

**HARDING TOWNSHIP  
SCHOOL DISTRICT**

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

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

**Comprehensive Annual  
Financial Report**

**of the**

**Harding School District Township  
Board of Education**

**New Vernon, New Jersey**

**For the Fiscal Year Ended June 30, 2021**

**Prepared by**

**Harding Township School District  
Board of Education**

HARDING TOWNSHIP SCHOOL DISTRICT  
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INTRODUCTORY SECTION

# HARDING TOWNSHIP SCHOOL



November 15th, 2021

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

Dear Board Members:

The comprehensive annual financial report (CAFR) of the Township of Harding School District (District) for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2021 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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:** The Township of Harding 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 Township of Harding School District and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PK through 8. These include regular as well as special education. The District completed the 2020-2021 fiscal year with an enrollment of 271 students, which is 8 students less than the previous year's enrollment.

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

Celebrating Excellence!

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

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

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

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

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

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

The District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to federal and state awards. This internal control system is also subject to periodic evaluation by the District's management.

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

- 5) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are



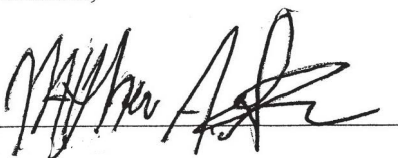
approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

- 6) **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.
- 7) **RISK 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 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) **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. The auditors' report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.
- 9) **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Township of Harding School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report was accomplished with the efficient and dedicated services of our Board Office staff.

Respectfully submitted,

Signed:

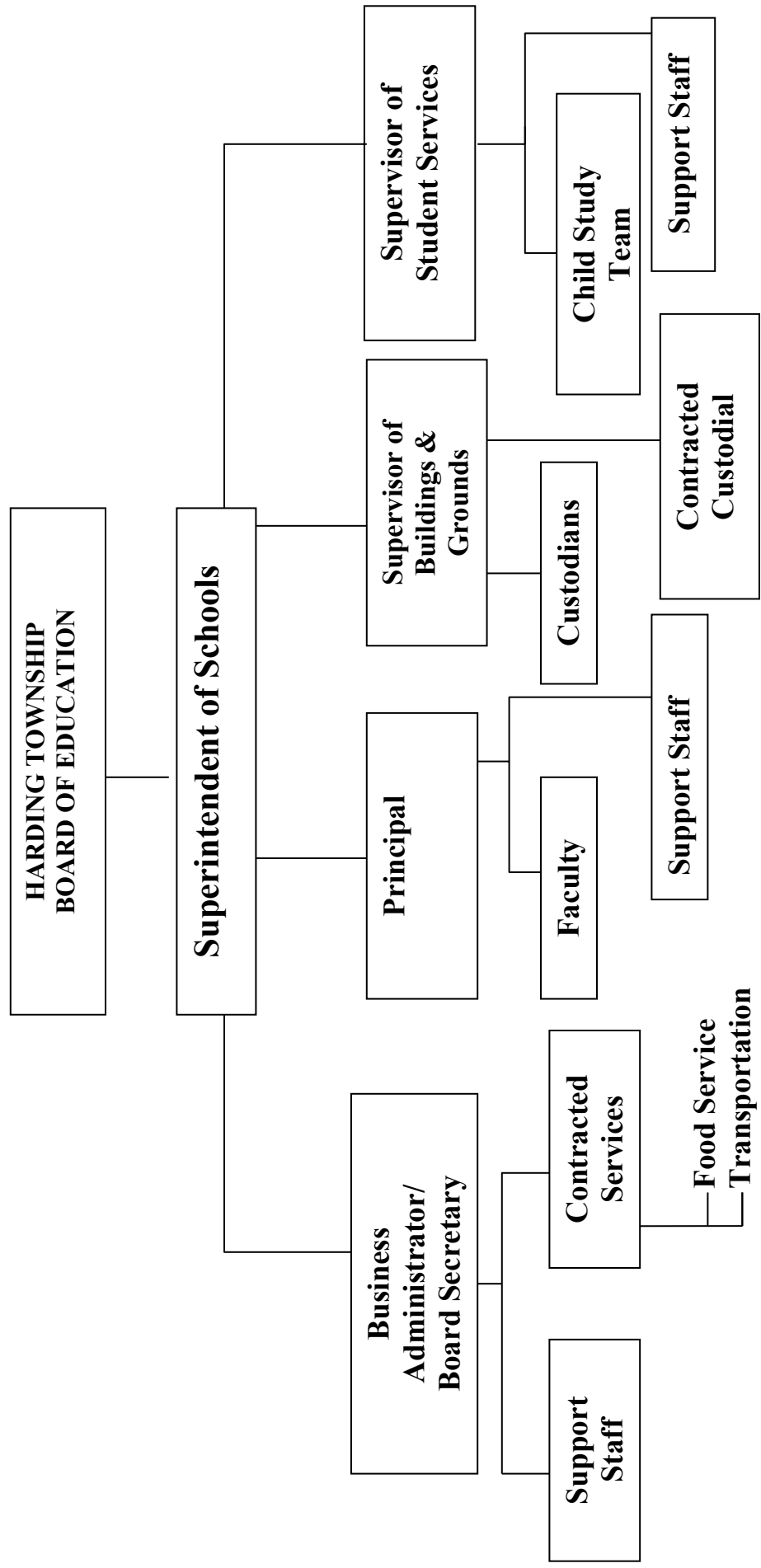


Matthew A. Spelker  
*Superintendent of Schools*



Beverly Vlietstra  
*School Business Administrator/Board Secretary*

# HARDING TOWNSHIP SCHOOL ORGANIZATIONAL CHART



HARDING TOWNSHIP SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2021

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Davor Gjivoje, President	2023
John Flynn, Vice President	2021
Richard Bruno	2023
Alexander Anastasiou	2024
Abi Singh	2024

Other Officials

Mr. Matthew Spelker, Superintendent of Schools

MS. Beverly Vlietstra, School Business Administrator/Board Secretary

Marc Zitomer, Board Attorney

**HARDING TOWNSHIP SCHOOL DISTRICT**  
**Consultants and Advisors**

**Audit Firm**

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

**Board Attorneys**

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

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

**Official Depository**

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

FINANCIAL SECTION

## Independent Auditors' Report

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

### **Report on the 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 Township of Harding Township School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

#### ***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 Harding Township School District, in the County of Morris, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year fiscal then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 18 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and post-retirement benefit schedules in Exhibits L-1 through L-6 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 sections are 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  
Harding Township School District  
Page 3

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 November 15, 2021 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.

November 15, 2021  
Mount Arlington, New Jersey

*Nisivoccia, LLP*

NISIVOCCIA LLP

*Kathryn L. Mantell*

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Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant



REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Harding Township School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021**

This section of Harding Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**Overview of the Financial Statements**

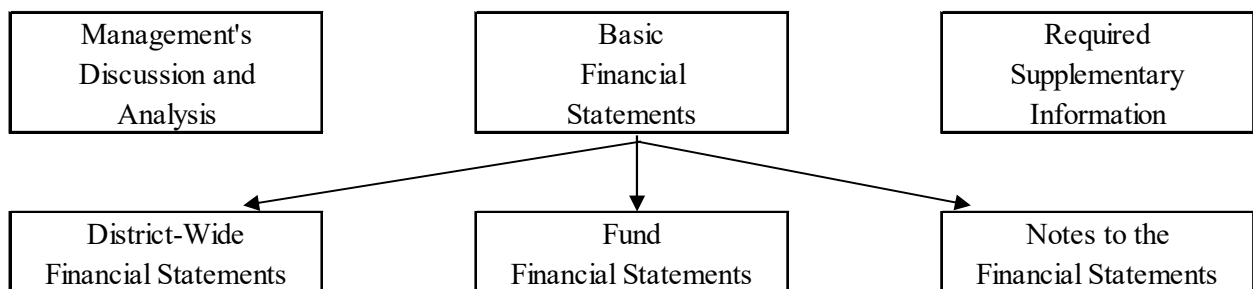
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

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

**Figure A-1**

**Organization of the School District's Financial Report**



**Harding Township School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021**

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

**Figure A-2**

*Major Features of the District-Wide and Fund Financial Statements*

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

**Harding Township School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021**

***District-wide Statements***

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

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

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

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

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

***Fund Financial Statements***

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

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

The District has two kinds of funds:

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

**Harding Township School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021**

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

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

*Net Position.* The District's combined net position was \$5,111,472 on June 30, 2021, which was \$432,368 or 7.53% more than the prior year (See Figure A-3).

**Figure A-3**

**Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Percentage
	2020/21	2019/20*	2020/21	2019/20	2020/21	2019/20*	Change 2020/21
Current and							
Other Assets	\$ 2,324,647	\$ 1,871,106	\$ 3,978	\$ 5,824	\$ 2,328,625	\$ 1,876,930	
Capital Assets, Net	5,600,001	5,593,834			5,600,001	5,593,834	
Total Assets	7,924,648	7,464,940	3,978	5,824	7,928,626	7,470,764	6.13%
Deferred Outflows of Resources	309,966	452,282			309,966	452,282	-31.47%
Other Liabilities	160,007	714,115	6,504	5,838	166,511	719,953	
Long-Term Liabilities	2,166,759	1,783,610			2,166,759	1,783,610	
Total Liabilities	2,326,766	2,497,725	6,504	5,838	2,333,270	2,503,563	-7.30%
Deferred Inflows of Resources	721,773	665,790			721,773	665,790	8.41%
Net Position:							
Net Investment in Capital Assets	5,000,001	5,593,834			5,000,001	5,593,834	
Restricted	1,565,145	849,023			1,565,145	849,023	
Unrestricted/(Deficit)	(1,379,071)	(1,689,150)	(2,526)	(14)	(1,381,597)	(1,689,164)	
Total Net Position/ (Deficit)	\$ 5,186,075	\$ 4,753,707	\$ (2,526)	\$ (14)	\$ 5,183,549	\$ 4,753,693	9.04%
* Restated							

*Changes in Net Position.* Net position from governmental activities increased \$432,368 and net position from business-type activities decreased \$2,512.

**Harding Township School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021**

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

	Governmental Activities 2020/21	Business- Type Activities 2020/21	Governmental Activities 2019/20	Business- Type Activities 2019/20	Total School District 2020/21	Total School District 2019/20	Percentage Change 2020/21
<b>Revenue:</b>							
<b>Program Revenue:</b>							
Charges for Services	\$ 69,007	\$ 14,874	\$ 66,882	\$ 70,464	\$ 83,881	\$ 137,346	
Operating Grants and Contributions	2,917,178		2,633,524		2,917,178	2,633,524	
<b>General Revenue:</b>							
Property Taxes	10,798,662		10,490,662		10,798,662	10,490,662	
Other	276,636	958	13,501	3,007	277,594	16,508	
<b>Total Revenue</b>	<b>14,061,483</b>	<b>15,832</b>	<b>13,204,569</b>	<b>73,471</b>	<b>14,077,315</b>	<b>13,278,040</b>	<b>6.02%</b>
<b>Expenses:</b>							
Instruction	6,532,387		5,991,554		6,532,387	5,991,554	
Pupil and Instruction Services	4,003,456		4,165,290		4,003,456	4,165,290	
Administrative and Business	912,064		982,363		912,064	982,363	
Maintenance and Operations	984,991		998,972		984,991	998,972	
Transportation	1,190,198		1,191,013		1,190,198	1,191,013	
Other	6,019	18,344	57,845	74,721	24,363	132,566	
<b>Total Expenses</b>	<b>13,629,115</b>	<b>18,344</b>	<b>13,387,037</b>	<b>74,721</b>	<b>13,647,459</b>	<b>13,461,758</b>	<b>1.38%</b>
<b>Change in Net Position</b>	<b>\$ 432,368</b>	<b>\$ (2,512)</b>	<b>\$ (182,468)</b>	<b>\$ (1,250)</b>	<b>\$ 429,856</b>	<b>\$ (183,718)</b>	<b>333.98%</b>

The financial position of the District's governmental activities increased \$432,368 primarily due to increases in state aid and business-type activities decreased \$2,512 due to the disruption and cessation of its food service program caused by the COVID-19 pandemic.

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

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

	Total Cost of Services 2020/21	Net Cost of Services 2020/21	Total Cost of Services 2019/20	Net Cost of Services 2019/20
Instruction	\$ 6,532,387	\$ 4,047,322	\$ 5,991,554	\$ 3,612,177
Pupil and Instruction Services	4,003,456	4,000,669	4,165,290	4,265,697
Administrative and Business	912,064	733,671	982,363	636,059
Maintenance and Operations	984,991	984,991	998,972	1,015,124
Transportation	1,190,198	870,258	1,191,013	692,588
Other	6,019	6,019	57,845	6,939
	<b>\$ 13,629,115</b>	<b>\$ 10,642,930</b>	<b>\$ 13,387,037</b>	<b>\$ 10,228,584</b>

**Harding Township School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021**

**Business-Type Activities**

Net position from the District's business-type activity decreased by \$2,512 due to the disruption and cessation of its food service program caused by the COVID-19 pandemic. (Refer to Figure A-4).

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

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

**General Fund Budgetary Highlights**

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

**Capital Asset and Long-Term Liabilities Administration**

*Capital Assets*

The District's capital assets decreased by \$6,167, or 0.11% due to \$226,544 of additions (\$183,215 from the Capital Projects Fund for a STEM laboratory project and \$43,329 of equipment purchases from capital outlay expenditures) offset by current year depreciation of \$220,377 from its governmental and business-type activities. More information regarding the District's capital assets is contained in Note 6 to the basic financial statements.

**Figure A-6**

**Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	Change 2020/21
Construction in Progress	\$ 911,175	\$ 727,960			\$ 911,175	\$ 727,960	
Sites and Site Improvements	16,255	16,255			16,255	16,255	
Buildings and Building Improvements	8,992,589	8,992,589			8,992,589	8,992,589	
Machinery and Equipment	790,302	746,973	\$ 33,934	\$ 33,934	824,236	780,907	
Accumulated Depreciation	(5,110,320)	(4,889,943)	(33,934)	(33,934)	(5,144,254)	(4,923,877)	
<b>Total Capital Assets (Net of Depreciation)</b>	<b>\$ 5,600,001</b>	<b>\$ 5,593,834</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ 5,600,001</b>	<b>\$ 5,593,834</b>	<b>0.11%</b>

**Harding Township School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021**

**Capital Asset and Long-Term Liabilities Administration**

The District's long-term liabilities decreased by \$383,149, or 21.48%, during the fiscal year due to an increase in compensated absences of \$10,924 and an increase in Capital Leases Payable of \$600,000 offset by a decrease of \$227,775 in the District's net PERS pension liability. Detailed information regarding the District's long-term liabilities is contained in Note 7 to the basic financial statements.

