

# **HARDYSTON TOWNSHIP SCHOOL DISTRICT**

**Hardyston Township School District  
Hardyston, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2020**

**Comprehensive Annual  
Financial Report**

**of the**

**HARDYSTON TOWNSHIP SCHOOL DISTRICT**

**Hardyston, New Jersey**

**For the Fiscal Year Ended June 30, 2020**

**Prepared by**

**Hardyston Township School District  
Business Office**

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INTRODUCTORY SECTION  
(UNAUDITED)

# Hardyston School District

183 Wheatsworth Road  
Hamburg, NJ 07419  
(973) 823-7000 FAX (973) 823-7010  
www.https.org

Michael Ryder  
Chief School Administrator/Middle School Principal

Rich Rennie  
Business Administrator/Board Secretary

Jennifer Cimaglia  
Elementary School Principal

Jodi Reinstein  
Director of Special Education

Robert J. Demeter  
Middle School Vice-Principal

December 15, 2020

The Honorable President and Members  
Of the Board of Education  
Hardyston Township School District  
County of Sussex, State of New Jersey

Dear Board Members:

The comprehensive annual financial report of the Hardyston Township School District (“the District”) for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Hardyston Township Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District’s organizational chart and a list of principal officials. The financial section includes the Independent Auditors’ Report, the management’s discussion and analysis, the basic financial statements and notes providing an overview of the District’s financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, 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:** Hardyston 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 Hardyston Township Board of Education and all its schools constitute the District’s reporting entity.

The District provides a full range of educational services appropriate to grade levels Preschool through 8. These include regular, as well as special education for handicapped youngsters preschool through grade 8.

2) ECONOMIC CONDITION AND OUTLOOK: Hardyston Township encompasses an area of 32.5 square miles in central Sussex County. Hamburg Mountain divides the Township into almost two equal areas. The eastern portion of the Township is mountainous and consists mainly of lakes and resort development. At least one-half of this area consists of the Newark watershed property. The western portion of Hardyston is made up of mostly farmland. New housing development has slowed as compared to recent years. The outlook for the future is that Hardyston Township will grow at a moderate pace, slightly higher than surrounding communities, with both housing for families and senior citizen facilities.

Major traffic arteries serving the area consist of State Route 23, which bisects the Township in an east-west direction, and Route 94 in a north-south direction, which is located in the western section of the Township. Additional routes include County Roads 515 and 517. Hardyston Township also has easy access to Interstate Routes 80 and 287, and State Routes 15, 206 and 46.

The Hardyston Township School District became a two-school district during the 2003-2004 school year. The Hardyston Township Middle School became a reality on November 11, 2003. The school, located on Wheatsworth Road, is part of an educational/recreational cooperative effort between the school board and the community. The Middle School building also houses the Administrative and Board Offices.

The middle school houses grades 5 through 8, making the elementary facility a pre-k through fourth building. The elementary school is located on State Highway Route 23, in the Borough of Franklin, NJ.

During the 2019-2020 school year, the two schools in the Hardyston Township School District provided education for 664 students in grades pre-kindergarten through grade eight with a staff of 71 professionals and a support staff of 32.5. Students in grades nine through twelve have the option of attending Wallkill Valley Regional High School, Pope John XXIII Regional High School or Sussex County Technical School.

The academic and social needs of the students are addressed through a comprehensive curriculum that includes all mandated programs plus additional programs that the Board of Education has determined are necessary to meet the total educational goals of the District. These programs include Art, Music, Family and Consumer Sciences, World Language, Enrichment, and Computer Education. The Enrichment Program is conducted District wide. A Basic Skills program is provided for students identified as in need of supplemental instruction. Services of guidance counselors and a full Child Study Team are provided to meet the needs of our students. Children with special needs are served through resource centers, Learning and/or Language Disability classes, the Preschool Handicapped Program, the Multiple Disabled Program, as well as outside district placements. The District runs a Full-Day Kindergarten and an integrated preschool program with the parents of participating Pre-K general education students paying tuition. Articulation of the curriculum is supervised by the Building Administrators. An extensive extra-curricular sports program provides students with experience in cross country running, field hockey, soccer, girls' and boys' basketball, cheerleading, gymnastics, and boys' and girls' track. Yearbook, band, chorus, and intramurals also provide after-school activities for the students.

Students in grades five through eight are organized and taught through the team concept and a schedule which provides lengthened periods of instruction every other day in language arts and mathematics. Bus transportation to and from school is provided for all students.

The Hardyston Township Manager and the Economic Development Committee focus their efforts to lure additional clean, commercial ratables. Crystal Springs offers the golfing public a choice of several courses in a small, concentrated area, including a huge clubhouse and hotel, which is a centerpiece for the golfing community.



The Township's ratables have begun to reach a plateau and ratable growth has become flat. The District conducted a demographic study with Wallkill Valley Regional High School but has expressed no discernable growth.

The Township is comprised of a large community work force. The major housing developments of Crystal Springs, Ridgefield Commons, Indian Fields, Timberline Manor, and Walden Village have reduced the rate at which they build new houses over the last several years. The recreation complex created by the joint venture with the School District and the Township is operational and successful. The level of activity has exceeded the most optimistic projections with soccer, baseball, softball, and football teams continually utilizing the fields. The perimeter track, which was an afterthought of the project, has proven to be an equally popular attraction. The complex itself is another inducement attracting residential and commercial growth in the community.

3) MAJOR INITIATIVES: The School District continues to perform on mandated tests at a level that meets those required by the Elementary and Secondary Education Act. The District continues to pursue academic excellence by providing staff with professional development programs, along with the purchase of teaching materials in the areas of mathematics, language arts, science and special education. The District maintains a multiple disabled classroom in both the elementary school and the middle school. The District also has a number of classroom aides who work closely with classified students in accordance with their individual educational plans.

The Board of Education and Superintendent work cooperatively with the administrators, staff, students, parents, and community to develop the formation of the educational goals of this District. The educational goals are adopted by the Board to address the needs of the students.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is the responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by 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 cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments, and/or assignments at June 30, 2020.

6) ACCOUNTING SYSTEM AND REPORTS: The District’s accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (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.

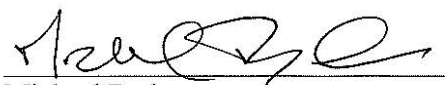
7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Basic Financial Statements”, Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under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

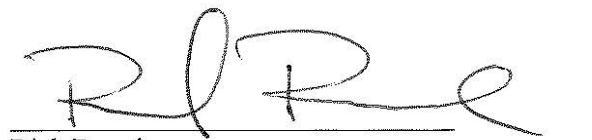
8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

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, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of 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*. 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 and *Government Auditing Standards* are included in the single audit section of this report.

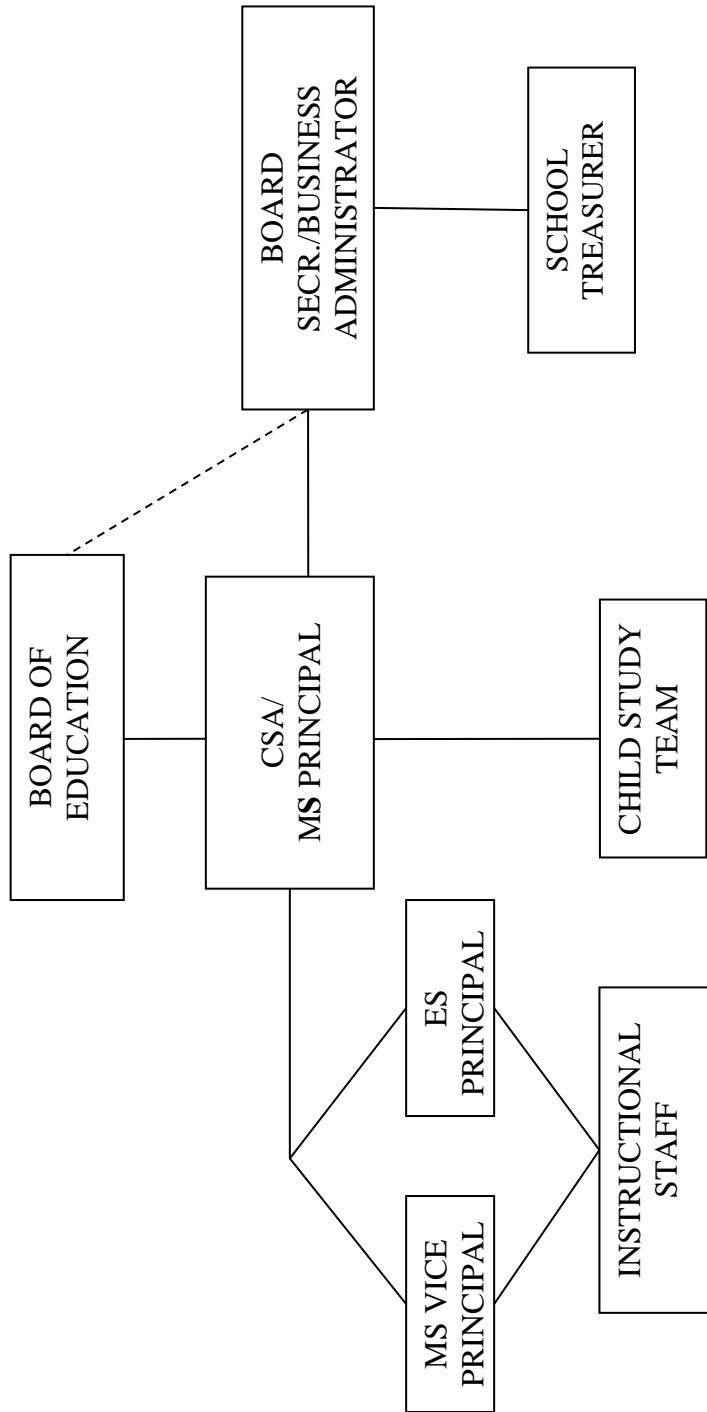
10) ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Hardyston Township School District for their concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing their full support to the development and maintenance of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

Respectfully submitted,

  
Michael Ryder  
Superintendent

  
Rich Rennie  
School Business Administrator/Board Secretary

# HARDYSTON TOWNSHIP SCHOOL DISTRICT



**HARDYSTON TOWNSHIP SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2020**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Ronald Hoffman	President	2021
David Van Ginneken	Vice President	2021
Donna Carey		2021
Amie Ficacci		2020
Brian Drelick		2022
Susan Lucarelli		2020
Michele Van Allen		2022
Jennifer Cenatiempo		2022
Nick Demsak		2020
<u>Other Officers</u>	<u>Title</u>	
Michael Ryder	Superintendent of Schools	
Rich Rennie	Business Administrator/Board Secretary	
Grant Rome	Treasurer of School Moneys	
Joe Roselle	Attorney	

**HARDYSTON TOWNSHIP SCHOOL DISTRICT  
Consultants and Advisors**

**Audit Firm**

Nisivoccia LLP, CPAs  
Mount Arlington Corporate Center  
200 Valley Road Suite 300  
Mt. Arlington, New Jersey 07856-1320  
and  
Lawrence Business Park  
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Newton, New Jersey 07860

**Attorney**

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P.O. Box 991  
Florham Park, New Jersey 07932-0991

**Bond Counsel**

McManimon & Scotland, LLC  
1037 Raymond Boulevard, Suite 400  
Newark, New Jersey 07102

**Architect**

Parette Somjen Architects  
439 Route 46 East  
Rockaway, New Jersey 07866

**Official Depositories**

Sussex Bank  
399 Route 23  
Franklin, New Jersey 07416

New Jersey Cash Management Fund  
CN 290  
Trenton, New Jersey 08625

New Jersey Asset Rebate Management Fund  
224 Strawbridge Drive Suite 104  
Moorestown, New Jersey 08057

FINANCIAL SECTION

## Independent Auditors' Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hardyston Township School District (the "District") in the County of Sussex, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hardyston Township School District, in the County of Sussex, as of June 30, 2020, 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.

### ***Other Matters***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary 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*, and the other information, such as the introductory and statistical section are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary 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.



The Honorable President and Members  
of the Board of Education  
Hardyston Township School District  
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The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020 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 the District's internal control over financial reporting and compliance.

December 15, 2020  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Heidi A. Wohlleb*  
Heidi A. Wohlleb  
Licensed Public School Accountant #2140  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Hardyston Township School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020**

This section of the Hardyston 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, 2020. 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.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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**

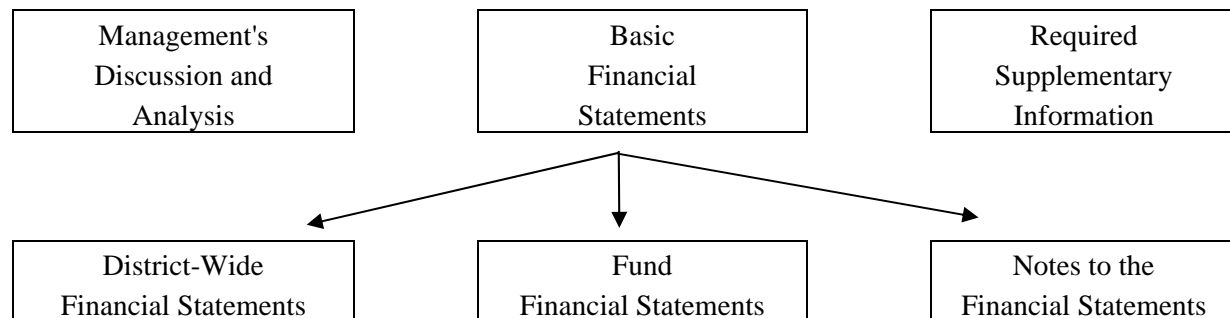


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents 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	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
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	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 or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
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	All additions and deductions during the year, regardless of when cash is received or paid

## 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 and 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 debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three 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. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

*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 increased by \$1,132,438. Net position from governmental activities increased by \$1,133,554, and net position from business-type activities decreased by \$1,116. Net investment in capital assets increased by \$187,013, restricted net position increased by \$919,084, and unrestricted net position increased by \$26,341.

**Figure A-3**  
**Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Percentage
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	Change 2019/2020
<b>Assets:</b>							
Current and Other Assets	\$ 5,414,325	\$ 4,423,182	\$ 62,764	\$ 75,278	\$ 5,477,089	\$ 4,498,460	
Capital Assets, Net	12,707,206	13,159,245	36,002	22,748	12,743,208	13,181,993	
Total Assets	<u>18,121,531</u>	<u>17,582,427</u>	<u>98,766</u>	<u>98,026</u>	<u>18,220,297</u>	<u>17,680,453</u>	3.05%
Deferred Outflows of Resources	<u>622,735</u>	<u>717,958</u>			<u>622,735</u>	<u>717,958</u>	-13.26%
<b>Liabilities:</b>							
Other Liabilities	534,696	357,823	13,455	11,599	548,151	369,422	
Long-Term Liabilities	10,407,435	11,172,123			10,407,435	11,172,123	
Total Liabilities	<u>10,942,131</u>	<u>11,529,946</u>	<u>13,455</u>	<u>11,599</u>	<u>10,955,586</u>	<u>11,541,545</u>	-5.08%
Deferred Inflows of Resources	<u>807,129</u>	<u>908,987</u>			<u>807,129</u>	<u>908,987</u>	-11.21%
<b>Net Position:</b>							
Net Investment in Capital Assets	5,177,427	5,003,668	36,002	22,748	5,213,429	5,026,416	
Restricted	4,729,150	3,810,066			4,729,150	3,810,066	
Unrestricted/(Deficit)	<u>(2,911,571)</u>	<u>(2,952,282)</u>	<u>49,309</u>	<u>63,679</u>	<u>(2,862,262)</u>	<u>(2,888,603)</u>	
Total Net Position	<u>\$ 6,995,006</u>	<u>\$ 5,861,452</u>	<u>\$ 85,311</u>	<u>\$ 86,427</u>	<u>\$ 7,080,317</u>	<u>\$ 5,947,879</u>	19.04%

### Changes in Net Position

The Changes in Net Position shows the cost of program services and the revenues of the District on a comparative schedule (Figure A-4). The increase in net investment in capital assets is primarily due to a reduction in serial bonds payable offset by current year depreciation expense. The increase in restricted net position is primarily due to transfers into the capital and maintenance reserves as well as current excess surplus offset by the Capital Projects Fund fund balance utilized to support the current year Debt Service Fund budget. The increase in unrestricted net position is primarily due to the reduction in net pension liability, and the related changes in deferred outflows in pensions, and unamortized bond premium offset by the increase in deferred inflows in pensions.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	Change
Revenue:							
Program Revenue:							
Charges for Services			\$ 72,470	\$ 116,598	\$ 72,470	\$ 116,598	
Operating Grants & Contributions	\$ 3,746,727	\$ 4,331,626	35,335	55,139	3,782,062	4,386,765	
General Revenue:							
Property Taxes	10,730,789	10,521,134			10,730,789	10,521,134	
Federal and State Aid Unrestricted	1,126,930	1,252,137			1,126,930	1,252,137	
Other	134,928	49,839	731	31	135,659	49,870	
Total Revenue	<u>15,739,374</u>	<u>16,154,736</u>	<u>108,536</u>	<u>171,768</u>	<u>15,847,910</u>	<u>16,326,504</u>	-2.93%
Expenses:							
Instruction	8,060,703	8,746,218			8,060,703	8,746,218	
Pupil and Instruction Services	2,196,277	2,256,100			2,196,277	2,256,100	
Administrative and Business	1,531,335	1,623,677			1,531,335	1,623,677	
Maintenance and Operations	1,407,577	1,443,424			1,407,577	1,443,424	
Transportation	925,299	952,197			925,299	952,197	
Other	484,629	547,797	113,543	164,303	598,172	712,100	
Total Expenses	<u>14,605,820</u>	<u>15,569,413</u>	<u>113,543</u>	<u>164,303</u>	<u>14,719,363</u>	<u>15,733,716</u>	-6.45%
Other Items			3,891		3,891		100.00%
Increase in Net Position	<u>\$ 1,133,554</u>	<u>\$ 585,323</u>	<u>\$ (1,116)</u>	<u>\$ 7,465</u>	<u>\$ 1,132,438</u>	<u>\$ 592,788</u>	91.04%

### Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved significantly. However, maintaining existing programs and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions continued or implemented during the year were:

- Participation in an insurance pool operated by the Schools Health Insurance Fund resulting in lower cost health benefit insurance premiums.
- Participation in an insurance pool operated by the School Alliance Insurance Fund resulting in low cost property, liability and workers compensation insurance.
- Shared-service contracts with the Township of Hardyston for field maintenance, technology, and fuel.
- Participation in Joint Cooperative Transportation Agreements and maximization of school buses by staggering school schedules and tiered routes.
- Participation in joint purchasing agreements and utilizing state contract vendors when possible.

