

HARDYSTON TOWNSHIP SCHOOL DISTRICT

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023**

**Annual Comprehensive
Financial Report**

of the

HARDYSTON TOWNSHIP SCHOOL DISTRICT

Hardyston, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

**Hardyston Township School District
Business Office**

HARDYSTON TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

Hardyston School District

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

Michael Ryder
Superintendent

Carolyn B. Joseph
Interim Business Administrator/Board Secretary

Jennifer Cimaglia
Elementary School Principal

Gulay Maffia, Ed.D
Supervisor of Special Education

Megan O'Mara
Middle School Vice-Principal

December 1, 2023

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

Dear Board Members:

The annual comprehensive financial report of the Hardyston Township School District ("the District") for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Hardyston Township Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

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

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

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

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

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

During the 2022-2023 school year, the two schools in the Hardyston Township School District provided education for 588 students in grades pre-kindergarten through grade eight with a staff of 73.55 professionals and a support staff of 32.3. Students in grades nine through twelve have the option of attending Wallkill Valley Regional High School, Pope John XXIII Regional High School or Sussex County Technical School.

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

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

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

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

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

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

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments, and/or assignments at June 30, 2023.

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

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

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

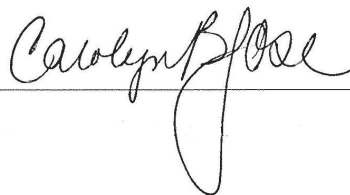
9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The Auditors' Report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The Auditors' Reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,

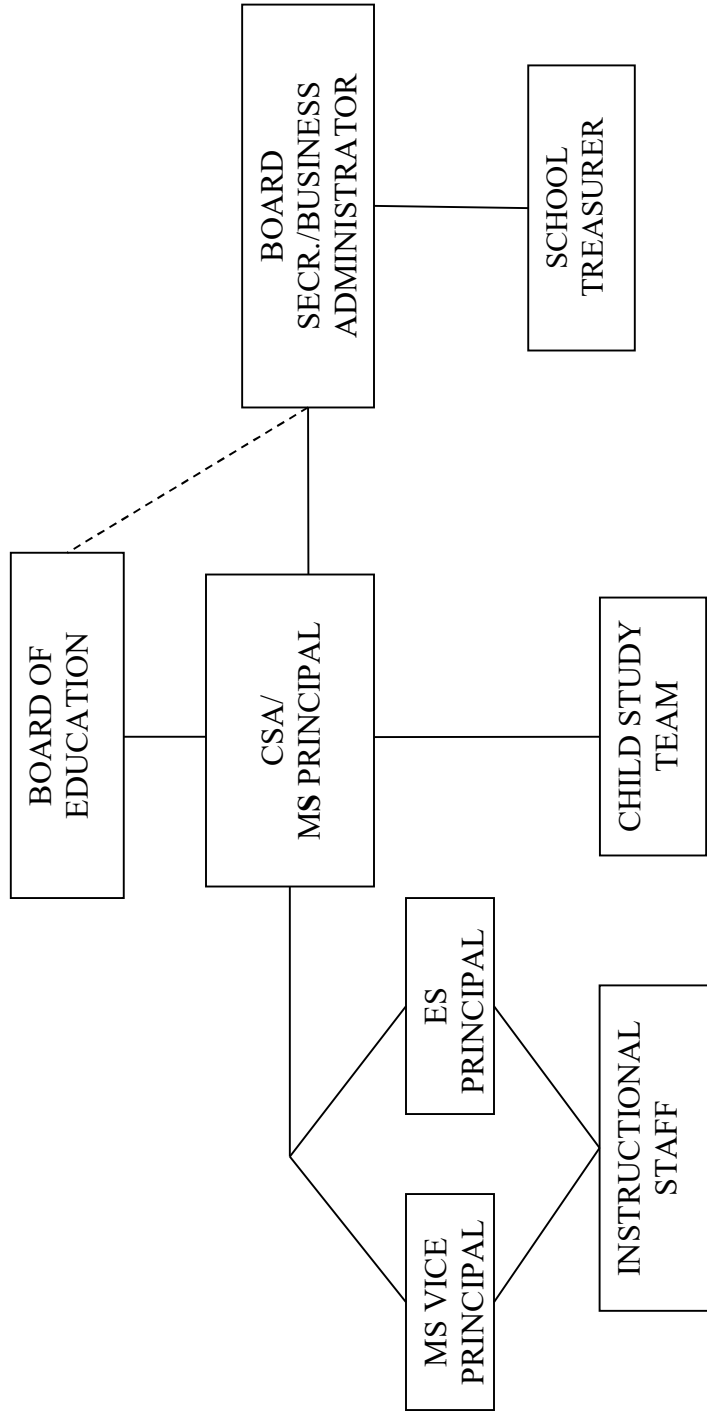


Michael Ryder
Superintendent



Carolyn Joseph
Interim School Business Administrator/Board Secretary

HARDYSTON TOWNSHIP SCHOOL DISTRICT



**HARDYSTON TOWNSHIP SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2023**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
David Van Ginneken	President	2024
Ronald Hoffman	Vice President	2024
Anthony Alfano		2025
Jean Barrett		2025
Donna Carey		2024
Nick Demsak		2023
Susan Lucarelli		2023
Catherine Maksymiuk		2023
Edward Reinle		2025

Other Officers

Title

Michael Ryder	Superintendent of Schools
Carolyn Joseph	Interim Business Administrator/Board Secretary (from 4/1/23)
Rich Rennie	Business Administrator/Board Secretary (to 3/31/23)
Grant Rome	Treasurer of School Moneys

**HARDYSTON TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

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

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Florham Park, New Jersey 07932-0991

Bond Counsel

McManimon & Scotland, LLC
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Newark, New Jersey 07102

Architect

Parette Somjen Architects
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Rockaway, New Jersey 07866

Official Depositories

Sussex Bank
399 Route 23
Franklin, New Jersey 07416

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

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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hardyston Township School District (the "District"), in the County of Sussex, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

December 1, 2023
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Hardyston Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

This section of the Hardyston Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2023. 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

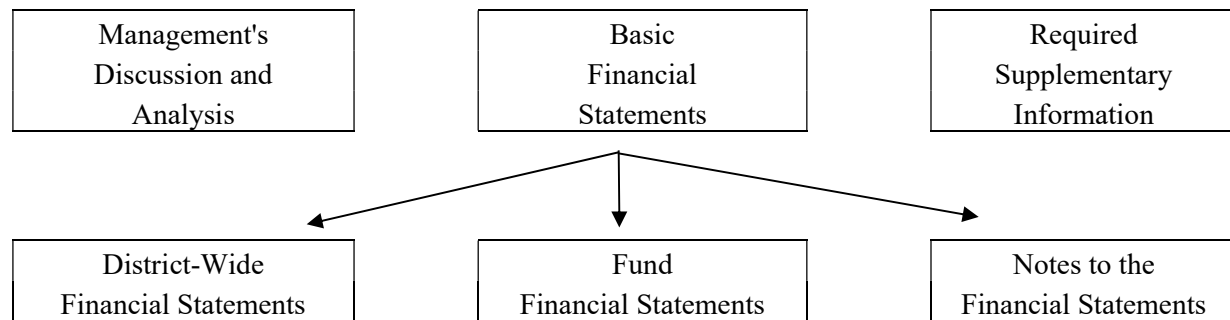


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by \$68,931. Net position from governmental activities increased by \$49,488, and net position from business-type activities increased by \$19,443. Net investment in capital assets increased by \$1,107,943, restricted net position decreased by \$1,150,835, and unrestricted net position increased by \$111,823.

Figure A-3
Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	Change 2022/2023
Assets:							
Current and Other Assets	\$ 5,537,904	\$ 6,948,922	\$ 166,241	\$ 118,629	\$ 5,704,145	\$ 7,067,551	
Capital Assets, Net	13,128,353	12,550,353	43,931	45,849	13,172,284	12,596,202	
Lease Assets, Net	38,141	59,658			38,141	59,658	
Total Assets	18,704,398	19,558,933	210,172	164,478	18,914,570	19,723,411	-4.10%
Deferred Outflows of Resources	368,601	310,507			368,601	310,507	18.71%
Liabilities:							
Other Liabilities	252,391	334,600	40,486	14,235	292,877	348,835	
Long-Term Liabilities	8,300,600	8,535,924			8,300,600	8,535,924	
Total Liabilities	8,552,991	8,870,524	40,486	14,235	8,593,477	8,884,759	-3.28%
Deferred Inflows of Resources	388,251	916,647			388,251	916,647	-57.64%
Net Position:							
Net Investment in Capital Assets							
Assets	7,125,299	6,015,438	43,931	45,849	7,169,230	6,061,287	
Restricted	4,595,969	5,746,804			4,595,969	5,746,804	
Unrestricted/(Deficit)	(1,589,511)	(1,679,973)	125,755	104,394	(1,463,756)	(1,575,579)	
Total Net Position	\$ 10,131,757	\$10,082,269	\$ 169,686	\$ 150,243	\$10,301,443	\$ 10,232,512	0.67%

Changes in Net Position

The Changes in Net Position shows the cost of program services and the revenues of the District on a comparative schedule (Figure A-4). The increase in net investment in capital assets is primarily due to a reduction in serial bonds payable and capital asset additions offset by current year depreciation expense. The decrease in restricted net position is primarily due to withdrawals from the capital and maintenance reserves as well as a decrease in total excess surplus. The increase in unrestricted net position is primarily due to the reduction in net pension liability and the related changes in deferred inflows and outflows in pensions.

Figure A-4
Change in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	Change
Revenue:							
Program Revenue:							
Charges for Services	\$ 154,074	\$ 36,019	\$ 108,037	\$ 3,284	\$ 262,111	\$ 39,303	
Operating Grants & Contributions	3,129,580	3,947,728	79,160	233,661	3,208,740	4,181,389	
Capital Grants & Contributions	107,047				107,047		
General Revenue:							
Property Taxes	11,409,346	11,199,379			11,409,346	11,199,379	
Federal and State Aid Unrestricted	464,140	669,861			464,140	669,861	
Other	133,028	65,709	832	59	133,860	65,768	
Total Revenue	<u>15,397,215</u>	<u>15,918,696</u>	<u>188,029</u>	<u>237,004</u>	<u>15,585,244</u>	<u>16,155,700</u>	-3.53%
Expenses:							
Instruction	7,841,511	8,282,024			7,841,511	8,282,024	
Pupil and Instruction Services	2,389,501	2,053,668			2,389,501	2,053,668	
Administrative and Business	1,496,258	1,518,971			1,496,258	1,518,971	
Maintenance and Operations	1,793,675	1,414,747			1,793,675	1,414,747	
Transportation	1,432,751	968,731			1,432,751	968,731	
Other	394,031	481,581	168,586	179,308	562,617	660,889	
Total Expenses	<u>15,347,727</u>	<u>14,719,722</u>	<u>168,586</u>	<u>179,308</u>	<u>15,516,313</u>	<u>14,899,030</u>	4.14%
Change in Net Position	<u>\$ 49,488</u>	<u>\$ 1,198,974</u>	<u>\$ 19,443</u>	<u>\$ 57,696</u>	<u>\$ 68,931</u>	<u>\$ 1,256,670</u>	-94.51%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District declined slightly. Maintaining existing programs and the provision of a multitude of special programs and services for disabled pupils place great demands on the District’s resources.

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

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

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

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

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

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

	Total Costs of Services		Net Cost of Services	
	2022/2023	2021/2022	2022/2023	2021/2022
Instruction	\$ 7,841,511	\$ 8,282,024	\$ 5,869,335	\$ 5,727,376
Pupil and Instruction Services	2,389,501	2,053,668	1,819,145	1,553,210
Administrative and Business	1,496,258	1,518,971	1,312,837	1,212,660
Maintenance and Operations	1,793,675	1,414,747	1,592,476	1,256,610
Transportation	1,432,751	968,731	969,202	504,538
Other	394,031	481,581	394,031	481,581
	<u>\$ 15,347,727</u>	<u>\$ 14,719,722</u>	<u>\$ 11,957,026</u>	<u>\$ 10,735,975</u>

Business-Type Activities

Net position from the District’s business-type activity increased by \$19,443 due to the resumption of paid lunch sales because of the Seamless Summer Option Program no longer being offered. (Refer to Figure A-4).

Financial Analysis of the District’s Funds

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

General Fund Budgetary Highlights

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

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

Capital Asset and Long Term Liabilities

At year-end, the District had \$13,172,284 in capital assets as shown in Figure A-6. There were capital additions of \$1,129,674, offset by depreciation expense of \$538,823 and capital asset adjustments of \$14,769. (More detailed information about the District’s capital assets is presented in Note 6 to the financial statements.)