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

	Total School District		Percentage
	2020/21	2020/21	Change 2019/20
Other Long-Term Liabilities	\$ 120,493	\$ 109,569	
Capital Leases Payable	600,000		
Net Pension Liability - PERS	1,446,266	1,674,041	
	<u>\$ 2,166,759</u>	<u>\$ 1,783,610</u>	21.48%

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

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

- Budget development will continue to be challenging to maintain existing programs given the economic climate, an aging building, rising employee benefits and utility costs, and the State mandated restriction on Unassigned General Fund fund balance of no more than two percent (2%) (which was increased to four percent (4%) by NJDOE for fiscal years 2022 and 2023), which has had a substantial impact on the District when unanticipated expenditures occur.

**Contacting the District's Financial Management**

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



BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HARDING TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 658,485	\$ 855	\$ 659,340
Cash with Fiscal Agents	164,718		164,718
Other Accounts Receivable		618	618
Receivables from State Government	384,199		384,199
Receivables from Federal Government	25,338		25,338
Inventories		2,505	2,505
Restricted Cash and Cash Equivalents	1,091,907		1,091,907
Capital Assets, Net:			
Construction in Progress	911,175		911,175
Depreciable Assets	4,688,826		4,688,826
<b>Total Assets</b>	<b>7,924,648</b>	<b>3,978</b>	<b>7,928,626</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	309,966		309,966
<b>Total Deferred Outflows of Resources</b>	<b>309,966</b>		<b>309,966</b>
<b>LIABILITIES</b>			
Accounts Payable	157,835	2,746	160,581
Unearned Revenue	2,172	3,758	5,930
Noncurrent Liabilities:			
Due Within One Year	116,763		116,763
Due Beyond One Year	2,049,996		2,049,996
<b>Total Liabilities</b>	<b>2,326,766</b>	<b>6,504</b>	<b>2,333,270</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	721,773		721,773
<b>Total Deferred Inflows of Resources</b>	<b>721,773</b>		<b>721,773</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,000,001		5,000,001
Restricted for:			
Capital Projects	1,031,600		1,031,600
Unemployment Compensation	45,748		45,748
Student Activities	6,113		6,113
Scholarships	14,781		14,781
Excess Surplus	466,903		466,903
Unrestricted/(Deficit)	(1,379,071)	(2,526)	(1,381,597)
<b>Total Net Position/(Deficit)</b>	<b>\$ 5,186,075</b>	<b>\$ (2,526)</b>	<b>\$ 5,183,549</b>

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

HARDING TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 4,479,720	\$ 66,220	\$ 1,682,997	\$ (2,730,503)		\$ (2,730,503)
Special Education	1,761,893		662,207	(1,099,686)		(1,099,686)
Other Special Instruction	226,834		42,159	(184,675)		(184,675)
Other Instruction	63,940		31,482	(32,458)		(32,458)
<b>Support Services:</b>						
Tuition	2,724,982			(2,724,982)		(2,724,982)
Student & Instruction Related Services	1,278,474	2,787		(1,275,687)		(1,275,687)
General Administrative Services	555,600		123,629	(431,971)		(431,971)
School Administrative Services	78,270		17,379	(60,891)		(60,891)
Central Services	202,725		37,385	(165,340)		(165,340)
Administrative Information Technology	75,469			(75,469)		(75,469)
Plant Operations and Maintenance	984,991			(984,991)		(984,991)
Pupil Transportation	1,190,198		319,940	(870,258)		(870,258)
Capital Outlay	6,019			(6,019)		(6,019)
<b>Total Governmental Activities</b>	<b>13,629,115</b>	<b>69,007</b>	<b>2,917,178</b>	<b>(10,642,930)</b>		<b>(10,642,930)</b>
<b>Business-Type Activities:</b>						
Food Service	18,344	14,874			\$ (3,470)	(3,470)
<b>Total Business-Type Activities</b>	<b>18,344</b>	<b>14,874</b>			<b>(3,470)</b>	<b>(3,470)</b>
<b>Total Primary Government</b>	<b>\$ 13,647,459</b>	<b>\$ 83,881</b>	<b>\$ 2,917,178</b>	<b>(10,642,930)</b>	<b>(3,470)</b>	<b>(10,646,400)</b>

HARDING TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 10,798,662	\$ 958	\$ 10,798,662
Miscellaneous Income	276,636	\$ 958	277,594
Total General Revenue	11,075,298	958	11,076,256
Change in Net Position	432,368	(2,512)	429,856
Net Position/(Deficit) - Beginning (as Restated)	4,753,707	(14)	4,753,693
Net Position/(Deficit) - Ending	\$ 5,186,075	\$ (2,526)	\$ 5,183,549

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

FUND FINANCIAL STATEMENTS

HARDING TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 658,485			\$ 658,485
Cash with Fiscal Agents	56,501		\$ 108,217	164,718
Interfund Receivable	23,866			23,866
Receivables From State Government	384,199			384,199
Receivables From Federal Government		\$ 25,338		25,338
Restricted Cash and Cash Equivalents	1,071,013	20,894		1,091,907
<b>Total Assets</b>	<b>\$ 2,194,064</b>	<b>\$ 46,232</b>	<b>\$ 108,217</b>	<b>\$ 2,348,513</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable - Vendors	\$ 27,653		\$ 25,182	\$ 52,835
Unearned Revenue	700	\$ 1,472		2,172
Interfund Payable		23,866		23,866
<b>Total Liabilities</b>	<b>28,353</b>	<b>25,338</b>	<b>25,182</b>	<b>78,873</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Capital Reserve	1,025,265			1,025,265
Excess Surplus - Current Year (for 2022-2023)	136,786			136,786
Excess Surplus - Prior Year (for 2021-2022)	330,117			330,117
Unemployment Compensation	45,748			45,748
Student Activities		6,113		6,113
Scholarships		14,781		14,781
<b>Committed:</b>				
Capital Projects			83,035	83,035
<b>Assigned for:</b>				
Year-End Encumbrances	80,158			80,158
Subsequent Year's Expenditures	38,143			38,143
Unassigned General Fund	509,494			509,494
<b>Total Fund Balances</b>	<b>2,165,711</b>	<b>20,894</b>	<b>83,035</b>	<b>2,269,640</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,194,064</b>	<b>\$ 46,232</b>	<b>\$ 108,217</b>	<b>\$ 2,348,513</b>

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

Total Fund Balances (Above)	\$ 2,269,640
Capital Assets Used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	5,600,001
Long-Term Liabilities, including compensated absences payable, net pension liability, and capital leases are not due and payable in the current period and therefore are not reported as liabilities in the Governmental Funds.	(2,166,759)
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	204,966
Deferred Inflows	(721,773)
<b>Net Position of Governmental Activities (Exhibit A-1)</b>	<b>\$ 5,186,075</b>

HARDING TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES:</b>				
<b>Local Sources:</b>				
Local Tax Levy	\$ 10,798,662			\$ 10,798,662
Tuition from Individuals	66,220			66,220
Restricted Miscellaneous Revenue		\$ 2,787		2,787
Unrestricted Miscellaneous Revenue	276,636			276,636
<b>Total - Local Sources</b>	<b>11,141,518</b>	<b>2,787</b>		<b>11,144,305</b>
State Sources	2,208,842			2,208,842
Federal Sources		200,367		200,367
<b>Total Revenues</b>	<b>13,350,360</b>	<b>203,154</b>		<b>13,553,514</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Regular Instruction	2,349,976	124,059		2,474,035
Special Education Instruction	920,960	76,308		997,268
Other Special Instruction	81,372			81,372
School-Sponsored/Other Instruction	88,239			88,239
<b>Support Services and Undistributed Costs:</b>				
Tuition	2,724,982			2,724,982
Student and Other Instruction Related Services	1,041,051	11,224		1,052,275
General Administration Services	356,190			356,190
School Administration Services	40,536			40,536
Central Services	146,108			146,108
Administrative Information Technology	75,469			75,469
Plant Operations and Maintenance	929,115			929,115
Student Transportation	1,172,984			1,172,984
Unallocated Benefits	2,774,729			2,774,729
Capital Outlay	44,736		\$ 187,827	232,563
<b>Total Expenditures</b>	<b>12,746,447</b>	<b>211,591</b>	<b>187,827</b>	<b>13,145,865</b>
<b>Excess/(Deficit) of Revenue Over/(Under) Expenditures</b>	<b>603,913</b>	<b>(8,437)</b>	<b>(187,827)</b>	<b>407,649</b>
<b>OTHER FINANCING SOURCES/(USES):</b>				
Capital Reserve - Transfer to Capital Projects Fund	340,550		(340,550)	
Proceeds from Lease Purchase Agreements			600,000	600,000
<b>Total Other Financing Sources/(Uses)</b>	<b>340,550</b>		<b>259,450</b>	<b>600,000</b>
<b>Net Change in Fund Balances</b>	<b>944,463</b>	<b>(8,437)</b>	<b>71,623</b>	<b>1,007,649</b>
<b>Fund Balance - July 1 (Restated)</b>	<b>1,221,248</b>	<b>29,331</b>	<b>11,412</b>	<b>1,261,991</b>
<b>Fund Balance - June 30</b>	<b>\$ 2,165,711</b>	<b>\$ 20,894</b>	<b>\$ 83,035</b>	<b>\$ 2,269,640</b>

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



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

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 1,007,649

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

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

	\$	(220,377)	
Depreciation Expense		226,544	
Capital Outlays		6,167	

In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (10,924)

Lease obligations are other financing sources in the Governmental Funds, but the obligations increase Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities. (600,000)

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

Change in Net Pension Liability		227,775	
Change in Deferred Outflows		(191,750)	
Change in Deferred Inflows		(6,549)	

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 432,368

HARDING TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2021

	<u>Business-type Activities - Enterprise Funds</u> <u>Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 855
Accounts Receivable	618
Inventories	2,505
	3,978
Total Current Assets	3,978
Non-Current Assets:	
Capital Assets	33,934
Less: Accumulated Depreciation	(33,934)
	3,978
Total Assets	3,978
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	2,746
Unearned Revenue - Prepaid Sales	3,758
	6,504
Total Liabilities	6,504
<u>NET POSITION:</u>	
Unrestricted/(Deficit)	(2,526)
Total Net Position/(Deficit)	\$ (2,526)

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

HARDING TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 14,874
Miscellaneous Revenue	958
	15,832
Total Operating Revenue	15,832
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	8,637
Salaries, Benefits & Payroll Taxes	5,669
Supplies, Insurance & Other Costs	249
Management Fee	3,178
Miscellaneous Expense	611
	18,344
Total Operating Expenses	18,344
Operating Loss	(2,512)
Net Position/(Deficit) - Beginning of Year	(14)
Net Position/(Deficit) - End of Year	\$ (2,526)

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

HARDING TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 15,832
Payments to Food Service Contractor	(16,296)
Payments to Suppliers	(22)
	(486)
Net Cash Used for Operating Activities	(486)
Net Decrease in Cash and Cash Equivalents	(486)
Cash and Cash Equivalents, July 1	1,341
Cash and Cash Equivalents, June 30	\$ 855
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (2,512)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Inventory	1,978
(Increase) in Accounts Receivable	(618)
(Decrease) in Unearned Revenue	(1,237)
Increase in Accounts Payable	1,903
	(486)
Net Cash Used for Operating Activities	\$ (486)

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

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

(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. Separate statements for each fund category – governmental and proprietary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay sub-fund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (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.

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

(Continued)

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

C. Measurement Focus and Basis of Accounting

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset 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 and special revenue funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

HARDING TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 13,351,958	\$ 203,154
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	43,293	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(44,891)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 13,350,360	\$ 203,154
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 12,746,447	\$ 211,591
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 12,746,447	\$ 211,591

E. Cash and Cash Equivalents and Investments

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date.



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

(Continued)

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

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

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

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

HARDING TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

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

H. Encumbrances (Cont'd):

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 general or enterprise funds represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

K. Capital Assets:

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

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

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

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

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

(Continued)

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

L. Long Term Liabilities:

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

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, 2021.

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

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

O. Unearned Revenue

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

P. Fund Balance Appropriated

General Fund: Of the \$2,165,711 General Fund Balance at June 30, 2021, \$1,025,265 is restricted in the capital reserve account; \$136,786 is restricted for current fiscal year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2023; \$330,117 is restricted for the prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2022; \$45,748 is restricted for unemployment compensation; \$80,158 is assigned for year-end encumbrances; \$38,143 is assigned for subsequent year's expenditures; and \$509,494 is unassigned (which is \$44,891 less than the budgetary basis due to the non-recognition of the last two state aid payments).

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2021 is \$20,894, of which \$6,113 and is restricted for student activities and \$14,781 scholarships.

Capital Projects Fund: The Capital Projects Fund Balance at June 30, 2021 is \$83,035 which is committed.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2021 as noted above.

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

(Continued)

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

P. Fund Balance Appropriated (Cont'd)

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

Q. Deficit in Net Position:

The District has a deficit in unrestricted net position of \$1,379,071 in its governmental activities, which is primarily due to the net pension liability. The District has a deficit in unrestricted net position of \$2,526 in its business-type activities, which is primarily due to an increase in expenses in the Food Service Fund. These deficits do not indicate the District is having 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, 2021 related to pensions.

The District had deferred inflows of resources at June 30, 2021 for related to pensions.

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

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, 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.

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

(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 a capital reserve, excess surplus, unemployment compensation, student activities, and scholarships.

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

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

T. Revenue - Exchange and Non-exchange Transactions:

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

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

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

(Continued)

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

T. Revenue - Exchange and Non-exchange Transactions: (Cont'd)

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.

