021		\$ 194,000	66,220	82,636	342,856
2022			111,580	39,566	151,146
2023			86,400	97,672	184,072
2024	99,964	49,234	71,873	35,481	256,552

Source: Harding Township School District Financial Reports

HARDING TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2014	\$ 51,237,200	\$ 1,692,182,663	\$ 198,236,808	\$ 75,177,900	\$ 9,641,900	\$ 2,026,476,471	\$ 5,608,436	\$ 2,032,084,907	\$ 0.465	\$ 2,238,929,449
2015	42,045,500	1,696,272,400	197,536,230	74,364,900	9,641,900	2,019,860,930	5,711,509	2,025,572,439	0.499	2,204,026,844
2016	39,543,500	1,677,707,600	204,654,960	74,364,900	9,641,900	2,005,912,860	5,783,750	2,011,696,610	0.509	2,250,635,013
2017	40,884,100	1,673,685,600	206,700,060	74,364,900	9,641,900	2,005,276,560	5,644,089	2,010,920,649	0.521	2,200,008,090
2018	41,318,600	1,661,376,700	211,551,160	74,374,900	9,641,900	1,998,263,260	1,258,030	1,999,521,290	0.520	2,217,959,161
2019	41,272,100	1,672,978,600	205,506,960	74,374,900	9,641,900	2,003,774,460	1,270,296	2,005,044,756	0.529	2,263,680,567
2020	* 34,401,100	1,773,434,300	206,398,100	91,858,300	10,740,700	2,116,832,500	1,370,474	2,118,202,974	0.510	2,247,749,145
2021	29,390,700	1,760,362,500	213,257,400	91,858,300	10,740,700	2,105,609,600	1,336,339	2,106,945,939	0.527	2,177,466,973
2022	28,542,500	1,755,894,600	213,160,700	91,858,300	10,740,700	2,100,196,800	1,318,028	2,101,514,828	0.537	2,214,955,442
2023	28,832,300	1,762,161,700	216,142,900	89,149,600	10,740,700	2,107,027,200	1,364,507	2,108,391,707	0.550	2,346,331,716

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.

* Revaluation became effective

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

^b Tax rates are per \$100 of assessed value.

Source: Municipal Tax Assessor

HARDING TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	Harding Township School District					
	Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	General Obligation			Harding Township	County of Morris	
	Basic Rate ^a	Debt Service ^b	Total Direct			
2014	\$ 0.439	\$ 0.026	\$ 0.465	\$ 0.324	\$ 0.361	\$ 1.150
2015	0.473	0.026	0.499	0.320	0.356	1.175
2016	0.484	0.025	0.509	0.319	0.354	1.182
2017	0.496	0.025	0.521	0.320	0.356	1.197
2018	0.496	0.024	0.520	0.323	0.287	1.130
2019	0.529	- 0 -	0.529	0.328	0.294	1.151
2020	* 0.510	- 0 -	0.510	0.315	0.275	1.100
2021	0.527	- 0 -	0.527	0.322	0.287	1.136
2022	0.537	- 0 -	0.537	0.327	0.270	1.134
2023	0.550	- 0 -	0.550	0.331	0.283	1.164

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.

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.

* Revaluation became effective

Source: Municipal Tax Collector and School Business Administrator

HARDING TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2024		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
1300 Mt. Kemble Associates, LLC	\$ 19,785,900	1	0.94%
1200 Mt. Kemble L.P. Salfieri Co., Inc.	16,000,000	2	0.76%
Individual Taxpayer #1	9,817,800	3	0.47%
Algonquin Gas Transmission Company	9,161,000	4	0.43%
Individual Taxpayer #2	5,294,200	5	0.25%
Individual Taxpayer #3	5,099,800	6	0.24%
Individual Taxpayer #4	4,786,800	7	0.23%
Individual Taxpayer #5	4,733,100	8	0.22%
Individual Taxpayer #6	4,654,900	9	0.22%
Green Village HPF LLC	4,550,700	10	0.22%
Total	<u>\$ 83,884,200</u>		<u>3.98%</u>