Figure A-6
Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	Change
Land	\$ 362,892	\$ 362,892			\$ 362,892	\$ 362,892	
Construction in Progress		1,031,627				1,031,627	
Site Improvements	19,480	26,980			19,480	26,980	
Buildings and							
Building Improvements	12,552,576	10,920,680			12,552,576	10,920,680	
Machinery and Equipment	193,405	208,174	\$ 43,931	\$ 45,849	237,336	254,023	
	<u>\$ 13,128,353</u>	<u>\$ 12,550,353</u>	<u>\$ 43,931</u>	<u>\$ 45,849</u>	<u>\$ 13,172,284</u>	<u>\$ 12,596,202</u>	4.57%

Long-term Liabilities

At year-end, the District had \$6,105,000 in general obligation bonds outstanding as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements.)

Figure A-7
Long-Term Liabilities

	Total School District		Percentage
	2022/2023	2021/2022	
General Obligation Bonds (Financed with Property Taxes)	\$ 6,105,000	\$ 6,650,000	
Unamortized Bond Issuance Premium	368,604	416,683	
Net Pension Liability	1,438,425	1,101,595	
Leases Payable	41,810	63,390	
Compensated Absences	346,761	304,256	
	<u>\$ 8,300,600</u>	<u>\$ 8,535,924</u>	-2.76%

Factors Bearing on the District's Future

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

- Inflation rates and the expiration of Federal ESSER funds are concerns. Also the State has decreased the level of aid provided to the District overall during the last several years. In addition, the allowable increase in the tax levy has remained at 2%. Prices for energy, transportation, and out-of-district tuition have historically increased more than 2% per year. The Board of Education will have to continue to plan long term to avoid significant changes to the current educational programs.
- The District has established and continues to contribute to the capital and maintenance reserves in order to address long term facilities planning and short-term required maintenance, respectively.
- The District executed a Strategic Plan with public input to help map out future initiatives.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Carolyn Joseph, Board Secretary/Business Administrator, at the Board of Education Office, 183 Wheatsworth Road, Hamburg, NJ 07419.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HARDYSTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,729,666	\$ 148,266	\$ 1,877,932
Receivables From State Government	263,970	181	264,151
Receivables From Federal Government	6,174	3,765	9,939
Internal Balances	(6,623)	6,623	
Inventories		7,406	7,406
Restricted Assets:			
Cash and Cash Equivalents	3,542,381		3,542,381
Investments	2,336		2,336
Capital Assets:			
Sites (Land)	362,892		362,892
Depreciable Buildings and Building Improvements and Machinery and Equipment	12,765,461	43,931	12,809,392
Lease Assets, Net	38,141		38,141
Total Assets	<u>18,704,398</u>	<u>210,172</u>	<u>18,914,570</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	105,615		105,615
Deferred Outflows - Pensions	262,986		262,986
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>368,601</u>		<u>368,601</u>
LIABILITIES			
Accrued Interest Payable	77,857		77,857
Accounts Payable	174,534	9,947	184,481
Unearned Revenue		30,539	30,539
Noncurrent Liabilities:			
Due Within One Year	640,774		640,774
Due Beyond One Year	7,659,826		7,659,826
Total Liabilities	<u>8,552,991</u>	<u>40,486</u>	<u>8,593,477</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>388,251</u>		<u>388,251</u>
NET POSITION			
Net Investment in Capital Assets	7,125,299	43,931	7,169,230
Restricted for:			
Capital Projects	2,851,016		2,851,016
Maintenance Reserve	436,439		436,439
Excess Surplus	1,051,252		1,051,252
Unemployment Compensation	193,828		193,828
Scholarships	5,461		5,461
Student Activities	57,973		57,973
Unrestricted/(Deficit)	<u>(1,589,511)</u>	<u>125,755</u>	<u>(1,463,756)</u>
Total Net Position	<u>\$ 10,131,757</u>	<u>\$ 169,686</u>	<u>\$ 10,301,443</u>

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Capital Contributions			
Governmental Activities:							
Instruction:							
Regular	\$ 4,994,786	\$ 35,350	\$ 751,705		\$ (4,207,731)		\$ (4,207,731)
Special Education	2,433,438		1,128,046		(1,305,392)		(1,305,392)
Other Special Instruction	195,505		28,259		(167,246)		(167,246)
School-Sponsored /Other Instruction	217,782		28,816		(188,966)		(188,966)
Support Services:							
Tuition	201,308		147,880		(53,428)		(53,428)
Student & Instruction Related Services	2,188,193	118,724	303,752		(1,765,717)		(1,765,717)
General Administrative Services	383,394		32,107		(351,287)		(351,287)
School Administrative Services	764,171		108,293		(655,878)		(655,878)
Central Services	313,531		43,021		(270,510)		(270,510)
Administration Information Technology	35,162				(35,162)		(35,162)
Plant Operations and Maintenance	1,793,675		94,152	\$ 107,047	(1,592,476)		(1,592,476)
Pupil Transportation	1,432,751		463,549		(969,202)		(969,202)
Interest on Long-Term Debt	175,467				(175,467)		(175,467)
Capital Outlay	70,052				(70,052)		(70,052)
Transfer of Funds to Charter Schools	148,512				(148,512)		(148,512)
Total Governmental Activities	15,347,727	154,074	3,129,580	107,047	(11,957,026)		(11,957,026)

HARDYSTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Proprietary Funds	\$ 168,586	\$ 108,037	\$ 79,160		\$ 18,611	\$ 18,611	\$ 18,611
Total Business-Type Activities	168,586	108,037	79,160		18,611	18,611	18,611
Total Primary Government	\$ 15,516,313	\$ 262,111	\$ 3,208,740	\$ 107,047	\$ (11,957,026)	18,611	(11,938,415)
General Revenue:							
Property Taxes, Levied for General Purposes, Net					10,645,827		10,645,827
Taxes Levied for Debt Service					763,519		763,519
Federal and State Aid not Restricted					464,140		464,140
Miscellaneous Income					133,028	832	133,860
Total General Revenue					12,006,514	832	12,007,346
Change in Net Position					49,488	19,443	68,931
Net Position - Beginning					10,082,269	150,243	10,232,512
Net Position - Ending					\$ 10,131,757	\$ 169,686	\$ 10,301,443

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

FUND FINANCIAL STATEMENTS

HARDYSTON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 1,729,666		\$ 1,729,666
Receivables From State Government	263,970		263,970
Receivables From Federal Government		6,174	6,174
Interfund Receivables	2,023		2,023
Restricted Cash and Cash Equivalents	3,481,283	61,098	3,542,381
Restricted Investments		2,336	2,336
Total Assets	\$ 5,476,942	\$ 69,608	\$ 5,546,550
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	42,883	4,151	47,034
Interfund Payable	6,623	2,023	8,646
Total Liabilities	49,506	6,174	55,680
Fund Balances:			
Restricted:			
Capital Reserve Account	2,851,016		2,851,016
Maintenance Reserve Account	436,439		436,439
Excess Surplus - 2024-2025 School Year	501,685		501,685
Excess Surplus - 2023-2024 School Year	549,567		549,567
Unemployment Compensation	193,828		193,828
Scholarships		5,461	5,461
Student Activities		57,973	57,973
Assigned for:			
Year End Encumbrances	95,116		95,116
Subsequent Year's Expenditures	398,032		398,032

HARDYSTON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
	\$ 401,753		\$ 401,753
	5,427,436	\$ 63,434	5,490,870
	\$ 5,476,942	\$ 69,608	\$ 5,546,550

LIABILITIES AND FUND BALANCES (Cont'd):

Fund Balances (Cont'd):

Unassigned

Total Fund Balances

Total Liabilities and Fund Balances

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

Total Fund Balances From Above

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

Lease Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.

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

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

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

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

Deferred Inflows

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

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

Net Position of Governmental Activities

	\$ 5,490,870		\$ 5,490,870
	13,128,353		13,128,353
	38,141		38,141
	(368,604)		(368,604)
	105,615		105,615
	(1,438,425)		(1,438,425)
		135,486	135,486
		(388,251)	(388,251)
		(6,493,571)	(6,493,571)
		(77,857)	(77,857)
		\$ 10,131,757	\$ 10,131,757

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 10,645,827			\$ 763,519	\$ 11,409,346
Tuition from Individuals	35,350				35,350
Restricted Miscellaneous	1,887	\$ 83,374			85,261
Unrestricted Miscellaneous	124,368				124,368
Total - Local Sources	10,849,555	83,374		763,519	11,696,448
State Sources	4,231,349	28,309	\$ 107,047		4,366,705
Federal Sources	434,660				434,660
Total Revenue	15,080,904	546,343	107,047	763,519	16,497,813
EXPENDITURES:					
Current:					
Regular Instruction	3,014,884	197,035			3,211,919
Special Education Instruction	1,617,905	89,745			1,707,650
Other Special Instruction	135,277				135,277
School-Sponsored/Other Instruction	155,468				155,468
Support Services and Undistributed Costs:					
Tuition	53,428	147,880			201,308
Student & Instruction Related Services	1,615,849	67,522			1,683,371
General Administrative Services	314,966				314,966
School Administrative Services	517,051				517,051
Administration Information Technology	2,162				2,162
Central Services	221,842				221,842
Plant Operations and Maintenance	1,580,164				1,580,164
Pupil Transportation	1,432,751				1,432,751

HARDYSTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
EXPENDITURES:					
Support Services and Undistributed Costs (Cont'd):					
Unallocated Benefits	\$ 4,566,576				\$ 4,566,576
Debt Service:					
Principal				\$ 545,000	545,000
Interest and Other Charges	1,156,648	\$ 28,309		218,519	218,519
Capital Outlay	148,512				1,184,957
Transfer of Funds to Charter Schools					148,512
Total Expenditures	<u>16,533,483</u>	<u>530,491</u>		<u>763,519</u>	<u>17,827,493</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,452,579)	15,852	\$ 107,047		(1,329,680)
Other Financing Sources/(Uses):					
Transfers In/(Out)	140,547		(170,627)	30,080	
Total Other Financing Sources/(Uses)	<u>140,547</u>		<u>(170,627)</u>	<u>30,080</u>	
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,312,032)	15,852	(63,580)	30,080	(1,329,680)
Fund Balance/(Deficit) - July 1	<u>6,739,468</u>	<u>47,582</u>	<u>63,580</u>	<u>(30,080)</u>	<u>6,820,550</u>
Fund Balance - June 30	<u>\$ 5,427,436</u>	<u>\$ 63,434</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 5,490,870</u>

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (1,329,680)

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

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

	Depreciation Expense	\$ (536,905)
	Capital Assets Additions	1,129,674
	Capital Assets Adjustment	<u>(14,769)</u>
		578,000

Capital outlays related to lease assets are reported in Governmental Funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which amortization differs from capital outlays in the period.

	Amortization Expense	(21,517)
--	----------------------	----------

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

Repayment of leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities. (+)

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

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

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

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

Changes in Net Pension Liability		(336,830)
Changes in Deferred Outflows		63,992
Changes in Deferred Inflows		528,396

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

Net Change in Net Position - Governmental Activities (Exhibit A-2) \$ 49,488

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 148,266
Accounts Receivable:	
State	181
Federal	3,765
Interfund Receivable - General Fund	6,623
Inventories	7,406
	<hr/>

Total Current Assets

166,241

Non-Current Assets:

Capital Assets	253,399
Less: Accumulated Depreciation	<hr/> (209,468)

Total Non-Current Assets

43,931

Total Assets

210,172

LIABILITIES:

Current Liabilities:

Accounts Payable	9,947
Unearned Revenue - Donated Commodities	2,995
Unearned Revenue - Prepaid Sales	2,333
Unearned Revenue - Supply Chain Assistance	25,211
	<hr/>

Total Current Liabilities

40,486

NET POSITION:

Investment in Capital Assets	43,931
Unrestricted	125,755
	<hr/>
Total Net Position	<u>\$ 169,686</u>

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Meals	\$ 96,305
Daily Sales - Non Reimbursable Meals	11,528
Other Sales	204
	<hr/>
Total Operating Revenue	108,037
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	69,601
Cost of Sales - Non Reimbursable Programs	8,331
Salaries, Benefits, and Payroll Taxes	74,582
Management Fee	9,280
Supplies, Insurance & Other Costs	4,874
Depreciation Expense	1,918
	<hr/>
Total Operating Expenses	168,586
	<hr/>
Operating Loss	(60,549)
	<hr/>
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	2,424
Federal Sources:	
Supply Chain Assistance	14,431
National School Lunch Program	50,753
Food Distribution Program	11,552
Local Sources:	
Interest Income	832
	<hr/>
Total Non-Operating Revenue	79,992
	<hr/>
Change in Net Position	19,443
	<hr/>
Net Position - Beginning of Year	150,243
	<hr/>
Net Position - End of Year	\$ 169,686
	<hr/> <hr/>

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 108,037
Payments for Employees	(74,582)
Payments to Suppliers	(3,031)
Payments to Food Service Vendor	(79,353)
	<hr/>
Net Cash Used for Operating Activities	(48,929)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Federal and State Reimbursements Collected in Food Service Fund	162,705
	<hr/>
Net Cash Provided by Noncapital Financing Activities	162,705
	<hr/>
Cash Flows from Investing Activities:	
Investment Income	832
	<hr/>
Net Cash Flows Provided by Investing Activities	832
	<hr/>
Net Increase in Cash and Cash Equivalents	114,608
Cash and Cash Equivalents, July 1	33,658
	<hr/>
Cash and Cash Equivalents, June 30	\$ 148,266
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (60,549)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Federal Food Distribution Program	11,552
Changes in Assets and Liabilities:	
Increase in Unearned Revenue - Donated Commodities	2,052
(Increase) in Inventories	(2,890)
(Decrease) in Accounts Payable	(147)
(Decrease) in Unearned Revenue - Prepaid Sales	(865)
	<hr/>
Net Cash Used for Operating Activities	\$ (48,929)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. donated commodities through the Food Distribution Program valued at \$13,604 and utilized commodities valued at \$11,552.