It is crucial that the District examine its expenses carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial obligation placed on the District’s taxpayers by each of these functions:

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

	Total Costs of Services		Net Cost of Services	
	2019/2020	2018/2019	2019/2020	2018/2019
Instruction	\$ 8,060,703	\$ 8,746,218	\$ 5,757,505	\$ 6,024,034
Pupil and Instruction Services	2,196,277	2,256,100	1,687,253	1,672,558
Administrative and Business	1,531,335	1,623,677	1,216,569	1,252,644
Maintenance and Operations	1,407,577	1,443,424	1,244,680	1,246,531
Transportation	925,299	952,197	468,457	494,223
Other	484,629	547,797	484,629	547,797
	<u>\$ 14,605,820</u>	<u>\$ 15,569,413</u>	<u>\$ 10,859,093</u>	<u>\$ 11,237,787</u>

**Business-Type Activities**

Net position from the District’s business-type activity decreased by \$1,116 primarily due to an excess of expenses over revenues. This was due to the COVID-19 shutdown of the schools from mid-March through the end of the school year in June during which there were no daily sales revenue. (Refer to Figure A-4).

**Financial Analysis of the District’s Funds**

The District’s financial position remains strong despite difficult economic times. Expenditures remain elevated as a result of an increased number of pupils with disabilities entering the school district. In addition to greater numbers, these pupils are more profoundly disabled and require more complex educational and related services. A continued increase in enrollment of disabled students has also forced the District to expand its classroom teaching staff, special education aides, and special transportation. The District is experiencing a decline in overall enrollment and this has caused the per pupil costs to increase over the last few years.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- Changes in budgetary line accounts to more accurately reflect current requirements.

**Capital Asset and Long Term Liabilities**

At year-end, the District had \$12,743,208 in capital assets as shown in Figure A-6. There were capital additions of \$12,537, offset by depreciation expense of \$480,547. (More detailed information about the District’s capital assets is presented in Note 6 to the financial statements.)



**Figure A-6  
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	Change 2019/2020
Land	\$ 362,892	\$ 362,892			\$ 362,892	\$ 362,892	
Construction in Progress	1,031,627	1,031,627			1,031,627	1,031,627	
Site Improvements	46,703	44,766			46,703	44,766	
Buildings and Building Improvements	11,057,670	11,504,483			11,057,670	11,504,483	
Machinery and Equipment	208,314	215,477	\$ 36,002	\$ 22,748	244,316	238,225	
	<u>\$ 12,707,206</u>	<u>\$ 13,159,245</u>	<u>\$ 36,002</u>	<u>\$ 22,748</u>	<u>\$ 12,743,208</u>	<u>\$ 13,181,993</u>	-3.33%

**Long-term Liabilities**

At year-end, the District had \$7,675,000 in general obligation bonds outstanding as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

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

	Total School District		Percentage Change
	2019/2020	2018/2019	
General Obligation Bonds (Financed with Property Taxes)	\$ 7,675,000	\$ 8,314,000	
Unamortized Bond Issuance Premium	512,840	560,919	
Net Pension Liability	1,904,480	1,992,572	
Compensated Absenses	315,115	304,632	
	<u>\$ 10,407,435</u>	<u>\$ 11,172,123</u>	-6.84%

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

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

- There is concern financially due to the fact that the State has not increased the level of aid provided to the District overall during the last several years. In addition, the allowable increase in the tax levy has remained at 2%. Prices for energy, transportation, and out-of-district tuitions have historically increased more than 2% per year. The Board of Education will have to plan long term to avoid significant changes to the current educational programs as we receive less state aid in the next six years.
- The District has established and continues to contribute to the capital and maintenance reserves in order to address long term facilities planning and short-term required maintenance, respectively.
- The District executed a Strategic Plan with public input to help map out future initiatives.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers and investors 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 Mr. Rich Rennie, Board Secretary/Business Administrator, at the Board of Education Office, 183 Wheatsworth Road, Hamburg, NJ 07419.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,098,269	\$ 42,939	\$ 1,141,208
Receivables From State Government	145,557	10	145,567
Receivables From Federal Government	30,451	612	31,063
Internal Balances	(9,711)	9,711	
Interfund Receivable	49,100		49,100
Inventories		9,492	9,492
Restricted Assets:			
Cash and Cash Equivalents	4,100,659		4,100,659
Capital Assets:			
Sites (Land) and Construction in Progress	1,394,519		1,394,519
Depreciable Buildings and Building Improvements and Machinery and Equipment	11,312,687	36,002	11,348,689
Total Assets	<u>18,121,531</u>	<u>98,766</u>	<u>18,220,297</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding	145,221		145,221
Deferred Outflows - Pensions	477,514		477,514
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>622,735</u>		<u>622,735</u>
<b>LIABILITIES</b>			
Accrued Interest Payable	97,563		97,563
Accounts Payable	414,634	4,028	418,662
Interfund Payable	13,721		13,721
Payable to Federal Government	28		28
Unearned Revenue	8,750	9,427	18,177
Noncurrent Liabilities:			
Due Within One Year	548,079		548,079
Due Beyond One Year	9,859,356		9,859,356
Total Liabilities	<u>10,942,131</u>	<u>13,455</u>	<u>10,955,586</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>807,129</u>		<u>807,129</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,177,427	36,002	5,213,429
Restricted for:			
Capital Reserve	3,270,401		3,270,401
Maintenance Reserve	830,258		830,258
Excess Surplus	613,571		613,571
Capital Projects	14,920		14,920
Unrestricted/(Deficit)	(2,911,571)	49,309	(2,862,262)
<b>Total Net Position</b>	<u>\$ 6,995,006</u>	<u>\$ 85,311</u>	<u>\$ 7,080,317</u>

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 5,320,719		\$ 1,095,851		\$ (4,224,868)		\$ (4,224,868)
Special Education	2,307,894		1,128,377		(1,179,517)		(1,179,517)
Other Special Instruction	203,440		34,567		(168,873)		(168,873)
School-Sponsored /Other Instruction	228,650		44,403		(184,247)		(184,247)
Support Services:							
Tuition	216,525		66,770		(149,755)		(149,755)
Student & Instruction Related Services	1,979,752		442,254		(1,537,498)		(1,537,498)
General Administrative Services	356,719		52,619		(304,100)		(304,100)
School Administrative Services	799,666		179,826		(619,840)		(619,840)
Central Services	139,583		82,321		(57,262)		(57,262)
Administration Information Technology	235,367				(235,367)		(235,367)
Plant Operations and Maintenance	1,407,577		162,897		(1,244,680)		(1,244,680)
Pupil Transportation	925,299		456,842		(468,457)		(468,457)
Interest on Long-Term Debt	229,998				(229,998)		(229,998)
Capital Outlay	33,090				(33,090)		(33,090)
Transfer of Funds to Charter Schools	221,541				(221,541)		(221,541)
Total Governmental Activities	14,605,820		3,746,727		(10,859,093)		(10,859,093)

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Proprietary Funds	\$ 113,543	\$ 72,470	\$ 35,335		\$ (5,738)	\$ (5,738)	\$ (5,738)
Total Business-Type Activities	<u>113,543</u>	<u>72,470</u>	<u>35,335</u>		<u>(5,738)</u>	<u>(5,738)</u>	<u>(5,738)</u>
Total Primary Government	<u>\$ 14,719,363</u>	<u>\$ 72,470</u>	<u>\$ 3,782,062</u>	<u>\$ -0-</u>	<u>\$ (10,859,093)</u>	<u>(5,738)</u>	<u>(10,864,831)</u>
General Revenue and Other Item:							
Property Taxes, Levied for General Purposes, Net					10,031,800		10,031,800
Taxes Levied for Debt Service					698,989		698,989
Federal and State Aid not Restricted					1,126,930		1,126,930
Miscellaneous Income					134,928	731	135,659
Other Item -							
Capital Assets Adjustment						3,891	3,891
Total General Revenue and Other Item					<u>11,992,647</u>	<u>4,622</u>	<u>11,997,269</u>
Change in Net Position					1,133,554	(1,116)	1,132,438
Net Position - Beginning					5,861,452	86,427	5,947,879
Net Position - Ending					<u>\$ 6,995,006</u>	<u>\$ 85,311</u>	<u>\$ 7,080,317</u>

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

FUND FINANCIAL STATEMENTS

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 1,019,769		\$ 78,500	\$ 1,098,269
Receivables From State Government	145,557			145,557
Receivables From Federal Government		\$ 30,451		30,451
Interfund Receivables	64,932			64,932
Restricted Cash and Cash Equivalents:				
Maintenance Reserve Account	830,258			830,258
Capital Reserve Account	3,270,401			3,270,401
Total Assets	<u>\$ 5,330,917</u>	<u>\$ 30,451</u>	<u>\$ 78,500</u>	<u>\$ 5,439,868</u>

LIABILITIES AND FUND BALANCES:

Liabilities:				
Accounts Payable	\$ 295,693	\$ 5,841		\$ 301,534
Interfund Payable	23,432	15,832		39,264
Payable to Federal Government		28		28
Unearned Revenue		8,750		8,750
Total Liabilities	<u>319,125</u>	<u>30,451</u>		<u>349,576</u>
Fund Balances:				
Restricted:				
Capital Reserve Account	3,270,401			3,270,401
Maintenance Reserve Account	830,258			830,258
Excess Surplus - 2021-2022 School Year				
Capital Projects Fund	613,571		\$ 14,920	613,571
Committed:				
Capital Projects Fund			63,580	63,580
Assigned for:				
Subsequent Year's Expenditures	110,000			110,000



HARDYSTON TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
LIABILITIES AND FUND BALANCES (Cont'd):				
Fund Balances (Cont'd):				
Unassigned	\$ 187,562			\$ 187,562
Total Fund Balances	<u>5,011,792</u>		<u>78,500</u>	<u>5,090,292</u>
Total Liabilities and Fund Balances	<u>\$ 5,330,917</u>	<u>\$ 30,451</u>	<u>\$ 78,500</u>	<u>\$ 5,439,868</u>

Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are Different Because:

Total Fund Balances From Above

\$ 5,090,292

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.

12,707,206

Bond Premiums are reported as a revenue in the Governmental Funds in the year of receipt.

(512,840)

The Deferred amount on the refunding is not Reported as an Expenditure in the Governmental Funds in the Year of the Expenditure.

145,221

The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.

(1,904,480)

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

364,414

    Deferred Inflows

(807,129)

Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.

(7,990,115)

Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.

(97,563)

Net Position of Governmental Activities

\$ 6,995,006

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUE:</b>					
Local Sources:					
Local Tax Levy	\$ 10,031,800			\$ 698,989	\$ 10,730,789
Interest Earned on Maintenance Reserve	17,924				17,924
Interest Earned on Capital Reserve	41,822				41,822
Miscellaneous	75,182	\$ 1,500			76,682
Total - Local Sources	<u>10,166,728</u>	<u>1,500</u>		<u>698,989</u>	<u>10,867,217</u>
State Sources	3,888,728			53,342	3,942,070
Federal Sources		222,628			222,628
Total Revenue	<u>14,055,456</u>	<u>224,128</u>		<u>752,331</u>	<u>15,031,915</u>
<b>EXPENDITURES:</b>					
Current:					
Regular Instruction	3,081,298	51,643			3,132,941
Special Education Instruction	1,406,158	16,005			1,422,163
Other Special Instruction	145,794				145,794
School-Sponsored/Other Instruction	152,425				152,425
Support Services and Undistributed Costs:					
Tuition	149,755	66,770			216,525
Student & Instruction Related Services	1,299,708	89,710			1,389,418
General Administrative Services	268,966				268,966
School Administrative Services	483,652				483,652
Administration Information Technology	2,298				2,298
Central Services	237,842				237,842
Plant Operations and Maintenance	1,117,374				1,117,374
Pupil Transportation	925,299				925,299

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>EXPENDITURES:</b>					
Support Services and Undistributed Costs (Cont'd):					
Unallocated Benefits	\$ 3,526,571				\$ 3,526,571
Debt Service:					
Principal				\$ 639,000	639,000
Interest and Other Charges				270,331	270,331
Capital Outlay	60,673				60,673
Transfer of Funds to Charter Schools	221,541				221,541
<b>Total Expenditures</b>	<u>13,079,354</u>	<u>\$ 224,128</u>		<u>909,331</u>	<u>14,212,813</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	976,102			(157,000)	819,102
Other Financing Sources/(Uses):					
Transfers In/(Out)			\$ (150,390)	150,390	
<b>Total Other Financing Sources/(Uses)</b>			<u>(150,390)</u>	<u>150,390</u>	
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	976,102		(150,390)	(6,610)	819,102
<b>Fund Balance - July 1</b>	<u>4,035,690</u>		<u>228,890</u>	<u>6,610</u>	<u>4,271,190</u>
<b>Fund Balance - June 30</b>	<u>\$ 5,011,792</u>	<u>\$ - 0 -</u>	<u>\$ 78,500</u>	<u>\$ - 0 -</u>	<u>\$ 5,090,292</u>

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

HARDYSTON 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, 2020

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 819,102

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

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

	Depreciation Expense	\$ (479,622)
	Capital Assets Addition	2,249
	Adjustment to Capital Assets	<u>25,334</u>
		(452,039)

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

Repayment of bond principal 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. (+)

The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (+)

The governmental funds report the effect of the deferred amount on the refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-)

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:

Changes in Net Pension Liability	88,092
Changes in Deferred Outflows	(92,309)
Changes in Deferred Inflows	101,858

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).