Taxpayer	2015		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
1300 Mt. Kemble Associates, LLC	\$ 16,888,100	1	0.83%
Lincoln Morristown Re LLC	12,500,000	2	0.62%
Individual Taxpayer #1	11,407,700	3	0.56%
Algonquin Gas Transmission Company	8,223,800	4	0.40%
Individual Taxpayer #2	6,343,400	5	0.31%
Lees Hill Road, LLC	5,949,200	6	0.29%
Individual Taxpayer #3	5,258,500	7	0.26%
Individual Taxpayer #4	5,245,100	8	0.26%
Individual Taxpayer #5	5,233,500	9	0.26%
Individual Taxpayer #6	5,113,400	10	0.25%
Total	<u>\$ 82,162,700</u>		<u>4.04%</u>

NOTE: Individual taxpayers may be different in 2024 and 2015.

Source: Municipal Tax Assessor

HARDING TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the</u> <u>Fiscal Year of the Levy ^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2015	\$ 9,744,926	\$ 9,744,926	100.00%	- 0 -
2016	10,068,453	10,068,453	100.00%	- 0 -
2017	10,365,075	10,365,075	100.00%	- 0 -
2018	10,495,032	10,495,032	100.00%	- 0 -
2019	10,730,797	10,730,797	100.00%	- 0 -
2020	10,490,662	10,490,662	100.00%	- 0 -
2021	10,798,662	10,798,662	100.00%	- 0 -
2022	11,105,027	11,105,027	100.00%	- 0 -
2023	11,278,768	11,278,768	100.00%	- 0 -
2024	11,602,469	11,602,469	100.00%	- 0 -

- a 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 the amount voted upon or certified prior to the end of the school year.

Source: Harding Township School District records including the Certificate and Report of School Taxes (A4F form)

HARDING TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Obligations Under Financed Purchases			
2015	\$ 1,790,000		\$ 1,790,000	0.55%	\$ 466
2016	1,350,000		1,350,000	0.39%	354
2017	900,000	\$ 240,483	1,140,483	0.32%	299
2018	450,000	162,204	612,204	0.17%	161
2019	- 0 -	81,316	81,316	0.02%	22
2020	- 0 -	-0-	- 0 -	0.00%	- 0 -
2021	- 0 -	600,000	600,000	0.14%	155
2022	- 0 -	483,237	483,237	0.11%	124
2023	- 0 -	365,054	365,054	0.08%	94
2024	- 0 -	245,137	245,137	0.06%	63

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

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

Source: Harding Township School District Financial Reports

HARDING TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2015	\$ 1,790,000	\$ - 0 -	\$ 1,790,000	0.09%	\$ 467
2016	1,350,000	- 0 -	1,350,000	0.07%	354
2017	900,000	- 0 -	900,000	0.04%	236
2018	450,000	- 0 -	450,000	0.02%	119
2019	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2020	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2021	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2022	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2023	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2024	- 0 -	- 0 -	- 0 -	0.00%	- 0 -

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: Harding Township School District Financial Reports

HARDING TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2023
UNAUDITED

<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			
Township of Harding	\$ 4,099,617	100.00%	\$ 4,099,617
County of Morris - Township's Share:			
General Obligation Debt	326,425,422	2.18%	<u>7,119,921</u>
Total Direct and Overlapping Debt			<u>\$ 11,219,538</u>

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 Harding. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 unit.

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

Sources: Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation; debt outstanding data provided by each governmental unit.

HARDING TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year				
	2015	2016	2017	2018	2019
Debt Limit	\$ 68,301,011	\$ 67,342,708	\$ 66,582,259	\$ 66,833,396	\$ 66,745,485
Total Net Debt Applicable to Limit	1,790,000	1,350,000	900,000	450,000	- 0 -
Legal Debt Margin	<u>\$ 66,511,011</u>	<u>\$ 65,992,708</u>	<u>\$ 65,682,259</u>	<u>\$ 66,383,396</u>	<u>\$ 66,745,485</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	2.62%	2.00%	1.35%	0.67%	0.00%

	Fiscal Year				
	2020	2021	2022	2023	2024
Debt Limit	\$ 67,091,307	\$ 66,723,859	\$ 44,035,055	\$ 66,184,609	\$ 70,092,553
Total Net Debt Applicable to Limit	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Legal Debt Margin	<u>\$ 67,091,307</u>	<u>\$ 66,723,859</u>	<u>\$ 44,035,055</u>	<u>\$ 66,184,609</u>	<u>\$ 70,092,553</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2024