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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 governmental funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

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

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

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, lease assets or subscription assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

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

The District reports the following Proprietary Fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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 fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financed purchases are reported as other financing sources.

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year). Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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.

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

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

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants. Grants are recognized in the full year the grants are awarded on the budgetary basis; but are not recognized on the GAAP basis until they are expended and submitted for reimbursement.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 15,058,184	\$ 546,343
Differences - Budget to GAAP:		
Prior Year State Aid Payments, not Recognized for Budgetary Purposes, Recognized for GAAP Statements	145,061	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(122,341)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 15,080,904	\$ 546,343
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 16,533,483	\$ 530,491
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 16,533,483	\$ 530,491
		Capital Projects Fund
Revenue and Other Financing Sources - Governmental Funds - Budgetary Basis		\$ -0-
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Revenue Recognized on GAAP Basis		107,047
Revenue per Governmental Funds (Budgetary Basis)		\$ 107,047

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

E. Cash and Cash Equivalents and Investments:

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

H. Encumbrances: (Cont'd)

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

K. Capital Assets:

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

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

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

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

L. Lease Assets:

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

M. Subscription Assets

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

N. Long Term Liabilities:

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

O. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2023.

P. Lease Payable:

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

Q. Compensated Absences:

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

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

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

R. Subscription Payable

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

S. Unearned Revenue:

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

T. Fund Balance Appropriated:

General Fund: Of the \$5,427,436 General Fund fund balance at June 30, 2023, \$2,851,016 is restricted in the capital reserve account; \$436,439 is restricted in the maintenance reserve account; \$193,828 is restricted for unemployment compensation; \$501,685 is restricted as current year excess surplus and will be included as anticipated revenue for the fiscal year ending June 30, 2025, \$549,567 is restricted as prior year excess surplus and has been appropriated and included as revenue for the fiscal year ended June 30, 2024, \$95,116 is assigned for year end encumbrances, \$398,032 is assigned for subsequent year's expenditures, and \$401,753 is unassigned which is \$122,341 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2024.

Special Revenue Fund: Of the \$63,434 Special Revenue Fund restricted fund balance at June 30, 2023, \$5,461 is for scholarships and \$57,973 is for student activities.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2023 as detailed above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$122,341 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

U. Deficit Net Position:

The District has a deficit in unrestricted net position of \$1,589,511 in governmental activities, which is primarily due to compensated absences payable, unamortized bond issuance premiums, and net pension liability and the related deferred inflows and outflows of resources. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

V. Net Position:

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

V. Net Position: (Cont'd)

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2023 for the deferred amount on refunding of debt related to the District's 2016 refunding bonds and for pensions. The District had deferred inflows of resources at June 30, 2023 related to pensions.

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

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

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

W. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established for capital and maintenance reserves, 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 no committed resources at June 30, 2023.

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 encumbrances and for amounts designated for subsequent year's expenditures. at June 30, 2023 in the General Fund.

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

X. Revenue - Exchange and Nonexchange Transactions:

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

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

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

Y. Operating Revenue and Expenses:

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

Z. Management Estimates:

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

AA. Pensions:

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

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

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Investments: (Cont'd)

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Investments: (Cont'd)

As of June 30, 2023, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	<u>Restricted</u> Cash and Cash Equivalents	<u>Investments</u>	<u>Total</u>
Checking and Savings Accounts	\$ 1,877,932	\$ 3,540,592		\$ 5,417,188
New Jersey Cash Management Fund		1,789		3,125
Certificates of Deposit			\$ 2,336	2,336
	<u>\$ 1,877,932</u>	<u>\$ 3,542,381</u>	<u>\$ 2,336</u>	<u>\$ 5,422,649</u>

During the period ended June 30, 2023, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2023, was \$5,422,649 and the bank balance was \$5,647,452. The \$1,789 with the New Jersey Cash Management Fund is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

Beginning Balance, July 1, 2022	\$ 3,809,496
Return of Unexpended Funds from Capital Outlay	331,487
Interest Earnings	29,486
Return of Unexpended Funds from Capital Projects Fund	170,627
Less: Withdrawal by Board Resolution to Capital Projects Fund	(30,080)
Less: Budgeted Withdrawal	<u>(1,460,000)</u>
Ending Balance, June 30, 2023	<u>\$ 2,851,016</u>

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The June 30, 2023 balance in the capital reserve account does not exceed the balance in the LRF balance of local support costs of uncompleted capital projects at June 30, 2023. The budgeted withdrawal from the capital reserve was for use in DOE approved facilities projects, consistent with the District's LRF.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$146,500 was established by the Hardyston Township School District by Board resolution on June 23, 2009. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

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

The activity of the maintenance reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 585,476
Interest Earnings	12,637
Return of Unexpended Funds	208,326
Less: Budgeted Withdrawal	<u>(370,000)</u>
Ending Balance, June 30, 2023	<u>\$ 436,439</u>

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2023 were as follows:

	<u>Beginning Balance</u>	<u>Increases/ Adjustments</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 362,892			\$ 362,892
Construction in Progress	1,031,627		\$ (1,031,627)	
Total Capital Assets not Being Depreciated	<u>1,394,519</u>		<u>(1,031,627)</u>	<u>362,892</u>
Capital Assets Being Depreciated:				
Site Improvements	604,002			604,002
Buildings and Building Improvements	20,750,502	\$ 1,129,674	1,031,627	22,911,803
Machinery and Equipment	2,126,002		(20,716)	2,105,286
Total Capital Assets Being Depreciated	<u>23,480,506</u>	<u>1,129,674</u>	<u>1,010,911</u>	<u>25,621,091</u>
Governmental Activities Capital Assets	<u>24,875,025</u>	<u>1,129,674</u>	<u>(20,716)</u>	<u>25,983,983</u>
Less Accumulated Depreciation for:				
Site Improvements	(577,022)	(7,500)		(584,522)
Buildings and Building Improvements	(9,829,822)	(529,405)		(10,359,227)
Machinery and Equipment	(1,917,828)		5,947	(1,911,881)
Total Accumulated Depreciation	<u>(12,324,672)</u>	<u>(536,905)</u>	<u>5,947</u>	<u>(12,855,630)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 12,550,353</u>	<u>\$ 592,769</u>	<u>\$ (14,769)</u>	<u>\$ 13,128,353</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 253,399			\$ 253,399
Less Accumulated Depreciation	<u>(207,550)</u>	<u>(1,918)</u>		<u>(209,468)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 45,849</u>	<u>\$ (1,918)</u>	<u>\$ -0-</u>	<u>\$ 43,931</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 516,342
School Administrative Services	15,194
Plant Operations and Maintenance	<u>5,369</u>
	<u>\$ 536,905</u>

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 7. LEASE ASSETS

Lease asset balances and activity for the year ended June 30, 2023 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Lease Assets Being Amortized:				
Machinery and Equipment	\$ 107,585			\$ 107,585
Total Lease Assets Being Amortized	<u>107,585</u>			<u>107,585</u>
Governmental Activities Lease Assets	<u>107,585</u>			<u>107,585</u>
Less Accumulated Amortization for:				
Machinery and Equipment	(47,927)	\$ (21,517)		(69,444)
	<u>(47,927)</u>	<u>(21,517)</u>		<u>(69,444)</u>
Governmental Activities Lease Assets, Net of Accumulated Amortization	<u>\$ 59,658</u>	<u>\$ (21,517)</u>	<u>\$ -0-</u>	<u>\$ 38,141</u>

Amortization expense was charged to governmental functions as follows:

Regular Instruction	<u>\$ 21,517</u>
	<u>\$ 21,517</u>

NOTE 8. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2023, the District did not make any transfers to the capital outlay accounts. The increase in capital outlay appropriations was due to the District utilizing its supplemental stabilization aid funding.

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance June 30, 2022	Accrued	Retired	Balance June 30, 2023
Serial Bonds Payable	\$ 6,650,000		\$ 545,000	\$ 6,105,000
Unamortized Bond Issuance Premium	416,683		48,079	368,604
Net Pension Liability	1,101,595	\$ 336,830		1,438,425
Compensated Absences Payable	304,256	58,180	15,675	346,761
Leases Payable	63,390		21,580	41,810
	<u>\$ 8,535,924</u>	<u>\$ 395,010</u>	<u>\$ 630,334</u>	<u>\$ 8,300,600</u>

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

A. Unamortized Bond Issuance Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$48,079 and is separated from the long-term portion of \$320,525.

B. Bonds Payable:

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

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

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

The District had bonds outstanding as of June 30, 2023 as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Final Date of Maturity</u>	<u>Balance June 30, 2023</u>
Refunding Bonds of 2016	3.000% - 4.000%	08/01/31	\$ 6,105,000
			<u>\$ 6,105,000</u>

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

<u>Fiscal Year</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 570,000	\$ 196,219	\$ 766,219
2025	595,000	172,919	767,919
2026	625,000	148,519	773,519
2027	655,000	126,194	781,194
2028-2032	3,660,000	303,653	3,963,653
	<u>\$ 6,105,000</u>	<u>\$ 947,504</u>	<u>\$ 7,052,504</u>

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

C. Lease Payable:

The District had lease outstanding as of June 30, 2023 as follows:

<u>Leases Payable</u>					
<u>Purpose</u>	<u>Commencement Date</u>	<u>Frequency of Payment</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Canon Copier	04/05/20	Monthly	03/05/26	0.345%	\$ 36,564
Pitney Bowes Postage Meter Machine No. 1	02/23/21	Monthly	02/23/26	3.616%	2,623
Pitney Bowes Postage Meter Machine No. 2	02/23/21	Monthly	02/23/26	3.616%	2,623
					<u>\$ 41,810</u>

Principal and interest due on leases outstanding will be liquidated through the General Fund and are as follows:

<u>Fiscal Year</u>	<u>Government Activities</u>	
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 22,695	\$ 1,773
2025	18,445	599
2026	670	24
	<u>\$ 41,810</u>	<u>\$ 2,396</u>

D. Bonds Authorized But Not Issued:

As of June 30, 2023, the Board has \$-0- of bonds authorized but not issued.

E. 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 \$346,761. The General Fund will be used to liquidate the governmental funds Compensated Absences Payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2023, no liability existed for compensated absences in the Food Service Fund.

F. 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, 2023 is \$-0- and the long-term portion is \$1,438,425. See Note 10 for further information on the PERS.

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS

Substantially all of the Board’s employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employee’s Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State’s pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. The local employers’ contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

District contributions to PERS amounted to \$120,196 for the current fiscal year. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$3,027 to the PERS for normal pension benefits on behalf of the District.

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

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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

At June 30, 2023, the District's liability was \$1,438,425 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The 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, 2022, the District's proportion was 0.0095%, which was an increase of 0.0002% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized an actual pension benefit in the amount of \$135,361 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$3,027 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

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

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources in the table on the following page.

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2018	5.63		\$ 34,577
	2019	5.21		43,210
	2020	5.16		127,059
	2021	5.13		10,543
	2022	5.04	\$ 4,457	215,389
Changes in Proportion	2018	5.63	2,003	
	2019	5.21	23,655	
	2020	5.16		13,059
	2021	5.13		150,648
	2022	5.04	35,454	163,707
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	1,422	
	2020	5.00	42,760	
	2021	5.00	(266,708)	
	2022	5.00	282,061	59,535
Difference Between Expected and Actual Experience	2018	5.63		1,317
	2019	5.21	3,303	
	2020	5.16	7,079	
	2021	5.13		3,544
	2022	5.04		4,294
District Contribution Subsequent to the Measurement Date	2022	1.00	127,500	
			\$ 262,986	\$ 388,251

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2023	\$ (123,387)
2024	(62,861)
2025	(30,656)
2026	66,880
2027	(146)
	\$ (150,170)

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

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

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. 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, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2022 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, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 1,847,955	\$ 1,438,425	\$ 1,089,899

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2023, the State of New Jersey contributed \$1,748,636 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$601,823.

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, 2023, the State's proportionate share of the net pension liability associated with the District was \$22,361,963. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The 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, 2022, the District's proportion was 0.0433%, which was an decrease of 0.0007% from its proportion measured as of June 30, 2021.