Net Change in Net Position - Governmental Activities (Exhibit A-2); \$ 1,133,554

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2020

ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 42,939
Accounts Receivable:	
State	10
Federal	612
Interfund Receivable - General Fund	9,711
Inventories	9,492
	<hr/>

## Total Current Assets

62,764

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## Non-Current Assets:

Capital Assets	240,641
Less: Accumulated Depreciation	(204,639)
	<hr/>

## Total Non-Current Assets

36,002

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## Total Assets

98,766

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LIABILITIES:

## Current Liabilities:

Accounts Payable	4,028
Unearned Revenue - Donated Commodities	4,769
Unearned Revenue - Prepaid Sales	4,658
	<hr/>

## Total Current Liabilities

13,455

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NET POSITION:

Investment in Capital Assets	36,002
Unrestricted	49,309
	<hr/>
Total Net Position	\$ 85,311
	<hr/> <hr/>

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 68,458
Daily Sales - Non Reimbursable Programs	4,012
	<hr/>
Total Operating Revenue	72,470
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	44,602
Cost of Sales - Non Reimbursable Programs	12,455
Salaries, Benefits, and Payroll Taxes	42,729
Management Fee	8,202
Supplies, Insurance & Other Costs	4,630
Depreciation Expense	925
	<hr/>
Total Operating Expenses	113,543
	<hr/>
Operating Loss	(41,073)
	<hr/>
Non-Operating Revenue:	
State Sources:	
COVID 19 - Seamless Summer Option	38
State School Lunch Program	1,034
Federal Sources:	
COVID 19 - Seamless Summer Option	3,087
National School Lunch Program	19,272
Food Distribution Program	11,904
Local Sources:	
Interest Income	731
	<hr/>
Total Non-Operating Revenue	36,066
	<hr/>
Change in Net Position Before Other Item	(5,007)
Other Item	
Capital Assets Adjustment	3,891
	<hr/>
Total Capital Contribution and Other Item	3,891
	<hr/>
Change in Net Position After Other Item	(1,116)
Net Position - Beginning of Year	86,427
	<hr/>
Net Position - End of Year	\$ 85,311
	<hr/> <hr/>

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 72,470
Payments for Employees	(42,729)
Payments to Suppliers	(1,239)
Payments to Food Service Vendor	<u>(57,644)</u>
Net Cash Used for Operating Activities	<u>(29,142)</u>
Cash Flows from Noncapital Financing Activities:	
Federal and State Reimbursements Collected in Food Service Fund	<u>22,862</u>
Net Cash Provided by Noncapital Financing Activities	<u>22,862</u>
Cash Used for Capital Purposes:	
Purchase of Capital Assets	<u>(10,288)</u>
Net Cash Used for Capital Purposes	<u>(10,288)</u>
Cash Flows from Investing Activities:	
Investment Income	<u>731</u>
Net Cash Flows Provided by Investing Activities	<u>731</u>
Net Decrease in Cash and Cash Equivalents	(15,837)
Cash and Cash Equivalents, July 1	<u>58,776</u>
Cash and Cash Equivalents, June 30	<u>\$ 42,939</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (41,073)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Federal Food Distribution Program	11,904
Depreciation	925
Changes in Assets and Liabilities:	
Increase in Unearned Revenue - Donated Commodities	1,231
(Increase) in Inventories	(2,754)
(Decrease) in Accounts Payable	(3,562)
Increase in Unearned Revenue - Prepaid Sales	<u>4,187</u>
Net Cash Used for Operating Activities	<u>\$ (29,142)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. donated commodities through the Food Distribution Program valued at \$13,135 and utilized commodities valued at \$11,904.

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarship Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 90,393	\$ 173,050	\$ 2,469	\$ 3,119
Investments				2,321
Interfund Receivable:				
General Fund	3,721	10,000		
Unemployment Compensation Trust Fund	115			
Total Assets	<u>94,229</u>	<u>183,050</u>	<u>2,469</u>	<u>5,440</u>
<u>LIABILITIES:</u>				
Liabilities:				
Payroll Deductions and Withholdings	164			
Due to Student Groups	47,965			
Interfund Payable:				
General Fund	46,100		3,000	
Payroll Agency Fund		115		
Total Liabilities	<u>94,229</u>	<u>115</u>	<u>3,000</u>	
<u>NET POSITION:</u>				
Held in Trust for Unemployment Claims		182,935		
Restricted for Scholarships				5,440
Held in Trust for Flexible Spending Claims/(Deficit)			(531)	
Total Net Position	<u>\$ -0-</u>	<u>\$ 182,935</u>	<u>\$ (531)</u>	<u>\$ 5,440</u>

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



HARDYSTON TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
Additions:			
Contributions:			
Plan Members	\$ 12,179		\$ 7,007
Total Contributions	<u>12,179</u>		<u>7,007</u>
Investment Earnings:			
Interest	2,199	\$ 46	60
Net Investment Earnings	<u>2,199</u>	<u>46</u>	<u>60</u>
Total Additions	<u>14,378</u>	<u>46</u>	<u>7,067</u>
Deductions:			
State of New Jersey Unemployment Claims	3,342		
Flexible Spending Claims			9,657
Total Deductions	<u>3,342</u>		<u>9,657</u>
Change in Net Position	11,036	46	(2,590)
Net Position—Beginning of the Year	<u>171,899</u>	<u>5,394</u>	<u>2,059</u>
Net Position/(Deficit)—End of the Year	<u>\$ 182,935</u>	<u>\$ 5,440</u>	<u>\$ (531)</u>

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Hardyston 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 District in its entirety, except those that are fiduciary. 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 nonexchange 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. 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.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all governmental 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 noninstructional equipment which are classified in the capital outlay subfund.

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. These resources can be transferred from and to current expenses by board resolution.

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 (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, 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.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

B. Basis of Presentation: (Cont'd)

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, Payroll Agency Fund, the Unemployment Compensation Insurance Trust Fund, the Private Purpose Scholarship Trust Fund and the Flexible Spending Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund 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 acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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.

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, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2020 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. 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.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

D. Budgets/Budgetary Control: (Cont'd)

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related 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. Grants are recognized in the full year the grants are awarded on the budgetary basis; but, are not recognized on the GAAP basis until they are expended and submitted for reimbursement.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 14,042,364	\$ 224,128
Differences - Budget to GAAP:		
Prior Year State Aid Payments, not Recognized for Budgetary Purposes, Recognized for GAAP Statements	204,415	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(191,323)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 14,055,456	\$ 224,128
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 13,079,354	\$ 224,128
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 13,079,354	\$ 224,128
		Capital Projects Fund
Fund Balance per Governmental Funds (Budgetary Basis)		\$ 282,687
Reconciliation to Governmental Fund Statements (GAAP):		
SDA Grant Revenue/Receivable not Recognized on GAAP Basis		(204,187)
Fund Balance per Governmental Funds (GAAP)		\$ 78,500

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

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. 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. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government 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 sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

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, and/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.

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 enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

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 funds upon acquisition. Capital assets are not capitalized and the related depreciation is not reported in the fund financial statements.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

L. Long Term Liabilities:

In the government-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 premium 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 an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. 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, 2020.

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

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$5,011,792 General Fund fund balance at June 30, 2020, \$3,270,401 is restricted in the capital reserve account; \$830,258 is restricted in the maintenance reserve account; \$613,571 is restricted as excess surplus and will be included as anticipated revenue for the fiscal year ending June 30, 2022, \$110,000 of assigned fund balance has been appropriated and included as revenue for the fiscal year ended June 30, 2021, and \$187,562 is unassigned which is \$191,323 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2021.

Capital Projects Fund: The Capital Projects Fund balance at June 30, 2020 is \$78,500 of which \$14,920 is restricted and \$63,580 is committed for SDA approved projects, which is \$204,187 less on the GAAP basis due to the SDA Grant receivable, which is not recognized until grant funds are expended and submitted for reimbursement.



HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for 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, 2020 as detailed on the prior page.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$191,323 as reported in the fund statements (modified accrual basis). 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 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 two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two 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 two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$2,911,571 in governmental activities, which is primarily due to compensated absences payable, unamortized bond issuance premiums, and net pension liability and the related deferred inflows and outflows of resources. Also, the District has a deficit in the flexible spending net position. These deficits do not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

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

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, 2020 for the deferred amount on refunding of debt related to the District's 2016 refunding bonds and for pensions. The District had deferred inflows of resources at June 30, 2020 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, 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.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

S. 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 capital and maintenance reserves, excess surplus and the Capital Projects Fund.

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 at June 30, 2020.

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 funds designated for subsequent year's expenditures at June 30, 2020 in the General Fund.

T. Revenue - Exchange and Nonexchange Transactions:

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

U. 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.

V. 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.

W. 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 on the following page.

Custodial Credit Risk - The District does not have a policy with respect to custodial credit risk. However, the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

Deposits:

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

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

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, 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 of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

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. 1977, c.281 (C.52:18A-90.4); 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.). ;

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

Investments (Cont'd):

- (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); 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, 2020, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents		Investments	Total
		Capital Reserve Account	Maintenance Reserve Account		
Checking and Savings Accounts	\$ 1,407,120	\$ 3,270,401	\$ 830,258		\$5,507,779
New Jersey Cash Management Fund	3,119				3,119
Certificates of Deposit				\$ 2,321	2,321
	<u>\$ 1,410,239</u>	<u>\$ 3,270,401</u>	<u>\$ 830,258</u>	<u>\$ 2,321</u>	<u>\$5,513,219</u>

During the period ended June 30, 2020, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2020, was \$5,513,219 and the bank balance was \$5,579,291. The \$3,119 with the New Jersey Cash Management Fund is uninsured and unregistered.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Hardyston Township School District by inclusion of \$1 on July 1, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the 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 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.

Beginning Balance, July 1, 2019	\$ 2,778,579
Increased by Deposit - Board Resolution - June 2020	450,000
Interest Earnings	<u>41,822</u>
Ending Balance, June 30, 2020	<u><u>\$ 3,270,401</u></u>

The June 30, 2020 balance in the capital reserve account does not exceed the balance in the LRFP balance of local support costs of uncompleted capital projects at June 30, 2020.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$146,500 was established by the Hardyston Township School District by Board resolution on June 23, 2009. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. 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 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.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

The activity of the maintenance reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$ 776,524
Increased by Deposit - Board Resolution - June 2020	90,810
Interest Earnings	17,924
Less: Budgeted Withdrawal	<u>(55,000)</u>
Ending Balance, June 30, 2020	<u><u>\$ 830,258</u></u>

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2020 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 362,892			\$ 362,892
Construction in Progress	<u>1,031,627</u>			<u>1,031,627</u>
Total Capital Assets not Being Depreciated	<u>1,394,519</u>			<u>1,394,519</u>
Capital Assets Being Depreciated:				
Site Improvements	608,686			608,686
Buildings and Building Improvements	19,972,876	\$ 2,249		19,975,125
Machinery and Equipment	<u>2,094,861</u>			<u>2,094,861</u>
Total Capital Assets Being Depreciated	<u>22,676,423</u>	<u>2,249</u>		<u>22,678,672</u>
Governmental Activities Capital Assets	<u>24,070,942</u>	<u>2,249</u>		<u>24,073,191</u>
Less Accumulated Depreciation for:				
Site Improvements	(563,920)	(7,520)	\$ 9,457	(561,983)
Buildings and Building Improvements	(8,468,393)	(455,433)	6,371	(8,917,455)
Machinery and Equipment	<u>(1,879,384)</u>	<u>(16,669)</u>	<u>9,506</u>	<u>(1,886,547)</u>
Total Accumulated Depreciation	<u>(10,911,697)</u>	<u>(479,622)</u>	<u>25,334</u>	<u>(11,365,985)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 13,159,245</u></u>	<u><u>\$ (477,373)</u></u>	<u><u>\$ 25,334</u></u>	<u><u>\$ 12,707,206</u></u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 230,353	\$ 10,288		\$ 240,641
Less Accumulated Depreciation	<u>(207,605)</u>	<u>(925)</u>	<u>3,891</u>	<u>(204,639)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 22,748</u></u>	<u><u>\$ 9,363</u></u>	<u><u>\$ 3,891</u></u>	<u><u>\$ 36,002</u></u>

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 461,253
School Administrative Services	13,573
Plant Operations and Maintenance	4,796
	\$ 479,622
	\$ 479,622

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2020, the District transferred \$-0- to the capital outlay accounts.

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance June 30, 2019	Accrued	Retired	Balance June 30, 2020
Serial Bonds Payable	\$ 8,314,000		\$ 639,000	\$ 7,675,000
Unamortized Bond Issuance Premium	560,919		48,079	512,840
Net Pension Liability	1,992,572		88,092	1,904,480
Compensated Absences Payable	304,632	\$ 30,771	20,288	315,115
	\$ 11,172,123	\$ 30,771	\$ 795,459	\$ 10,407,435

A. Unamortized Bond Issuance Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$48,079 and is separated from the long-term portion of \$464,761.

B. 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.

On April 7, 2016, the District issued refunding school bonds of \$9,260,000 with interest rates ranging from 2.00% to 4.00% to refund \$9,665,000 of 2006 refunding school bonds with interest rates ranging from 4.000% to 5.000%. The bonds mature on August 1, 2016 through 2031 and August 1, 2026 is the first optional redemption date. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the 2006 refunding school bonds were called on August 1, 2016. The refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the School's government-wide financial statements.

As a result of the refunding, the District will realize a total of \$1,507,912 in cash savings over the life of the bond issue. On a net present value basis, the savings equate to \$1,264,732, or 13.08% of the bonds refunded.



HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

B. Bonds Payable (Cont'd):

On June 23, 2009, the District issued serial bonds in the amount of \$1,324,000 to finance the referendum project to repair the middle school roof. The bonds were issued with interest rates ranging from 2.00% to 3.75%. The bonds matured on August 1, 2010 through 2019.

The District had bonds outstanding as of June 30, 2020 as follows:

Purpose	Interest Rates	Final Date of Maturity	Balance June 30, 2020
Refunding Bonds of 2016	3.000% - 4.000%	08/01/31	\$ 7,675,000
			<u>\$ 7,675,000</u>

Principal and interest due on serial bonds outstanding are as follows:

Fiscal Year	Bonds		Total
	Principal	Interest	
2021	\$ 500,000	\$ 252,669	\$ 752,669
2022	525,000	237,294	762,294
2023	545,000	218,519	763,519
2024	570,000	196,219	766,219
2025	595,000	172,919	767,919
2026-2030	3,400,000	527,828	3,927,828
2031-2032	1,540,000	50,538	1,590,538
	<u>\$ 7,675,000</u>	<u>\$ 1,655,985</u>	<u>\$ 9,330,985</u>

The Debt Service Fund will be used to liquidate serial bonds payable.

C. Bonds Authorized But Not Issued:

As of June 30, 2020, the Board has \$408,500 of bonds authorized but not issued.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$-0- and is separated from the long-term portion of compensated absences of \$315,115. The General Fund will be used to liquidate the governmental funds Compensated Absences Payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020, no liability existed for compensated absences in the Food Service Fund.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 8. LONG-TERM LIABILITIES (Cont'd)

E. 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, 2020 is \$-0- and the long-term portion is \$1,904,480. See Note 9 for further information on the PERS.

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; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

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 Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

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:

Tier	Definition
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 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and 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 member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. 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 \$105,456 for 2020.

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

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

At June 30, 2020, the District's liability was \$1,904,480 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.0105%, which was an increase of 0.0004% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized actual pension expense in the amount of \$4,349. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(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)

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 5,033	
	2015	5.72	31,121	
	2016	5.57	154,015	
	2017	5.48		\$ 273,395
	2018	5.63		220,928
	2019	5.21		166,716
			<u>190,169</u>	<u>661,039</u>
Changes in Proportion	2014	6.44		33,022
	2015	5.72		30,608
	2016	5.57	46,229	
	2017	5.48		43,984
	2018	5.63	11,534	
	2019	5.21	82,299	
			<u>140,062</u>	<u>107,614</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		(35,151)
	2017	5.00		42,184
	2018	5.00		29,342
	2019	5.00		(6,312)
				<u>30,063</u>
Difference Between Expected and Actual Experience	2015	5.72	8,634	
	2016	5.57	4,674	
	2017	5.48	8,131	
	2018	5.63		8,413
	2019	5.21	12,744	
			<u>34,183</u>	<u>8,413</u>
District Contribution Subsequent to the Measurement Date	2019	1.00	113,100	
			<u>\$ 477,514</u>	<u>\$ 807,129</u>

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(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)

Fiscal Year Ending June 30,	Total
2020	\$ (54,993)
2021	(178,395)
2022	(159,297)
2023	(74,798)
2024	(7,680)
	\$ (475,163)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

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

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-2019.

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

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, 2019) 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.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd):

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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the 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, 2019 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:

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate  
(Cont'd)

	June 30, 2019		
	1%	Current	1%
	Decrease (5.28%)	Discount Rate (6.28%)	Increase (7.28%)
District's proportionate share of the Net Pension Liability	\$ 2,405,668	\$ 1,904,480	\$ 1,482,158

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 Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

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:

Tier	Definition
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 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and 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.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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 2020, the State's pension contribution was less 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, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2020, the State of New Jersey contributed \$1,023,667 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,613,839.

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

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$27,361,247. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.044%, which was a decrease of 0.003% from its proportion measured as of June 30, 2018.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>27,361,247</u>
Total	<u><u>\$ 27,361,247</u></u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$1,613,839 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

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



HARDYSTON TOWNSHIP SCHOOL DISTRICT  
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(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	2014	8.5	\$ 768,874,621	
	2015	8.3	2,351,172,865	
	2016	8.3	5,609,216,856	
	2017	8.3		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
				<u>8,729,264,342</u>
Difference Between Expected and Actual Experience	2014	8.5		7,323,009
	2015	8.3	145,211,243	
	2016	8.3		69,755,412
	2017	8.3	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
				<u>1,203,503,264</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5		(431,855,192)
	2017	5		452,016,524
	2018	5		288,091,115
	2019	5		(144,882,771)
				<u>163,369,676</u>
			<u>\$ 9,932,767,606</u>	<u>\$ 17,539,845,423</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:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	<u>(2,402,153,865)</u>
	<u>\$ (7,607,077,817)</u>

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 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-2019.