Equalized valuation basis	2023	\$ 2,456,028,908
	2022	2,335,628,114
	2021	2,217,598,315
		<u>\$7,009,255,337</u>
Average Equalized Valuation of Taxable Property		<u>\$2,336,418,446</u>
Debt Limit (3% of average equalization value)		\$ 70,092,553
Net Bonded School Debt		<u>- 0 -</u>
Legal Debt Margin		<u>\$ 70,092,553</u>

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

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

HARDING TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Year</u>	<u>Population^a</u>	<u>Harding Township Personal Income^b</u>	<u>Morris County Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2014	3,840	\$ 323,662,080	\$ 84,287	4.90%
2015	3,836	338,711,128	88,298	3.70%
2016	3,812	347,852,624	91,252	3.30%
2017	3,808	356,215,552	93,544	3.00%
2018	3,794	368,943,736	97,244	2.70%
2019	3,757	372,468,980	99,140	2.50%
2020	3,752	383,555,704	102,227	6.30%
2021	3,877	417,812,659	107,767	4.30%
2022	3,885	433,554,345	111,597	2.90%
2023	3,891	434,223,927 ***	111,597 *	3.50%
2024	3,891 **	434,223,927 ***	111,597 *	N/A

* - Latest Morris County per capita personal income available (2022) was used for calculation purposes.

** - Latest population data available (2023) was used for calculation purposes.

*** Latest population data available (2023) and latest Morris County personal income available (2022) was used for calculation purposes.

N/A - Not Available

Sources:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

HARDING TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS, COUNTY OF MORRIS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2023		
	Employees	Rank	Percentage of Total Employment
Atlantic Health System	10,552	1	3.85%
Novartis	6,500	2	2.37%
Picatinny Arsenal	6,000	3	2.19%
Barclays	3,374	4	1.23%
Bayer Healthcare, LLC	2,713	5	0.99%
ADP	2,400	6	0.88%
Accenture	2,344	7	0.86%
PricewaterhouseCoopers	2,095	8	0.76%
Cigna	1,686	9	0.62%
Deloitte & Touche	1,646	10	0.60%
Total	39,310		14.35%

Employer	2014		
	Employees	Rank	Percentage of Total Employment
U.S. Army Aramament R&D	5,841	1	2.27%
Novartis	5,035	2	1.96%
Atlantic Health System	4,463	3	1.74%
ADP	2,060	4	0.80%
Bayer Healthcare, LLC	1,900	5	0.74%
County of Morris	1,674	6	0.65%
Wyndham Worldwide Corporation	1,653	7	0.64%
St Clare's	1,642	8	0.64%
BASF Corporation	1,500	9	0.58%
Accenture	1,480	10	0.58%
Total	27,248		10.60%

Source: Morris County Business Partnership Website

HARDING TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Instruction										
Regular	29.9	30.7	30.0	29.0	29.6	36.0	38.6	35.0	33.0	34.0
Special Education	14.0	15.3	18.0	18.0	16.0	14.0	11.4	13.2	13.5	14.0
Other Instruction					2.0	2.0				
Support Services:										
Student & Instruction Related Services	9.9	10.2	10.0	9.0	9.6	9.6	9.0	9.0	10.0	10.0
School Administrative Services		0.4	0.4	1.0	0.4	0.4	2.0	2.0	2.0	2.0
General/Business Administrative Services	1.5	1.5	1.5	1.5	1.5	1.5	2.6	2.6	2.0	2.0
Central Services	0.8	0.8	0.8	1.0	0.8	0.8	1.0	1.8	2.0	2.0
Plant Operations and Maintenance	4.5	3.6	3.6	5.0	3.6	3.6	3.0	3.0	3.0	3.0
Pupil Transportation	0.8	0.8	0.8	0.8	0.8	0.8	1.0	0.8	1.0	1.0
Total	61.4	63.3	65.1	65.3	64.3	68.7	68.6	67.4	66.5	68.0