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. 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)

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>22,361,963</u>
Total	<u>\$ 22,361,963</u>

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$601,823 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	<u>96,143,072</u>	
			<u>3,013,097,864</u>	<u>19,441,140,477</u>
Difference Between Expected and Actual Experience	2015	8.30	13,201,022	
	2016	8.30		21,088,845.00
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		18,009,041
			<u>699,820,974</u>	<u>122,664,916</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	36,220,692	
	2020	5.00	482,791,080	
	2021	5.00	(2,665,975,358)	
	2022	5.00	<u>3,319,334,659</u>	
			<u>1,172,371,073</u>	
			<u>\$ 4,885,289,911</u>	<u>\$ 19,563,805,393</u>

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. 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)

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
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	(1,687,721,983)
	\$ (14,678,515,482)

Actuarial Assumptions

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

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

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

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – TPAF

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2022 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 26,219,877	\$ 22,361,963	\$ 19,112,156

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$25,706 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$34,911 for the fiscal year ended June 30, 2023.

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to the employees through the Schools Health Insurance Fund (the “HIF”).

Property and Liability

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

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

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

SAIF can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The June 30, 2023 audit report is not available as of the date of this report. Selected summarized financial information for SAIF as of June 30, 2022 is as follows:

	School Alliance Insurance Fund
Total Assets	\$ 52,198,217
Net Position	\$ 20,990,635
Total Revenue	\$ 46,988,143
Total Expenses	\$ 46,989,023
Change in Net Position	\$ (880)
Members Dividends	\$ -0-

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

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Health Benefits

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

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

HIF can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The June 30, 2023 audit report is not available as of the date of this report. Selected summarized financial information for HIF as of June 30, 2022 is as follows:

	<u>Schools Health Insurance Fund</u>
Total Assets	\$ 177,555,942
Net Position	\$ 119,187,031
Total Revenue	\$ 432,454,946
Total Expenses	\$ 426,163,433
Change in Net Position	\$ 3,438,809
Members Dividends	\$ 2,852,704

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

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

The summary on the following page details the District’s contributions, employee contributions and interest earnings, reimbursements to the State for benefits paid and the ending balance of the District’s Unemployment Compensation Restricted Fund Balance in the General Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ -0-	\$ 16,204	\$ 27,492	\$ 193,828
2022	-0-	13,340	266	205,116
2021	-0-	12,889	3,782	192,042

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 2,023	\$ 6,623
Special Revenue Fund		2,023
Proprietary Funds - Food Service Fund	<u>6,623</u>	
	<u>\$ 8,646</u>	<u>\$ 8,646</u>

The interfund receivable in the General Fund due from the Special Revenue Fund is due to a negative cash balance in the Special Revenue Fund due to the timing of reimbursement of federal grants. The interfund payable in the General Fund due to the Food Service Fund is for federal and state grants funds collected in the General Fund during the year but not remitted to the Food Service Fund.

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 13. ECONOMIC DEPENDENCY

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

NOTE 14. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

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

NOTE 15. TAX CALENDAR

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

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2023:

	Funds			District Contri- bution Subsequent to the Measure- ment Date		Business-Type Activities
	General Fund	Special Revenue Fund	Total Governmental Funds		Total Governmental Activities	Proprietary Funds
Vendors	\$36,433	\$ 4,151	\$ 40,584		\$ 40,584	\$ 9,947
Payroll Deductions and Withholdings	6,450		6,450		6,450	
State of New Jersey				\$ 127,500	127,500	
	\$42,883	\$ 4,151	\$ 47,034	\$ 127,500	\$ 174,534	\$ 9,947

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 17. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2023, there were encumbrances in the District’s General Fund – Governmental Funds as detailed below. All of the governmental funds are considered to be major funds.

<u>General Fund</u>	<u>Total Governmental Funds</u>
<u>\$ 95,116</u>	<u>\$ 95,116</u>

Arbitrage - Outstanding Bonds

The District is not subject to a liability for arbitrage payable to the federal government relative to its outstanding bond issue as the District is considered a small issuer with debt under \$15,000,000.

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Plan Description and Benefits Provided (Cont'd)

Paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

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

Employees Covered by Benefit Terms

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

Retirees Plan Members and Spouses of Retirees Currently Receiving Benefit Payn	151,669
Active Plan Members	213,148
Total	364,817

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (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.

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

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

Mortality Rates

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Discount Rate

The discount rate use to measure the total OPEB liability was 3.54%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 29,354,105
Changes for Year:	
Service Cost	1,200,862
Interest on the Total OPEB Liability	656,644
Changes of Assumptions	(6,646,921)
Differences between Expected and Actual Experience	842,871
Gross Benefit Payments by the State	(650,426)
Contributions from Members	20,866
Net Changes	(4,576,104)
Balance at June 30, 2022	\$ 24,778,001

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, 2022, 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, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
Total OPEB Liability Attributable to the District	\$ 29,123,934	\$ 24,778,001	\$ 21,294,953

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022, 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, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 20,480,532	\$ 24,778,001	\$ 30,422,987

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

For the fiscal year ended June 30, 2022 the District recognized OPEB expense of \$511,951 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, 2022 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources.

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,286,501
	2018	9.51		1,227,687
	2019	9.29	173,331	
	2020	9.24	4,092,419	
	2021	9.24	22,695	
	2022	9.13		5,918,890
				4,288,445
Differences between Expected and Actual Experience	2018	9.51		1,160,547
	2019	9.29		2,040,114
	2020	9.24	3,814,295	
	2021	9.24		4,364,349
	2022	9.13	609,561	
			4,423,856	7,565,010
Changes in Proportion	N/A	N/A	806,707	1,825,466
			\$ 9,519,008	\$ 17,823,554

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

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
2023	\$ (1,231,478)
2024	(1,231,478)
2025	(1,231,478)
2026	(1,064,305)
2027	(608,584)
Thereafter	(1,918,464)
	\$ (7,285,787)

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability	0.0109240145%	0.0096608035%	0.0104864360%	0.0100406609%	0.0101199694%	0.0105695924%	0.0104310111%	0.0092989063%	0.0095314372%
District's proportionate share of the net pension liability	\$ 2,045,274	\$ 2,168,657	\$ 3,105,782	\$ 2,337,305	\$ 1,992,572	\$ 1,904,480	\$ 1,701,025	\$ 1,101,595	\$ 1,438,425
District's covered employee payroll	\$ 615,153	\$ 627,707	\$ 648,516	\$ 735,206	\$ 663,968	\$ 726,386	\$ 735,206	\$ 685,468	\$ 751,654
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	332.48%	345.49%	478.91%	317.91%	300.10%	262.19%	231.37%	160.71%	191.37%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%

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

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Contractually required contribution	\$ 90,056	\$ 83,057	\$ 94,081	\$ 95,005	\$ 101,267	\$ 105,456	\$ 114,111	\$ 108,901	\$ 120,196	
Contributions in relation to the contractually required contribution	(90,056)	(83,057)	(94,081)	(95,005)	(101,267)	(105,456)	(114,111)	(108,901)	(120,196)	
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	
District's covered employee payroll	\$ 627,707	\$ 648,516	\$ 735,206	\$ 663,968	\$ 726,386	\$ 735,206	\$ 685,468	\$ 751,654	\$ 752,238	
Contributions as a percentage of covered employee payroll	14.35%	12.81%	12.80%	14.31%	13.94%	14.34%	16.65%	14.49%	15.98%	

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

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
State's proportion of the net pension liability attributable to the District	0.0462145106%	0.0464034436%	0.0466266388%	0.0462015580%	0.0473250798%	0.0445833894%	0.0466706977%	0.0440043733%	0.04334182880%
State's proportionate share of the net pension liability attributable to the District	\$ 24,700,152	\$ 29,328,958	\$ 36,679,483	\$ 31,150,756	\$ 30,107,199	\$ 27,361,247	\$ 30,732,093	\$ 21,155,185	\$ 22,361,963
District's covered employee payroll	\$ 4,664,917	\$ 4,760,119	\$ 4,660,108	\$ 4,918,332	\$ 4,822,231	\$ 4,840,438	\$ 4,845,586	\$ 4,739,868	\$ 4,838,491
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	529.49%	616.14%	787.10%	633.36%	624.34%	565.26%	634.23%	446.32%	462.17%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.23%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%

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

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 1,329,100	\$ 1,790,797	\$ 2,755,953	\$ 2,157,967	\$ 1,755,144	\$ 1,613,839	\$ 1,911,052	\$ 497,791	\$ 601,823
Contributions in relation to the contractually required contribution	<u>(250,874)</u>	<u>(373,311)</u>	<u>(501,506)</u>	<u>(696,931)</u>	<u>(876,847)</u>	<u>(1,023,667)</u>	<u>(1,279,153)</u>	<u>(1,784,234)</u>	<u>(1,748,636)</u>
Contribution deficiency/(excess)	<u>\$ 1,078,226</u>	<u>\$ 1,417,486</u>	<u>\$ 2,254,447</u>	<u>\$ 1,461,036</u>	<u>\$ 878,297</u>	<u>\$ 590,172</u>	<u>\$ 631,899</u>	<u>\$ (1,286,443)</u>	<u>\$ (1,146,813)</u>
District's covered employee payroll	\$ 4,760,119	\$ 4,660,108	\$ 4,918,332	\$ 4,822,231	\$ 4,840,438	\$ 4,845,586	\$ 4,739,868	\$ 4,838,491	\$ 5,160,845
Contributions as a percentage of covered employee payroll	27.92%	8.01%	10.20%	14.45%	18.12%	21.13%	26.99%	36.88%	33.88%

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

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

	Fiscal Year Ending June 30,					
	2017	2018	2019	2020	2021	2022
Service Cost	\$ 1,028,903	\$ 852,196	\$ 733,430	\$ 809,902	\$ 1,448,294	\$ 1,200,862
Interest	854,650	988,842	926,855	790,653	761,476	656,644
Changes of Benefit Terms	(3,467,986)	(2,701,549)	(2,804,291)	6,316,491	28,960	(6,646,921)
Changes in Assumptions		(2,060,164)	329,059	5,176,688	(6,852,546)	842,871
Differences between Expected and Actual Experience	23,088	21,757	20,082	18,247	19,467	20,866
Member Contributions	(627,006)	(629,502)	(677,469)	(602,001)	(599,830)	(650,426)
Gross Benefit Payments						
Net Change in Total OPEB Liability	(2,188,351)	(3,528,420)	(1,472,334)	12,509,980	(5,225,423)	(4,576,104)
Total OPEB Liability - Beginning	29,258,653	27,070,302	23,541,882	22,069,548	34,579,528	29,354,105
Total OPEB Liability - Ending	<u>\$ 27,070,302</u>	<u>\$ 23,541,882</u>	<u>\$ 22,069,548</u>	<u>\$ 34,579,528</u>	<u>\$ 29,354,105</u>	<u>\$ 24,778,001</u>
District's Covered Employee Payroll *	\$ 5,308,624	\$ 5,653,538	\$ 5,486,199	\$ 5,566,824	\$ 5,580,792	\$ 5,425,336
Total OPEB Liability as a Percentage of Covered Employee Payroll	510%	416%	402%	621%	526%	457%

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

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 6.55% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 2.00%-6.00% through 2026 and 3.00-7.00% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 1.55%-4.45% through 2026 and 2.75%-5.65% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

The salary increases for TPAF/ABP thereafter were 1.55% - 4.45% through 2026 and 2.75% - 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

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

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

The health care trend rates in the valuation as of June 30, 2021 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years.

BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 10,645,827		\$ 10,645,827	\$ 10,645,827	
Tuition From Individuals	10,000		10,000	35,350	\$ 25,350
Unrestricted Miscellaneous Revenues	6,500		6,500	124,368	117,868
Interest Earned on Maintenance Reserve	301		301	12,637	12,336
Interest Earned on Capital Reserve Funds	800		800	29,486	28,686
Other Restricted Miscellaneous Revenues				1,887	1,887
Total Revenues from Local Sources	<u>10,663,428</u>		<u>10,663,428</u>	<u>10,849,555</u>	<u>186,127</u>
Revenues from State Sources:					
School Choice Aid	107,272		107,272	107,272	
Categorical Transportation Aid	452,207		452,207	452,207	
Extraordinary Aid				234,956	234,956
Categorical Special Education Aid	461,016		461,016	461,016	
Categorical Security Aid	61,773		61,773	61,773	
Adjustment Aid	223,812		223,812	223,812	
Non-Public Transportation Aid				10,608	10,608
Supplemental Stabilization Aid			50,044	50,044	
TPAF Post Retirement Contributions (Non-Budgeted)		\$ 50,044		465,736	465,736
TPAF Pension Contributions (Non-Budgeted)				1,748,636	1,748,636
TPAF Non-Contributory Insurance (Non-Budgeted)				24,260	24,260
TPAF Long-Term Disability Insurance (Non-Budgeted)				729	729
Reimbursed TPAF Social Security Contributions				367,580	367,580
Total Revenues from State Sources	<u>1,306,080</u>	<u>50,044</u>	<u>1,356,124</u>	<u>4,208,629</u>	<u>2,852,505</u>
TOTAL REVENUE	<u>11,969,508</u>	<u>50,044</u>	<u>12,019,552</u>	<u>15,058,184</u>	<u>3,038,632</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 236,675	\$ 30,981	\$ 267,656	\$ 265,973	\$ 1,683
Grades 1-5 - Salaries of Teachers	1,578,240	(42,042)	1,536,198	1,494,330	41,868
Grades 6-8 - Salaries of Teachers	1,054,994	1,587	1,056,581	1,031,759	24,822
Regular Programs - Home Instruction:					
Other Salaries for Instruction	8,330		8,330	3,856	4,474
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	92,646	3,480	96,126	95,785	341
General Supplies	56,030	35,382	91,412	88,110	3,302
Textbooks	44,821	(9,475)	35,346	35,071	275
Total Regular Programs - Instruction	3,071,736	19,913	3,091,649	3,014,884	76,765
Special Education - Instruction:					
Learning and/or Language Disabilities - Mild to Moderate:					
Salaries of Teachers	208,695	6,875	215,570	212,312	3,258
Other Salaries for Instruction	74,245		74,245	72,485	1,760
General Supplies	2,756	(325)	2,431	2,242	189
Total Learning and/or Language Disabilities - Mild to Moderate	285,696	6,550	292,246	287,039	5,207
Multiple Disabilities:					
Salaries of Teachers	195,806	3,263	199,069	199,069	
Other Salaries for Instruction	203,942		203,942	197,233	6,709
General Supplies	2,765	147	2,912	2,770	142
Total Multiple Disabilities	402,513	3,410	405,923	399,072	6,851

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	\$ 562,119	\$ 9,250	\$ 571,369	\$ 551,212	\$ 20,157
Other Salaries for Instruction	134,208		134,208	134,014	194
General Supplies	2,076	895	2,971	2,725	246
Total Resource Room/Resource Center	698,403	10,145	708,548	687,951	20,597
Preschool Disabilities - Part-Time:					
Salaries of Teachers	80,783	1,350	82,133	80,799	1,334
Other Salaries for Instruction	62,041	(11,202)	50,839	50,839	
General Supplies	1,206		1,206	1,160	46
Total Preschool Disabilities - Part-Time	144,030	(9,852)	134,178	132,798	1,380
Preschool Disabilities - Full-Time:					
Salaries of Teachers	72,697		72,697	71,817	880
Other Salaries for Instruction	39,036		39,036	38,330	706
General Supplies	972		972	898	74
Total Preschool Disabilities - Full-Time	112,705		112,705	111,045	1,660
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,643,347	10,253	1,653,600	1,617,905	35,695
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	162,455		162,455	133,038	29,417
General Supplies	2,984	(296)	2,688	2,239	449
Total Basic Skills/Remedial - Instruction	165,439	(296)	165,143	135,277	29,866
School-Spon. Curricular & Extracurricular Actvts. - Inst.:					
Salaries	29,364		29,364	27,439	1,925
Purchased Services (300-500 series)	1,000		1,000	625	375
Supplies and Materials	8,765		8,765	8,332	433
Total School-Spon. Curricular & Extracurricular Actvts. - Inst.	39,129		39,129	36,396	2,733

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Athletics - Instruction:					
Salaries	\$ 34,509		\$ 34,509	\$ 29,928	\$ 4,581
Purchased Services (300-500 series)	100		100		100
Supplies and Materials	9,268		9,268	7,045	2,223
Total School-Sponsored Athletics - Instruction	43,877		43,877	36,973	6,904
Other Instructional Programs - Instruction:					
Salaries	80,092	\$ (385)	79,707	78,292	1,415
Purchased Services (300-500 series)		385	385	385	
Supplies and Materials	1,542	1,880	3,422	3,422	
Total Other Instructional Programs - Instruction	81,634	1,880	83,514	82,099	1,415
TOTAL INSTRUCTION	5,045,162	31,750	5,076,912	4,923,534	153,378
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular		26,337	26,337	22,614	3,723
Tuition to Other LEAs Within the State-Special	20,408	36,203	56,611	30,814	25,797
Total Undistributed Expenditures - Instruction	20,408	62,540	82,948	53,428	29,520
Undistributed Expenditures - Health Services:					
Salaries	165,859	5,637	171,496	161,399	10,097
Purchased Professional and Technical Services	44,085	(15,925)	28,160	19,302	8,858
Supplies and Materials	7,361	2,356	9,717	8,252	1,465
Total Undist. Expenditures - Health Services	217,305	(7,932)	209,373	188,953	20,420
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	158,729	131,885	290,614	290,614	
Purchased Professional - Educational Services	360,539	(2,567)	357,972	338,189	19,783
Supplies and Materials	2,218	7,544	9,762	9,762	
Total Undist. Expend. - Speech, OT, PT, Related Svcs	521,486	136,862	658,348	638,565	19,783

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	\$ 146,492		\$ 146,492	\$ 140,590	\$ 5,902
Total Undist Expend. - Guidance	146,492		146,492	140,590	5,902
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	312,215	\$ 22,578	334,793	333,366	1,427
Salaries of Secretarial and Clerical Assistants	23,356	(22)	23,334	22,752	582
Purchased Professional - Educational Services	3,753	5,378	9,131	4,181	4,950
Supplies and Materials	13,498	5,109	18,607	18,604	3
Total Undist Expend. - Child Study Team	352,822	33,043	385,865	378,903	6,962
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	74,997	75	75,072	75,072	
Salaries of Technology Coordinators	98,909	(75)	98,834	88,337	10,497
Supplies and Materials	138,749	(42,599)	96,150	95,627	523
Total Undist Expend.-Edu. Media Serv./Sch. Library	312,655	(42,599)	270,056	259,036	11,020
Undist.Expend.-Instructional Staff Training Services:					
Other Purchased Prof. And Tech. Services	3,240		3,240	2,685	555
Other Purchased Services (400-500 series)	12,300	(1,120)	11,180	7,117	4,063
Total Undist.Expend.-Instructional Staff Training Services	15,540	(1,120)	14,420	9,802	4,618

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	\$ 146,151	\$ 5,000	\$ 151,151	\$ 151,151	
Legal Services	18,800	11,595	30,395	29,396	\$ 999
Audit Fees	27,890	1,110	29,000	29,000	
Architectural/Engineering Services	20,500	(20,131)	369	71,611	369
Communications / Telephone	78,210	(6,195)	72,015	2,570	404
BOE Other Purchased Services	3,300	(700)	2,600	5,520	30
Other Purch. Serv. (400-500 series other than 530 & 585)	8,500	(2,950)	5,550	7,049	30
General Supplies	8,800	(1,750)	7,050	716	1
BOE In-house training/ Meeting Supplies	2,250	(1,530)	720	10,090	4
Miscellaneous Expenditures	11,175	(221)	10,954	7,863	864
BOE Membership Dues and Fees	8,325		8,325		462
Total Undist. Expend.-Support Serv.-Gen. Admin.	333,901	(15,772)	318,129	314,966	3,163
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	323,385	20,688	344,073	343,833	240
Salaries of Secretarial and Clerical Assistants	165,614	274	165,888	165,888	
Other Salaries	10,400	(10,296)	104	250	108
Other Purchased Services (400-500 series)	500		500	2,774	95
Supplies and Materials	4,310		4,310	517,051	693
Other Objects	2,869		2,869		
Total Undist. Expend.-Support Serv.-School Adm.	507,078	10,666	517,744	517,051	693

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 182,478	\$ 20,057	\$ 202,535	\$ 202,535	
Purchased Professional Services	2,175	(2,175)			
Purchased Technical Services	16,920		16,920	15,805	\$ 1,115
Miscellaneous Purchased Services (400-500 series other than 594)	2,800	(1,292)	1,508	515	993
Supplies and Materials	3,630		3,630	2,987	643
Other Objects	4,100	(4,100)			
Total Undist. Expend. - Central Services	212,103	12,490	224,593	221,842	2,751
Undist. Expend. - Admin. Info. Technology:					
Other Purchased Services (400-500 series)		1,863	1,863	1,863	
Supplies and Materials		299	299	299	
Total Undist. Expend. - Admin. Info. Technology		2,162	2,162	2,162	
Undist. Expend.-Required Maintenance for School Facilities:					
Cleaning, Repair, and Maintenance Services	791,949	184,286	976,235	603,288	372,947
General Supplies	7,959	4,925	12,884	11,710	1,174
Total Undist. Expend.- Required Maint. for School Facilities	799,908	189,211	989,119	614,998	374,121
Undist. Expend.-Custodial Services:					
Salaries	463,357	(14,163)	449,194	443,254	5,940
Purchased Professional and Technical Services	21,149		21,149	10,758	10,391
Cleaning, Repair, and Maintenance Services		11,051	11,051	11,051	
Other Purchased Property Services	73,653	(19,946)	53,707	53,190	517
Insurance	143,340	(40)	143,300	139,667	3,633
General Supplies	15,020	5,642	20,662	20,662	
Energy (Natural Gas)	251,683	(127,342)	124,341	114,937	9,404
Energy (Electricity)	265,000	(82,250)	182,750	170,279	12,471
Other Objects	3,800		3,800	1,368	2,432
Total Undist. Expend.-Custodial Services	1,237,002	(227,048)	1,009,954	965,166	44,788

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Security:					
Cleaning, Repair, and Maintenance Services	\$ 5,000	\$ 429	\$ 5,429		\$ 5,429
Total Security	5,000	429	5,429		5,429
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	2,041,910	(37,408)	2,004,502	\$ 1,580,164	424,338
Undist. Expend.-Student Transportation Serv.:					
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studis	15,000	19,748	34,748	31,443	3,305
Contr Serv.-Aid in Lieu of Payments-Choice Stud.	15,000		15,000	8,550	6,450
Contract. Serv.(Bet. Home & Sch.)-Vendors	803,901	(102,598)	701,303	701,302	1
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	12,150		12,150	7,102	5,048
Contract. Serv.(Spl. Ed. Students)-Vendors	351,318	333,036	684,354	684,354	
Total Undist. Expend.-Student Trans. Serv.	1,197,369	250,186	1,447,555	1,432,751	14,804
UNALLOCATED BENEFITS					
Group Insurance	26,812	(26,812)			
Social Security Contributions	164,008	26,812	190,820	187,497	3,323
Other Retirement Contributions - PERS	121,150		121,150	120,196	954
Unemployment Compensation	22,000	(22,000)			
Workers Compensation	155,800	(6,352)	149,448	138,000	11,448
Health Benefits	1,609,989	6,386	1,616,375	1,438,159	178,216
Tuition Reimbursement	20,000	6,877	26,877	25,077	1,800
Other Employee Benefits	29,000	21,706	50,706	50,706	
Unused Sick Payment to Terminated/Retired Staff	11,000		11,000		11,000
TOTAL UNALLOCATED BENEFITS	2,159,759	6,617	2,166,376	1,959,635	206,741

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)			\$ 465,736	\$ 465,736	\$ (465,736)
TPAF Pension Contributions (Non-Budgeted)			1,748,636	1,748,636	(1,748,636)
TPAF Non-Contributory Insurance (Non-Budgeted)			24,260	24,260	(24,260)
TPAF Long-Term Disability Insurance (Non-Budgeted)			729	729	(729)
Reimbursed TPAF Social Security Contributions			367,580	367,580	(367,580)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)			<u>2,606,941</u>	<u>2,606,941</u>	<u>(2,606,941)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 2,159,759	\$ 6,617	\$ 2,166,376	4,566,576	(2,400,200)
TOTAL UNDISTRIBUTED EXPENDITURES	8,038,828	409,735	8,448,563	10,304,789	(1,856,226)
TOTAL GENERAL CURRENT EXPENSE	13,083,990	441,485	13,525,475	15,228,323	(1,702,848)
CAPITAL OUTLAY					
Undistributed:					
Undist. Expend. - Required Maint for School Fac.		50,044	50,044	475	49,569
Total Equipment		50,044	50,044	475	49,569
Facilities Acquisition and Construction Serv.:					
Construction Services	1,460,000		1,460,000	1,095,500	364,500
Assessment for Debt Service on SDA Funding	61,000	(327)	60,673	60,673	
Total Facilities Acquisition and Const. Serv.	1,521,000	(327)	1,520,673	1,156,173	364,500
TOTAL CAPITAL OUTLAY	1,521,000	49,717	1,570,717	1,156,648	414,069
Transfer of Funds to Charter Schools	238,073	(89,561)	148,512	148,512	
Total Expenditures	14,843,063	401,641	15,244,704	16,533,483	(1,288,779)