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.

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

(Continued)

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

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 below and on the following page.

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.

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

(Continued)

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

Investments: (Cont'd)

- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1970, c.236 (C.17-9-41); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.



HARDING TOWNSHIP SCHOOL DISTRICT  
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NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

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

	Restricted Cash and Cash Equivalents				Cash and	Total
	Capital Reserve	Unemployment	Student Activities	Scholarships	Cash Equivalents	
Checking Accounts	\$ 1,025,265	\$ 45,748	\$ 6,113	\$ 14,781	\$ 652,459	\$ 1,744,366

During the period ended June 30, 2021, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$1,744,366 and the bank balance was \$1,744,366.

NOTE 4. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2021, the District transferred \$33,000 to the capital outlay for facilities acquisition and construction services which required the approval of the county superintendent.

NOTE 5. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity for the Capital Reserve Account for the fiscal year ended June 30, 2021 is as follows:

Beginning Balance, July 1, 2020	\$ 184,715
Board Resolution	500,000
Transfer from Capital Projects Fund	600,000
	1,284,715
Budgeted Withdrawal from Capital Reserve	(259,450)
Ending Balance, June 30, 2021	\$ 1,025,265

The balance in the capital reserve account at June 30, 2021 does not exceed the LRFP balance of local support costs of uncompleted capital projects. The withdrawal from the capital reserve was for use in DOE approved facilities projects, consistent with the District's LRFP.

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

(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Construction in Progress	\$ 727,960	\$ 183,215		\$ 911,175
Total Capital Assets Not Being Depreciated	<u>727,960</u>	<u>183,215</u>		<u>911,175</u>
Capital Assets Being Depreciated:				
Site Improvements	16,255			16,255
Buildings and Building Improvements	8,992,589			8,992,589
Machinery and Equipment	746,973	43,329		790,302
Total Capital Assets Being Depreciated	<u>9,755,817</u>	<u>43,329</u>		<u>9,799,146</u>
Governmental Activities Capital Assets	<u>10,483,777</u>	<u>226,544</u>		<u>10,710,321</u>
Less Accumulated Depreciation	<u>(4,889,943)</u>	<u>(220,377)</u>		<u>(5,110,320)</u>
	<u>(4,889,943)</u>	<u>(220,377)</u>		<u>(5,110,320)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,593,834</u>	<u>\$ 6,167</u>	<u>\$ - 0 -</u>	<u>\$ 5,600,001</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 33,934			\$ 33,934
Less: Accumulated Depreciation	<u>(33,934)</u>			<u>(33,934)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 175,574
Special Education Instruction	10,071
Other Instruction	1,565
Student and Instruction Related Services	4,584
School Administration	4,033
General Administration	10,071
Operations and Maintenance of Plant	14,479
	<u>\$ 220,377</u>

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

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2020	Accrued	Retired	Balance 6/30/2021
Compensated Absences Payable	\$ 109,569	\$ 15,264	\$ 4,340	\$ 120,493
Net Pension Liability - PERS	1,674,041		227,775	1,446,266
Capital Lease Payable		600,000		600,000
	\$ 1,783,610	\$ 615,264	\$ 232,115	\$ 2,166,759

A. Bonds Payable:

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

As of June 30, 2021, the District has no bonds outstanding.

B. Bonds Authorized But Not Issued

As of June 30, 2021, the District had no bonds authorized but not issued.

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term 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 \$120,493.

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, 2021, no liability existed for compensated absences in the Proprietary Fund.

The General Fund will be used to liquidate the governmental activities Compensated Absences Payable.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2021 is \$-0- and the long-term portion is \$1,446,266. See Note 8 for further information on the PERS.

E. Capital Leases Payable:

The District's capital lease relates to the purchase of equipment and improvements for the STEM Lab Project. The capital lease totals \$600,000, of which \$-0- has been liquidated as of June 30, 2021. The capital lease is for a term of five years. The current portion of the capital lease is \$116,763 and the long-term portion is \$483,237. The following is a schedule of the future minimum lease payments under the District's capital lease, and the present value of the net minimum lease payments at June 30, 2021.

HARDING TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

E. Capital Leases Payable: (Cont'd)

<u>Fiscal Year Ending:</u>	<u>Total</u>
June 30, 2022	\$ 125,273
June 30, 2023	125,273
June 30, 2024	125,273
June 30, 2025	125,273
June 30, 2026	<u>125,272</u>
	626,364
Less: Amount Representing Interest	<u>(26,364)</u>
	<u>\$ 600,000</u>

NOTE 8. PENSION PLANS

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

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

Service retirement benefits of 1/55<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 members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

HARDING TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 8. 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 \$97,020 for fiscal year 2021.

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, 2021, the District reported a liability of \$1,446,266 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The 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, 2020, the District's proportion was 0.0088%, which was a decrease of 0.0004% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$67,543. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2016	5.57	\$ 46,918	
	2017	5.48		\$ 136,901
	2018	5.63		134,309
	2019	5.21		106,661
	2020	5.16		227,694
			<u>46,918</u>	<u>605,565</u>
Changes in Proportion	2016	5.57	24,707	
	2017	5.48		9,514
	2018	5.63		24,999
	2019	5.21	57,572	
	2020	5.16		76,580
			<u>82,279</u>	<u>111,093</u>
Difference Between Expected and Actual Experience	2016	5.57	1,424	
	2017	5.48	4,071	
	2018	5.63		5,115
	2019	5.21	8,153	
	2020	5.16	12,686	
			<u>26,334</u>	<u>5,115</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(17,697)	
	2018	5.00	(16,414)	
	2019	5.00	3,972	
	2020	5.00	79,574	
			<u>49,435</u>	
Contribution Subsequent to Measurement Date	2020	1.00	105,000	
			<u>\$ 309,966</u>	<u>\$ 721,773</u>

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

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2021	\$ (181,480)
2022	(165,455)
2023	(94,553)
2024	(38,236)
2025	(8,270)
	\$ (487,993)

Actuarial Assumptions

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

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-2020.

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

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

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

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



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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments 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, 2020 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	At 1% Decrease (6.00%)	Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 1,816,575	\$ 1,446,266	\$ 1,126,127
<u>Pension plan Fiduciary Net Position</u>			

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

HARDING TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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.

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 2021, 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 2021, the State of New Jersey contributed \$850,306 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,172,057.

HARDING TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Special Funding Situation (Cont'd)

The employee contribution rate was 7.50% effective July 1, 2020.

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

At June 30, 2021, the State's proportionate share of the net pension liability associated with the District was \$18,848,130. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The 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, 2020, the District's proportion was 0.00286%, which was a decrease of 0.00005% from its proportion measured as of June 30, 2019.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	18,848,130
Total	<u>\$ 18,848,130</u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$1,172,057 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements.

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

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

NOTE 8. 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	\$ 461,324,773	
	2015	8.3	1,638,696,238	
	2016	8.3	4,304,747,820	
	2017	8.3		\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.99	1,411,170,422	
			<u>7,815,939,253</u>	<u>14,241,964,752</u>
Difference Between Expected and Actual Experience	2014	8.5		4,393,807
	2015	8.3	101,207,836	
	2016	8.3		53,533,223
	2017	8.3	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020	7.99		7,520,890
			<u>986,767,511</u>	<u>182,357,860</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(226,008,261)	
	2018	5.00	(192,060,744)	
	2019	5.00	108,662,078	
	2020	5.00	965,582,162	
			<u>656,175,235</u>	
			<u>\$ 9,458,881,999</u>	<u>\$ 14,424,322,612</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:

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

HARDING TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

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

Inflation 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-2020.

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

Long Term Expected Rate of Return

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

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

(Continued)

NOTE 8. 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
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate - TPAF

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

Sensitivity of the State's 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, 2020 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:

HARDING TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	June 30, 2020		
	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
State's Proportionate Share of the Total Net Pension Liability Associated with the District	\$ 22,139,336	\$ 18,848,130	\$ 16,115,336

Pension Plan Fiduciary Net Position - TPAF

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

NOTE 9. RISK MANAGEMENT

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

Property and Liability Insurance

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

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

HARDING TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

The audit of the Fund as of June 30, 2021 is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2020 is as follows:

	School Alliance Insurance Fund
Total Assets	\$ 48,410,942
Net Position	\$ 18,917,987
Total Revenue	\$ 41,974,396
Total Expenses	\$ 35,489,346
Change in Net Position	\$ 6,485,050
Members' Dividends	\$ -0-

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

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

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ -0-	\$ -0-	\$ 8,324	\$ 809	\$ 45,748
2019-2020	-0-	-0-	7,393	10,707	38,233
2018-2019	-0-	-0-	7,200	11,857	41,547

NOTE 10. ECONOMIC DEPENDENCY

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



HARDING TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 23,866	
Special Revenue Fund		\$ 23,866
	\$ 23,866	\$ 23,866

The interfund payable from the Special Revenue Fund and the interfund receivable in the General Fund as of June 30, 2021 represents the negative cash balance in the Special Revenue Fund as a result of reimbursements not being received from grantors prior to June 30, 2021. The interfund payable from the Special Revenue Fund and the interfund receivable in the General Fund as of June 30, 2021 represents the amount returned to general fund after the completion of a capital project.

NOTE 12. DEFERRED COMPENSATION

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

The plan administrators are as follows:

AXA Equitable

Lincoln Financial

NOTE 13. TAX CALENDAR

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

NOTE 14. CONTINGENT LIABILITIES

Grant Programs

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

HARDING TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 14. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2021 the District had the following encumbrances:

General Fund	Capital Projects Fund	Total Governmental Funds
\$ 80,158	\$ 76,700	\$ 156,858

The \$76,700 of encumbrances in the Capital Projects Fund are included in the committed fund balance of \$83,035.

Litigation

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

NOTE 15. ACCOUNTS PAYABLE

At June 30, 2021 the District had the following accounts payable:

	General Fund	Capital Projects Fund	Subsequent to the Measurement Date	Total Governmental Activities	Total Business Type Activities
Vendors	\$ 20,772	\$ 25,182		\$ 45,954	\$ 2,746
Payroll Deductions & Withholdings	6,881			6,881	
Due to State of New Jersey			\$ 105,000	105,000	
	\$ 27,653	\$ 25,182	\$ 105,000	\$ 157,835	\$ 2,746

NOTE 16. 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.

HARDING TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 16. 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-notice-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	<u>216,892</u>
Total	<u><u>364,943</u></u>

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.

HARDING TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 16. 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%.

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

(Continued)

NOTE 16. 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 Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2018	\$ 8,737,555
Changes for Year:	
Service Cost	491,622
Interest on the Total OPEB Liability	352,031
Changes in Assumptions	134,192
Differences between Expected and Actual Experience	(447,260)
Gross Benefit Payments by the State	(276,275)
Contributions from Members	8,190
Net Changes	262,500
Balance at June 30, 2019	\$ 9,000,055

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	\$ 10,632,622	\$ 9,000,055

HARDING TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (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		
	At 1%	At	At 1%
	Decrease	Discount Rate	Increase
	(2.50%)	(3.50%)	(4.50%)
Total OPEB Liability Attributable to the District	\$ 7,415,644	\$ 9,000,055	\$ 11,097,490

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

For the fiscal year ended June 30, 2021 the District recognized OPEB expense of \$473,939 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:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,047,788
Changes in Assumptions	2018	9.51		901,240
	2019	9.29	\$ 119,747	
			119,747	1,949,028
Differences Between Expected and Actual Experience	2018	9.51		851,952
	2019	9.29		1,409,427
				2,261,379
Changes in Proportion	N/A	N/A		2,631,544
			\$ 119,747	\$ 6,841,951

HARDING TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 16. 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	\$ (549,231)
2021	(549,231)
2022	(549,231)
2023	(549,231)
2024	(549,231)
Thereafter	(1,344,508)
	\$ (4,090,660)

NOTE 17. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey continues to cause disruption of the District’s 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. There have been additional operating expenses in the General Fund due to schools re-opening on a full-time basis

The District’s Food Service Fund has been impacted by COVID-19 for the fiscal year ending June 30, 2022 as food service operations were temporarily stopped in the fiscal year.

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

(Continued)

NOTE 18. PRIOR YEAR ADJUSTMENT

GASB 84, Fiduciary Activities, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance Trust Fund which had previously been reported in the Fiduciary Funds is now reported in the General Fund. The Student Activities Fund (which includes Athletic Activities) and Private Purpose Scholarship Trust Fund are now reported in the Special Revenue Fund. The ending balances as of June 30, 2020 were restated due to this implementation as follows:

	<u>Balance</u> <u>June 30, 2020</u> <u>as Previously</u> <u>Reported</u>	<u>Retroactive</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2020</u> <u>as</u> <u>Restated</u>
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ 4,686,143	\$ 67,564	\$ 4,753,707
 <u>Statement of Revenues, Expenditures and Changes in</u> <u>Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	1,183,015	38,233	1,221,248
Special Revenue Fund:			
Fund Balance - June 30	-0-	29,331	29,331
 <u>Statement of Changes in Fiduciary Net Position -</u> <u>Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	38,233	(38,233)	-0-
Private Purpose Scholarship Trust:			
Net Position - End of the Year	15,759	(15,759)	-0-
Student Activities Trust Fund:			
Net Position - End of the Year	13,572	(13,572)	-0-



SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Total OPEB Liability:	0.0077925915%	0.0080614675%	0.0092770514%	0.0091154598%	0.0088781600%	0.0092906852%	0.0088687818%
District's proportionate share of the Net Pension Liability	\$ 1,458,966	\$ 1,809,638	\$ 2,747,597	\$ 2,121,933	\$ 1,748,065	\$ 1,674,041	\$ 1,446,266
District's covered employee payroll	\$ 867,215	\$ 597,092	\$ 612,139	\$ 597,139	\$ 626,146	\$ 618,941	\$ 625,785
District's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll	168.24%	303.08%	448.85%	355.35%	279.18%	270.47%	231.11%
Net Change in Total OPEB Liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%
Total Pension Liability							

\* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and June 30, 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.