Source: Harding Township School District Personnel Records

HARDING TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2015	313	\$ 10,157,595	\$ 32,452	2.53%	44	7:1	305	292	-5.40%	95.96%
2016	307	10,750,208	35,017	7.90%	46	7:1	306	293	0.46%	95.59%
2017	316	10,757,202	34,042	-2.78%	48	7:1	315	297	2.91%	94.38%
2018	308	11,639,679	37,791	11.01%	47	7:1	308	287	-2.22%	93.28%
2019	279	12,122,518	43,450	14.97%	48	6:1	279	267	-9.42%	95.70%
2020	278	12,428,125	44,705	2.89%	52	5:1	279	268	0.00%	96.06%
2021	271	12,913,302	47,651	6.59%	50	5:1	271	262	-2.87%	96.68%
2022	291	13,751,043	47,254	-0.83%	48	6:1	291	273	7.38%	93.81%
2023	285	14,476,000	50,793	7.49%	49	6:1	281	266	-3.44%	94.66%
2024	297	14,125,957	47,562	-6.36%	48	6:1	297	282	5.69%	94.95%

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment.
This Cost Per Pupil may be different from other Cost Per Pupil calculations.

Source: Harding Township School District Records

HARDING TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Elementary (1958)										
Square Feet	61,738	61,738	61,738	61,738	61,738	61,738	61,738	61,738	61,738	61,738
Capacity (Students)	336	336	336	336	336	336	336	336	336	336
Enrollment	224	212	205	186	183	182	182	187	181	188
Middle School (1927)										
Square Feet	18,441	18,441	18,441	18,441	18,441	18,441	18,441	18,441	18,441	18,441
Capacity (Students)	184	184	184	184	184	184	184	184	184	184
Enrollment	89	95	111	122	96	96	96	104	104	109
Other										
Storage Building (1988)										
Square Feet	800	800	800	800	800	800	800	800	800	800

Number of Schools at June 30, 2024

Elementary = 1

Middle School = 1

Other = 1

Source: Harding Township School District Facilities Office

HARDING TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year Ended June 30,</u>	<u>Harding Township Elementary School*</u>	<u>Harding Township Middle School*</u>	<u>Total School Facilities</u>
2015	\$ 134,245	\$ 40,099	\$ 174,344
2016	275,183	82,198	357,381
2017	99,513	29,725	129,237
2018	160,658	47,989	208,647
2019	161,408	48,213	209,621
2020	132,624	39,615	172,239
2021	159,535	47,653	207,188
2022	177,741	52,412	230,153
2023	128,500	38,381	166,881
2024	182,977	54,656	237,633

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

Source: Harding Township School District Records

HARDING TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2024
UNAUDITED

	<u>Coverage</u>		<u>Deductible</u>
School Package Policy:	\$ 500,000,000	Occurrence	
School Alliance Insurance Fund Insurance Fund:			
Building & Personal Property			\$ 2,500
Inland Marine - Auto Physical Damage			1,000
General Liability Including Auto, Employee Benefits	5,000,000		
General Aggregate	Agreed upon based on membership		
Product/Completed Ops			
Personal Injury			
Fire Damage	2,500,000		
Medical Expenses	10,000		
(excluding students taking part in athletics)			
Automobile Coverage			
Combined Single Limit			
Hired/Non-owned			
Security Guard Liability	Included		
Environmental Impairment Liability	1,000,000/25,000,000	Fund Aggregate	10,000
	100,000	Fungi & Legionella	100,000
Crime Coverage	50,000	Inside/Outside	1,000
Blanket Dishonesty Bond	500,000		1,000
Boiler & Machinery	100,000,000		2,500
Excess Liability (AL/GL/SLPL)	5,000,000		
School Board Legal (SLPL)	5,000,000		10,000
Cyber Liability	2,000,000	per Occurrence/Agg	10,000
Workers Compensation	Statutory		
Employer's Liability	5,000,000		
Supplemental Indemnity	Statutory		
RLI Insurance Company:			
Bond for School Business Administrator	200,000		
Bond for Treasurer of School Monies	200,000		
Bollinger Insurance Company:			
Student Accident	All Students/Athletes		