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficit) of Revenues Over/(Under) Expenditures	\$ (2,873,555)	\$ (351,597)	\$ (3,225,152)	\$ (1,475,299)	\$ 1,749,853
Other Financing Sources/(Uses):					
Capital Reserve - Transfer from Capital Projects Fund			(30,080)	170,627	170,627
Capital Outlay - Transfer to Debt Service Fund		(30,080)	(30,080)	(30,080)	
Total Other Financing Sources/(Uses)		(30,080)	(30,080)	140,547	170,627
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,873,555)	(381,677)	(3,255,232)	(1,334,752)	1,920,480
Fund Balance, July 1	6,884,529		6,884,529	6,884,529	
Fund Balance, June 30	\$ 4,010,974	\$ (381,677)	\$ 3,629,297	\$ 5,549,777	\$ 1,920,480
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2024-2025				\$ 501,685	
Excess Surplus - Restricted For 2023-2024				549,567	
Capital Reserve				2,851,016	
Maintenance Reserve				436,439	
Unemployment Compensation				193,828	
Assigned Fund Balance:					
Year End Encumbrances				95,116	
Designated for Subsequent Year's Expenditures				398,032	
Unassigned Fund Balance				524,094	
				5,549,777	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(122,341)	
Fund Balance per Governmental Funds (GAAP)				\$ 5,427,436	

HARDYSTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
State Sources		\$ 28,309	\$ 28,309	\$ 28,309	
Federal Sources	\$ 242,431	650,268	892,699	434,660	\$ (458,039)
Local Sources		83,374	83,374	83,374	
Total Revenue	242,431	761,951	1,004,382	546,343	(458,039)
Expenditures:					
Instruction:					
Salaries of Teachers	80,145		191,520	83,220	108,300
Tuition	147,880		147,880	147,880	
General Supplies		43,046	43,046	43,046	
Total Instruction	228,025	154,421	382,446	274,146	108,300
Support Services:					
Personal Services - Employee Benefits			27,619	4,151	23,468
Purchased Professional/Technical Services	14,406	186,265	200,671	124,046	76,625
Supplies and Materials		32,317	32,317	32,317	
Student Activities		67,522	67,522	67,522	
Total Support Services	14,406	313,723	328,129	228,036	100,093
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment		277,955	277,955	28,309	249,646
Total Facilities Acquisition and Construction Services		277,955	277,955	28,309	249,646
Total Expenditures	\$ 242,431	\$ 746,099	\$ 988,530	\$ 530,491	\$ 458,039
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ -0-	\$ 15,852	\$ 15,852	\$ 15,852	\$ -0-

HARDYSTON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 15,058,184	\$ 546,343
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis Does Not:		
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	145,061	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(122,341)	
	\$ 15,080,904	\$ 546,343
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 16,533,483	\$ 530,491
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
	\$ 16,533,483	\$ 530,491
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds		

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. All 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 GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SPECIAL REVENUE FUND

HARDYSTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	SDA	Elementary and Secondary Education Act	Title II Part A	Basic	I.D.E.A Preschool
REVENUE:					
State Sources	\$ 28,309				
Federal Sources		\$ 80,145	\$ 9,600	\$ 147,880	\$ 4,806
Local Sources					
Total Revenue	28,309	80,145	9,600	147,880	4,806
EXPENDITURES:					
Instruction:					
Salaries of Teachers		75,994		147,880	
Tuition					
General Supplies					
Total Instruction		75,994		147,880	
Support Services:					
Personal Services - Employee Benefits		4,151			
Purchased Professional/Technical Services			9,600		4,806
Supplies and Materials					
Student Activities					
Total Support Services		4,151	9,600		4,806
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment	28,309				
Total Facilities Acquisition and Construction Services	28,309				
Total Expenditures	\$ 28,309	\$ 80,145	\$ 9,600	\$ 147,880	\$ 4,806

HARDYSTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	CRRSA		ARP		
	ESSER II	Mental Health	Summer Learning and Enrichment	Comprehensive Beyond the School Day	Mental Health
REVENUE:					
State Sources					
Federal Sources	\$ 98,378	\$ 38,250	\$ 7,375	\$ 3,226	\$ 45,000
Local Sources					
Total Revenue	98,378	38,250	7,375	3,226	45,000
EXPENDITURES:					
Instruction:					
Salaries of Teachers			4,000	3,226	
Tuition					
General Supplies	43,046				
Total Instruction	43,046		4,000	3,226	
Support Services:					
Personal Services - Employee Benefits					
Purchased Professional/Technical Services	55,332	7,500	3,375		43,433
Supplies and Materials		30,750			1,567
Student Activities					
Total Support Services	55,332	38,250	3,375		45,000
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	\$ 98,378	\$ 38,250	\$ 7,375	\$ 3,226	\$ 45,000

HARDYSTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Student Activities	Scholarships	Totals June 30, 2023
REVENUE:			
State Sources	\$ 28,309		\$ 28,309
Federal Sources	434,660		434,660
Local Sources	83,354	\$ 20	83,374
Total Revenue	83,354	20	546,343
EXPENDITURES:			
Instruction:			
Salaries of Teachers			83,220
Tuition			147,880
General Supplies			43,046
Total Instruction			274,146
Support Services:			
Personal Services - Employee Benefits			4,151
Purchased Professional/Technical Services			124,046
Supplies and Materials			32,317
Student Activities	67,522		67,522
Total Support Services	67,522		228,036
Facilities Acquisition and Construction Services:			
Non-Instructional Equipment			28,309
Total Facilities Acquisition and Construction Services			28,309
Total Expenditures	\$ 67,522	\$ -0-	\$ 530,491

CAPITAL PROJECTS FUND

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

Other Financing Uses:	
State Sources - SDA Grant - Cancellation of Grant	<u>\$ 97,140</u>
Total Other Financing Uses	<u> 97,140</u>
Deficit of Revenue and Other Financing Sources	
Under Other Financing Uses	(97,140)
Fund Balance - Beginning Balance	<u> 267,767</u>
Fund Balance - Ending Balance	<u><u> \$ 170,627</u></u>

HARDYSTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
REPLACEMENT OF FLOOR TILE AND STAIRWAY AT HARDYSTON ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Additional Project Information:

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
HARDYSTON TOWNSHIP MIDDLE SCHOOL- RETAINING WALL REPAIRS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 140,220	\$ (97,140)	\$ 43,080	\$ 43,080
Transfer from Capital Reserve	210,330	(170,627)	39,703	39,703
Total Revenue and Other Financing Sources	350,550	(267,767)	82,783	82,783
Expenditures:				
Construction Services	82,783		82,783	82,783
Total Expenditures	82,783		82,783	82,783
Excess of Revenue and Other Financing Sources Over Expenditures	\$ 267,767	\$ (267,767)	\$ -0-	\$ -0-

Additional Project Information:

Project Number	2030-030-14-1002-G-04
Grant Date	5/2/2014
Original Authorized Cost	\$ 350,550
Less: Cancellation of Portion of Project Costs	(267,767)
Revised Authorized Cost	82,783
Percentage Decrease Under Authorized Cost	-76%
Percentage Completion	100%
Original Target Completion Date	06/30/17

PROPRIETARY FUNDS

HARDYSTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 148,266
Accounts Receivable:	
State	181
Federal	3,765
Interfund Receivable - General Fund	6,623
Inventories	7,406
	<hr/>
Total Current Assets	166,241
	<hr/>
Non-Current Assets:	
Capital Assets	253,399
Less: Accumulated Depreciation	(209,468)
	<hr/>
Total Non-Current Assets	43,931
	<hr/>
Total Assets	210,172
	<hr/>

LIABILITIES:

Current Liabilities:	
Accounts Payable	9,947
Unearned Revenue - Donated Commodities	2,995
Unearned Revenue - Prepaid Sales	2,333
Unearned Revenue - Supply Chain Assistance	25,211
	<hr/>
Total Current Liabilities	40,486
	<hr/>

NET POSITION:

Investment in Capital Assets	43,931
Unrestricted	125,755
	<hr/>
Total Net Position	\$ 169,686
	<hr/> <hr/>

HARDYSTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Meals	\$ 96,305
Daily Sales - Non Reimbursable Meals	11,528
Other Sales	204
	<hr/>
Total Operating Revenue	108,037
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	69,601
Cost of Sales - Non Reimbursable Programs	8,331
Salaries, Benefits and Payroll Taxes	74,582
Management Fee	9,280
Supplies, Insurance & Other Costs	4,874
Depreciation Expense	1,918
	<hr/>
Total Operating Expenses	168,586
	<hr/>
Operating Loss	(60,549)
	<hr/>
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	2,424
Federal Sources:	
Supply Chain Assistance	14,431
National School Lunch Program	50,753
Food Distribution Program	11,552
Local Sources:	
Interest Income	832
	<hr/>
Total Non-Operating Revenue	79,992
	<hr/>
Change in Net Position	19,443
	<hr/>
Net Position - Beginning of Year	150,243
	<hr/>
Net Position - End of Year	\$ 169,686
	<hr/> <hr/>

HARDYSTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 108,037
Payments to/for Employees	(74,582)
Payment to Suppliers	(3,031)
Payments to Food Service Vendor	(79,353)
	<hr/>
Net Cash Used for Operating Activities	(48,929)
Cash Flows from Noncapital Financing Activities:	
State and Federal Reimbursements Collected in the Food Service Fund	162,705
	<hr/>
Net Cash Provided by Noncapital Financing Activities	162,705
Cash Flows from Investing Activities:	
Investment Income	832
	<hr/>
Net Cash Flows Provided by Investing Activities	832
	<hr/>
Net Increase in Cash and Cash Equivalents	114,608
Cash and Cash Equivalents, July 1	33,658
	<hr/>
Cash and Cash Equivalents, June 30	\$ 148,266
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (60,549)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Federal Food Distribution Program	11,552
Changes in Assets and Liabilities:	
Increase in Unearned Revenue - Donated Commodities	2,052
(Increase) in Inventories	(2,890)
(Decrease) in Accounts Payable	(147)
(Decrease) in Unearned Revenue - Prepaid Sales	(865)
	<hr/>
Net Cash Used for Operating Activities	\$ (48,929)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. donated commodities through the Food Distribution Program valued at \$13,604 and utilized commodities valued at \$11,552.

LONG-TERM LIABILITIES

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2022	Retired or Matured	Balance June 30, 2023
			Date	Outstanding June 30, 2023 Amount				
Refunding Bonds of 2016	5/3/2016	\$ 9,260,000	8/1/2023	\$ 570,000	4.000%	\$ 6,650,000	\$ 545,000	\$ 6,105,000
			8/1/2024	595,000	4.000%			
			8/1/2025	625,000	4.000%			
			8/1/2026 *	655,000	3.000%			
			8/1/2027 *	680,000	3.000%			
			8/1/2028 *	705,000	3.125%			
			8/1/2029 *	735,000	3.250%			
			8/1/2030 *	755,000	3.250%			
			8/1/2031 *	785,000	3.250%			
						<u>\$ 6,650,000</u>	<u>\$ 545,000</u>	<u>\$ 6,105,000</u>

* Callable as of 8/1/26

HARDYSTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER LEASES

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2022</u>	<u>Matured</u>	<u>Balance June 30, 2023</u>
Canon Copier	0.345%	\$ 97,836	\$ 56,300	\$ 19,736	\$ 36,564
Pitney Bowes Postage Meter Machine No. 1	3.616%	4,875	3,545	922	2,623
Pitney Bowes Postage Meter Machine No. 2	3.616%	4,875	3,545	922	2,623
			<u>\$ 63,390</u>	<u>\$ 21,580</u>	<u>\$ 41,810</u>

HARDYSTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 763,519		\$ 763,519	\$ 763,519	
Total Revenue	763,519		763,519	763,519	
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	545,000		545,000	545,000	
Interest	218,519		218,519	218,519	
Total Regular Debt Service	763,519		763,519	763,519	
Total Expenditures	763,519		763,519	763,519	
Excess of Revenue Over Expenditures					
Other Financing Sources:					
Transfer from General Fund - Capital Reserve				30,080	\$ 30,080
Total Other Financing Sources				30,080	30,080
Excess of Revenues and Other Financing Sources Over Expenditures				30,080	30,080
Fund Balance/(Deficit), July 1	(30,080)		(30,080)	(30,080)	
Fund Balance/(Deficit), June 30	\$ (30,080)	\$ -0-	\$ (30,080)	\$ -0-	\$ 30,080

STATISTICAL SECTION
(UNAUDITED)