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Total OPEB Liability:	\$ 64,241	\$ 69,307	\$ 83,756	\$ 87,086	\$ 89,148	\$ 91,096	\$ 97,020
Contributions in relation to the contractually required contribution	(64,241)	(69,307)	(83,756)	(87,086)	(89,148)	(91,096)	(97,020)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 597,092	\$ 612,139	\$ 597,139	\$ 626,146	\$ 618,941	\$ 625,785	\$ 619,228
Net Change in Total OPEB Liability covered employee payroll	10.76%	11.32%	14.03%	13.91%	14.40%	14.56%	15.67%

\* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and June 30, 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.

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Total OPEB Liability:							
Liability attributable to the District	0.0258121298%	0.0262009638%	0.0261796731%	0.0276104539%	0.0291020732%	0.0281799633%	0.0286233477%
State's proportionate share of the Net Pension Liability attributable to the District	\$ 13,795,743	\$ 16,560,128	\$ 20,594,598	\$ 18,615,964	\$ 18,514,114	\$ 17,294,299	\$ 18,848,130
District's covered employee payroll	\$ 2,766,240	\$ 2,809,679	\$ 2,961,884	\$ 3,004,583	\$ 3,122,108	\$ 3,204,842	\$ 3,270,247
Net Change in Total OPEB Liability							
Liability attributable to the District as a percentage of its covered employee payroll	498.72%	589.40%	695.32%	619.59%	593.00%	539.63%	576.35%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

\* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and June 30, 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.

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Total OPEB Liability:	\$ 742,341	\$ 1,011,145	\$ 1,547,397	\$ 1,289,620	\$ 1,079,308	\$ 1,020,064	\$ 1,172,057
Contributions in relation to the contractually required contribution	(141,652)	(209,605)	(310,563)	(438,971)	(554,231)	(627,820)	(850,306)
Contribution deficiency/(excess)	\$ 600,689	\$ 801,540	\$ 1,236,834	\$ 850,649	\$ 525,077	\$ 1,647,884	\$ 2,022,363
District's covered employee payroll	\$ 2,809,679	\$ 2,961,884	\$ 3,004,583	\$ 3,122,108	\$ 3,204,842	\$ 3,270,247	\$ 3,541,087
Net Change in Total OPEB Liability	5.04%	7.08%	10.34%	14.06%	17.29%	-19.20%	-24.01%

\* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and June 30, 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.

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

	Fiscal Year Ending June 30,		
	2017	2018	2019
Total OPEB Liability:			
Service Cost	\$ 704,672	\$ 580,221	\$ 491,622
Interest Cost	363,741	421,664	352,031
Difference Between Expected and Actual Experience		(2,345,977)	(447,260)
Changes in Assumptions	(1,689,640)	(1,002,678)	134,192
Member Contributions	9,646	8,075	8,190
Gross Benefit Payments	(261,961)	(233,639)	(276,275)
Net Change in Total OPEB Liability	(873,542)	(2,572,334)	262,500
Total OPEB Liability - Beginning	12,183,431	11,309,889	8,737,555
Total OPEB Liability - Ending	<u>\$ 11,309,889</u>	<u>\$ 8,737,555</u>	<u>\$ 9,000,055</u>
District's Covered Employee Payroll *	\$ 3,406,771	\$ 3,574,023	\$ 3,601,722
Total OPEB Liability as a Percentage of Covered Employee Payroll	30.12%	40.90%	40.02%

\* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and June 30, 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.

HARDING TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

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.

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

HARDING TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Changes of Actuarial Assumptions (Cont'd)

“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 4.4% rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.



BUDGETARY COMPARISON SCHEDULES

HARDING TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 10,798,662		\$ 10,798,662	\$ 10,798,662	
Tuition From Individuals	79,284		79,284	66,220	\$ (13,064)
Transportation Fees from Individuals	9,300		9,300	(9,300)	(9,300)
Rentals	9,000		9,000	(9,000)	(9,000)
Interest on Investments		6,000	6,000	1,166	(4,834)
Unrestricted Miscellaneous Revenue	252,505	(6,005)	246,500	275,470	28,970
<b>Total - Local Sources</b>	<u>11,148,751</u>	<u>(5)</u>	<u>11,148,746</u>	<u>11,141,518</u>	<u>(7,228)</u>
<b>State Sources:</b>					
Extraordinary Aid	247,255		247,255	335,675	88,420
Categorical Special Education Aid	150,714		150,714	110,172	(40,542)
Categorical Security Aid	32,259	(2,784)	29,475	32,259	2,784
Categorical Transportation Aid	319,770		319,770	319,770	
Other State Aids	33,211	2,789	36,000	36,761	761
TPAF Pension Contributions (non-budgeted)				850,306	850,306
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				271,543	271,543
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				16,178	16,178
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				596	596
Reimbursed TPAF Social Security Contributions (non-budgeted)				237,180	237,180
<b>Total State Sources</b>	<u>783,209</u>	<u>5</u>	<u>783,214</u>	<u>2,210,440</u>	<u>1,427,226</u>
<b>TOTAL REVENUES</b>	<u>11,931,960</u>		<u>11,931,960</u>	<u>13,351,958</u>	<u>1,419,998</u>

HARDING TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 67,630	\$ 800	\$ 68,430	\$ 68,365	\$ 65
Kindergarten - Salaries of Teachers	129,183	3,000	132,183	132,033	150
Grades 1-5 - Salaries of Teachers	1,117,931	(60,900)	1,057,031	1,036,812	20,219
Grades 6-8 - Salaries of Teachers	938,765	6,100	944,865	944,845	20
Regular Programs - Home Instruction:					
Purchased Professional - Educational Services	2,000		2,000		2,000
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	48,800		48,800	39,841	8,959
Purchased Professional - Educational Services	14,500	7,500	22,000	12,857	9,143
Other Purchased Services	42,000		42,000	39,014	2,986
General Supplies	120,000		120,000	73,814	46,186
Textbooks	10,600		10,600	2,115	8,485
Other Objects	2,500		2,500	280	2,220
Total Regular Programs - Instruction	<u>2,493,909</u>	<u>(43,500)</u>	<u>2,450,409</u>	<u>2,349,976</u>	<u>100,433</u>
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	119,878	(119,878)			
Other Salaries for Instruction	47,570		47,570		47,570
General Supplies	2,000		2,000		2,000
Total Multiple Disabilities	<u>169,448</u>	<u>(119,878)</u>	<u>49,570</u>		<u>49,570</u>
Resource Room/Resource Center:					
Salaries of Teachers	578,600	120,878	699,478	699,433	45
Other Salaries for Instruction	269,494	(30,000)	239,494	219,783	19,711
Other Purchased Services	1,500		1,500		1,500
General Supplies	5,000		5,000	1,744	3,256
Textbooks	500		500		500
Total Resource Room/Resource Center	<u>855,094</u>	<u>90,878</u>	<u>945,972</u>	<u>920,960</u>	<u>25,012</u>

HARDING TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE</b>					
Total Special Education Instruction	\$ 1,024,542	\$ (29,000)	\$ 995,542	\$ 920,960	\$ 74,582
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	80,780	378	81,158	81,156	2
General Supplies	3,000	(378)	2,622	216	2,406
Total Basic Skills/Remedial - Instruction	83,780		83,780	81,372	2,408
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	87,289		87,289	49,943	37,346
Supplies and Materials	2,000		2,000		2,000
Total School-Sponsored Cocurricular Activities - Instruction	89,289		89,289	49,943	39,346
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	57,952		57,952	24,409	33,543
Purchased Services	1,000		1,000	60	940
Supplies and Materials	6,000	(700)	5,300		5,300
Other Objects	6,600	(45)	6,555	3,930	2,625
Transfer to Cover Deficit (Custodial Funds)		745	745	745	
Total School-Sponsored Cocurricular Athletics - Instruction	71,552		71,552	29,144	42,408
Summer School - Support Services:					
Salaries	11,200		11,200	9,152	2,048
Purchased Professional and Technical Services	2,500		2,500		2,500
Total Summer School - Support Services	13,700		13,700	9,152	4,548
Total Instruction	3,776,772	(72,500)	3,704,272	3,440,547	263,725

HARDING TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 1,600,000		\$ 1,600,000	\$ 1,600,000	
Tuition to Other LEAs Within the State - Special	341,600	\$ 25,780	367,380	367,076	\$ 304
Tuition to County Voc. School Dist. - Regular	60,000	(16,000)	44,000	41,559	2,441
Tuition to APSSD Within the State	803,255	(102,730)	700,525	642,847	57,678
Tuition to APSSD and Other LEAs - Special - Out of State	182,000	(21,300)	160,700	73,500	87,200
Tuition - Other	5,000	(800)	4,200	4,200	4,200
Total Undistributed Expenditures - Instruction	<u>2,991,855</u>	<u>(115,050)</u>	<u>2,876,805</u>	<u>2,724,982</u>	<u>151,823</u>
Attendance & Social Work:					
Salaries	58,141	3,000	61,141	59,016	2,125
Purchased Professional and Technical Services	4,200		4,200	4,011	189
Total Attendance & Social Work	<u>62,341</u>	<u>3,000</u>	<u>65,341</u>	<u>63,027</u>	<u>2,314</u>
Health Services:					
Salaries	53,828	1,400	55,228	55,163	65
Purchased Professional and Technical Services	1,500	(1,250)	250	250	250
Supplies and Materials	2,000	750	2,750	2,739	11
Total Health Services	<u>57,328</u>	<u>900</u>	<u>58,228</u>	<u>57,902</u>	<u>326</u>
Speech, OT, PT, and Related Services:					
Salaries	75,149	800	75,949	75,865	84
Purchased Professional - Educational Services	40,000	18,700	58,700	58,590	110
Supplies and Materials	500	300	800	768	32
Total Speech, OT, PT, and Related Services	<u>115,649</u>	<u>19,800</u>	<u>135,449</u>	<u>135,223</u>	<u>226</u>
Other Support Services - Extraordinary Services:					
Purchased Professional-Educational Services	50,000		50,000	41,455	8,545
Total Other Support Services - Extraordinary Services	<u>50,000</u>		<u>50,000</u>	<u>41,455</u>	<u>8,545</u>

HARDING TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE</b>					
Guidance:					
Salaries of Other Professional Staff	\$ 69,587	\$ 800	\$ 70,387	\$ 70,365	\$ 22
Supplies and Materials	250		250		250
Total Guidance	<u>69,837</u>	<u>800</u>	<u>70,637</u>	<u>70,365</u>	<u>272</u>
Child Study Team:					
Salaries of Other Professional Staff	307,224	(400)	306,824	285,675	21,149
Salaries of Secretarial and Clerical Assistants	48,410		48,410	47,679	731
Purchased Professional - Educational Services	85,000	(20,800)	64,200	32,160	32,040
Supplies and Materials	10,000	800	10,800	10,604	196
Other Objects	5,000		5,000	2,802	2,198
Total Child Study Team	<u>455,634</u>	<u>(20,400)</u>	<u>435,234</u>	<u>378,920</u>	<u>56,314</u>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	36,477	10,000	46,477	45,190	1,287
Salaries of Other Professional Staff	112,480		112,480	112,439	41
Other Salaries	20,500		20,500	6,288	14,212
Purchased Professional-Educational Services	3,000		3,000	550	2,450
Total Improvement of Instructional Services	<u>172,457</u>	<u>10,000</u>	<u>182,457</u>	<u>164,467</u>	<u>17,990</u>
Educational Media Services/School Library:					
Salaries	65,776		65,776	58,565	7,211
Purchased Professional and Technical Services	60,000	5,200	65,200	62,862	2,338
Supplies and Materials	15,000	(5,200)	9,800	4,231	5,569
Total Educational Media Services/School Library	<u>140,776</u>		<u>140,776</u>	<u>125,658</u>	<u>15,118</u>
Instructional Staff Training Services:					
Purchased Professional - Educational Services	18,000		18,000	3,050	14,950
Other Purchased Services	7,500		7,500	984	6,516
Supplies and Materials	4,000		4,000		4,000
Total Instructional Staff Training Services	<u>29,500</u>		<u>29,500</u>	<u>4,034</u>	<u>25,466</u>

HARDING TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE</b>					
Support Services - General Administration:					
Salaries	\$ 213,747	\$ 25,000	\$ 238,747	\$ 237,986	\$ 761
Legal Services	18,500	20,154	38,654	38,654	
Audit Fees	24,000	(600)	23,400	18,500	4,900
Architectural / Engineering Services	10,000	(6,200)	3,800	33	3,767
Other Purchased Professional Services	5,000	(3,054)	1,946	574	1,372
Communications / Telephone	10,000	5,015	15,015	14,444	571
BOE Other Purchased Services	6,500	(4,000)	2,500	2,500	
Miscellaneous Purchased Services	15,000	1,800	16,800	16,458	342
General Supplies	5,000	(1,785)	3,215	1,447	1,768
Judgements Against the School Entity	10,000	70	63,900	10,000	53,900
Miscellaneous Expenditures	5,600	5,600	10,070	10,069	1
BOE Membership Dues and Fees	323,347	100,300	423,647	356,190	75
<b>Total Support Services - General Administration</b>					
Support Services - School Administration:					
Salaries of Principals / Assistant Principals / Program Directors	28,119	500	28,619	28,293	326
Salaries of Secretarial and Clerical Assistants	6,354	75	6,429	5,161	1,268
Supplies and Materials	3,000		3,000	2,982	18
Other Objects	3,000	1,125	4,125	4,100	25
<b>Total Support Services - School Administration</b>	40,473	1,700	42,173	40,536	1,637
Central Services:					
Salaries	120,867	(40,850)	80,017	71,967	8,050
Purchased Technical Services	9,000	61,000	70,000	69,848	152
Supplies and Materials	5,000	(650)	4,350	1,825	2,525
Interest on Lease Purchase Agreements	1,000	(1,000)			
Miscellaneous Expenditures	2,500		2,500	2,468	32
<b>Total Central Services</b>	138,367	18,500	156,867	146,108	10,759