Source: Harding Township School District Records

SINGLE AUDIT



Mount Arlington, NJ
Newton, NJ
Bridgewater, NJ

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Independent Member
BKR International

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

The Honorable President and Members
of the Board of Education
Harding Township School District
County of Morris, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Harding Township School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 11, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

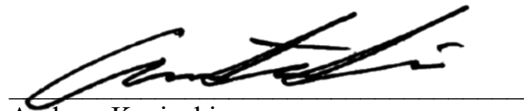
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

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 result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 11, 2024
Mount Arlington, New Jersey

NISIVOCIA LLP



Andrew Kucinski
Licensed Public School Accountant #2684
Certified Public Accountant

Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance Required by NJOMB-15-08

Independent Auditor's Report

The Honorable President and Members
of the Board of Education
Harding Township School District
County of Morris, New Jersey

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Harding Township School District's (the District's) compliance with the types of compliance requirements identified as subject to audit in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2024. The District's major state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

The Honorable President and Members
of the Board of Education
Harding Township School District
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Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we

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

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

Report on Internal Control Over Compliance

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

The Honorable President and Members
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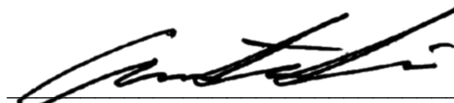
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

October 11, 2024
Mount Arlington, New Jersey

NISIVOC CIA LLP



Andrew Kucinski
Licensed Public School Accountant #2684
Certified Public Accountant

HARDING TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

U.S. Department of Education: Passed-through State Department of Education: Special Education Cluster: I.D.E.A. Part B, Basic I.D.E.A. Part B, Basic I.D.E.A. Part B, Preschool Total Special Education Cluster Elementary and Secondary Education Act: Title I Title I Title I Title I Title I Total Title I Title IIA Title IV Title IV Title IV Total Title IV Total Elementary and Secondary Education Act Small Rural School Area Grant: Rural Education Achievement Program Rural Education Achievement Program Total Small Rural School Area Grant Education Stabilization Fund: COVID 19 - CARES Emergency Relief COVID 19 - CRRSA - Learning Acceleration COVID 19 - CRRSA - Mental Health COVID 19 - ARP - ESSER III COVID 19 - ARP - Summer Learning and Enrichment COVID 19 - ARP - Comprehensive Beyond the School Day COVID 19 - ARP - Mental Health Support Staffing Total Educational Stabilization Fund Total U.S. Department of Education	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2023		Cash Received	Budgetary Expenditures	Cancellation of Prior Year Receivables/ Adjustment	Balance at June 30, 2024		Amounts Paid to Sub- recipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue				Budgetary Accounts Receivable	Due to Grantor	
	84.027A	IDEA-2030-20	7/1/19-9/30/20	\$ 71,624	\$ (629)		\$ 85,492	\$ (85,492)	\$ 629			
	84.027A	IDEA-2030-24	7/1/23-9/30/24	85,492			3,061	(3,061)				
	84.173A	IDEA-2030-24	7/1/23-9/30/24	3,061	(629)		88,553	(88,553)	629			
	84.010A	ESEA-2030-18	7/1/17-6/30/18	43,968	(7,170)				7,170			
	84.010A	ESEA-2030-20	7/1/19-9/30/20	41,426		\$ 927				\$ 927		
	84.010A	ESEA-2030-21	7/1/20-9/30/21	40,874	(1,426)			(26,183)	1,426	\$ (4,899)		
	84.010A	ESEA-2030-24	7/1/23-9/30/24	26,183			21,284	(26,183)		\$ (4,899)		
	84.367A	ESEA-2030-24	7/1/23-9/30/24	16,957	(8,596)	927	21,284	(26,183)	8,596	(4,899)	927	
	84.424	ESEA-2030-20	7/1/19-9/30/20	10,000		500	6,303	(13,203)		(6,900)	500	
	84.424	ESEA-2030-22	7/1/21-9/30/22	12,036	(5,000)			(10,000)	5,000			
	84.424	ESEA-2030-24	7/1/23-9/30/24	10,000	(5,000)	500	10,000	(10,000)				
					(13,596)	1,427	37,587	(49,386)	13,596	(11,799)	1,427	
	84.358	N/A	7/1/18-6/30/19	70,524		46					46	
	84.358	N/A	7/1/23-6/30/24	30,924			30,924	(30,924)				
						46	30,924	(30,924)			46	
	84.425D	CARES2030	3/13/20-9/30/22	32,683	(6,876)					(6,876)		
	84.425D	N/A	3/13/20-9/30/23	25,000			15,069	(15,069)				
	84.425D	N/A	3/13/20-9/30/23	45,000	(808)		2,158	(1,350)				
	84.425U	N/A	3/13/20-9/30/24	301,099	(4)		4					
	84.425U	N/A	3/13/20-9/30/24	40,000				(13,155)		(13,155)		
	84.425U	N/A	3/13/20-9/30/24	40,000			9,520	(38,827)		(29,307)		
	84.425U	N/A	3/13/20-9/30/24	45,000	(7,688)		41,838	(44,981)		(3,143)		
					(21,913)	1,473	68,589	(113,382)		(52,481)		
							225,653	(282,245)	14,225	(64,280)	1,473	