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

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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
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(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% 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 projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's 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, 2019 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:

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(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

	June 30, 2019		
	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 32,264,966	\$ 27,361,247	\$ 23,292,708

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$19,710 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$24,765 for the fiscal year ended June 30, 2020.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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. Health benefits are provided to the employees through the Schools Health Insurance Fund (the “HIF”).

Property and Liability

The District maintains commercial insurance coverage for surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The Board is a member of the School Alliance Insurance Fund (“SAIF”). The SAIF provides its members with Workers’ Compensation, Comprehensive General Liability and Automobile Liability, Property, Boiler and Machinery, and School Board Legal Liability Insurance. The SAIF is a risk-sharing pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the SAIF are elected.

As a member of SAIF, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of SAIF were to be exhausted, members would become responsible for their respective shares of the SAIF’s liabilities.

SAIF can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The June 30, 2020 audit report is not available as of the date of this report. Selected summarized financial information for SAIF as of June 30, 2019 is as follows:

	School Alliance Insurance Fund
Total Assets	\$ 48,410,942
Net Position	\$ 18,917,987
Total Revenue	\$ 41,974,410
Total Expenses	\$ 35,489,360
Change in Net Position	\$ 6,485,050
Members Dividends	\$ -0-

Financial Statements for SAIF are available at SAIF’s Executive Director’s Office:

Public Entity Group Administrative Services  
51 Everett Drive  
Suite B-40  
West Windsor, NJ 08550

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Health Benefits

The Board is a member of the Schools Health Insurance Fund (“HIF”). The HIF provides its members with Health Benefit coverage. The HIF is a risk-sharing pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the HIF are elected.

As a member of HIF, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of HIF were to be exhausted, members would become responsible for their respective shares of the HIF’s liabilities.

HIF can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The June 30, 2020 audit report is not available as of the date of this report. Selected summarized financial information for HIF as of June 30, 2019 is as follows:

	School Health Insurance Fund
Total Assets	\$ 117,161,935
Net Position	\$ 88,437,915
Total Revenue	\$ 243,500,836
Total Expenses	\$ 217,892,628
Change in Net Position	\$ 25,608,208
Members Dividends	\$ 6,222,844

Financial Statements for HIF are available at PERMA’s Executive Director’s Office:

PERMA Risk Management Services  
9 Campus Drive  
Suite 216  
Parsippany, NJ 07054

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

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 summary on the following page details the District’s contributions, employee contributions and interest earnings, reimbursements to the State for benefits paid and the ending balance of the District’s Unemployment Trust Fiduciary Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	\$ -0-	\$ 14,378	\$ 3,342	\$ 182,935
2019	-0-	12,302	31,670	171,899
2018	40,000	12,316	31,322	191,267

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 64,932	\$ 23,432
Special Revenue Fund		15,832
Proprietary Funds - Food Service Fund	9,711	
Fiduciary Funds - Student Activities	3,721	
Fiduciary Funds - Agency	115	46,100
Fiduciary Funds - Flexible Spending Trust		3,000
Fiduciary Funds - Unemployment Compensation Trust	10,000	115
	<u>\$ 88,479</u>	<u>\$ 88,479</u>

The interfund receivable of \$64,932 in the General Fund is comprised of \$46,100 due from the Fiduciary – Payroll Agency Fund for interest earned, employee health benefit deductions and old unallocated balances, \$3,000 from the Flexible Spending Trust for money that was advanced during the prior year, and \$15,832 due from Special Revenue Fund due to a negative cash balance due to lag in timing of collection of federal grant reimbursements. The interfund payable of \$23,432 in the General Fund is comprised of \$10,000 due to the Unemployment Compensation Trust Fund for a prior year’s District contribution to the Unemployment Compensation Trust Fund, \$3,721 due from General Fund to the Student Activity Agency Fund related to a prior year, and \$9,711 due to the Food Service Fund for child nutrition reimbursements collected in the General Fund and not turned over to the Food Service Fund by the end of the year. The \$115 interfund receivable in the Payroll Agency Fund due from the Unemployment Compensation Trust Fund is a prior year interfund.

There was a \$150,390 transfer from the Capital Projects Fund to the Debt Service Fund for a portion of the balance of one of the completed capital projects in the current year.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 12. 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.

NOTE 13. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. 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.

Vanguard - 403(b)	Fidelity - 403(b)
Variable Annuity Life Insurance Company (V.A.L.I.C.) - 403(b)	Ameriprise - 403(b)
AXA Equitable Life Insurance Company - 403(b)	
Lincoln National Life Insurance Company - 403(b) and 457 Plans	
Metropolitan Life Insurance Company - 403(b)	
The Prudential - 403(b)	
SBP Commercial National Bank (Syracusa) - 403(b)	

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, agreed-upon schedule.

NOTE 15. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2020:

	Governmental Funds			District Contri- bution Subsequent to the Measure- ment Date	Total Governmental Activities	Business-Type Activities Proprietary Funds
	General Fund	Special Revenue Fund	Total Governmental Funds			
Vendors	\$ 295,693		\$ 295,693		\$ 295,693	\$ 4,028
State of New Jersey		\$ 5,841	5,841	\$ 113,100	118,941	
	\$ 295,693	\$ 5,841	\$ 301,534	\$ 113,100	\$ 414,634	\$ 4,028



HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 16. 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.

Litigation

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

Encumbrances

At June 30, 2020, there were no encumbrances.

Arbitrage - Outstanding Bonds

The District has a refunding bond issue outstanding. The District should explore the need for an arbitrage calculation. This calculation will determine whether or not the District is subject to arbitrage payable to the federal government. If a liability does exist, it would be required to be raised by the District in the budget year the liability is payable.

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

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 Education 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 GASB Codification Section P50. 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.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
(Cont'd)

Plan Description and Benefits Provided (Cont'd)

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, if any, 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 Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	216,892
Total	364,943

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
(Cont'd)

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.

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases: Through 2026	1.55 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 3.05% based on service years	3.00 - 7.00% based on service years

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

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-2019. 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-2019. 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-2019.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
(Cont'd)

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. 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 Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 23,541,882
Changes for Year:	
Service Cost	733,430
Interest on the Total OPEB Liability	926,855
Changes of Assumptions	(2,804,291)
Differences between Expected and Actual Experience	329,059
Gross Benefit Payments by the State	(677,469)
Contributions from Members	20,082
Net Changes	(1,472,334)
Balance at June 30, 2019	\$ 22,069,548

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, 2019, 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, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 26,072,857	\$ 22,069,548	\$ 18,889,538

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
(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, 2019, 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, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 18,184,324	\$ 22,069,548	\$ 27,212,787

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

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$503,856 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, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources.

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 2,569,341
	2018	9.51		2,209,981
	2019	9.29	\$ 293,637	
			293,637	4,779,322
Differences between Expected and Actual Experience	2018	9.51		2,089,120
	2019	9.29		3,456,136
				5,545,256
Changes in Proportion	N/A	N/A	1,274,975	44,061
			\$ 1,568,612	\$ 10,368,639

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
(Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2020	\$ (1,346,799)
2021	(1,346,800)
2022	(1,346,799)
2023	(1,346,799)
2024	(1,346,799)
Thereafter	(3,296,945)
	\$ (10,030,941)

NOTE 18. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. Also, there have been additional operating expenses in the General Fund not planned for or expected at the time of the adoption of the District's 2020-21 budget related to COVID-19.

Additionally, the District's cash flow in the Governmental Funds may be affected by the timing of the collection of the District's tax levy as well as certain State aid payments.

The Food Service Fund's net position will be affected by the lack of daily sales during the fiscal year ended June 30, 2021.

SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.0109240145%	0.0096608035%	0.0104864360%	0.0100406609%	0.0101199694%	0.0105695924%
District's proportionate share of the net pension liability	\$ 2,045,274	\$ 2,168,657	\$ 3,105,782	\$ 2,337,305	\$ 1,992,572	\$ 1,904,480
District's covered employee payroll	\$ 615,153	\$ 627,707	\$ 648,516	\$ 735,206	\$ 663,968	\$ 726,386
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	332.48%	345.49%	478.91%	317.91%	300.10%	262.19%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.



HARDYSTON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 90,056	\$ 83,057	\$ 94,081	\$ 95,005	\$ 101,267	\$ 105,456
Contributions in relation to the contractually required contribution	(90,056)	(83,057)	(94,081)	(95,005)	(101,267)	(105,456)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 627,707	\$ 648,516	\$ 735,206	\$ 663,968	\$ 726,386	\$ 707,916
Contributions as a percentage of covered employee payroll	14.35%	12.81%	12.80%	14.31%	13.94%	14.90%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HARDYSTON 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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.0462145106%	0.0464034436%	0.0466266388%	0.0462015580%	0.0473250798%	0.0445833894%
State's proportionate share of the net pension liability attributable to the District	\$ 24,700,152	\$ 29,328,958	\$ 36,679,483	\$ 31,150,756	\$ 30,107,199	\$ 27,361,247
District's covered employee payroll	\$ 4,664,917	\$ 4,760,119	\$ 4,660,108	\$ 4,918,332	\$ 4,822,231	\$ 4,840,438
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	529.49%	616.14%	787.10%	633.36%	624.34%	565.26%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.23%	25.41%	26.49%	26.95%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND  
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 1,329,100	\$ 1,790,797	\$ 2,755,953	\$ 2,157,967	\$ 1,755,144	\$ 1,613,839
Contributions in relation to the contractually required contribution	(250,874)	(373,311)	(501,506)	(696,931)	(876,847)	(1,023,667)
Contribution deficiency/(excess)	<u>\$ 1,078,226</u>	<u>\$ 1,417,486</u>	<u>\$ 2,254,447</u>	<u>\$ 1,461,036</u>	<u>\$ 878,297</u>	<u>\$ 590,172</u>
District's covered employee payroll	\$ 4,760,119	\$ 4,660,108	\$ 4,918,332	\$ 4,822,231	\$ 4,840,438	\$ 4,845,586
Contributions as a percentage of covered employee payroll	27.92%	8.01%	10.20%	14.45%	18.12%	21.13%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HARDYSTON 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 THREE FISCAL YEARS

	Fiscal Year Ending June 30,	
	2017	2018
Service Cost	\$ 1,028,903	\$ 852,196
Interest	854,650	988,842
Changes in Assumptions	(3,467,986)	(2,701,549)
Differences between Expected and Actual Experience	23,088	(2,060,164)
Member Contributions	(627,006)	21,757
Gross Benefit Payments		(629,502)
Net Change in Total OPEB Liability	(2,188,351)	(3,528,420)
Total OPEB Liability - Beginning	29,258,653	27,070,302
Total OPEB Liability - Ending	<u>\$ 27,070,302</u>	<u>\$ 23,541,882</u>
District's Covered Employee Payroll *	\$ 5,308,624	\$ 5,653,538
Total OPEB Liability as a Percentage of Covered Employee Payroll	510%	416%
		402%

\* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and 2019 are based on the payroll on the June 30, 2016, 2017 and 2018 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, 2018.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the plan actuary's modified MP-2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 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-2019.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

B. TEACHERS' PENSION AND ANNUITY FUND (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: 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-2019.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

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, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2019 were based on the following:

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-2019. 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-2019. 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-2019.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES



HARDYSTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 10,031,800		\$ 10,031,800	\$ 10,031,800	
Interest Earned on Maintenance Reserve				17,924	\$ 17,924
Interest Earned on Capital Reserve	1,101		1,101	41,822	40,721
Unrestricted Miscellaneous	16,500		16,500	75,182	58,682
<b>Total - Local Sources</b>	<b>10,049,401</b>		<b>10,049,401</b>	<b>10,166,728</b>	<b>117,327</b>
State Sources:					
School Choice Aid	103,046		103,046	103,046	
Transportation Aid	452,207		452,207	452,207	
Special Education Aid	461,016		461,016	461,016	
Security Aid	61,773		61,773	61,773	
Adjustment Aid	895,852		895,852	895,852	
Extraordinary Aid				124,337	124,337
Nonpublic Transportation Aid				4,548	4,548
TPAF Pension Contribution (On-Behalf - Non-Budgeted)				1,023,667	1,023,667
TPAF Pension NCGI Premium (On-Behalf - Non-Budgeted)				18,348	18,348
TPAF Pension LTDI Premium (On-Behalf - Non-Budgeted)				731	731
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				386,568	386,568
TPAF Social Security (Reimbursed - Non-Budgeted)				343,543	343,543
<b>Total State Sources</b>	<b>1,973,894</b>		<b>1,973,894</b>	<b>3,875,636</b>	<b>1,901,742</b>
<b>TOTAL REVENUES</b>	<b>12,023,295</b>		<b>12,023,295</b>	<b>14,042,364</b>	<b>2,019,069</b>

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 264,463		\$ 264,463	\$ 242,184	\$ 22,279
Grades 1-5 - Salaries of Teachers	1,575,533	\$ 38,299	1,613,832	1,613,832	
Grades 6-8 - Salaries of Teachers	953,336	(5,817)	947,519	913,139	34,380
Regular Programs - Home Instruction:					
Other Salaries for Instruction	8,103		8,103	6,986	1,117
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	104,148	(7,766)	96,382	83,361	13,021
General Supplies	133,515	10,456	143,971	114,258	29,713
Textbooks	120,631	(7,765)	112,866	107,538	5,328
Total Regular Programs - Instruction	3,159,729	27,407	3,187,136	3,081,298	105,838
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	210,209		210,209	206,543	3,666
Other Salaries for Instruction	62,499		62,499	57,963	4,536
General Supplies	2,473		2,473	2,237	236
Total Learning and/or Language Disabilities	275,181		275,181	266,743	8,438
Multiple Disabilities:					
Salaries of Teachers	152,743		152,743	146,984	5,759
Other Salaries for Instruction	134,135	2,758	136,893	130,830	6,063
General Supplies	817		817	680	137
Total Multiple Disabilities	287,695	2,758	290,453	278,494	11,959

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 588,017	\$ 10,748	\$ 598,765	\$ 548,871	\$ 49,894
Other Salaries for Instruction	107,187		107,187	106,485	702
General Supplies	1,743		1,743	1,483	260
Total Resource Room/Resource Center	696,947	10,748	707,695	656,839	50,856
Preschool Disabilities - Part Time:					
Salaries of Teachers	71,772		71,772	70,408	1,364
Other Salaries for Instruction	33,628	6,523	40,151	40,151	
General Supplies	649		649	533	116
Total Preschool Disabilities - Part Time	106,049	6,523	112,572	111,092	1,480
Preschool Disabilities - Full Time:					
Salaries of Teachers	64,112		64,112	63,878	234
Other Salaries for Instruction	29,802		29,802	28,790	1,012
General Supplies	356		356	322	34
Total Preschool Disabilities - Full Time	94,270		94,270	92,990	1,280
Total Special Education Instruction	1,460,142	20,029	1,480,171	1,406,158	74,013
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	93,778		93,778	91,901	1,877
Purchased Professional - Educational Services	53,369	500	53,869	52,986	883
General Supplies	829	78	907	907	
Total Basic Skills/Remedial - Instruction	147,976	578	148,554	145,794	2,760
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	26,671		26,671	11,734	14,937
Purchased Services (300-500 series)	1,500		1,500	375	1,125
Supplies and Materials	6,850	8,684	15,534	14,853	681
Total School-Sponsored Cocurricular Activities - Instruction	35,021	8,684	43,705	26,962	16,743

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 37,764	\$	\$ 37,764	\$ 36,181	\$ 1,583
Supplies and Materials	6,231	4,223	10,454	10,454	
Total School-Sponsored Cocurricular Athletics - Instruction	43,995	4,223	48,218	46,635	1,583
Other Instructional Programs - Instruction:					
Salaries	60,526	10,463	70,989	70,134	855
Supplies and Materials	10,000	(1,306)	8,694	8,694	
Total Other Instructional Programs - Instruction	70,526	9,157	79,683	78,828	855
Total Instruction	4,917,389	70,078	4,987,467	4,785,675	201,792
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	179,571	(23,873)	155,698	66,206	89,492
Tuition to Private Schools for the Disabled - Within the State	149,171	1,483	150,654	83,549	67,105
Total Undistributed Expenditures - Instruction	328,742	(22,390)	306,352	149,755	156,597
Health Services:					
Salaries	145,184	39,973	185,157	181,907	3,250
Purchased Professional and Technical Services	40,050	(34,667)	5,383	5,050	333
Supplies and Materials	13,745	972	14,717	12,422	2,295
Total Health Services	198,979	6,278	205,257	199,379	5,878
Speech, OT, PT and Related Services:					
Salaries	146,103	1,217	147,320	147,320	
Purchased Professional - Educational Services	280,210	(6,040)	274,170	262,251	11,919
Supplies and Materials	2,074		2,074	1,924	150
Total Speech, OT, PT and Related Services	428,387	(4,823)	423,564	411,495	12,069