HARDING TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE</b>					
Administrative Information Technology:					
Purchased Professional Services	\$ 40,000	\$ (1,285)	\$ 38,715	\$ 38,715	
Supplies and Materials	34,000	2,935	36,935	36,754	\$ 181
Total Administrative Information Technology	<u>74,000</u>	<u>1,650</u>	<u>75,650</u>	<u>75,469</u>	<u>181</u>
Required Maintenance for School Facilities:					
Salaries	54,315		54,315	52,539	1,776
Cleaning, Repair, and Maintenance Services	135,000		135,000	112,816	22,184
Lead Testing of Drinking Water	3,000	(3,000)			
General Supplies	22,000	24,500	46,500	41,833	4,667
Total Required Maintenance for School Facilities	<u>214,315</u>	<u>21,500</u>	<u>235,815</u>	<u>207,188</u>	<u>28,627</u>
Custodial Services:					
Salaries	136,344	800	137,144	116,573	20,571
Purchased Professional and Technical Services	46,000	(800)	45,200	22,230	22,970
Cleaning, Repair, and Maintenance Services	255,000		255,000	242,150	12,850
Rental of Land & Bldg. Other Than Lease Pur. Agreement	165,000	(49,500)	115,500	89,541	25,959
Insurance	46,000		46,000	46,000	
General Supplies	60,000	13,000	73,000	68,587	4,413
Energy (Natural Gas)	65,000	(10,000)	55,000	30,535	24,465
Energy (Electricity)	112,000		112,000	97,264	14,736
Other Objects	1,500		1,500	1,051	449
Total Custodial Services	<u>886,844</u>	<u>(46,500)</u>	<u>840,344</u>	<u>713,931</u>	<u>126,413</u>
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	15,000		15,000	3,986	11,014
General Supplies	11,500		11,500	4,010	7,490
Total Care and Upkeep of Grounds	<u>26,500</u>		<u>26,500</u>	<u>7,996</u>	<u>18,504</u>



HARDING TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE</b>					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	\$ 61,913		\$ 61,913	\$ 61,678	\$ 235
Management Fee - ESC and CTSA Transportation Program	32,500	4,000	36,500	35,872	628
Other Purchased Professional and Technical Services	4,400		4,400	4,268	132
Contracted Services:					
Aid in Lieu of Payments - Nonpublic Students	175,000	(56,000)	119,000	76,329	42,671
Between Home and School - Vendors	450,000	25,300	475,300	474,685	615
Other than Between Home and School - Vendors	35,000	(32,300)	2,700	308	2,392
Special Education Students - Vendors	476,800	(73,200)	403,600	402,751	849
Special Education Students - ESCs and CTSA	117,200		117,200	117,093	107
Total Student Transportation Services	<u>1,235,613</u>	<u>(15,000)</u>	<u>1,220,613</u>	<u>1,172,984</u>	<u>47,629</u>
Unallocated Benefits:					
Group Insurance	12,600	200	12,800	12,781	19
Social Security Contributions	127,500	(10,000)	117,500	106,368	11,132
Other Retirement Contributions PERS	105,000		105,000	97,020	7,980
Unemployment Compensation	15,000	(3,500)	11,500		11,500
Workmen's Compensation	50,000		50,000	49,582	418
Health Benefits	985,968	101,300	1,087,268	1,057,746	29,522
Tuition Reimbursement	70,000	3,300	73,300	68,836	4,464
Other Employee Benefits	10,000		10,000	6,593	3,407
Total Unallocated Benefits	<u>1,376,068</u>	<u>91,300</u>	<u>1,467,368</u>	<u>1,398,926</u>	<u>68,442</u>

HARDING TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE</b>					
On-Behalf Contributions:					
TPAF Pension Contributions (non-budgeted)				\$ 850,306	\$ (850,306)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				271,543	(271,543)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				16,178	(16,178)
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				596	(596)
Reimbursed TPAF Social Security Contributions (non-budgeted)				237,180	(237,180)
Total On-Behalf Contributions				<u>1,375,803</u>	<u>(1,375,803)</u>
Total Personal Services - Employee Benefits	\$ 1,376,068	\$ 91,300	\$ 1,467,368	2,774,729	(1,307,361)
Total Undistributed Expenses	8,460,904	72,500	8,533,404	9,261,164	(727,760)
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>12,237,676</u>		<u>12,237,676</u>	<u>12,701,711</u>	<u>(464,035)</u>
<b>CAPITAL OUTLAY</b>					
Equipment:					
Regular Programs - Instruction:					
Grades 1-5	6,500		6,500	3,207	3,293
Grades 6-8	35,000		35,000	26,945	8,055
Undistributed Expenditures:					
Custodial Services	15,000		15,000	9,762	5,238
Total Equipment	<u>56,500</u>		<u>56,500</u>	<u>39,914</u>	<u>16,586</u>
Facilities Acquisition and Construction Services:					
Architectural / Engineering Services		33,000	33,000	2,038	30,962
Assessment for Debt Service on SDA Funding	2,784		2,784	2,784	
Total Facilities Acquisition and Construction Services	<u>2,784</u>	<u>33,000</u>	<u>35,784</u>	<u>4,822</u>	<u>30,962</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>59,284</u>	<u>33,000</u>	<u>92,284</u>	<u>44,736</u>	<u>47,548</u>

HARDING TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL EXPENDITURES	\$ 12,296,960	\$ 33,000	\$ 12,329,960	\$ 12,746,447	\$ (416,487)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(365,000)	(33,000)	(398,000)	605,511	1,003,511
Other Financing Sources/(Uses):					
Capital Reserve - Transfer to Capital Projects Fund	(250,000)	(9,450)	(259,450)	(259,450)	(600,000)
Capital Reserve - Transfer from Capital Projects Fund	(250,000)	(9,450)	(259,450)	340,550	(600,000)
Total Other Financing Sources/(Uses)	(615,000)	(42,450)	(657,450)	946,061	403,511
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,264,541		1,264,541	1,264,541	
Fund Balance, July 1 (as Restated)					
Fund Balance, June 30	\$ 649,541	\$ (42,450)	\$ 607,091	\$ 2,210,602	\$ 1,603,511
<u>Recapitulation:</u>					
Restricted:					
Capital Reserve				\$ 1,025,265	
Unemployment Compensation				45,748	
Excess Surplus - 2022-2023				136,786	
Excess Surplus - 2021-2022				330,117	
Assigned:					
Year-End Encumbrances				80,158	
Subsequent Year's Expenditures				38,143	
Unassigned				554,385	
				<u>2,210,602</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Final Two State Aid Payments not Recognized on GAAP Basis				(44,891)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,165,711</u>	

HARDING TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources			\$ 2,787	\$ 2,787	
Federal Sources	\$ 203,744		203,744	200,367	\$ (3,377)
Total Revenue	203,744	2,787	206,531	203,154	(3,377)
Expenditures:					
Instruction:					
Salaries of Teachers	28,000		28,000	28,000	
Purchased Professional/Technical Services	12,859		12,859	11,224	1,635
Other Purchased Services	76,308		76,308	76,308	
General Supplies	31,476		31,476	31,476	
Total Instruction	148,643		148,643	147,008	1,635
Support Services:					
Salaries of Other Professional Staff	9,577		9,577	9,577	
Personal Services - Employee Benefits	15,020		15,020	15,020	
Purchased Professional/Technical Services	17,500	(2,025)	15,475	14,735	740
Purchased Professional/Educational Services	2,000		2,000	2,000	
Supplies and Materials	2,000		2,000	2,000	
Student Activities		10,224	10,224	10,224	
Scholarship		1,000	1,000	1,000	
Total Support Services	46,097	9,199	55,296	54,556	740
Facilities Acquisition and Construction Services:					
Instructional Equipment	9,004		11,029	10,027	1,002
Total Facilities Acquisition and Construction Services	9,004	2,025	11,029	10,027	1,002
Total Expenditures	\$ 203,744	\$ 11,224	\$ 214,968	\$ 211,591	\$ 3,377
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ -0-	\$ (8,437)	\$ (8,437)	\$ (8,437)	\$ -0-

HARDING TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 13,351,958	\$ 203,154
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	43,293	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(44,891)	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 \$ 13,350,360	 \$ 203,154
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 12,746,447	\$ 211,591
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 \$ 12,746,447	 \$ 211,591

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Fnds. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

	I.D.E.A.				Elementary and Secondary Education Act	Rural Education Achievement Program	CARES COVID-19 Emergency Relief Fund
	Part B Basic	Part B Preschool	Title I	Title IIA			
<b>REVENUES:</b>							
Local Sources							
Federal Sources	\$ 73,657	\$ 2,651	\$ 40,839	\$ 7,260	\$ 8,464	\$ 24,643	\$ 32,476
Total Revenues	<u>73,657</u>	<u>2,651</u>	<u>40,839</u>	<u>7,260</u>	<u>8,464</u>	<u>24,643</u>	<u>32,476</u>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers			28,000				
Purchased Professional/Technical Services				7,260	3,964		
Other Purchased Services	73,657	2,651	1,639			24,643	5,194
General Supplies							
Total Instruction	<u>73,657</u>	<u>2,651</u>	<u>29,639</u>	<u>7,260</u>	<u>3,964</u>	<u>24,643</u>	<u>5,194</u>
Support Services:							
Salaries of Other Professional Staff							5,200
Personal Services - Employee Benefits			11,200				1,820
Purchased Professional/Technical Services				4,500			10,235
Purchased Professional/Educational Services							
Supplies and Materials							
Student Activities							
Scholarship							
Total Support Services			<u>11,200</u>		<u>4,500</u>		<u>17,255</u>
Facilities Acquisition:							
Instructional Equipment							10,027
Total Facilities Acquisition							<u>10,027</u>
Total Expenditures	<u>\$ 73,657</u>	<u>\$ 2,651</u>	<u>\$ 40,839</u>	<u>\$ 7,260</u>	<u>\$ 8,464</u>	<u>\$ 24,643</u>	<u>\$ 32,476</u>



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

	COVID-19 Coronavirus Relief Fund	Student Activities	Scholarship	Total
REVENUES:				
Local Sources		\$ 2,765	\$ 22	\$ 2,787
Federal Sources	\$ 10,377			200,367
Total Revenues	10,377	2,765	22	203,154
EXPENDITURES:				
Instruction:				
Salaries of Teachers				28,000
Purchased Professional/Technical Services				11,224
Other Purchased Services				76,308
General Supplies				31,476
Total Instruction				147,008
Support Services:				
Salaries of Other Professional Staff	4,377			9,577
Personal Services - Employee Benefits	2,000			15,020
Purchased Professional/Technical Services				14,735
Purchased Professional/Educational Services	2,000			2,000
Supplies and Materials	2,000			2,000
Student Activities		10,224		10,224
Scholarship			1,000	1,000
Total Support Services	10,377	10,224	1,000	54,556
Facilities Acquisition:				
Instructional Equipment				10,027
Total Facilities Acquisition				10,027
Total Expenditures	\$ 10,377	\$ 10,224	\$ 1,000	\$ 211,591

CAPITAL PROJECTS FUND

HARDING TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Revenue and Other Financing Sources:	
State Sources - SCC Grant	
Lease Proceeds	\$ 600,000
Transfer from Capital Reserve	(340,550)
	<hr/>
Total Revenue and Other Financing Sources	259,450
	<hr/>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	30,947
Construction Services	152,268
Transfer to General Fund - Prior Period Capital Project Balances	4,612
	<hr/>
Total Expenditures and Other Financing Uses	187,827
	<hr/>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Sources	71,623
	<hr/>
Fund Balance - Beginning of Year	11,412
	<hr/>
Fund Balance - End of Year	\$ 83,035
	<hr/> <hr/>
<u>Recapitulation:</u>	
Committed - Year-End Encumbrances	\$ 76,700
Committed	6,335
	<hr/>
Total Fund Balance - Budgetary/ GAAP Basis	\$ 83,035
	<hr/> <hr/>

HARDING TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
STEM LABORATORY PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
Lease Proceeds		\$ 600,000	\$ 600,000	\$ 600,000
Transfer from Capital Reserve	\$ 734,760	(412,628)	322,132	322,132
Total Revenue and Other Financing Sources	734,760	187,372	922,132	922,132
Expenditures:				
Purchased Professional and Technical Services	54,850	30,947	85,797	100,000
Construction Services	673,110	80,191	753,301	822,132
Total Expenditures	727,960	111,138	839,098	922,132
Excess/(Deficit) of Revenue and Other Financing Sources Over Expenditures	\$ 6,800	\$ 76,234	\$ 83,034	\$ -0-

Additional Project Information:

Project Numbers	N/A
Original Authorized Cost	\$ 734,760
Transfer from Capital Reserve Account	\$ 187,372
Capital Lease Proceeds	\$ 600,000
Transfer to Capital Reserve Account	\$ (600,000)
Revised Authorized Cost	\$ 922,132
Percentage Increase over Original Authorized Cost	25.50%
Percentage Completion	91.00%
Original Target Completion Date	9/1/20
Revised Target Completion Date	9/1/22

HARDING TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
HVAC SYSTEM UPGRADES  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Current Year	Totals	Authorized Cost
Revenue and Other Financing Sources:			
Transfer from Capital Reserve	\$ 72,078	\$ 72,078	\$ 72,078
Total Revenue and Other Financing Sources	72,078	72,078	72,078
Expenditures:			
Construction Services	72,077	72,077	72,078
Total Expenditures	72,077	72,077	72,078
Excess/(Deficit) of Revenue and Other Financing Sources Over Expenditures	\$ 1	\$ 1	\$ - 0 -
 <u>Additional Project Information:</u>			
Project Numbers	N/A		
Original Authorized Cost	\$ 72,078		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completion	100.00%		
Original Target Completion Date	9/1/21		
Revised Target Completion Date	N/A		

PROPRIETARY FUNDS

HARDING TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2021

ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 855
Accounts Receivable	618
Inventories	2,505
	3,978

## Total Current Assets

3,978

## Non-Current Assets:

Capital Assets	33,934
Less: Accumulated Depreciation	(33,934)
	0

## Total Assets

3,978

LIABILITIES:

## Current Liabilities:

Accounts Payable	2,746
Unearned Revenue - Prepaid Sales	3,758
	6,504

## Total Liabilities

6,504

NET POSITION:

Unrestricted/(Deficit)	(2,526)
	(2,526)

## Total Net Position/(Deficit)

\$ (2,526)

HARDING TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 14,874
Miscellaneous Revenue	958
	<hr/>
Total Operating Revenue	15,832
	<hr/>
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	8,637
Salaries, Benefits and Payroll Taxes	5,669
Supplies, Insurance and Other Costs	249
Management Fee	3,178
Miscellaneous Expense	611
	<hr/>
Total Operating Expenses	18,344
	<hr/>
Operating Loss	(2,512)
Net Position/(Deficit) - Beginning of Year	(14)
	<hr/>
Net Position/(Deficit) - End of Year	<u>\$ (2,526)</u>



HARDING TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 15,832
Payments to Food Service Contractor	(16,296)
Payments to Suppliers	(22)
	<hr/>
Net Cash Used for Operating Activities	(486)
	<hr/>
Net Decrease in Cash and Cash Equivalents	(486)
Cash and Cash Equivalents, July 1	1,341
	<hr/>
Cash and Cash Equivalents, June 30	\$ 855
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (2,512)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Inventory	1,978
(Increase) in Accounts Receivable	(618)
(Decrease) in Unearned Revenue	(1,237)
Increase in Accounts Payable	1,903
	<hr/>
Net Cash Used for Operating Activities	\$ (486)
	<hr/> <hr/>

FIDUCIARY ACTIVITIES  
(NOT APPLICABLE)

LONG-TERM DEBT

HARDING TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

Purpose	Original Issue	Issued	Balance June 30, 2021
STEM Lab Project	\$ 600,000	\$ 600,000	\$ 600,000
		<u>\$ 600,000</u>	<u>\$ 600,000</u>

**STATISTICAL SECTION**  
**(UNAUDITED)**

This part of the District'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 District's overall financial health.