HARDING TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2023		Cash Received	Budgetary Expenditures	Cancellation of Prior Year Receivables/ Adjustment	Balance at June 30, 2024		Amounts Paid to Sub- recipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue				Budgetary Accounts Receivable	Due to Grantor	
U.S. Department of Treasury												
Passed-through State Department of Education:												
COVID 19 - Additional or Compensatory Special Education and Related Services (ACSERS)	21.027	N/A	7/1/22-6/30/23	\$ 219,255	\$ (109,627)		\$ 109,627					
COVID 19 - Additional or Compensatory Special Education and Related Services (ACSERS)	21.027	N/A	7/1/23-6/30/24	121,289			60,645	\$ (121,289)		\$ (60,644)		
Total U.S. Department of Treasury					(109,627)		170,272	(121,289)		(60,644)		
Total Federal Awards					\$ (131,540)	\$ 1,473	\$ 395,925	\$ (403,534)	\$ 14,225	\$ (124,924)	\$ 1,473	\$ - 0 -

N/A - Not Available

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

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HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Harding Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2024. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$8,442) for the general fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and the special revenue funds. Revenue from federal and state awards are reported in the Board’s basic financial statements on a GAAP basis as presented below:

HARDING TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,883,536	\$ 2,883,536
Special Revenue Fund	\$ 403,534	8,826	412,360
Total Awards	<u>\$ 403,534</u>	<u>\$ 2,892,362</u>	<u>\$ 3,295,896</u>

NOTE 5. 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 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2024.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has two active grants awarded in the amount of \$762,648 from the Schools Development Authority (SDA) as of June 30, 2024. As of June 30, 2024, grant funds totaling \$-0- have been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realized the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported on the NJSDA grants on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

HARDING TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

1.) Material weakness identified?	_____ Yes	_____ X	No
2.) Significant deficiencies identified?	_____ Yes	_____ X	None reported
Noncompliance material to basic financial statements noted?	_____ Yes	_____ X	No

Federal Awards

The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2024 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.

State Awards

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

Unmodified

Internal control over major programs:

1.) Material weakness identified?	_____ Yes	_____ X	No
2.) Significant deficiencies identified?	_____ Yes	_____ X	None reported
Noncompliance material to basic financial statements noted?	_____ Yes	_____ X	No
Any audit findings disclosed that are required to be reported in accordance with New Jersey's OMB Circular 15-08?			
	_____ Yes	_____ X	No

Identification of major programs:

Program Name or Cluster	State Grant No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
State Aid Public:					
Special Education Aid	24-495-034-5120-089	7/1/23	6/30/24	\$ 364,590	\$ 364,590
Security Aid	24-495-034-5120-084	7/1/23	6/30/24	32,259	32,259
Reimbursed TPAF Social					
Security Contributions	24-495-034-5094-003	7/1/23	6/30/24	277,232	277,232
Dollar threshold used to distinguish between Type A and B programs				\$ 750,000	
Auditee qualified as low-risk auditee?	_____ Yes			_____ X	No

HARDING TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Status of Prior Year Findings:

There were no prior year audit findings.