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Guidance:					
Salaries of Other Professional Staff	\$ 132,045	\$ 4,822	\$ 136,867	\$ 136,867	
Total Guidance	132,045	4,822	136,867	136,867	
Child Study Team:					
Salaries of Other Professional Staff	294,307		294,307	291,450	\$ 2,857
Salaries of Secretarial and Clerical Assistants	32,567		32,567	32,108	459
Purchased Professional and Educational Services	28,629	(1,067)	27,562	6,375	21,187
Supplies and Materials	8,270		8,270	4,538	3,732
Total Child Study Team	363,773	(1,067)	362,706	334,471	28,235
Educational Media Services/School Library:					
Salaries	66,119		66,119	65,834	285
Salaries of Technology Coordinators	81,792		81,792	81,792	
Supplies and Materials	35,313	1,067	36,380	36,174	206
Total Educational Media Services/School Library	183,224	1,067	184,291	183,800	491
Instructional Staff Training Services:					
Purchased Professional and Technical Services	33,475	5,080	38,555	25,078	13,477
Other Purchased Services (400-500 series)	11,000	44	11,044	8,618	2,426
Total Instructional Staff Training Services	44,475	5,124	49,599	33,696	15,903

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Support Services - General Administration:					
Salaries	\$ 145,421	\$ 30,084	\$ 175,505	\$ 139,894	\$ 35,611
Legal Services	31,212	388	31,600	31,600	
Audit Fees	25,500	(388)	25,112	24,500	612
Architectural/Engineering Services	5,400		5,400	46,558	5,400
Communications/Telephone	55,191		55,191	2,698	8,633
BOE Other Purchased Services	3,000		3,000	1,290	302
Misc. Purchased Services (400-500 series)	6,775		6,775	10,768	5,485
General Supplies	12,450		12,450	98	1,682
BOE In-house Training/Meeting Supplies	2,600		2,600	5,797	2,502
Miscellaneous Expenditures	5,550	247	5,797		
BOE Membership Dues and Fees	7,750	(247)	7,503	5,763	1,740
Total Support Services - General Administration	300,849	30,084	330,933	268,966	61,967
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	328,475	10,413	338,888	338,888	
Salaries of Secretarial and Clerical Assistants	141,488	9,009	150,497	138,335	12,162
Other Salaries	7,650		7,650	863	6,787
Supplies and Materials	984	14,548	15,532	3,512	12,020
Other Objects	2,243	45	2,288	2,054	234
Total Support Services - School Administration	480,840	34,015	514,855	483,652	31,203
Administration Information Technology:					
Purchased Technical Services	3,430		3,430	2,298	1,132
Other Purchased Services (400-500 series)		26,262	26,262		26,262
Supplies and Materials	6,503		6,503		6,503
Total Administration Information Technology	9,933	26,262	36,195	2,298	33,897

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Central Services:					
Salaries	\$ 225,865	\$ 8,615	\$ 234,480	\$ 218,860	\$ 15,620
Purchased Professional Services	1,975	150	2,125	1,955	170
Purchased Technical Services	14,790	(1,430)	13,360	13,360	
Miscellaneous Purchased Services (400-500 series)	2,600	(2,600)			
Supplies and Materials	3,730	(2,479)	1,251	1,251	
Miscellaneous Expenditures	3,725	(709)	3,016	2,416	600
Total Central Services	252,685	1,547	254,232	237,842	16,390
Required Maintenance of School Facilities:					
Cleaning, Repair and Maintenance Services	135,238	976	136,214	122,602	13,612
General Supplies	5,249	11,870	17,119	18,294	(1,175)
Other Objects	1,000		1,000		1,000
Total Required Maintenance of School Facilities	141,487	12,846	154,333	140,896	13,437
Custodial Services:					
Salaries	427,078	16,229	443,307	433,077	10,230
Purchased Professional and Technical Services	19,409	(1,086)	18,323	17,748	575
Cleaning, Repair and Maintenance Services	18,578	4,170	22,748	21,868	880
Other Purchased Property Services	49,664		49,664	49,354	310
Insurance	106,709	(55)	106,654	104,183	2,471
General Supplies	47,389	(6,795)	40,594	33,635	6,959
Energy (Natural Gas)	153,581		153,581	88,301	65,280
Energy (Electricity)	199,970	(43,323)	156,647	149,386	7,261
Other Objects	1,550	553	2,103	2,103	
Total Custodial Services	1,023,928	(30,307)	993,621	899,655	93,966
Security:					
Purchased Professional and Technical Services	2,500		2,500		2,500
Cleaning, Repair, and Maintenance Services	84,509		84,509	76,823	7,686
Total Security	87,009		87,009	76,823	10,186

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Student Transportation Services:					
Contracted Services:					
Between Home and School - Vendors	\$ 631,188	\$	\$ 631,188	\$ 613,664	\$ 17,524
Other Between Home and School - Vendors	11,380		11,380	6,020	5,360
Between Home and School - Joint Agreements	53,500		53,500	53,500	
Special Education Students - Vendors	351,672	(3,492)	348,180	237,007	111,173
Aid in Lieu Payments - Nonpublic Schools	10,000		10,000	5,336	4,664
Aid in Lieu Payments - Choice Schools	13,000		13,000	9,772	3,228
Total Student Transportation Services	1,070,740	(3,492)	1,067,248	925,299	141,949
Unallocated Benefits:					
Group Insurance	22,473		22,473		22,473
Social Security Contributions	148,137		148,137	136,712	11,425
Other Retirement Contributions - PERS	109,400		109,400	105,456	3,944
Other Retirement Contributions - Regular	19,320	390	19,710	19,710	
Workers Compensation	128,450		128,450	110,709	17,741
Health Benefits	1,553,712	(172,805)	1,380,907	1,312,034	68,873
Tuition Reimbursement	32,640		32,640	23,806	8,834
Other Employee Benefits	6,013	45,287	45,287	45,287	
Unused Sick Payment to Terminated/Retired Staff					
Total Unallocated Benefits	2,020,145	(127,128)	1,893,017	1,753,714	6,013
On-Behalf Contributions					
TPAF Pension Contribution (On-Behalf - Non-Budgeted)				1,023,667	(1,023,667)
TPAF Pension NCGI Premium (On-Behalf - Non-Budgeted)				18,348	(18,348)
TPAF Pension LTDI Premium (On-Behalf - Non-Budgeted)				731	(731)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				386,568	(386,568)
TPAF Social Security (Reimbursed - Non-Budgeted)				343,543	(343,543)
Total On-Behalf Contributions				1,772,857	(1,772,857)
Total Employee Benefits	2,020,145	(127,128)	1,893,017	3,526,571	(1,633,554)
Total Undistributed Expenses	7,067,241	(67,162)	7,000,079	8,011,465	(1,011,386)
<b>TOTAL CURRENT EXPENSE</b>	11,984,630	2,916	11,987,546	12,797,140	(809,594)



HARDYSTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CAPITAL OUTLAY</b>					
Facilities Acquisition and Construction Services:					
Debt Service Assessment on SDA Funding	\$ 60,673		\$ 60,673	\$ 60,673	
Total Facilities Acquisition and Construction Services	60,673		60,673	60,673	
<b>TOTAL CAPITAL OUTLAY</b>	60,673		60,673	60,673	
Transfer of Funds to Charter Schools	273,516	\$ (2,916)	270,600	221,541	\$ 49,059
<b>TOTAL EXPENDITURES</b>	12,318,819		12,318,819	13,079,354	(760,535)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(295,524)		(295,524)	963,010	1,258,534
Fund Balance, July 1	4,240,105		4,240,105	4,240,105	
Fund Balance, June 30	\$ 3,944,581	\$ -0-	\$ 3,944,581	\$ 5,203,115	\$ 1,258,534

Recapitulation:

Restricted:

Excess Surplus

Maintenance Reserve

Capital Reserve

Assigned:

For Subsequent Year's Expenditures

Unassigned

\$	613,571
	830,258
	3,270,401
	110,000
	378,885
	<u>5,203,115</u>

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payments not Recognized on GAAP Basis

Fund Balance per Governmental Funds (GAAP)

(191,323)
<u>\$ 5,011,792</u>

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources		\$ 1,500	\$ 1,500	\$ 1,500	
Federal Sources	\$ 222,628		222,628	222,628	
Total Revenue	222,628	1,500	224,128	224,128	
Expenditures:					
Instruction:					
Salaries of Teachers	51,431		51,431	51,431	
Tuition	66,770		66,770	66,770	
General Supplies	1,463		1,463	1,463	
Total Instruction	119,664		119,664	119,664	
Support Services:					
Salaries of Program Director	16,445		16,445	16,445	
Personal Services - Employee Benefits	5,756		5,756	5,756	
Purchased Professional and Educational Services	77,084		77,084	77,084	
Purchased Professional/Technical Services	3,679		3,679	3,679	
Supplies and Materials		1,500	1,500	1,500	
Total Support Services	102,964	1,500	104,464	104,464	
Total Expenditures	\$ 222,628	\$ 1,500	\$ 224,128	\$ 224,128	\$ -0-

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 14,042,364	\$ 224,128
Differences - Budget to GAAP:		
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	204,415	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(191,323)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 14,055,456</u>	<u>\$ 224,128</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 13,079,354</u>	<u>\$ 224,128</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 13,079,354</u>	<u>\$ 224,128</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are approved by 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)l. 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 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. 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.

SPECIAL REVENUE FUND

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Elementary and Secondary Education Act	Title I	Title II Part A	IDEA Part B Preschool	IDEA Part B Basic	Local Grants	Totals June 30, 2020
REVENUE:						
Federal Sources	\$ 51,643	\$ 16,005	\$ 150,645	\$ 4,335		\$ 222,628
Local Sources					\$ 1,500	1,500
Total Revenue	<u>51,643</u>	<u>16,005</u>	<u>150,645</u>	<u>4,335</u>	<u>1,500</u>	<u>224,128</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	51,431					51,431
Tuition			66,770			66,770
General Supplies	212	1,206		45		1,463
Total Instruction	<u>51,643</u>	<u>1,206</u>	<u>66,770</u>	<u>45</u>		<u>119,664</u>
Support Services:						
Salaries of Program Directors			15,677	768		16,445
Personal Services - Employee Benefits			5,487	269		5,756
Purchased Professional and Educational Services		11,120	62,711	3,253		77,084
Purchased Professional/Technical Services		3,679				3,679
Supplies and Materials					1,500	1,500
Total Support Services		<u>14,799</u>	<u>83,875</u>	<u>4,290</u>	<u>1,500</u>	<u>104,464</u>
Total Expenditures	<u>\$ 51,643</u>	<u>\$ 16,005</u>	<u>\$ 150,645</u>	<u>\$ 4,335</u>	<u>\$ 1,500</u>	<u>\$ 224,128</u>

CAPITAL PROJECTS FUND

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Other Financing Uses:		
Transfer to Debt Service Fund	\$	150,390
Total Expenditures and Other Financing Uses		150,390
Deficit of Revenue and Other Financing Sources		
Under Expenditures and Other Financing Uses		(150,390)
Fund Balance - Beginning Balance		433,077
Fund Balance - Ending Balance	\$	282,687
<u>Recapitulation:</u>		
Committed	\$	267,767
Restricted		14,920
Fund Balance per Governmental Funds (Budgetary Basis)		282,687
Reconciliation to Governmental Funds Statement (GAAP):		
SDA Grant not Recognized on GAAP Basis		(204,187)
Fund Balance per Governmental Funds (GAAP)	\$	78,500
<u>Recapitulation of Fund Balances per Governmental Funds (GAAP):</u>		
Restricted	\$	14,920
Committed		63,580
	\$	78,500

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
RENOVATIONS TO MIDDLE SCHOOL ROOF  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Bond Sale Proceeds	\$ 1,324,000		\$ 1,324,000	\$ 1,732,500
Total Revenue and Other Financing Sources	1,324,000		1,324,000	1,732,500
Expenditures and Other Financing Uses:				
Other Purchased Professional and Technical Services	120,595		120,595	154,844
Legal Services	130,201		130,201	133,833
Construction Services	538,131		538,131	1,443,823
Transfer to Debt Service Fund	369,763	\$ 150,390	520,153	
Total Expenditures and Other Financing Uses	1,158,690	150,390	1,309,080	1,732,500
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	\$ 165,310	\$ (150,390)	\$ 14,920	\$ -0-

**Additional Project Information:**

Bond Authorization Date	4/21/2009
Bonds Authorized	\$ 1,732,500
Bonds Issued	1,324,000
Original Authorized Cost	1,732,500
Additional Authorized Cost	-0-
Revised Authorized Cost	1,732,500
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	09/03/09
Revised Target Completion Date	06/30/19



HARDYSTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
REPLACEMENT OF FLOOR TILE AND STAIRWAY AT HARDYSTON ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 63,967		\$ 63,967	\$ 63,967
Transfer from Capital Reserve	95,950		95,950	95,950
Total Revenue and Other Financing Sources	<u>159,917</u>		<u>159,917</u>	<u>159,917</u>
Expenditures:				
Other Purchased Professional and Technical Services	2,870		2,870	2,900
Construction Services	157,047		157,047	157,017
Total Expenditures	<u>159,917</u>		<u>159,917</u>	<u>159,917</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**Additional Project Information:**

Project Number	2030-050-10-1001
Grant Date	7/23/2010
Original Authorized Cost	\$ 159,917
Additional Authorized Cost	-0-
Revised Authorized Cost	159,917
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	08/09/10
Revised Target Completion Date	06/30/17

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
HARDYSTON TOWNSHIP MIDDLE SCHOOL- RETAINING WALL REPAIRS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 140,220		\$ 140,220	\$ 140,220
Transfer from Capital Reserve	210,330		210,330	210,330
Total Revenue and Other Financing Sources	350,550		350,550	350,550
Expenditures:				
Other Purchased Professional and Technical Services	82,783		82,783	65,050
Construction Services	82,783		82,783	285,500
Total Expenditures	165,566		165,566	350,550
Excess of Revenue and Other Financing Sources Over Expenditures	\$ 267,767	\$ -0-	\$ 267,767	\$ -0-

**Additional Project Information:**

Project Number	2030-030-14-1002-G-04
Grant Date	5/2/2014
Original Authorized Cost	\$ 350,550
Additional Authorized Cost	-0-
Revised Authorized Cost	350,550
Revised Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	06/30/17

PROPRIETARY FUNDS

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2020

ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 42,939
Accounts Receivable:	
State	10
Federal	612
Interfund Receivable - General Fund	9,711
Inventories	9,492
	<hr/>

Total Current Assets	<hr/> 62,764
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## Non-Current Assets:

Capital Assets	240,641
Less: Accumulated Depreciation	(204,639)
	<hr/>

Total Non-Current Assets	<hr/> 36,002
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Total Assets	<hr/> 98,766
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LIABILITIES:

## Current Liabilities:

Unearned Revenue - Donated Commodities	4,769
Accounts Payable	4,028
Unearned Revenue - Prepaid Sales	4,658
	<hr/>

Total Current Liabilities	<hr/> 13,455
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NET POSITION:

Investment in Capital Assets	36,002
Unrestricted	49,309
	<hr/>

Total Net Position	<hr/> \$ 85,311 <hr/>
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HARDYSTON TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Meals	\$ 68,458
Daily Sales - Non Reimbursable Meals	4,012
	<hr/>
Total Operating Revenue	72,470
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	44,602
Cost of Sales - Non Reimbursable Programs	12,455
Salaries, Benefits and Payroll Taxes	42,729
Management Fee	8,202
Supplies, Insurance & Other Costs	4,630
Depreciation Expense	925
	<hr/>
Total Operating Expenses	113,543
	<hr/>
Operating Loss	(41,073)
	<hr/>
Non-Operating Revenue:	
State Sources:	
COVID 19 - Seamless Summer Option	38
State School Lunch Program	1,034
Federal Sources:	
COVID 19 - Seamless Summer Option	3,087
National School Lunch Program	19,272
Food Distribution Program	11,904
Local Sources:	
Interest Income	731
	<hr/>
Total Non-Operating Revenue	36,066
	<hr/>
Change in Net Position Before Other Item	(5,007)
	<hr/>
Other Item:	
Capital Assets Adjustment	3,891
	<hr/>
Total Other Item	3,891
	<hr/>
Change in Net Position After Other Item	(1,116)
	<hr/>
Net Position - Beginning of Year	86,427
	<hr/>
Net Position - End of Year	\$ 85,311
	<hr/> <hr/>

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 72,470
Payments to/for Employees	(42,729)
Payment to Suppliers	(1,239)
Payments to Food Service Vendor	(57,644)
	<hr/>
Net Cash Used for Operating Activities	(29,142)
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(10,288)
	<hr/>
Net Cash Used for Capital and Related Financing Activities	(10,288)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State and Federal Reimbursements Collected in the Food Service Fund	22,862
	<hr/>
Net Cash Provided by Noncapital Financing Activities	22,862
	<hr/>
Cash Flows from Investing Activities:	
Investment Income	731
	<hr/>
Net Cash Flows Provided by Investing Activities	731
	<hr/>
Net Decrease in Cash and Cash Equivalents	(15,837)
	<hr/>
Cash and Cash Equivalents, July 1	58,776
	<hr/>
Cash and Cash Equivalents, June 30	\$ 42,939
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (41,073)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Federal Food Distribution Program	11,904
Depreciation	925
Changes in Assets and Liabilities:	
Increase in Unearned Revenue - Donated Commodities	1,231
(Increase) in Inventories	(2,754)
(Decrease) in Accounts Payable	(3,562)
Increase in Unearned Revenue - Prepaid Sales	4,187
	<hr/>
Net Cash Used for Operating Activities	\$ (29,142)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. donated commodities through the Food Distribution Program valued at \$13,135 and utilized commodities valued at \$11,904.