**Contents**

**Exhibit**

**Financial Trends**

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

J-1 thru J-5

**Revenue Capacity**

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

J-6 thru J-9

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

**Demographic and Economic Information**

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

J-14 thru J-15

**Operating Information**

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

J-16 thru J-20

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

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

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 1,871,505	\$ 2,227,549	\$ 2,866,781	\$ 3,459,205	\$ 3,768,302	\$ 4,080,792	\$ 4,602,782	\$ 4,984,206	\$ 5,593,834	\$ 5,000,001
Restricted	741,385	1,067,242	915,287	1,003,732	970,000	1,308,327	1,201,854	1,368,144	844,411	1,565,145
Unrestricted/(Deficit)	105,531	127,728	131,002	(1,301,901)	(1,305,983)	(1,524,114)	(1,593,774)	(1,483,739)	(1,691,338)	(1,379,071)
Total Governmental Activities Net Position	\$ 2,718,421	\$ 3,422,519	\$ 3,913,070	\$ 3,161,036	\$ 3,432,319	\$ 3,865,005	\$ 4,210,862	\$ 4,868,611	\$ 4,746,907	\$ 5,186,075
<b>Business-type Activities:</b>										
Investment in Capital Assets	\$ 4,043	\$ 3,191	\$ 20,975	\$ 17,018	\$ 13,486	\$ 9,956	\$ 6,425	\$ 2,894	\$ (14)	\$ (2,526)
Unrestricted/(Deficit)	38,334	30,074	524	372	(813)	991	3,331	(1,658)	\$ (14)	\$ (2,526)
Total Business-type Activities Net Position/(Deficit)	\$ 42,377	\$ 33,265	\$ 21,499	\$ 17,390	\$ 12,673	\$ 10,947	\$ 9,756	\$ 1,236	\$ (14)	\$ (2,526)
<b>District-wide:</b>										
Net Investment in Capital Assets	\$ 1,875,548	\$ 2,230,740	\$ 2,887,756	\$ 3,476,223	\$ 3,781,788	\$ 4,090,748	\$ 4,609,207	\$ 4,987,100	\$ 5,593,834	\$ 5,000,001
Restricted	741,385	1,067,242	915,287	1,003,732	970,000	1,308,327	1,201,854	1,368,144	844,411	1,565,145
Unrestricted/(Deficit)	143,865	157,802	131,526	(1,301,529)	(1,306,796)	(1,523,123)	(1,590,443)	(1,485,397)	(1,691,352)	(1,381,597)
Total District Net Position	\$ 2,760,798	\$ 3,455,784	\$ 3,934,569	\$ 3,178,426	\$ 3,444,992	\$ 3,875,952	\$ 4,220,618	\$ 4,869,847	\$ 4,746,893	\$ 5,183,549

\* - Restated

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
<b>Governmental Activities:</b>										
<b>Instruction</b>										
Regular	\$ 2,965,760	\$ 2,993,937	\$ 3,054,166	\$ 3,125,145	\$ 3,135,338	\$ 3,425,409	\$ 4,191,224	\$ 4,221,574	\$ 4,210,459	\$ 4,479,720
Special Education	828,708	812,858	846,675	846,841	974,193	960,343	1,372,066	1,309,767	1,407,737	1,761,893
School Sponsored/Other Instruction	256,754	258,586	263,225	260,394	281,999	345,875	419,348	431,928	373,358	290,774
<b>Support Services:</b>										
Tuition	2,342,817	2,443,833	2,501,358	2,526,382	2,675,456	2,850,469	2,881,238	2,930,311	2,765,213	2,724,982
Student & Instruction Related Services	1,171,472	1,168,742	1,227,459	1,176,842	1,209,863	1,324,795	1,592,770	1,335,386	1,400,077	1,278,474
School Administrative Services	36,326	34,446	38,582	64,335	56,113	71,370	109,886	89,158	132,322	78,270
General Administrative Services	560,094	577,573	513,558	591,535	615,061	584,718	791,994	489,388	567,123	555,600
<b>Central Services</b>										
Administrative Information Technology										
Plant Operations and Maintenance	862,245	808,815	888,348	818,771	1,037,107	913,903	1,083,497	1,047,898	998,972	984,991
Pupil Transportation	845,368	798,555	879,729	941,336	959,124	681,041	1,002,589	1,066,041	1,191,013	1,190,198
Transfer of Funds to Charter School					26,172	24,338	10,127			
SDA Debt Service Assessment	2,029	2,784	2,784	2,784	2,784	2,784	2,784			
Interest on Long-term Debt	132,775	116,050	94,746	72,527	54,733	36,750	18,750	750		
Capital Outlay								6,189	57,845	6,019
<b>Total Governmental Activities Expenses</b>	<b>10,004,348</b>	<b>10,016,179</b>	<b>10,310,630</b>	<b>10,426,892</b>	<b>11,027,943</b>	<b>11,221,795</b>	<b>13,476,273</b>	<b>13,183,443</b>	<b>13,387,037</b>	<b>13,629,115</b>
<b>Business-type Activities:</b>										
Food Service	113,897	129,241	110,388	89,099	91,715	84,973	89,552	97,496	74,721	18,344
<b>Total Business-type Activities Expense</b>	<b>113,897</b>	<b>129,241</b>	<b>110,388</b>	<b>89,099</b>	<b>91,715</b>	<b>84,973</b>	<b>89,552</b>	<b>97,496</b>	<b>74,721</b>	<b>18,344</b>
<b>Total District Expenses</b>	<b>10,118,245</b>	<b>10,145,420</b>	<b>10,421,018</b>	<b>10,515,991</b>	<b>11,119,658</b>	<b>11,306,768</b>	<b>13,565,825</b>	<b>13,280,939</b>	<b>13,461,758</b>	<b>13,647,459</b>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
Instruction (Tuition)								71,572	57,900	66,220
Student Related Services	11,307	10,353	9,091	11,188	10,668	9,739	9,201	8,825	8,982	2,787
Pupil Transportation	94,242	77,224	56,574	34,845	18,832	1,404				
Interest on Investments										
Operating Grants and Contributions	1,101,747	1,161,235	1,129,724	1,081,443	1,050,836	1,093,839	3,078,840	2,874,462	2,633,524	2,917,178
<b>Total Governmental Activities Program Revenues</b>	<b>1,207,296</b>	<b>1,248,812</b>	<b>1,195,389</b>	<b>1,127,476</b>	<b>1,080,336</b>	<b>1,104,982</b>	<b>3,088,041</b>	<b>2,954,859</b>	<b>2,700,406</b>	<b>2,986,185</b>
<b>Business-type Activities:</b>										
Charges for Services:										
Food Service	123,415	120,129	98,622	84,989	82,998	83,247	88,361	88,968	70,464	14,874
<b>Total Business-type Activities Program Revenues</b>	<b>123,415</b>	<b>120,129</b>	<b>98,622</b>	<b>84,989</b>	<b>82,998</b>	<b>83,247</b>	<b>88,361</b>	<b>88,968</b>	<b>70,464</b>	<b>14,874</b>
<b>Total District-wide Program Revenues</b>	<b>1,330,711</b>	<b>1,368,941</b>	<b>1,294,011</b>	<b>1,212,465</b>	<b>1,163,334</b>	<b>1,188,229</b>	<b>3,176,402</b>	<b>3,043,827</b>	<b>2,770,870</b>	<b>3,001,059</b>

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense)/Revenue:										
Governmental Activities	\$ (8,797,052)	\$ (8,767,367)	\$ (9,115,241)	\$ (9,299,416)	\$ (9,947,607)	\$ (10,116,813)	\$ (10,388,232)	\$ (10,228,584)	\$ (10,686,631)	\$ (10,642,930)
Business-type Activities	9,518	(9,112)	(11,766)	(4,110)	(8,717)	(1,726)	(1,191)	(8,528)	(4,257)	(3,470)
Total District-wide Net Expense/(Revenue)	<u>(8,787,534)</u>	<u>(8,776,479)</u>	<u>(9,127,007)</u>	<u>(9,303,526)</u>	<u>(9,956,324)</u>	<u>(10,118,539)</u>	<u>(10,389,423)</u>	<u>(10,237,112)</u>	<u>(10,690,888)</u>	<u>(10,646,400)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	8,730,459	8,886,653	9,019,961	9,254,883	9,601,885	9,905,421	10,052,092	10,304,571	10,490,662	10,798,662
Taxes Levied for Debt Service	406,875	427,699	439,854	455,198	447,936	458,250	442,940	426,226		
Federal and State aid not restricted	32,039	32,793	32,958	40,673	41,518	44,118	59,064			
Tuition	77,865	73,705	131,804	81,707	104,141	107,117	98,235			
Investment Earnings	868					113	3,249			
Miscellaneous Income	56,932	50,615	125,555	43,360	27,410	34,480	78,509	154,893	13,501	276,636
N.J. Economic Development Authority Grants			(144,340)	108,705						
Lease- Purchase Agreement Payable Canceled	137,602									
Lease- Purchase Agreement Receivable Canceled	(125,675)									
Transfers					(4,000)					
Total Governmental Activities	<u>9,316,965</u>	<u>9,471,465</u>	<u>9,605,792</u>	<u>9,984,526</u>	<u>10,218,890</u>	<u>10,549,499</u>	<u>10,734,089</u>	<u>10,885,690</u>	<u>10,504,163</u>	<u>11,075,298</u>
Business-type Activities:										
Investment Earnings	29							8	3,007	958
Miscellaneous Income										
Total Business-type Activities	<u>29</u>	<u></u>	<u></u>	<u>4,000</u>	<u></u>	<u></u>	<u></u>	<u>8</u>	<u>3,007</u>	<u>958</u>
Total District-wide General Revenues and Other Changes in Net Position	<u>9,316,994</u>	<u>9,471,465</u>	<u>9,605,792</u>	<u>9,984,526</u>	<u>10,222,890</u>	<u>10,549,499</u>	<u>10,734,089</u>	<u>10,885,698</u>	<u>10,507,170</u>	<u>11,076,256</u>
Change in Net Position:										
Governmental Activities	519,913	704,098	490,551	685,110	271,283	432,686	345,857	657,106	(182,468)	432,368
Business-type Activities	9,547	(9,112)	(11,766)	(4,110)	(4,717)	(1,726)	(1,191)	(8,520)	(1,250)	(2,512)
Total District-wide Net Position	<u>\$ 529,460</u>	<u>\$ 694,986</u>	<u>\$ 478,785</u>	<u>\$ 681,000</u>	<u>\$ 266,566</u>	<u>\$ 430,960</u>	<u>\$ 344,666</u>	<u>\$ 648,586</u>	<u>\$ (183,718)</u>	<u>\$ 429,856</u>

Source: Harding Township School District Financial Reports



HARDING TOWNSHIP SCHOOL DISTRICT  
FUND BALANCES GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
General Fund:										
Restricted	\$ 672,025	\$ 990,183	\$ 842,662	\$ 875,575	\$ 961,177	\$ 1,324,828	\$ 1,205,560	\$ 1,363,532	\$ 815,080	\$ 1,537,916
Assigned			157,066	189,398	49,847	49,128	54,032	77,145	102,985	118,301
Unassigned	264,645	269,328	274,727	261,590	276,045	254,552	300,217	478,394	303,183	509,494
<b>Total General Fund</b>	<b>\$ 936,670</b>	<b>\$ 1,259,511</b>	<b>\$ 1,274,455</b>	<b>\$ 1,326,563</b>	<b>\$ 1,287,069</b>	<b>\$ 1,628,508</b>	<b>\$ 1,559,809</b>	<b>\$ 1,919,071</b>	<b>\$ 1,221,248</b>	<b>\$ 2,165,711</b>
All Other Governmental Funds:										
Restricted, Reported in:										
Special Revenue Fund									\$ 29,331	\$ 20,894
Capital Projects Fund	\$ 129,928	\$ 129,928		\$ 18,400	\$ 18,400		\$ 5,188	\$ 4,612		
Debt Service Fund/(Deficit)	1		\$ 131	\$ 131	(1)	(1)	(644)			
Committed:										
Capital Projects Fund									11,412	83,035
<b>Total All Other Governmental Funds/(Deficit)</b>	<b>\$ 129,929</b>	<b>\$ 129,928</b>	<b>\$ 131</b>	<b>\$ 18,531</b>	<b>\$ 18,399</b>	<b>\$ (1)</b>	<b>\$ 4,544</b>	<b>\$ 4,612</b>	<b>\$ 40,743</b>	<b>\$ 103,929</b>
<b>Total Governmental Funds</b>	<b>\$ 1,066,599</b>	<b>\$ 1,389,439</b>	<b>\$ 1,274,586</b>	<b>\$ 1,345,094</b>	<b>\$ 1,305,468</b>	<b>\$ 1,628,507</b>	<b>\$ 1,564,353</b>	<b>\$ 1,923,683</b>	<b>\$ 1,261,991</b>	<b>\$ 2,269,640</b>

\* Restated

Source: Harding Township School District Financial Reports

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

UNAUDITED  
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues:</b>										
Tax Levy	\$ 9,231,576	\$ 9,391,576	\$ 9,516,389	\$ 9,744,926	\$ 10,068,653	\$ 10,365,075	\$ 10,495,032	\$ 10,730,797	\$ 10,490,662	\$ 10,798,662
Tuition Charges	77,865	73,705	131,804	81,707	104,141	107,117	98,235	71,572	57,900	66,220
Transportation Fees	11,307	10,353	9,090	11,188	10,668	9,739	9,201	8,825	8,982	
Interest Earnings	868					113	3,249	5,116		
Miscellaneous	182,554	56,061	200,995	124,517	60,224	70,752	101,219	149,777	13,501	279,423
State Sources	876,550	1,057,520	976,382	912,119	948,880	948,833	1,504,031	1,921,443	1,853,030	2,208,842
Federal Sources	131,614	131,062	110,861	128,840	110,660	152,852	136,709	210,662	162,647	200,367
<b>Total Revenues</b>	<b>10,512,334</b>	<b>10,720,277</b>	<b>10,945,521</b>	<b>11,003,297</b>	<b>11,303,226</b>	<b>11,654,481</b>	<b>12,347,676</b>	<b>13,098,192</b>	<b>12,586,722</b>	<b>13,553,514</b>
<b>Expenditures:</b>										
<b>Instruction</b>										
Regular Instruction	2,021,981	2,042,741	2,144,486	2,261,608	2,241,826	2,311,700	2,235,819	2,319,699	2,366,518	2,474,035
Special Education Instruction	591,708	585,290	624,724	629,925	718,446	684,566	768,862	786,129	820,992	997,268
Other Special Instruction	65,042	66,162	67,972	68,114	70,589	91,656	86,985	103,050	93,884	81,372
School Sponsored/Other Instruction	114,056	115,791	122,467	122,957	134,151	146,848	145,102	150,066	132,835	88,239
<b>Support Services:</b>										
Tuition	2,342,817	2,443,833	2,501,358	2,526,382	2,675,456	2,650,469	2,881,237	2,930,311	2,765,213	2,724,982
Student & Other Instruction Related Services	860,867	901,216	932,287	915,578	931,958	983,539	941,139	999,870	1,130,457	1,052,275
School Administration Services	24,622	24,901	24,147	45,740	42,405	49,552	60,384	50,301	75,448	40,536
General Administrative Services	418,991	435,167	399,400	491,995	494,617	451,467	535,597	322,102	377,611	356,190
Central Services								143,797	143,774	146,108
Administrative Information Technology								16,833	64,118	75,469
Plant Operations and Maintenance	769,026	726,068	796,208	741,943	964,815	818,700	908,740	968,984	925,329	929,115
Student Transportation	819,743	789,201	866,072	922,870	943,891	854,224	956,238	1,052,456	1,175,463	1,172,984
Unallocated Benefits	1,638,186	1,596,733	1,491,033	1,430,483	1,505,882	1,690,143	2,109,449	2,278,920	2,356,483	2,774,729
Charter School					26,172	24,338	10,127			
Capital Outlay	18,327	126,584	411,279	356,174	485,844	79,240	295,151	157,987	887,853	232,563
<b>Debt Service:</b>										
Principal	400,000	420,000	430,000	445,000	440,000	450,000	450,000	450,000		
Interest and Other Charges	139,650	123,750	104,600	82,725	62,800	45,000	27,000	9,000		
<b>Total Expenditures</b>	<b>10,225,016</b>	<b>10,397,437</b>	<b>10,916,033</b>	<b>11,041,494</b>	<b>11,738,852</b>	<b>11,331,442</b>	<b>12,411,830</b>	<b>12,739,505</b>	<b>13,315,978</b>	<b>13,145,865</b>
<b>Excess/(Deficit) of Revenues</b>										
Over/(Under) Expenditures	287,318	322,840	29,488	(38,197)	(435,626)	323,039	(64,154)	358,687	(729,256)	407,649
<b>Other Financing Sources/(Uses)</b>										
Proceeds from Lease Purchase Agreements										600,000
<b>Total Other Financing Sources/(Uses)</b>										600,000
<b>Net Change in Fund Balances</b>	<b>\$ 287,318</b>	<b>\$ 322,840</b>	<b>\$ 29,488</b>	<b>\$ (38,197)</b>	<b>\$ (435,626)</b>	<b>\$ 323,039</b>	<b>\$ (64,154)</b>	<b>\$ 358,687</b>	<b>\$ (729,256)</b>	<b>\$ 1,007,649</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	5.29%	5.29%	5.09%	4.94%	4.47%	4.40%	3.94%	3.65%	0.00%	0.00%

Source: Harding Township School District Financial Reports

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>of Prior Year</u> <u>Expenditures</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2012	\$ 867		\$ 77,865	\$ 68,239	\$ 146,971
2013			73,705	46,242	119,947
2014			131,804	90,277	222,081
2015			81,707	54,548	136,255
2016			104,141	38,078	142,219
2017	115		107,116	44,217	151,448
2018	3,249		98,235	78,717	180,201
2019	5,116		71,572	133,411	210,099
2020	6,999		57,900	15,484	80,383
2021		\$ 194,000	66,220	82,636	342,856

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

Year Ended December 31,	Vacant Land	Total Assessed Value					Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
		Residential	Farm	Commercial	Industrial	Assessed Value				
2011	\$ 72,120,300	\$ 1,718,803,163	\$ 182,382,608	\$ 80,748,300	\$ 9,641,900	\$ 2,063,696,271	\$ 7,053,748	\$ 2,070,750,019	0.443	\$ 2,671,283,728
2012	58,364,700	1,704,572,063	194,794,608	75,609,300	9,641,900	2,042,982,571	7,556,503	2,050,539,074	0.456	2,529,852,947
2013	55,799,900	1,704,511,863	196,170,108	75,386,700	9,641,900	2,041,510,471	6,571,365	2,048,081,836	0.463	2,371,925,234
2014	51,237,200	1,692,182,663	198,236,808	75,177,900	9,641,900	2,026,476,471	5,608,436	2,032,084,907	0.465	2,238,929,449
2015	42,045,500	1,696,272,400	197,536,230	74,364,900	9,641,900	2,019,860,930	5,711,509	2,025,572,439	0.499	2,204,026,844
2016	39,543,500	1,677,707,600	204,654,960	74,364,900	9,641,900	2,005,912,860	5,783,750	2,011,696,610	0.509	2,250,635,013
2017	40,884,100	1,673,685,600	206,700,060	74,364,900	9,641,900	2,005,276,560	5,644,089	2,010,920,649	0.521	2,200,008,090
2018	41,318,600	1,661,376,700	211,551,160	74,374,900	9,641,900	1,998,263,260	1,258,030	1,999,521,290	0.520	2,217,959,161
2019	41,272,100	1,672,978,600	205,506,960	74,374,900	9,641,900	2,003,774,460	1,270,296	2,005,044,756	0.529	2,263,680,567
2020	34,401,100	1,773,434,300	206,398,100	91,858,300	10,740,700	2,116,832,500	1,370,474	2,118,202,974	0.510	2,247,749,145

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation.

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

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

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

Year Ended December 31,	Harding Township School District						Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates			
	Basic Rate <sup>a</sup>	Debt Service <sup>b</sup>	Total Direct	Harding Township	County of Morris		
2011	\$ 0.417	\$ 0.026	\$ 0.443	\$ 0.296	\$ 0.339	\$ 1.078	
2012	0.430	0.026	0.456	0.261	0.344	1.061	
2013	0.436	0.027	0.463	0.246	0.323	1.032	
2014	0.439	0.026	0.465	0.324	0.361	1.150	
2015	0.473	0.026	0.499	0.320	0.356	1.175	
2016	0.484	0.025	0.509	0.319	0.354	1.182	
2017	0.496	0.025	0.521	0.320	0.356	1.197	
2018	0.496	0.024	0.520	0.323	0.287	1.130	
2019	0.529	- 0 -	0.529	0.328	0.294	1.151	
2020	0.510	- 0 -	0.510	0.315	0.275	1.100	

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the District's net budget may not exceed the prebudget year net budget by more than the spending growth limitation.

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

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

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

Taxpayer	2020		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Lincoln Morristown RE LLC	\$ 20,440,400	1	1.02%
1300 Mt. Kemble Associates LLC	19,785,900	2	0.99%
Individual Taxpayer #1	9,817,800	3	0.49%
Algonguin Gas Tran. % Duff & Phelps	9,161,000	4	0.46%
Individual Taxpayer #2	5,294,200	5	0.26%
Individual Taxpayer #3	5,099,800	6	0.25%
130 Lee's Hill Rd LLC	4,988,500	7	0.25%
Individual Taxpayer #4	4,786,800	8	0.24%
Individual Taxpayer #5	4,733,100	9	0.24%
Green Village HPF LLC	4,550,700	10	0.23%
Total	<u>\$ 88,658,200</u>		<u>4.42%</u>

Taxpayer	2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
1200 Mt. Kemble L.P. Salfieri Co., Inc.	\$ 17,639,000	1	0.86%
1300 Mt. Kemble Associates, LLC	16,888,100	2	0.82%
Individual Taxpayer #1	11,407,700	3	0.55%
Algonquin Gas Transimission Company	8,223,800	4	0.40%
Individual Taxpayer #2	6,343,400	5	0.31%
Harding Boys 3, LLC	5,990,000	6	0.29%
Lees Hill Road, LLC	5,949,200	7	0.29%
Individual Taxpayer #3	5,930,700	8	0.29%
Individual Taxpayer #4	5,894,000	9	0.29%
Individual Taxpayer #5	5,362,300	10	0.26%
Total	<u>\$ 89,628,200</u>		<u>4.36%</u>

NOTE: Individual taxpayers may be different in 2020 and 2011.

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

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy<sup>a</sup></u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2012	\$ 9,231,576	\$ 9,231,576	100.00%	\$ -0-
2013	9,391,576	9,391,576	100.00%	-0-
2014	9,516,387	9,516,387	100.00%	-0-
2015	9,744,926	9,744,926	100.00%	-0-
2016	10,068,453	10,068,453	100.00%	-0-
2017	10,365,075	10,365,075	100.00%	-0-
2018	10,495,032	10,495,032	100.00%	-0-
2019	10,730,797	10,730,797	100.00%	-0-
2020	10,490,662	10,490,662	100.00%	-0-
2021	10,798,662	10,798,662	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Obligations Under Lease-Purchase Agreement			
2012	\$ 3,085,000	\$ 52,752	\$ 3,137,752	1.02%	\$ 816
2013	2,665,000	35,826	2,700,826	0.87%	702
2014	2,235,000	18,251	2,253,251	0.70%	587
2015	1,790,000	-0-	1,790,000	0.55%	466
2016	1,350,000	-0-	1,350,000	0.39%	354
2017	900,000	240,483	1,140,483	0.32%	299
2018	450,000	162,204	612,204	0.16%	161
2019	- 0 -	81,316	81,316	0.02%	22
2020	- 0 -	-0-	- 0 -	0.00%	- 0 -
2021	- 0 -	600,000	- 0 -	- 0 -	- 0 -

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

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



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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation <sup>a</sup> Taxable	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 3,085,000	\$ - 0 -	\$ 3,085,000	0.15%	\$ 802.13
2013	2,665,000	- 0 -	2,665,000	0.13%	692.75
2014	2,235,000	- 0 -	2,235,000	0.11%	582.03
2015	1,790,000	- 0 -	1,790,000	0.09%	466.63
2016	1,350,000	- 0 -	1,350,000	0.07%	354.14
2017	900,000	- 0 -	900,000	0.04%	236.34
2018	450,000	- 0 -	450,000	0.02%	118.61
2019	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2020	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2021	- 0 -	- 0 -	- 0 -	0.00%	- 0 -

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

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

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

Source: Harding Township School District Financial Reports

HARDING TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2020  
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			
Township of Harding	\$ 4,477,646	100.00%	\$ 4,477,646
County of Morris - Township's Share: General Obligation Debt	250,902,245	2.36%	<u>5,910,688</u>
Total Direct and Overlapping Debt			<u><u>\$ 10,388,334</u></u>

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

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

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

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt Limit	\$ 77,803,477	\$ 75,703,408	\$ 72,919,675	\$ 68,301,011	\$ 67,342,708
Total Net Debt Applicable to Limit	3,085,000	2,665,000	2,235,000	1,790,000	1,350,000
Legal Debt Margin	<u>\$ 74,718,477</u>	<u>\$ 73,038,408</u>	<u>\$ 70,684,675</u>	<u>\$ 66,511,011</u>	<u>\$ 65,992,708</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	3.97%	3.52%	3.07%	2.62%	2.00%

	Fiscal Year				
	2017	2018	2019	2020	2021
Debt Limit	\$ 66,582,259	\$ 66,833,396	\$ 66,745,485	\$ 67,091,307	\$ 66,723,859
Total Net Debt Applicable to Limit	900,000	450,000	- 0 -	- 0 -	- 0 -
Legal Debt Margin	<u>\$ 65,682,259</u>	<u>\$ 66,383,396</u>	<u>\$ 66,745,485</u>	<u>\$ 67,091,307</u>	<u>\$ 66,723,859</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	1.35%	0.67%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized valuation basis
	2018 \$ 2,254,358,371
	2019 2,232,120,374
	2020 2,185,907,166
	<u>\$ 6,672,385,911</u>
Average Equalized Valuation of Taxable Property	<u>\$ 2,224,128,637</u>
Debt Limit (3% of average equalization value)	€ \$ 66,723,859
Net Bonded School Debt	- 0 -
Legal Debt Margin	<u>\$ 66,723,859</u>

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

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

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

Year	Population <sup>a</sup>	Harding Township Personal Income <sup>b</sup>	Morris County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2012	3,846	\$ 306,814,650	\$ 79,775	5.40%
2013	3,847	310,895,305	80,815	5.20%
2014	3,840	323,627,520	84,278	4.90%
2015	3,836	338,853,060	88,335	3.70%
2016	3,812	347,456,176	91,148	3.30%
2017	3,808	356,554,464	93,633	3.00%
2018	3,794	371,125,286	97,819	2.70%
2019	3,757	381,884,022	101,646	2.50%
2020	3,752	381,375,792	101,646 *	6.30%
2021	3,752 **	381,375,792 ***	101,646 *	N/A

\* - Latest Morris County per capita personal income available (2019) was used for calculation purposes.