FIDUCIARY FUNDS

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2020

	Agency Funds		Total Agency	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Flexible Spending Trust
	Student Activities	Payroll Agency				
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 44,244	\$ 46,149	\$ 90,393	\$ 173,050	\$ 3,119	\$ 2,469
Investments					2,321	
Interfund Receivable:						
General Fund	3,721		3,721	10,000		
Unemployment Compensation Trust Fund		115	115			
Total Assets	47,965	46,264	94,229	183,050	5,440	2,469
<u>LIABILITIES:</u>						
Liabilities:						
Payroll Deductions and Withholdings		164	164			
Due to Student Groups	47,965		47,965			
Interfund Payable:						
General Fund		46,100	46,100			3,000
Payroll Agency Fund				115		
Total Liabilities	47,965	46,264	94,229	115	115	3,000
<u>NET POSITION:</u>						
Held in Trust for Unemployment Claims				182,935		
Restricted for Scholarships					5,440	
Held in Trust for Flexible Spending Claims/(Deficit)						(531)
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 182,935	\$ 5,440	\$ (531)



HARDYSTON TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
Additions:			
Contributions:			
Plan Members	\$ 12,179		\$ 7,007
Total Contributions	<u>12,179</u>		<u>7,007</u>
Investment Earnings:			
Interest	2,199	\$ 46	60
Net Investment Earnings	<u>2,199</u>	<u>46</u>	<u>60</u>
Total Additions	<u>14,378</u>	<u>46</u>	<u>7,067</u>
Deductions:			
State of New Jersey Unemployment Claims	3,342		
Flexible Spending Claims			9,657
Total Deductions	<u>3,342</u>		<u>9,657</u>
Change in Net Position	11,036	46	(2,590)
Net Position—Beginning of the Year	<u>171,899</u>	<u>5,394</u>	<u>2,059</u>
Net Position/(Deficit)—End of the Year	<u>\$ 182,935</u>	<u>\$ 5,440</u>	<u>\$ (531)</u>

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 45,261	\$ 63,385	\$ 64,402	\$ 44,244
Interfund Receivable:				
General Fund	3,721			3,721
Total Assets	<u>\$ 48,982</u>	<u>\$ 63,385</u>	<u>\$ 64,402</u>	<u>\$ 47,965</u>
 <u>LIABILITIES:</u>				
Due to Student Groups	<u>\$ 48,982</u>	<u>\$ 63,385</u>	<u>\$ 64,402</u>	<u>\$ 47,965</u>
Total Liabilities	<u>\$ 48,982</u>	<u>\$ 63,385</u>	<u>\$ 64,402</u>	<u>\$ 47,965</u>

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 45,833	\$ 11,399,780	\$ 11,399,464	\$ 46,149
Interfund Receivable - Unemployment Compensation Trust Fund	<u>115</u>	<u>                    </u>	<u>                    </u>	<u>115</u>
Total Assets	<u>\$ 45,948</u>	<u>\$ 11,399,780</u>	<u>\$ 11,399,464</u>	<u>\$ 46,264</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 1,002	\$ 11,398,626	\$ 11,399,464	\$ 164
Interfund Payable - General Fund	<u>44,946</u>	<u>1,154</u>	<u>                    </u>	<u>46,100</u>
Total Liabilities	<u>\$ 45,948</u>	<u>\$ 11,399,780</u>	<u>\$ 11,399,464</u>	<u>\$ 46,264</u>

LONG-TERM DEBT

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2019	Retired or Matured	Balance June 30, 2020
			Date	Amount				
Roof Project Bonds of 2009	06/23/09	\$ 1,324,000				\$ 154,000	\$ 154,000	
Refunding Bonds of 2016		9,260,000	8/1/2020	\$ 500,000	3.000%	8,160,000	485,000	\$ 7,675,000
			8/1/2021	525,000	3.000%			
			8/1/2022	545,000	4.000%			
			8/1/2023	570,000	4.000%			
			8/1/2024	595,000	4.000%			
			8/1/2025	625,000	4.000%			
			8/1/2026 *	655,000	3.000%			
			8/1/2027 *	680,000	3.000%			
			8/1/2028 *	705,000	3.125%			
			8/1/2029 *	735,000	3.250%			
		8/1/2030 *	755,000	3.250%				
		8/1/2031 *	785,000	3.250%				
						<u>\$ 8,314,000</u>	<u>\$ 639,000</u>	<u>\$ 7,675,000</u>

\* Callable as of 8/1/26

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 698,989		\$ 698,989	\$ 698,989	
State Sources:					
Debt Service Aid Type II	53,342		53,342	53,342	
Total Revenue	752,331		752,331	752,331	
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	639,000		639,000	639,000	
Interest	270,331		270,331	270,331	
Total Regular Debt Service	909,331		909,331	909,331	
Total Expenditures	909,331		909,331	909,331	
Deficit of Revenue Under Expenditures	(157,000)		(157,000)	(157,000)	
Other Financing Sources:					
Transfer from Capital Projects Fund	150,390		150,390	150,390	
Total Other Financing Sources	150,390		150,390	150,390	
Deficit of Revenues and Other Financing Sources Under Expenditures	(6,610)		(6,610)	(6,610)	
Fund Balance, July 1	6,610		6,610	6,610	
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

## STATISTICAL SECTION

This part of the School's comprehensive annual 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 School's overall financial health.

### Contents

### Exhibit

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the School'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 School'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 School's current levels of outstanding debt and the School'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 School'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 School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.

J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(accrual basis of accounting)*

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 4,124,726	\$ 3,919,204	\$ 4,216,669	\$ 3,816,367	\$ 3,876,351	\$ 4,529,432	\$ 4,731,634	\$ 4,808,461	\$ 5,003,668	\$ 5,177,427
Restricted	729,275	1,122,596	1,497,105	2,130,191	2,087,835	2,630,866	3,137,382	3,611,500	3,810,066	4,729,150
Unrestricted/(Deficit)	(283,524)	(15,002)	(290,038)	(2,754,136)	(2,480,715)	(3,337,146)	(3,338,837)	(3,143,832)	(2,952,282)	(2,911,571)
<b>Total Governmental Activities Net Position</b>	<b>\$ 4,570,477</b>	<b>\$ 5,026,798</b>	<b>\$ 5,423,736</b>	<b>\$ 3,192,422</b>	<b>\$ 3,483,471</b>	<b>\$ 3,823,152</b>	<b>\$ 4,530,179</b>	<b>\$ 5,276,129</b>	<b>\$ 5,861,452</b>	<b>\$ 6,995,006</b>
<b>Business-Type Activities</b>										
Investment in Capital Assets	\$ 44,982	\$ 35,751	\$ 51,707	\$ 42,378	\$ 33,277	\$ 24,393	\$ 15,505	\$ 22,217	\$ 22,748	\$ 36,002
Unrestricted	39,775	49,383	59,441	74,702	55,377	54,170	48,904	56,745	63,679	49,309
<b>Total Business-Type Activities Net Position</b>	<b>\$ 84,757</b>	<b>\$ 85,134</b>	<b>\$ 111,148</b>	<b>\$ 117,080</b>	<b>\$ 88,654</b>	<b>\$ 78,563</b>	<b>\$ 64,409</b>	<b>\$ 78,962</b>	<b>\$ 86,427</b>	<b>\$ 85,311</b>
<b>District-Wide:</b>										
Net Investment in Capital Assets	\$ 4,169,708	\$ 3,954,955	\$ 4,268,376	\$ 3,858,745	\$ 3,909,628	\$ 4,553,825	\$ 4,747,139	\$ 4,830,678	\$ 5,026,416	\$ 5,213,429
Restricted	729,275	1,122,596	1,497,105	2,130,191	2,087,835	2,630,866	3,137,382	3,611,500	3,810,066	4,729,150
Unrestricted/(Deficit)	(243,749)	34,381	(230,597)	(2,679,434)	(2,425,338)	(3,282,976)	(3,289,933)	(3,087,087)	(2,888,603)	(2,862,262)
<b>Total District Net Position</b>	<b>\$ 4,655,234</b>	<b>\$ 5,111,932</b>	<b>\$ 5,534,884</b>	<b>\$ 3,309,502</b>	<b>\$ 3,572,125</b>	<b>\$ 3,901,715</b>	<b>\$ 4,594,588</b>	<b>\$ 5,355,091</b>	<b>\$ 5,947,879</b>	<b>\$ 7,080,317</b>

Source: School District Financial Reports



HARDYSTON TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 4,922,141	\$ 4,815,408	\$ 5,062,747	\$ 5,045,341	\$ 5,990,597	\$ 6,105,693	\$ 6,528,607	\$ 6,544,673	\$ 5,827,542	\$ 5,320,719
Special Education	1,401,840	1,535,435	1,888,894	1,849,151	2,030,787	2,051,433	2,482,192	2,398,174	2,467,012	2,307,894
Other Special Education	145,387	147,089	204,001	218,314	185,646	176,024	197,176	226,944	245,893	203,440
School-Sponsored/ Other Instruction	137,640	144,783	99,897	109,941	139,633	84,716	104,244	203,772	205,771	228,650
Support Services:										
Tuition	220,569	221,772	226,431	160,891	194,424	223,091	208,414	191,400	294,439	216,525
Student & Instruction Related Services	1,172,610	1,386,063	1,188,442	1,350,675	1,567,206	1,805,576	1,960,230	2,103,441	1,961,661	1,979,752
General Administrative Services	305,839	295,780	271,457	292,001	352,127	382,351	382,248	366,273	420,918	356,719
School Administrative Services	567,277	603,753	605,999	584,360	644,837	677,761	730,655	841,484	799,666	826,834
Central Services	230,142	224,056	261,568	278,632	322,977	320,943	352,915	170,995	366,378	139,583
Administrative Information Technology	106,497	99,488	118,947	101,142	127,745	6,990	5,603	207,407	9,547	235,367
Plant Operations And Maintenance	1,305,786	1,228,762	1,171,531	1,229,766	1,331,324	1,418,889	1,436,765	1,617,520	1,443,424	1,407,577
Pupil Transportation	923,026	942,306	947,319	850,425	887,322	931,415	992,551	984,562	952,197	925,299
Capital Outlay	74,537	133,830	9,638	88,193	9,638	148,834	72,613	96,155	36,488	33,090
Interest On Long-Term Debt	550,407	476,290	480,475	456,216	444,619	470,241	82,893	262,090	244,841	229,998
Charter Schools	66,786	88,063	113,915	135,323	153,833	149,744	166,341	257,456	266,468	221,541
Total Governmental Activities Expenses	12,130,484	12,342,878	12,680,971	12,659,371	14,267,715	14,953,701	15,703,447	16,472,346	15,569,413	14,605,820
Business-Type Activities:										
Food Service	192,781	202,633	184,240	179,860	200,296	183,164	183,695	162,953	164,303	113,543
Total Business-Type Activities Expense	192,781	202,633	184,240	179,860	200,296	183,164	183,695	162,953	164,303	113,543
Total District Expenses	\$ 12,323,265	\$ 12,545,511	\$ 12,865,211	\$ 12,839,231	\$ 14,468,011	\$ 15,886,611	\$ 15,887,142	\$ 16,635,299	\$ 15,733,716	\$ 14,719,363
<b>Program Revenues:</b>										
Governmental Activities:										
Operating Grants and Contributions	\$ 1,903,554	\$ 1,928,474	\$ 2,112,545	\$ 1,923,696	\$ 3,165,618	\$ 3,712,607	\$ 4,658,548	\$ 5,196,364	\$ 4,331,626	\$ 3,746,727
Total Governmental Activities Program Revenues	1,903,554	1,928,474	2,112,545	1,923,696	3,165,618	3,712,607	4,658,548	5,196,364	4,331,626	3,746,727
Business-Type Activities:										
Charges for Services:										
Food Services	146,471	138,996	122,765	131,729	120,263	118,257	115,360	108,472	116,598	72,470
Operating Grants and Contributions	49,484	63,799	62,263	53,974	51,493	54,740	54,141	57,478	55,139	35,335
Capital Grants and Contributions								11,940		
Total Business-Type Activities	195,955	202,795	185,028	185,703	171,756	172,997	169,501	177,890	171,737	107,805
Total District Program Revenues	\$ 2,099,509	\$ 2,131,269	\$ 2,297,573	\$ 2,109,399	\$ 3,337,374	\$ 3,885,604	\$ 4,828,049	\$ 5,374,254	\$ 4,503,363	\$ 3,854,532
Change in Net (Expense)/Revenue:										
Governmental Activities	\$ (10,226,930)	\$ (10,414,404)	\$ (10,568,426)	\$ (10,735,675)	\$ (11,102,097)	\$ (11,241,094)	\$ (11,044,899)	\$ (11,275,982)	\$ (11,237,787)	\$ (10,859,093)
Business-Type Activities	3,174	162	788	5,843	(28,540)	(10,167)	(14,194)	14,937	7,434	(5,738)
Total District Net Expense	\$ (10,223,756)	\$ (10,414,242)	\$ (10,567,638)	\$ (10,729,832)	\$ (11,130,637)	\$ (11,251,261)	\$ (11,059,093)	\$ (11,261,045)	\$ (11,230,353)	\$ (10,864,831)

HARDYSTON TOWNSHIP SCHOOL DISTRICT

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Property Taxes Levied for General Purposes	\$ 8,370,081	\$ 8,537,483	\$ 8,708,232	\$ 8,882,397	\$ 9,060,045	\$ 9,241,246	\$ 9,426,071	\$ 9,777,592	\$ 9,835,098	\$ 10,031,800
Taxes Levied for Debt Services	937,435	924,128	894,436	918,384	918,357	878,675	868,149	680,417	686,036	698,989
Unrestricted Grants and Contributions	1,118,856	1,326,796	1,175,632	1,259,557	1,352,102	1,385,421	1,399,037	1,356,330	1,252,137	1,126,930
Miscellaneous Income	26,867	107,318	7,090	15,118	62,642	75,433	58,669	133,483	49,839	134,928
Debt Service Contribution		(25,000)								
<b>Total Governmental Activities</b>	<b>10,453,239</b>	<b>10,870,725</b>	<b>10,785,390</b>	<b>11,075,456</b>	<b>11,393,146</b>	<b>11,580,775</b>	<b>11,751,926</b>	<b>11,947,822</b>	<b>11,823,110</b>	<b>11,992,647</b>
<b>Business-Type Activities:</b>										
Investment Earnings	317	215	41	89	114	76	40	28	31	731
Capital Assets Contribution		17,288								
Other Items								(412)		3,891
<b>Total Business-Type Activities</b>	<b>317</b>	<b>17,503</b>	<b>41</b>	<b>89</b>	<b>114</b>	<b>76</b>	<b>40</b>	<b>(384)</b>	<b>31</b>	<b>4,622</b>
<b>Total District-Wide</b>	<b>\$ 10,453,556</b>	<b>\$ 10,888,228</b>	<b>\$ 10,785,431</b>	<b>\$ 11,075,545</b>	<b>\$ 11,393,260</b>	<b>\$ 11,580,851</b>	<b>\$ 11,751,966</b>	<b>\$ 11,947,438</b>	<b>\$ 11,823,141</b>	<b>\$ 11,997,269</b>
<b>Change in Net Position:</b>										
Governmental Activities	\$ 226,309	\$ 456,321	\$ 216,964	\$ 339,781	\$ 291,049	\$ 339,681	\$ 707,027	\$ 671,840	\$ 585,323	\$ 1,133,554
Business-Type Activities	3,491	17,665	829	5,932	(28,426)	(10,091)	(14,154)	14,553	7,465	(1,116)
<b>Total District</b>	<b>\$ 229,800</b>	<b>\$ 473,986</b>	<b>\$ 217,793</b>	<b>\$ 345,713</b>	<b>\$ 262,623</b>	<b>\$ 329,590</b>	<b>\$ 692,873</b>	<b>\$ 686,393</b>	<b>\$ 592,788</b>	<b>\$ 1,132,438</b>