\*\* - Latest population data available (2020) was used for calculation purposes.

\*\*\* Latest population data available (2019) and latest Morris County personal income available (2020) was used for calculation purposes.

N/A - Not Available

Sources:

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

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

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

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

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

Employer	2021		
	Employees	Rank	Percentage of Total Employment
Atlantic Health System	7,642	1	2.98%
Picatinny Arsenal	6,000	2	2.34%
Novartis	5,200	3	2.03%
Bayer	3,483	4	1.36%
Barclays	2,560	5	1.00%
ADP	2,400	6	0.93%
Accenture	1,826	7	0.71%
Honeywell	1,704	8	0.66%
St. Clare's Health System	1,638	9	0.64%
County of Morris	1,469	10	0.57%
	<u>33,922</u>		<u>13.21%</u>

Employer	2012		
	Employees	Rank	Percentage of Total Employment
Novartis Corporation	4,990	1	18.38%
Atlantic Health	4,933	2	18.17%
Picatinny Arsenal	4,442	3	16.36%
County of Morris	2,675	4	9.85%
UPS	2,332	5	8.59%
ADP	1,924	6	7.09%
AT&T	1,550	7	5.71%
Saint Calre's Health System	1,531	8	5.64%
BASF	1,400	9	5.16%
Avis Budget Group, Inc.	1,378	10	5.07%
	<u>27,155</u>		<u>100.00%</u>

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

<u>Function/Program</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction										
Regular	28.9	27.8	29.0	29.9	30.7	30.0	29.0	29.6	36.0	38.6
Special Education	13.6	13.5	13.0	14.0	15.3	18.0	18.0	16.0	14.0	11.4
Other Instruction								2.0	2.0	
Support Services:										
Student & Instruction Related Services	9.7	9.7	9.5	9.9	10.2	10.0	9.0	9.6	9.6	9.0
School Administrative Services	0.2	0.2	0.2		0.4	0.4	1.0	0.4	0.4	2.0
General/Business Administrative Services	1.5	1.6	1.6	1.5	1.5	1.5	1.5	1.5	1.5	2.6
Central Services	1.2	0.8	0.8	0.8	0.8	0.8	1.0	0.8	0.8	1.0
Plant Operations and Maintenance	3.4	5.1	5.1	4.5	3.6	3.6	5.0	3.6	3.6	3.0
Pupil Transportation	1.0	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	1.0
<b>Total</b>	<b>59.5</b>	<b>59.5</b>	<b>60.0</b>	<b>61.4</b>	<b>63.3</b>	<b>65.1</b>	<b>65.3</b>	<b>64.3</b>	<b>68.7</b>	<b>68.6</b>

Source: Harding Township School District Personnel Records

HARDING TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2012	336	\$ 9,667,039	\$ 28,771	-5.21%	46	7:1	338	323	8.41%	95.59%
2013	319	9,727,103	30,492	5.98%	44	7:1	321	305	-5.07%	95.20%
2014	315	9,970,154	31,651	3.80%	44	7:1	322	309	0.50%	96.00%
2015	313	10,157,595	32,452	2.53%	44	7:1	305	292	-5.40%	95.96%
2016	307	10,750,208	35,017	7.90%	46	7:1	306	293	0.46%	95.59%
2017	316	10,757,202	34,042	-2.78%	48	7:1	315	297	2.91%	94.38%
2018	308	11,639,679	37,791	11.01%	47	7:1	308	287	-2.22%	93.28%
2019	279	12,122,518	43,450	14.97%	48	6:1	279	267	-9.42%	95.70%
2020	278	12,428,125	44,705	2.89%	52	5:1	279	268	0.00%	96.06%
2021	271	12,913,302	47,651	6.59%	50	5:1	271	262	-2.87%	96.68%

Note: Enrollment based on annual October district count.

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

Source: Harding Township School District Records

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>District Building</u>										
Elementary (1958)	61,738	61,738	61,738	61,738	61,738	61,738	61,738	61,738	61,738	61,738
Square Feet	336	336	336	336	336	336	336	336	336	336
Capacity (Students)	226	216	224	224	212	205	186	183	182	182
Enrollment										
Middle School (1927)	18,441	18,441	18,441	18,441	18,441	18,441	18,441	18,441	18,441	18,441
Square Feet	184	184	184	184	184	184	184	184	184	184
Capacity (Students)	110	103	91	89	95	111	122	96	96	96
Enrollment										
Other										
Storage Building (1988)	800	800	800	800	800	800	800	800	800	800
Square Feet										

Number of Schools at June 30, 2021

Elementary = 1

Middle School = 1

Other = 1

Source: Harding Township School District Facilities Office



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

Fiscal Year Ended June 30,	Harding Township Elementary School*	Harding Township Middle School*	Total School Facilities
2012	\$ 94,558	\$ 28,245	\$ 122,802
2013	107,196	32,020	139,216
2014	121,532	36,302	157,833
2015	134,245	40,099	174,344
2016	275,183	82,198	357,381
2017	99,513	29,725	129,237
2018	160,658	47,989	208,647
2019	161,408	48,213	209,621
2020	132,624	39,615	172,239
2021	159,535	47,653	207,188

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

HARDING TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
AS OF JUNE 30, 2021  
UNAUDITED

	<u>Coverage</u>		<u>Deductible</u>
School Package Policy:	\$ 500,000,000	Occurrence	
School Alliance Insurance Fund Insurance Fund:			
Building & Personal Property			\$ 2,500
Inland Marine - Auto Physical Damage			1,000
General Liability Including Auto, Employee Benefits	5,000,000		
General Aggregate	Agreed upon based on membership		
Product/Completed Ops			
Personal Injury			
Fire Damage	2,500,000		
Medical Expenses	10,000		
(excluding students taking part in athletics)			
Automobile Coverage			
Combined Single Limit			
Hired/Non-owned			
Security Guard Liability	Included		
Environmental Impairment Liability	1,000,000/25,000,000	Fund Aggregate	10,000
	100,000	Fungi & Legionella	100,000
Crime Coverage	50,000	Inside/Outside	1,000
Blanket Dishonesty Bond	500,000		1,000
Boiler & Machinery	100,000,000		2,500
Excess Liability (AL/GL/SLPL)	5,000,000		
School Board Legal (SLPL)	5,000,000		10,000
Cyber Liability	2,000,000	per Occurrence/Agg	10,000
Workers Compensation	Statutory		
Employer's Liability	5,000,000		
Supplemental Indemnity	Statutory		
RLI Insurance Company:			
Bond for School Administrator	185,000		
Bond for Treasurer of School Monies	185,000		
Bollinger Insurance Company:			
Student Accident	All Students/Athletes		

Source: Harding Township School District Records

SINGLE AUDIT



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Independent Member  
BKR International

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Harding Township School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2021.

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

### **Purpose of this Report**

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

November 15, 2021  
Mount Arlington, New Jersey

*Nisivoccia, LLP*  
NISIVOCCIA LLP

*Kathryn L. Mantell*  
\_\_\_\_\_  
Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant



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Independent Member  
BKR International

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

Independent Auditor's Report

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

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

We have audited the Harding 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 the District's major state program for the fiscal year ended June 30, 2021. The District's major state program is 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 the District's major state program 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 the major state program. However, our audit does not provide a legal determination of the District's compliance.

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

### ***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 the major state program for the fiscal year ended June 30, 2021.

### **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 the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circulars 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 New Jersey's OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

November 15, 2021  
Mount Arlington, New Jersey

*Nisivoccia, LLP*  
NISIVOCCIA LLP

*Kathryn L. Mantell*  
\_\_\_\_\_  
Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant

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

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020			Balance at June 30, 2021		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amounts Paid to Sub-recipients
<b>U.S. Department of Education:</b>										
Passed-through State Department of Education:										
Special Education Cluster:										
I.D.E.A. Part B, Basic	84.027A	IDEA-2030-20	7/1/19-9/30/20	71,624	\$ (629)	\$	\$ (629)			
I.D.E.A. Part B, Basic	84.027A	IDEA-2030-21	7/1/20-9/30/21	73,657		\$ 73,657	\$ (73,657)			
I.D.E.A. Part B, Preschool	84.173A	IDEA-2030-21	7/1/20-9/30/21	2,651		2,651	(2,651)			
Total Special Education Cluster					(629)	76,308	(70,308)	(629)		
<b>Elementary and Secondary Education Act:</b>										
Title I	84.010A	ESEA-2030-18	7/1/17-6/30/18	43,968	(7,170)			(7,170)		
Title I	84.010A	ESEA-2030-20	7/1/19-9/30/20	41,426		\$ 926			\$ 926	
Title I	84.010A	ESEA-2030-21	7/1/20-9/30/21	40,874		39,184	(40,839)	(1,655)		
Title IIA	84.367A	ESEA-2030-21	7/1/20-9/30/21	8,859		7,260	(7,260)		500	
Title IV	84.424	ESEA-2030-20	7/1/19-9/30/20	10,000				(8,464)		
Title IV	84.424	ESEA-2030-21	7/1/20-9/30/21	10,000		46,444	(50,563)	(17,289)	1,426	
Total Elementary and Secondary Education Act					(7,170)	1,426				
<b>Small Rural School Area Grant:</b>										
Rural Education Achievement Program	84.358	N/A	7/1/18-6/30/19	70,524		46			46	
Rural Education Achievement Program	84.358	N/A	7/1/20-9/30/21	24,643		24,643	(24,643)			
Total Small Rural School Area Grant						46	(24,643)		46	
<b>Education Stabilization Fund:</b>										
COVID 19 - CARES Emergency Relief	84.425D	CARES2030	3/13/20-9/30/22	32,683				(7,420)		
Total Educational Stabilization Fund						25,056	(32,476)	(7,420)		
Total U.S. Department of Education					(7,799)	1,472	(189,990)	(25,338)	1,472	
<b>U.S. Department of Treasury</b>										
Passed-through State Department of Treasury:										
Special Revenue Fund:										
COVID 19 - Coronavirus Relief Fund	21.019	N/A	3/1/20-12/30/20	10,377		10,377	(10,377)			
Total U.S. Department of Treasury						10,377	(10,377)			
Total Federal Awards					\$ (7,799)	\$ 1,472	\$ 182,828	\$ (200,367)	\$ 1,472	\$ - 0 -

N/A - Not Available

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



**HARDING TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Balance at June 30, 2021		MEMO Cumulative Total Expenditures
				Budgetary Accounts Receivable	Budgetary Expenditures		GAAP Accounts Receivable	Budgetary Accounts Receivable	
<u>State Department of Education:</u>									
General Fund State Aid:									
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	\$ 319,770	\$ (31,228)	\$ 31,228			\$	319,770
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	91,287	(8,915)	8,915				91,287
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	32,259	(3,150)	3,150				32,259
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	315,936	(315,936)	315,936				315,936
Non-Public Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	540	(540)	540				540
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	219,648	(10,661)	10,661				219,648
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	319,770		288,712	\$ (319,770)	\$ (31,058)		319,770
Special Education Categorical Aid	21-495-034-5120-089	7/1/20-6/30/21	110,172		99,472	(110,172)	(10,700)		110,172
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	32,259		29,126	(32,259)	(3,133)		32,259
Extraordinary Aid	21-495-034-5120-044	7/1/20-6/30/21	335,675			(335,675)	(335,675)		335,675
Non-Public Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	36,761			(36,761)	(36,761)		36,761
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	237,180		225,417	(237,180)	(11,763)		237,180
TPAF Pension Contributions	21-495-034-5094-002	7/1/20-6/30/21	850,306		850,306	(850,306)			850,306
TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/20-6/30/21	271,543		271,543	(271,543)			271,543
TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20-6/30/21	16,178		16,178	(16,178)			16,178
(On-Behalf - Non-Budgeted)									
TPAF Long Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	596		596	(596)			596
(On-Behalf - Non-Budgeted)									
Total General Fund				(370,430)	2,151,780	(2,210,440)	(429,090)		3,189,880
Total State Awards				\$ (370,430)	\$ 2,151,780	\$ (2,210,440)	\$ (429,090)		\$ 3,189,880
Less: State Awards Not Subject to Single Audit Major Program Determination									
On-Behalf TPAF Pension System Contributions:									
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/1/20-6/30/21	\$ (850,306)					\$	850,306
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/20-6/30/21	(271,543)						271,543
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20-6/30/21	(16,178)						16,178
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	(596)						596
Subtotal - On-Behalf TPAF Pension System Contributions									1,138,623
Total State Awards Subject to Single Audit Determination									\$ (1,071,817)

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

HARDING TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Harding Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2021. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$1,598) for the general fund and \$-0- for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and the special revenue funds. Revenue from federal and state awards are reported in the Board’s basic financial statements on a GAAP basis as presented below:

HARDING TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,208,842	\$ 2,208,842
Special Revenue Fund	\$ 200,367		200,367
Total Awards	<u>\$ 200,367</u>	<u>\$ 2,208,842</u>	<u>\$ 2,409,209</u>

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

NOTE 5. 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, 2021.

HARDING TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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 the major state program 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 program for the District expresses an unmodified opinion on the major state program.
- 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 was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2021 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The District's major state program for the current fiscal year consisted of the following:

State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
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State:

Reimbursed TPAF Social

Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	\$ 237,180	\$ 237,180
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- The threshold used for distinguishing between state Type A and Type B 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.

Findings and Questioned Costs for Federal Awards:

- The District was not subject to a Federal Single Audit as expenditures for federal awards 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 and New Jersey's OMB Circular 15-08.

HARDING TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Status of Prior Year Findings:

There were no prior year audit findings.