Source: School District Financial Reports

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
 FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Restricted	\$ 567,261	\$ 879,810	\$ 1,280,926	\$ 1,568,416	\$ 1,529,087	\$ 2,115,508	\$ 2,700,957	\$ 3,338,075	\$ 3,638,146	\$ 4,750,229
Assigned	220,259	333,704	271,587	407,367	440,412	285,738	215,211	209,935	241,625	110,000
Unassigned	104,954	132,722	75,766	62,531	52,689	47,014	92,801	132,712	155,919	151,562
Total General Fund	\$ 892,474	\$ 1,346,236	\$ 1,628,279	\$ 2,038,314	\$ 2,022,188	\$ 2,448,260	\$ 3,008,969	\$ 3,680,722	\$ 4,035,690	\$ 5,011,791
All Other Governmental Funds:										
Restricted	\$ 162,014	\$ 242,786	\$ 216,178	\$ 561,775	\$ 558,748	\$ 515,358	\$ 436,425	\$ 273,425	\$ 171,920	\$ 14,920
Committed	52,049	49,992	(48,345)	(63,967)	122,805	63,580	63,580	63,580	63,580	63,580
Unassigned/(Deficit)										
Total All Other Governmental Funds	\$ 214,063	\$ 292,778	\$ 167,833	\$ 497,808	\$ 681,553	\$ 578,938	\$ 500,005	\$ 337,005	\$ 235,500	\$ 78,500

Source: School District Financial Reports

**HARDYSTON TOWNSHIP SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

UNAUDITED  
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues:</b>										
Tax Levy	\$ 9,307,516	\$ 9,461,611	\$ 9,602,668	\$ 9,800,781	\$ 9,978,402	\$ 10,119,921	\$ 10,294,220	\$ 10,458,009	\$ 10,521,134	\$ 10,730,789
Interest Earnings	2,492	4,611	1,116	1,385	2,791	3,099	3,671	4,075	4,218	59,746
Miscellaneous	24,375	102,707	5,974	13,733	59,851	72,334	54,998	129,408	45,621	76,681
State Sources	2,680,950	2,955,866	3,069,434	2,997,342	3,221,376	3,433,991	3,578,364	3,830,564	3,917,150	3,942,070
Federal Sources	341,460	299,404	218,743	185,911	218,118	249,548	224,775	217,214	237,780	222,628
<b>Total Revenue</b>	<b>12,356,793</b>	<b>12,824,199</b>	<b>12,897,935</b>	<b>12,999,152</b>	<b>13,480,538</b>	<b>13,878,893</b>	<b>14,156,028</b>	<b>14,639,270</b>	<b>14,725,903</b>	<b>15,031,914</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	3,224,289	3,137,309	3,260,634	3,264,733	3,535,752	3,572,068	3,468,225	3,409,640	3,276,372	3,132,941
Special Education Instruction	1,103,656	1,079,882	1,335,387	1,346,318	1,295,024	1,259,373	1,350,354	1,330,162	1,469,698	1,422,163
Other Special Instruction	104,698	103,080	140,843	155,185	116,231	107,501	107,147	123,115	161,002	145,794
School-Sponsored/Other Instruction	115,286	97,686	73,135	79,445	95,890	51,599	58,916	117,375	126,254	152,425
<b>Support Services:</b>										
Tuition	220,569	221,772	226,431	160,891	194,424	223,091	208,414	191,400	294,439	216,525
Student & Instruction Related Services	849,632	1,052,369	874,135	999,044	1,050,774	1,227,204	1,240,315	1,342,864	1,315,845	1,389,418
General Administrative Services	260,972	246,254	218,935	241,098	275,704	300,401	277,445	255,727	321,474	268,966
School Administrative Services	401,059	414,786	410,629	406,226	396,807	407,213	389,841	447,038	477,429	483,652
Central Services	171,626	158,210	186,641	201,305	206,233	204,172	200,367	211,527	222,728	237,842
Administrative Information Technology	85,865	78,998	86,929	101,142	12,745	6,990	1,483	4,733	8,482	2,298
Plant Operations And Maintenance	1,131,678	1,038,299	974,591	1,046,019	1,069,746	1,019,922	1,062,028	1,265,782	1,131,075	1,117,374
Student Transportation	923,026	942,306	947,319	850,425	887,322	931,415	992,551	984,562	952,197	925,299
Unallocated Benefits	2,263,482	2,597,826	2,780,670	2,633,658	2,936,874	2,898,755	3,077,095	3,195,525	3,411,153	3,526,571
<b>Expenditures:</b>										
Capital Outlay	144,753	70,535	148,873	(241,782)	110,779	217,067	96,288	96,155	134,868	60,673
Charter Schools	66,786	88,063	113,915	135,323	153,833	149,744	166,341	257,456	266,468	221,541
Debt Service:										
Principal										
Interest And Other Charges										
Total Expenditures	415,000	435,000	485,000	505,000	520,000	540,000	735,000	595,000	615,000	639,000
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	557,171	504,347	476,769	466,113	454,781	442,531	242,442	302,456	287,956	270,331
	12,039,548	12,266,722	12,740,836	12,259,143	13,312,919	13,559,046	13,674,252	14,130,517	14,472,440	14,212,813
<b>Other Financing Sources/(Uses):</b>										
Long Term Debt Issued										
Bond Premium						9,260,000				
Serial Bonds Defeased						721,182				
Bond Issuance Costs						(9,665,000)				
Deferred Amount on Refunding						(111,543)				
Bond Refunding, Net						(198,029)				
Total Other Financing Sources/(Uses)		(25,000)				6,610				
Net Change In Fund Balances	\$ 317,245	\$ 532,477	\$ 157,099	\$ 740,009	\$ 167,619	\$ 326,457	\$ 481,776	\$ 508,753	\$ 253,463	\$ 819,101
Debt Service As A Percentage Of Noncapital Expenditures	8.17%	7.70%	7.64%	7.77%	7.38%	7.36%	7.20%	6.39%	6.30%	6.43%

Source: School District Financial Reports

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(modified accrual basis of accounting)*

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Prior Year Reimbursement	Other	Total
2011	\$ 6,390	\$ 20,022		\$ 455	\$ 26,867
2012	4,611	63,244		34,837	102,692
2013	2,168			4,922	7,090
2014	1,385			13,733	15,118
2015	2,791		\$ 23,297	49,037	75,125
2016	3,099	54,117		18,217	75,433
2017	3,671	32,210		22,788	58,669
2018	4,075	31,860	25,660	71,888	133,483
2019	4,218	34,125		11,496	49,839
2020	58,246	31,225		45,457	134,928

Source: Hardyston Township School District records

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

Year Ended December 31,	Vacant Land		Residential		Farm		Firm		Commercial		Industrial		Apartment		Total Assessed Value		Public Utilities <sup>a</sup>		Net Valuation Taxable		Tax-Exempt Property		Total Direct School Tax Rate <sup>b</sup>		Estimated Actual (County Equalized Value)
	Land	Value	Regular	Qualified	Regular	Qualified	Regular	Qualified	Regular	Qualified	Regular	Qualified	Regular	Qualified	Value	Value	Value	Value	Rate	Rate	Value	Value	Rate	Rate	
2010	* \$ 47,367,900	\$ 916,046,400	\$ 15,985,100	\$ 1,277,300	\$ 15,985,100	\$ 1,277,300	\$ 46,989,500	\$ 17,013,600	\$ 115,094,600	\$ 46,989,500	\$ 17,013,600	\$ 1,159,774,400	\$ 2,595,898	\$ 1,162,370,298	\$ 121,692,000	\$ 0.78	\$ 1,233,284,136								
2011	45,888,100	914,453,800	15,949,600	1,279,200	15,949,600	1,279,200	43,547,700	17,013,600	111,256,300	43,547,700	17,013,600	1,149,388,300	2,165,303	1,151,553,603	122,537,000	0.81	1,223,968,238								
2012	45,246,200	916,366,400	15,348,800	1,281,700	15,348,800	1,281,700	43,062,300	17,013,600	110,953,000	43,062,300	17,013,600	1,149,272,000	2,303,546	1,151,575,546	123,886,900	0.83	1,209,212,158								
2013	44,953,900	920,224,100	16,501,900	1,282,800	16,501,900	1,282,800	41,908,600	17,013,600	111,807,300	41,908,600	17,013,600	1,153,692,200	2,239,471	1,155,931,671	124,109,800	0.85	1,188,256,592								
2014	37,337,300	851,140,900	13,851,200	1,286,800	13,851,200	1,286,800	41,987,200	17,000,000	111,774,500	41,987,200	17,000,000	1,074,377,900	2,229,373	1,076,607,273	124,187,200	0.93	1,136,483,623								
2015	33,919,500	856,886,600	13,852,900	1,333,800	13,852,900	1,333,800	41,088,000	17,000,000	109,514,500	41,088,000	17,000,000	1,073,595,300	2,306,168	1,075,901,468	124,124,900	0.94	1,156,145,795								
2016	31,300,700	861,892,600	14,134,500	1,320,400	14,134,500	1,320,400	41,088,000	17,000,000	105,202,000	41,088,000	17,000,000	1,071,938,200	2,083,146	1,074,021,346	124,194,400	0.96	1,119,212,905								
2017	31,222,300	863,665,200	13,607,400	1,337,700	13,607,400	1,337,700	41,381,500	17,000,000	101,381,500	41,381,500	17,000,000	1,069,302,100	1,987,169	1,071,289,269	124,193,400	0.97	1,136,196,356								
2018	31,669,400	864,077,100	13,554,400	1,092,700	13,554,400	1,092,700	39,863,400	17,000,000	101,366,600	39,863,400	17,000,000	1,068,623,600	1,983,073	1,070,606,673	125,520,600	0.98	1,113,588,531								
2019	32,139,300	864,702,100	13,554,400	1,111,300	13,554,400	1,111,300	39,931,200	17,000,000	100,868,200	39,931,200	17,000,000	1,069,306,500	1,827,267	1,071,133,767	127,942,500	1.01	1,111,779,692								

\* - Revaluation was effective in this year.

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

b Tax rates are per \$100

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

Source: Municipal Tax Assessor

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
(rate per \$100 of assessed value)

Year Ended December 31,	Hardyston Township School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Township of Hardyston	Walkill Valley Regional High School	Sussex County	
2010	* \$ 0.71	\$ 0.07	\$ 0.78	\$ 0.54	\$ 0.37	\$ 0.46	\$ 2.15
2011	0.73	0.08	0.81	0.56	0.39	0.46	2.22
2012	0.75	0.08	0.83	0.57	0.41	0.49	2.30
2013	0.77	0.08	0.85	0.61	0.41	0.51	2.37
2014	0.84	0.09	0.93	0.66	0.44	0.55	2.58
2015	0.86	0.08	0.94	0.67	0.45	0.55	2.61
2016	0.88	0.08	0.96	0.64	0.45	0.54	2.60
2017	0.91	0.06	0.97	0.68	0.49	0.61	2.75
2018	0.92	0.06	0.98	0.68	0.53	0.60	2.79
2019	0.94	0.07	1.01	0.69	0.53	0.60	2.83

\* - Revaluation was effective in this year.

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.

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 calculation.

Source: Municipal Tax Collector and School Business Administrator

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value
Grand Cascades Lodge at Crystal Springs	\$ 9,585,000	0.89%		
Edgewater Assoc, LLC	8,500,000	0.79%		
WT SPE, LLC	7,028,900	0.66%		
Ballyowen SPE, LLC	6,855,300	0.64%		N/A
Edgewater Assoc, LLC	6,800,000	0.63%		
North Church Gravel, Inc	5,000,000	0.47%		
Black Bear SPE, LLC	3,811,500	0.36%		
Beaver Lake Realty	3,626,200	0.34%		
Eastern Concrete Materials, LLC	3,599,400	0.34%		
Sussex Land, LLC	3,500,000	0.33%		
<b>Total</b>	<b>\$ 58,306,300</b>	<b>5.44%</b>		

N/A - Not Available

Source: Municipal Tax Assessor



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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 9,307,516	\$ 9,307,516	100.00%	-0-
2012	9,461,611	9,461,611	100.00%	-0-
2013	9,602,668	9,602,668	100.00%	-0-
2014	9,800,781	9,800,781	100.00%	-0-
2015	9,978,402	9,978,402	100.00%	-0-
2016	10,119,921	10,119,921	100.00%	-0-
2017	10,294,220	10,294,220	100.00%	-0-
2018	10,458,009	9,643,210	92.21%	\$ 814,799
2019	10,521,134	10,521,134	100.00%	-0-
2020	10,730,789	10,730,789	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: School District Financial Reports

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

*(dollars in thousands, except per capita)*

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Total District		
2011	\$ 13,109,000	\$ -0-	\$ 13,109,000	3.39%	\$ 1,602
2012	12,714,000	-0-	12,714,000	3.19%	1,560
2013	12,229,000	-0-	12,229,000	2.99%	1,510
2014	11,724,000	-0-	11,724,000	2.85%	1,460
2015	11,204,000	-0-	11,204,000	2.62%	1,394
2016	10,259,000	-0-	10,259,000	2.34%	1,288
2017	9,524,000	-0-	9,524,000	2.14%	1,205
2018	8,929,000	-0-	8,929,000	1.92%	1,135
2019	8,314,000	-0-	8,314,000	1.73%	1,065
2020	7,675,000	-0-	7,675,000	1.60%	986

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.

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

Source: School District Financial Reports

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(dollars in thousands, except per capita)*

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 13,109,000	\$ -0-	\$ 13,109,000	1.13%	\$ 1,602
2012	12,714,000	-0-	12,714,000	1.10%	1,560
2013	12,229,000	-0-	12,229,000	1.06%	1,510
2014	11,724,000	-0-	11,724,000	1.01%	1,460
2015	11,204,000	-0-	11,204,000	1.04%	1,394
2016	10,259,000	-0-	10,259,000	0.95%	1,288
2017	9,524,000	-0-	9,524,000	0.89%	1,205
2018	8,929,000	-0-	8,929,000	0.83%	1,135
2019	8,314,000	-0-	8,314,000	0.78%	1,065
2020	7,675,000	-0-	7,675,000	0.72%	986

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: School District Financial Reports

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2019  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Hardyston Township	\$ 11,510,250	100.00%	\$ 11,510,250
Wallkill Valley Regional High School	2,120,000	56.20%	1,191,420
County of Sussex-Municipality's Share	99,441,765	6.39%	<u>6,359,105</u>
Subtotal, Overlapping Debt			19,060,775
Hardyston Township School District Direct Debt			<u>7,675,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 26,735,775</u></u>

- 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 Hardyston Township's equalized property value that is within the Sussex County's boundaries and dividing it by Sussex County's total equalized property value.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Township of Hardyston. 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.

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

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

Legal Debt Margin Calculation for Fiscal Year 2020

	Fiscal Year Ended June 30,				
	2016	2017	2018	2019	2020
Debt Limit	\$ 34,915,396	\$ 34,579,417	\$ 33,629,528	\$ 33,535,158	\$ 33,639,550
Total Net Debt Applicable to Limit	10,259,000	9,524,000	8,929,000	8,314,000	7,675,000
Legal Debt Margin	<u>\$ 24,656,396</u>	<u>\$ 25,055,417</u>	<u>\$ 24,700,528</u>	<u>\$ 25,221,158</u>	<u>\$ 25,964,550</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	29.38%	27.54%	26.55%	24.79%	22.82%

	Fiscal Year Ended June 30,				
	2015	2014	2013	2012	2011
Debt Limit	\$ 35,344,553	\$ 35,675,549	\$ 36,149,320	\$ 37,297,731	\$ 39,303,924
Total Net Debt Applicable to Limit	11,204,000	11,724,000	12,229,000	12,714,000	13,109,000
Legal Debt Margin	<u>\$ 24,140,553</u>	<u>\$ 23,951,549</u>	<u>\$ 23,920,320</u>	<u>\$ 24,583,731</u>	<u>\$ 26,194,924</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	31.70%	32.86%	33.83%	34.09%	33.35%

<sup>a</sup> 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

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

Year	Population <sup>a</sup>	Sussex County Per Capita Personal Income <sup>b</sup>	Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2011	8,148	\$ 48,958	\$ 398,909,784	10.70%
2012	8,096	50,597	409,633,312	10.60%
2013	8,032	51,132	410,692,224	6.20%
2014	8,035	53,138	426,963,830	6.20%
2015	7,967	54,998	438,169,066	5.10%
2016	7,907	56,183	444,238,981	4.50%
2017	7,867	59,193	465,671,331	4.10%
2018	7,804	61,757	481,951,628	3.70%
2019	7,786	61,757 *	480,840,002 ***	3.20%
2020	7,786 **	61,757 *	480,840,002 ***	N/A

\* - Latest Sussex County per capita personal income available (2018) was used for calculation purposes

\*\* - Latest population data available (2019) was used for calculation purposes.

\*\*\* - Latest available population data (2019) and latest available Sussex County per capita personal income (2018) was used for calculation purposes.

N/A - Information not available

Source:

<sup>a</sup> Population information provided by the U.S. Bureau of the Census, Population Division

<sup>b</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

<sup>c</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - COUNTY OF SUSSEX  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

<u>Employer</u>	2019	
	<u>Employees</u>	<u>Percentage of Total Employment</u>
Selective Insurance Group	1,000-4,999	1.40%-7.00%
Crystal Springs Resort	1,000-4,999	1.40%-7.00%
Newton Medical Center	500-999	0.70%-1.40%
Sussex County Offices	500-999	0.70%-1.40%
Thorlabs	500-999	0.70%-1.40%
Mountain Creek Resort	500-999	0.70%-1.40%
Shop Rite	250-499	0.35%-0.70%
Sussex County Community College	250-499	0.35%-0.70%
United Methodist Community Bristol Glen	250-499	0.35%-0.70%
Andover Subacute & Rehab Center	100-249	0.14%-0.35%
	<u>2,850 - 8,990</u>	<u>6.68%-21.69%</u>

<u>Employer</u>	2010	
	<u>Employees</u>	<u>Percentage of Total Employment</u>
Crystal Springs Golf and Spa Resort	2,000	5.05%
Newton Memorial Hospital	1,490	3.76%
Selective Insurance	900	2.27%
County of Sussex	830	2.10%
Mountain Creek Resort	800	2.02%
Shop Rite (Ronetco)	697	1.76%
Ames Rubber Corp	445	1.12%
Walmart	412	1.04%
Andover Sub Acute & Rehab Center	300	0.76%
Sussex County Community College	300	0.76%
	<u>8,174</u>	<u>20.64%</u>

Source: County of Sussex Chamber of Commerce

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

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Instruction:</b>										
Regular	41.9	43.0	44.0	43.6	43.6	45.5	47.8	44.4	44.4	44.5
Special Education	12.0	14.3	31.5	31.9	31.9	31.9	34.9	12.6	12.6	12
Other Special Education	11.0	11.0	8.1	8.1	8.1	8.1	3	4	4	4
Other Education	4.0	4.0	0.5	0.5	0.5	0.5	0.5	2.8	2.8	1
<b>Support Services:</b>										
Student & Instruction Related Services	12.0	12.0	7.0	7.0	7.0	7.0	7.6	27.2	27.2	26.1
General Administrative Services	8.6	8.6	5.6	5.6	5.6	5.6	6	7.4	7.4	7.5
School Administration								5	5	5
Central Services and Administrative Information Technology	3.0	3.0	5.0	5.0	5.0	5.0	1	1	1	1
Plant Operation and Maintenance	7.5	7.5	7.6	7.6	8.1	8.2	7.6	6.8	6.8	6.8
<b>Total</b>	<b>100.0</b>	<b>103.4</b>	<b>109.3</b>	<b>109.3</b>	<b>109.8</b>	<b>111.8</b>	<b>108.4</b>	<b>111.2</b>	<b>111.2</b>	<b>107.9</b>

Source: District Personnel Records



HARDYSTON TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2011	740	\$ 10,922,624	\$ 14,760	0.31%	71	10.1/1	10.5/1	740	701	-0.40%	95.20%
2012	761	11,256,840	14,792	0.22%	73.8	10.1/1	10.5/1	745	710	0.68%	95.30%
2013	782	11,630,194	14,872	0.54%	70.9	11.1/1	10.0/1	768	724	3.09%	94.27%
2014	756	11,529,812	15,251	2.55%	70.2	12.2/1	9.0/1	751	713	-2.21%	94.94%
2015	750	12,227,359	16,303	6.90%	70.2	12.2/1	9.0/1	746	711	-0.67%	95.31%
2016	720	12,359,448	17,166	5.29%	70.2	11.3/1	9.1/1	719	694	-3.62%	96.52%
2017	691	12,600,522	18,235	6.23%	71.7	10.9/1	8.2/1	680	663	-5.42%	97.50%
2018	673	13,136,906	19,520	7.05%	72.7	11.2/1	9.9/1	663	654	-2.50%	98.64%
2019	708	13,434,616	18,975	-2.79%	72.7	11.2/1	9.9/1	663	654	0.00%	98.64%
2020	664	13,242,809	19,944	5.10%	62.0	11.2/1	10.1/1	661	620	-0.30%	93.80%

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 their cost per pupil calculations.

Source: Hardyston Township School District records

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

<u>District Building</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Hardyston Elementary School										
Square Feet	65,150	65,150	65,150	65,150	65,150	65,150	65,150	65,150	65,150	65,150
Capacity (students)	565	565	565	565	565	565	565	565	565	565
Enrollment	497	426	453	436	433	402	370	368	394	361
Hardyston Middle School										
Square Feet	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Capacity (students)	424	424	424	424	424	424	424	424	424	424
Enrollment	244	319	329	320	317	318	309	305	314	303

Number of Schools at June 30, 2020  
 Elementary = 1  
 Middle School = 1

Note: Enrollment is based on the annual October district count.

Source: Hardyston Township School District Facilities Office

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
UNAUDITED

Undistributed Expenditures:  
 Required Maintenance for School Facilities  
 11-000-261-XXX

School Facilities	Project #	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Hardyston Elementary School	N/A	\$ 80,763	\$ 97,127	\$ 59,627	\$ 64,115	\$ 98,132	\$ 75,910	\$ 81,476	\$ 138,754	\$ 74,528	\$ 68,679
Hardyston Middle School	N/A	42,832	52,432	46,501	62,441	113,314	90,160	79,929	136,120	73,114	72,217
		\$ 123,595	\$ 149,559	\$ 106,128	\$ 126,556	\$ 211,446	\$ 166,070	\$ 161,405	\$ 274,874	\$ 147,642	\$ 140,896

N/A - Not Applicable

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

Source: Hardyston Township School District records

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2020  
UNAUDITED

	Coverage	Deductible
School Alliance Insurance Fund:	\$500,000,000	Fund Aggregate
School Package Policy:		
Building & Personal Property		\$2,500
Auto Physical Damage		\$1,000
General Liability Including Auto, Employee Benefits	\$5,000,000	
Each Occurrence		
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	Excluded
Environmental Impairment Liability	\$1,000,000/\$25,000,000	Fund Aggregate
First Party Cleanup	\$100,000 Fungi & Legionella	\$10,000
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)	\$5,000,000	
School Board Legal (SLPL)	\$5,000,000	\$5,000
Cyber Liability	\$2,000,000 per Occurrence/Aggregate	\$10,000
Workers' Compensation	Statutory	
Employer's Liability	\$2,000,000	
Supplemental Indemnity	Statutory	
Bond for School Business Administrator	\$200,000 Selective Insurance	
Bond for Treasurer of School Monies	\$200,000 Selective Insurance	
Student Accident Bollinger	All Students and Athletes	Full Excess

Source: Hardyston Township School District records

SINGLE AUDIT SECTION



200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973.298.8500

11 Lawrence Road  
Newton, NJ 07860  
973.383.6699

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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 Auditors' Report

The Honorable President and Members  
of the Board of Education  
Hardyston Township School District  
County of Sussex, 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 "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hardyston Township School District, in the County of Sussex (the "District") as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2020.

**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 may exist that have not been identified.

The Honorable President and Members  
of the Board of Education  
Hardyston Township School District  
Page 2

### **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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

December 15, 2020  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Heidi A. Wohlleb*  
\_\_\_\_\_  
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Independent Member  
BKR International

Report on Compliance For Each Major State Program:  
Report on Internal Control Over Compliance

Independent Auditors' Report

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

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

We have audited the Board of Education of the Hardyston Township School District's (the "District's") compliance with the types of compliance requirements described 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, 2020. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements 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*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2020.



The Honorable President and Members  
of the Board of Education  
Hardyston Township School District  
Page 2

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

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

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

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

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 NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

December 15, 2020  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Heidi A. Wohlleb*

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Heidi A. Wohlleb  
Licensed Public School Accountant #2140  
Certified Public Accountant

**HARDYSTON TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2019		Cash Received	Budgetary Expenditures	Balance June 30, 2020		Amounts Provided to Subrecipients	
					Unearned Revenue/ (Accounts Receivable)	Due to Grantor			Accounts Receivable	Unearned Revenue		Due to Grantor
<b>U.S. Department of Agriculture</b>												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Federal Food Distribution Program	10.555	N/A	7/1/19-6/30/20	\$ 13,135		\$ 13,135	\$ (8,366)		\$ 4,769			
Federal Food Distribution Program	10.555	N/A	7/1/18-6/30/19	15,162	\$ 3,538		(3,538)					
COVID 19 - Summer Seamless Option	10.555	N/A	7/1/19-6/30/20	3,087		2,487	(3,087)			\$ (600)		
National School Lunch Program	10.555	N/A	7/1/19-6/30/20	19,272		19,260	(19,272)			(12)		
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	38,849	(2,842)	2,842						
Total U.S. Department of Agriculture												
					696	37,724	(34,263)		4,769	(612)		
<b>Special Revenue Fund - Passed-through State Department of Education:</b>												
Elementary and Secondary Education Act:												
Title I	84.010A	ESEA-2030-20	7/1/19-9/30/20	51,643		51,643	(51,643)					
Title IIA	84.367A	ESEA-2030-20	7/1/19-9/30/20	16,005		16,005	(16,005)					
Title IV	84.424	ESEA-2030-19	7/1/18-9/30/19	12,000	(40)	40						
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA-2030-20	7/1/19-9/30/20	150,645		120,987	(150,645)			(29,658)		
I.D.E.A. Part B, Basic	84.027	IDEA-2030-19	7/1/18-9/30/19	151,057	(4,860)	4,860						
I.D.E.A. Part B, Preschool	84.173	IDEA-2030-20	7/1/19-9/30/20	4,335		3,542	(4,335)			(793)		
I.D.E.A. Part B, Preschool	84.173	IDEA-2030-19	7/1/18-9/30/19	4,280	(238)	238						
I.D.E.A. Part B, Preschool	84.173	IDEA-2030-13	9/1/12-6/30/13	4,490					\$ 28		\$ 28	
Total Special Education Cluster												
					(5,098)	129,627	(154,980)			(30,451)		
Total Special Revenue Fund												
					(5,138)	197,315	(222,628)			(30,451)		
Total U.S. Department of Education												
					(5,138)	197,315	(222,628)			(30,451)		
Total Federal Financial Awards												
					\$ (4,442)	\$ 235,039	\$ (256,891)		\$ 4,769	\$ (31,063)	\$ 28	
											\$ -0-	

N/A - Not Available/Applicable

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2019		Balance June 30, 2020		MEMO		
				(Accounts Receivable)	Due to Grantor	GAAP (Accounts Receivable)	Due to Grantor	Budgetary Expenditures	Budgetary Receivable	Cumulative Total Expenditures
NJ Department of Education:										
General Fund:										
Transportation Aid	20-495-034-5120-014	7/1/19 - 6/30/20	\$ 452,207			\$ 408,376	\$ (452,207)		\$ (43,831)	\$ 452,207
Special Education Aid	20-495-034-5120-089	7/1/19 - 6/30/20	461,016			416,331	(461,016)		(44,685)	461,016
Security Aid	20-495-034-5120-084	7/1/19 - 6/30/20	61,773			55,786	(61,773)		(5,987)	61,773
Adjustment Aid	20-495-034-5120-085	7/1/19 - 6/30/20	895,852			809,020	(895,852)		(86,832)	895,852
School Choice Aid	20-495-034-5120-068	7/1/19 - 6/30/20	103,046			93,058	(103,046)		(9,988)	103,046
Extraordinary Aid	20-495-034-5120-044	7/1/19 - 6/30/20	124,337				(124,337)		(124,337)	124,337
Non-Public Transportation Aid	20-495-034-5120-014	7/1/19 - 6/30/20	4,548				(4,548)		(4,548)	4,548
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19 - 6/30/20	343,543			326,871	(343,543)		(16,672)	343,543
Transportation Aid	19-495-034-5120-014	7/1/18 - 6/30/19	452,207	\$ (43,917)		43,917			(16,672)	452,207
Special Education Aid	19-495-034-5120-089	7/1/18 - 6/30/19	461,016	(44,773)		44,773				461,016
Security Aid	19-495-034-5120-084	7/1/18 - 6/30/19	61,773	(5,999)		5,999				61,773
Adjustment Aid	19-495-034-5120-085	7/1/18 - 6/30/19	1,021,353	(99,191)		99,191				1,021,353
School Choice Aid	19-495-034-5120-068	7/1/18 - 6/30/19	108,472	(10,535)		10,535				108,472
Extraordinary Aid	19-495-034-5120-044	7/1/18 - 6/30/19	103,273	(103,273)		103,273				103,273
Non-Public Transportation Aid	19-495-034-5120-014	7/1/18 - 6/30/19	7,061	(7,061)		7,061				7,061
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19 - 6/30/20	386,568			386,568	(386,568)			386,568
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19 - 6/30/20	1,023,667			1,023,667	(1,023,667)			1,023,667
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19 - 6/30/20	18,348			18,348	(18,348)			18,348
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19 - 6/30/20	731			731	(731)			731
Total General Fund State Aid				(314,749)		3,853,505	(3,875,636)		(336,880)	6,090,791
Capital Projects Fund:										
School Development Authority:										
Replace Floor Tile/Stairway									(63,967)	
Project - Elementary School	2030-050-10-1001	7/23/10-5/30/14	63,967							
Repairing Retaining Walls										
Project - Middle School	2030-030-14-1002	5/2/14-6/30/17	140,220						(140,220)	
Total Capital Projects Fund									(204,187)	
Debt Service Fund:										
Debt Service Aid - State Support										
	20-495-034-5120-017	7/1/19 - 6/30/20	53,342			53,342	(53,342)			53,342
Total Debt Service Fund						53,342	(53,342)			53,342

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2019		Cash Received	Budgetary Expenditures	Balance June 30, 2020		MEMO		
				(Accounts Receivable)	Due to Grantor			GAAP (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
<b>Enterprise Fund:</b>												
COVID 19 - Summer Seamless Option	20-100-010-3350-023	7/1/19 - 6/30/20	\$ 38		\$ 28	\$ (38)		\$ (10)	\$ (10)	\$ (10)	\$ 38	
State School Lunch Program	20-100-010-3350-023	7/1/19 - 6/30/20	1,034		1,034	(1,034)					1,034	
State School Lunch Program	19-100-010-3350-023	7/1/18 - 6/30/19	1,868	\$ (139)	139						1,868	
<b>Total Enterprise Fund</b>				<b>(139)</b>	<b>1,201</b>	<b>(1,072)</b>		<b>(10)</b>	<b>(10)</b>	<b>(10)</b>	<b>2,940</b>	
<b>Total State Awards Subject to Single Audit Determination</b>				<b>\$ (519,075)</b>	<b>\$ 3,908,048</b>	<b>(3,930,050)</b>		<b>\$ (145,567)</b>	<b>\$ -0-</b>	<b>\$ (541,077)</b>	<b>\$ 6,147,073</b>	
<b>Less: State Awards Not Subject to Single Audit Major Program Determination</b>												
<b>On-Behalf TPAF Pension System Contributions:</b>												
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19 - 6/30/20				\$ 386,568						
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19 - 6/30/20				1,023,667						
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19 - 6/30/20				18,348						
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19 - 6/30/20				731						
<b>Subtotal - On-Behalf TPAF Pension System Contributions</b>						<b>1,429,314</b>						
<b>Total State Awards Subject to Single Audit Major Program Determination</b>						<b>\$ (2,500,736)</b>						

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF THE EXPENDITURE OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Hardyston Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2020. The information in these schedules are 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 elected not 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 these payments 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 \$13,092 for the general fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue, and capital projects funds.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF THE EXPENDITURE OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,888,728	\$ 3,888,728
Special Revenue Fund	\$ 222,628		222,628
Debt Service Fund		53,342	53,342
Enterprise Fund - Food Service	34,263	1,072	35,335
Total Awards	<u>\$ 256,891</u>	<u>\$ 3,943,142</u>	<u>\$ 4,200,033</u>

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

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. FEDERAL AND STATE LOANS OUTSTANDING

Hardyston Township School District had no outstanding federal or state loan balances at June 30, 2020.

NOTE 7. 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, 2020. Revenues and expenditures reported under the Food Distribution program represent current year value received and current year distributions, respectively.

NOTE 8. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA) GRANT

The District has been awarded two grants in the amount of \$204,187 which are recorded in the Capital Projects Fund from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2020, \$-0- of the grants have been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realizes 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 under the NJSDA on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2020 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State:				
State Aid - Public:				
Adjustment Aid	20-495-034-5120-085	7/1/19 - 6/30/20	\$ 895,852	\$ 895,852
Special Education Aid	20-495-034-5120-089	7/1/19 - 6/30/20	461,016	461,016
School Choice Aid	20-495-034-5120-068	7/1/19 - 6/30/20	103,046	103,046
Security Aid	20-495-034-5120-084	7/1/19 - 6/30/20	61,773	61,773

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

HARDYSTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Summary of Auditors' Results: (Cont'd)

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance or NJOMB 15-08.



HARDYSTON TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Status of Prior Year Findings:

The District had no prior year audit findings.