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

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.	J-16 thru J-20

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
Net Investment in Capital Assets	\$ 3,816,367	\$ 3,876,351	\$ 4,529,432	\$ 4,731,634	\$ 4,808,461	\$ 5,003,668	\$ 5,177,427	\$ 5,235,804	\$ 6,015,438	\$ 7,125,299
Restricted	2,130,191	2,087,835	2,630,866	3,137,382	3,611,500	3,810,066	4,965,490	6,184,397	5,746,804	4,595,969
Unrestricted/(Deficit)	(2,754,136)	(2,480,715)	(3,337,146)	(3,338,837)	(3,143,832)	(2,952,282)	(2,911,571)	(2,536,906)	(1,679,973)	(1,589,511)
Total Governmental Activities Net Position	\$ 3,192,422	\$ 3,483,471	\$ 3,823,152	\$ 4,530,179	\$ 5,276,129	\$ 5,861,452	\$ 7,231,346	\$ 8,883,295	\$ 10,082,269	\$ 10,131,757
Business-Type Activities										
Investment in Capital Assets	\$ 42,378	\$ 33,277	\$ 24,393	\$ 15,505	\$ 22,217	\$ 22,748	\$ 36,002	\$ 43,150	\$ 45,849	\$ 43,931
Unrestricted	74,702	55,377	54,170	48,904	56,745	63,679	49,309	49,397	104,394	125,755
Total Business-Type Activities Net Position	\$ 117,080	\$ 88,654	\$ 78,563	\$ 64,409	\$ 78,962	\$ 86,427	\$ 85,311	\$ 92,547	\$ 150,243	\$ 169,686
District-Wide:										
Net Investment in Capital Assets	\$ 3,858,745	\$ 3,909,628	\$ 4,553,825	\$ 4,747,139	\$ 4,830,678	\$ 5,026,416	\$ 5,213,429	\$ 5,278,954	\$ 6,061,287	\$ 7,169,230
Restricted	2,130,191	2,087,835	2,630,866	3,137,382	3,611,500	3,810,066	4,965,490	6,184,397	5,746,804	4,595,969
Unrestricted/(Deficit)	(2,679,434)	(2,425,338)	(3,282,976)	(3,289,933)	(3,087,087)	(2,888,603)	(2,862,262)	(2,487,509)	(1,575,579)	(1,463,756)
Total District Net Position	\$ 3,309,502	\$ 3,572,125	\$ 3,901,715	\$ 4,594,588	\$ 5,355,091	\$ 5,947,879	\$ 7,316,657	\$ 8,975,842	\$ 10,232,512	\$ 10,301,443

Source: School District Financial Reports

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 5,045,341	\$ 5,990,597	\$ 6,105,693	\$ 6,528,607	\$ 6,544,673	\$ 5,827,542	\$ 5,320,719	\$ 5,488,869	\$ 5,290,222	\$ 4,994,786
Special Education	1,849,151	2,030,787	2,051,433	2,482,192	2,398,174	2,467,012	2,307,894	2,278,638	2,542,583	2,433,438
Other Special Education	218,314	185,646	176,024	197,176	226,944	245,893	203,440	308,033	225,662	195,505
School-Sponsored/ Other Instruction	109,941	139,633	84,716	104,244	203,772	205,771	228,650	156,056	223,557	217,782
Support Services:										
Tuition	160,891	194,424	223,091	208,414	191,400	294,439	216,525	74,192	86,835	201,308
Student & Instruction Related Services	1,350,675	1,567,206	1,805,576	1,960,230	2,103,441	1,961,661	1,979,752	2,057,343	1,966,833	2,188,193
General Administrative Services	292,001	352,127	382,351	382,248	366,273	420,918	356,719	452,472	373,108	383,394
School Administrative Services	584,360	644,837	677,761	730,655	841,484	826,834	799,666	821,994	812,749	764,171
Central Services	278,632	322,977	320,943	352,915	170,995	366,378	139,583	329,618	330,545	313,531
Administrative Information Technology	10,142	12,745	6,990	5,603	207,407	9,547	235,367	23,538	2,569	35,162
Plant Operations And Maintenance	1,229,766	1,331,324	1,418,889	1,436,765	1,617,520	1,443,424	1,407,577	1,320,341	1,414,747	1,793,675
Pupil Transportation	850,425	887,322	931,415	992,551	984,562	952,197	925,299	838,571	968,731	1,432,751
Capital Outlay	88,193	9,638	148,834	72,613	96,155	36,488	33,090	60,673	60,673	70,052
Interest On Long-Term Debt	456,216	444,619	470,241	82,893	262,090	244,841	229,998	212,168	196,511	175,467
Charter Schools	135,323	153,833	149,744	166,341	257,456	266,468	221,541	183,684	224,397	148,512
Total Governmental Activities Expenses	12,659,371	14,267,715	14,953,701	15,703,447	16,472,346	15,569,413	14,605,820	14,606,190	14,719,722	15,347,727
Business-Type Activities:										
Food Service	179,860	200,296	183,164	183,695	162,953	164,303	113,543	90,331	179,308	168,586
Total Business-Type Activities Expense	179,860	200,296	183,164	183,695	162,953	164,303	113,543	90,331	179,308	168,586
Total District Expenses	\$ 12,839,231	\$ 14,468,011	\$ 15,886,611	\$ 15,887,142	\$ 16,635,299	\$ 15,733,716	\$ 14,719,363	\$ 14,696,521	\$ 14,895,030	\$ 15,516,313
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ 1,923,696	\$ 3,165,618	\$ 3,712,607	\$ 4,658,548	\$ 5,196,364	\$ 4,331,626	\$ 3,746,727	\$ 4,203,833	\$ 36,019	\$ 154,074
Operating Grants and Contributions									3,947,728	3,129,580
Capital Grants and Contributions										107,047
Total Governmental Activities Program Revenues	1,923,696	3,165,618	3,712,607	4,658,548	5,196,364	4,331,626	3,746,727	4,209,087	3,983,747	3,390,701
Business-Type Activities:										
Charges for Services:										
Food Services	131,729	120,263	118,257	115,360	108,472	116,598	72,470	1,930	3,284	108,037
Operating Grants and Contributions	53,974	51,493	54,740	54,141	57,478	55,139	35,335	86,739	233,661	79,160
Capital Grants and Contributions					11,940					
Total Business-Type Activities	185,703	171,756	172,997	169,501	177,890	171,737	107,805	88,669	236,945	187,197
Total District Program Revenues	\$ 2,109,399	\$ 3,337,374	\$ 3,885,604	\$ 4,828,049	\$ 5,374,254	\$ 4,503,363	\$ 3,854,532	\$ 4,297,756	\$ 4,220,692	\$ 3,577,898
Change in Net (Expense)/Revenue:										
Governmental Activities	\$ (10,735,675)	\$ (11,102,097)	\$ (11,241,094)	\$ (11,044,899)	\$ (11,275,982)	\$ (11,237,787)	\$ (10,859,093)	\$ (10,397,103)	\$ (10,735,975)	\$ (11,957,026)
Business-Type Activities	5,843	(28,540)	(10,167)	(14,194)	14,937	7,434	(5,738)	(1,662)	57,637	18,611
Total District Net Expense	\$ (10,729,832)	\$ (11,130,637)	\$ (11,251,261)	\$ (11,059,093)	\$ (11,261,045)	\$ (11,230,353)	\$ (10,864,831)	\$ (10,398,765)	\$ (10,678,338)	\$ (11,938,415)

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 8,882,397	\$ 9,060,045	\$ 9,241,246	\$ 9,426,071	\$ 9,777,592	\$ 9,835,098	\$ 10,031,800	\$ 10,232,436	\$ 10,437,085	\$ 10,645,827
Taxes Levied for Debt Services	918,384	918,357	878,675	868,149	680,417	686,036	698,989	707,669	762,294	763,519
Unrestricted Grants and Contributions	1,259,557	1,352,102	1,385,421	1,399,037	1,356,330	1,252,137	1,126,930	894,807	669,861	464,140
Miscellaneous Income	15,118	62,642	75,433	58,669	133,483	49,839	134,928	56,646	65,709	133,028
Other Items								160,247		
Total Governmental Activities	11,075,456	11,393,146	11,580,775	11,751,926	11,947,822	11,823,110	11,992,647	12,051,805	11,934,949	12,006,514
Business-Type Activities:										
Investment Earnings	89	114	76	40	28	31	731	209	59	832
Other Items					(412)		3,891	8,689		
Total Business-Type Activities	89	114	76	40	(384)	31	4,622	8,898	59	832
Total District-Wide	\$ 11,075,545	\$ 11,393,260	\$ 11,580,851	\$ 11,751,966	\$ 11,947,438	\$ 11,823,141	\$ 11,997,269	\$ 12,060,703	\$ 11,935,008	\$ 12,007,346
Change in Net Position:										
Governmental Activities	\$ 339,781	\$ 291,049	\$ 339,681	\$ 707,027	\$ 671,840	\$ 585,323	\$ 1,133,554	\$ 1,654,702	\$ 1,198,974	\$ 49,488
Business-Type Activities	5,932	(28,426)	(10,091)	(14,154)	14,553	7,465	(1,116)	7,236	57,696	19,443
Total District	\$ 345,713	\$ 262,623	\$ 329,590	\$ 692,873	\$ 686,393	\$ 592,788	\$ 1,132,438	\$ 1,661,938	\$ 1,256,670	\$ 68,931

Source: School District Financial Reports

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

UNAUDITED

(modified accrual basis of accounting)

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Restricted	\$ 1,568,416	\$ 1,529,087	\$ 2,115,508	\$ 2,700,957	\$ 3,338,075	\$ 3,638,146	\$ 4,897,165	\$ 6,134,389	\$ 5,699,222	\$ 4,532,535
Assigned	407,367	440,412	285,738	215,211	209,935	241,625	110,000	61,449	493,988	493,148
Unassigned	62,531	52,689	47,014	92,801	132,712	155,919	187,562	494,502	546,258	401,753
Total General Fund	\$ 2,038,314	\$ 2,022,188	\$ 2,448,260	\$ 3,008,969	\$ 3,680,722	\$ 4,035,690	\$ 5,194,727	\$ 6,690,340	\$ 6,739,468	\$ 5,427,436
All Other Governmental Funds:										
Restricted	\$ 561,775	\$ 558,748	\$ 515,358	\$ 436,425	\$ 273,425	\$ 171,920	\$ 53,405	\$ 50,008	\$ 47,582	\$ 63,434
Committed		122,805	63,580	63,580	63,580	63,580	78,500	63,580	63,580	63,580
Unassigned/(Deficit)	(63,967)							(30,080)	(30,080)	
Total All Other Governmental Funds	\$ 497,808	\$ 681,553	\$ 578,938	\$ 500,005	\$ 337,005	\$ 235,500	\$ 131,905	\$ 83,508	\$ 81,082	\$ 63,434

Source: School District Financial Reports

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

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Tax Levy	\$ 9,800,781	\$ 9,978,402	\$ 10,119,921	\$ 10,294,220	\$ 10,458,009	\$ 10,521,134	\$ 10,730,789	\$ 10,940,105	\$ 11,199,379	\$ 11,409,346
Tuition Charges										
Interest Earnings	1,385	2,791	3,099	3,671	4,075	4,218	59,746	42,049	17,396	35,350
Miscellaneous	13,733	59,851	72,334	54,998	129,408	45,621	76,682	19,851	84,332	42,123
State Sources	2,997,342	3,221,376	3,433,991	3,578,364	3,830,564	3,917,150	3,942,070	4,082,123	4,363,102	209,629
Federal Sources	185,911	218,118	249,548	224,775	217,214	237,780	222,628	289,257	338,125	434,660
Total Revenue	12,999,152	13,480,538	13,878,893	14,156,028	14,639,270	14,725,903	15,031,915	15,373,385	16,002,334	16,497,813
Expenditures:										
Instruction:										
Regular Instruction	3,264,733	3,535,752	3,572,068	3,468,225	3,409,640	3,276,372	3,132,941	3,104,134	3,188,999	3,211,919
Special Education Instruction	1,346,318	1,295,024	1,259,373	1,350,354	1,330,162	1,469,698	1,422,163	1,372,101	1,618,876	1,707,650
Other Special Instruction	155,185	116,231	107,501	107,147	123,115	161,002	145,794	212,248	140,665	135,277
School-Sponsored/Other Instruction	79,445	95,890	51,599	58,916	117,375	126,254	152,425	95,298	144,268	155,468
Support Services:										
Tuition	160,891	194,424	223,091	208,414	191,400	294,439	216,525	74,192	86,835	201,308
Student & Instruction Related Services	999,044	1,050,774	1,227,204	1,240,315	1,342,864	1,315,845	1,389,418	1,358,201	1,372,129	1,683,371
General Administrative Services	241,098	275,704	300,401	277,445	255,727	321,474	268,966	344,646	283,731	314,966
School Administrative Services	406,226	396,807	407,213	389,841	447,038	477,429	483,652	472,364	499,914	517,051
Central Services	201,305	206,233	204,172	200,367	211,527	222,728	237,842	199,605	215,524	221,842
Administrative Information Technology	10,142	12,745	6,990	1,483	4,733	8,482	2,298	23,538	2,569	2,162
Plant Operations And Maintenance	1,046,019	1,069,746	1,019,922	1,062,028	1,265,782	1,131,075	1,117,374	1,071,345	1,162,711	1,580,164
Student Transportation	850,425	887,322	931,415	992,551	984,562	952,197	925,299	838,571	968,731	1,432,751
Unallocated Benefits	2,633,658	2,936,874	2,898,755	3,077,095	3,195,525	3,411,153	3,526,571	3,923,147	4,475,470	4,566,576
Expenditures:										
Capital Outlay	(241,782)	110,779	217,067	96,288	96,155	134,868	60,673	60,673	808,519	1,184,957
Charter Schools	135,323	153,833	149,744	166,341	257,456	266,468	221,541	183,684	224,397	148,512
Debt Service:										
Principal	505,000	520,000	540,000	735,000	595,000	615,000	639,000	500,000	525,000	545,000
Interest And Other Charges	466,113	454,781	442,531	242,442	302,456	287,956	270,331	252,669	237,294	218,519
Total Expenditures	12,259,143	13,312,919	13,559,046	13,674,252	14,130,517	14,472,440	14,212,813	14,086,416	15,955,632	17,827,493
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	740,009	167,619	319,847	481,776	508,753	253,463	819,102	1,286,969	46,702	(1,329,680)

HARDYSTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other Financing Sources/(Uses):										
Long Term Debt Issued			\$ 9,260,000							
Bond Premium			721,182							
Serial Bonds Defeased			(9,665,000)							
Bond Issuance Costs			(111,543)							
Deferred Amount on Refunding			(198,029)							
Transfers In										
Transfers Out										
Cancellation of Prior Year Accounts Payable								\$ 160,247		
Total Other Financing Sources/(Uses)			6,610					160,247		
Net Change In Fund Balances	\$ 740,009	\$ 167,619	\$ 326,457	\$ 481,776	\$ 508,753	\$ 253,463	\$ 819,102	\$ 1,447,216	\$ 46,702	\$ (1,329,680)
Debt Service As A Percentage Of Noncapital Expenditures	7.77%	7.38%	7.36%	7.20%	6.39%	6.30%	6.43%	5.37%	5.03%	4.59%

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Prior Year Reimbursement	Other	Total
2014	\$ 1,385			\$ 13,733	\$ 15,118
2015	2,791		\$ 23,297	49,037	75,125
2016	3,099	\$ 54,117		18,217	75,433
2017	3,671	32,210		22,788	58,669
2018	4,075	31,860	25,660	71,888	133,483
2019	4,218	34,125		11,496	49,839
2020	58,246	31,225		45,457	134,928
2021	42,049	8,255		6,342	56,646
2022	30,470	27,945		7,294	65,709
2023	42,123	35,350	94,165	32,090	203,728

Source: Hardyston Township School District records

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

Year Ended December 31,	Vacant Land		Farm		Residential		Farm Regular		Farm Qualified		Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2013	\$ 44,953,900	\$ 920,224,100	\$ 16,501,900	\$ 13,851,200	\$ 1,282,800	\$ 111,807,300	\$ 41,908,600	\$ 17,013,600	\$ 1,153,692,200	\$ 2,239,471	\$ 1,155,931,671	\$ 124,109,800	\$ 0.85	\$ 1,188,256,592					
2014*	37,337,300	851,140,900	13,851,200	13,852,900	1,286,800	111,774,500	41,987,200	17,000,000	1,074,377,900	2,229,373	1,076,607,273	124,187,200	0.93	1,136,483,623					
2015	33,919,500	856,886,600	13,852,900	14,134,500	1,333,800	109,514,500	41,088,000	17,000,000	1,073,595,300	2,306,168	1,075,901,468	124,124,900	0.94	1,156,145,795					
2016	31,300,700	861,892,600	14,134,500	13,607,400	1,320,400	105,202,000	41,088,000	17,000,000	1,071,938,200	2,083,146	1,074,021,346	124,194,400	0.96	1,119,212,905					
2017	31,222,300	863,665,200	13,607,400	13,554,400	1,337,700	101,381,500	41,088,000	17,000,000	1,069,302,100	1,987,169	1,071,289,269	124,193,400	0.97	1,136,196,356					
2018	31,669,400	864,077,100	13,554,400	13,797,000	1,092,700	101,366,600	39,863,400	17,000,000	1,068,623,600	1,983,073	1,070,606,673	125,520,600	0.98	1,113,588,531					
2019	32,139,300	864,702,100	13,554,400	13,434,300	1,111,300	100,868,200	39,931,200	17,000,000	1,069,306,500	1,827,267	1,071,133,767	127,942,500	1.01	1,111,779,692					
2020	29,293,800	866,441,700	13,797,000	13,434,300	1,080,200	100,392,000	39,192,700	17,000,000	1,067,197,400		1,067,197,400	127,703,900	1.03	1,145,075,030					
2021	28,331,900	872,595,500	13,434,300	13,449,000	973,500	84,435,100	39,192,700	19,640,000	1,058,603,000		1,058,603,000	131,843,100	1.06	1,152,907,640					
2022	27,051,800	888,670,000	13,449,000		977,200	84,739,200	39,649,800	22,046,600	1,076,583,600		1,076,583,600	131,265,500	1.06	1,210,424,285					

* Reassessment was effective in this year

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

b Tax rates are per \$100

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

Reassessment occurs when ordered by the County Board of Taxation

Source: Municipal Tax Assessor

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

Year Ended December 31,	Hardyston Township School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			Township of Hardyston	Walkill Valley		
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct		Regional High School	Sussex County	
2013	\$ 0.77	\$ 0.08	\$ 0.85	\$ 0.61	\$ 0.41	\$ 0.51	\$ 2.37
2014*	0.84	0.09	0.93	0.66	0.44	0.55	2.58
2015	0.86	0.08	0.94	0.67	0.45	0.55	2.61
2016	0.88	0.08	0.96	0.64	0.45	0.54	2.60
2017	0.91	0.06	0.97	0.68	0.49	0.61	2.75
2018	0.92	0.06	0.98	0.68	0.53	0.60	2.79
2019	0.94	0.07	1.01	0.69	0.53	0.60	2.83
2020	0.96	0.07	1.03	0.70	0.54	0.63	2.89
2021	0.99	0.07	1.06	0.72	0.58	0.64	3.00
2022	0.99	0.07	1.06	0.72	0.581	0.63	2.99

* Reassessment was effective in this year

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

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

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

Source: Municipal Tax Collector and School Business Administrator

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

	2022		2013	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Edgewater Assoc, LLC	\$ 8,500,000	0.79%	\$ 17,013,600	1.47%
Grand Cascades Lodge at Crystal Springs	8,475,300	0.79%	15,465,100	1.34%
Edgewater Assoc, LLC	6,800,000	0.63%	8,808,700	0.76%
Eastern Concrete Materials, LLC	6,693,800	0.62%	8,608,700	0.74%
Wild Turkey Golf Club Spe LLC	6,400,000	0.59%	8,301,500	0.72%
North Church Gravel, Inc	5,000,000	0.46%	6,790,700	0.59%
Beaver Lake Realty (c/o A. Smethurst)	3,559,100	0.33%	6,744,000	0.58%
Sussex Land, LLC	3,500,000	0.33%	6,097,200	0.53%
JFB Enterprises, LLC	3,245,600	0.30%	6,075,300	0.53%
Wild Turkey Golf Club Spe LLC	3,179,100	0.30%	5,700,000	0.49%
Total	<u>\$ 55,352,900</u>	<u>5.14%</u>	<u>\$ 89,604,800</u>	<u>7.75%</u>

Note - A reassessment was effective in 2014.

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2014	\$ 9,800,781	\$ 9,800,781	100.00%	-0-
2015	9,978,402	9,978,402	100.00%	-0-
2016	10,119,921	10,119,921	100.00%	-0-
2017	10,294,220	10,294,220	100.00%	-0-
2018	10,458,009	9,643,210	92.21%	\$ 814,799
2019	10,521,134	10,521,134	100.00%	-0-
2020	10,730,789	10,730,789	100.00%	-0-
2021	10,940,105	10,087,402	92.21%	852,703
2022	11,199,379	11,199,379	100.00%	-0-
2023	11,409,346	11,409,346	100.00%	-0-

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

Source: School District Financial Reports

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

(dollars in thousands, except per capita)

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Leases			
2014	\$ 11,724,000	\$ -0-	\$ 11,724,000	2.83%	\$ 1,461
2015	11,204,000	-0-	11,204,000	2.58%	1,397
2016	10,259,000	-0-	10,259,000	2.32%	1,291
2017	9,524,000	-0-	9,524,000	2.11%	1,208
2018	8,929,000	-0-	8,929,000	1.93%	1,139
2019	8,314,000	-0-	8,314,000	1.73%	1,062
2020	7,675,000	-0-	7,675,000	1.53%	984
2021	7,175,000	83,928	7,258,928	1.38%	936
2022	6,650,000	63,390	6,713,390	1.15%	816
2023	6,105,000	41,810	6,146,810	1.04%	743

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 11,724,000	\$ -0-	\$ 11,724,000	1.01%	\$ 1,461
2015	11,204,000	-0-	11,204,000	1.04%	1,397
2016	10,259,000	-0-	10,259,000	0.95%	1,291
2017	9,524,000	-0-	9,524,000	0.89%	1,208
2018	8,929,000	-0-	8,929,000	0.83%	1,139
2019	8,314,000	-0-	8,314,000	0.78%	1,062
2020	7,675,000	-0-	7,675,000	0.72%	984
2021	7,175,000	-0-	7,175,000	0.67%	925
2022	6,650,000	-0-	6,650,000	0.63%	809
2023	6,105,000	-0-	6,105,000	0.57%	737

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

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

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

Source: School District Financial Reports

HARDYSTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2022
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Hardyston Township	\$ 9,128,656	100.00%	\$ 9,128,656
Wallkill Valley Regional High School	6,405,000	54.79%	3,509,426
County of Sussex-Municipality's Share	95,444,925	6.00%	<u>5,724,027</u>
Subtotal, Overlapping Debt			18,362,108
Hardyston Township School District Direct Debt			<u>6,105,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 24,467,108</u></u>

- a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of Hardyston Township's equalized property value that is within the Sussex County's boundaries and dividing it by Sussex County's total equalized property value.

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2023

	Equalized valuation basis	
	2020	\$1,160,627,950
	2021	1,188,640,243
	2022	1,320,151,563
		\$3,669,419,756
Average Equalized Valuation of Taxable Property		\$1,223,139,919
Debt Limit (3% of average equalization value) ^a		\$ 36,694,198
Net Bonded School Debt as of June 30, 2023		6,105,000
Legal Debt Margin		\$ 30,589,198

	Fiscal Year Ended June 30,				
	2019	2020	2021	2022	2023
Debt Limit	\$ 33,535,158	\$ 33,639,550	\$ 34,139,659	\$ 34,949,946	\$ 36,694,198
Total Net Debt Applicable to Limit	8,314,000	7,675,000	7,175,000	6,650,000	6,105,000
Legal Debt Margin	\$ 25,221,158	\$ 25,964,550	\$ 26,964,659	\$ 28,299,946	\$ 30,589,198
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	24.79%	22.82%	21.02%	19.03%	16.64%

	Fiscal Year Ended June 30,				
	2018	2017	2016	2015	2014
Debt Limit	\$ 33,629,528	\$ 34,579,417	\$ 34,915,396	\$ 35,344,553	\$ 35,675,549
Total Net Debt Applicable to Limit	8,929,000	9,524,000	10,259,000	11,204,000	11,724,000
Legal Debt Margin	\$ 24,700,528	\$ 25,055,417	\$ 24,656,396	\$ 24,140,553	\$ 23,951,549
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	26.55%	27.54%	29.38%	31.70%	32.86%

^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

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

Year	Population ^a	Sussex County Per Capita Personal Income ^b	Personal Income ^c	Unemployment Rate ^d
2014	8,021	\$ 54,116	\$ 434,064,436	6.20%
2015	7,948	55,722	442,878,456	5.10%
2016	7,886	57,327	452,080,722	4.50%
2017	7,842	59,144	463,807,248	4.10%
2018	7,825	61,531	481,480,075	3.70%
2019	7,799	64,284	501,350,916	3.20%
2020	7,759	67,814	526,168,826	9.20%
2021	8,225	71,059	584,460,275	5.70%
2022	8,278	71,059 *	588,226,402 ***	3.50%
2023	8,278 **	71,059 *	588,226,402 ***	N/A

* - Latest Sussex County per capita personal income available (2021) was used for calculation purposes.

** - Latest population data available (2022) was used for calculation purposes.

*** - Latest available population data (2022) and latest available Sussex County per capita personal income (2021) was used for calculation purposes.

N/A - Information not available

Source:

^a Population information provided by the U.S. Bureau of the Census, Population Division

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

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

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

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

Employer	2022		2013		Percentage of Total	
	Employees	Percentage of Employment	Employer	Employees	Percentage of Total Employment	
Selective Insurance Group Inc.	1,000-4,999	1.40%-7.00%	Crystal Springs Golf and Spa Resort	2,000	2.66%	
Crystal Springs Resort	1,000-4,999	1.40%-7.00%	Newton Memorial Hospital	1,200	1.59%	
Newton Medical Center	500-999	0.70%-1.40%	Selective Insurance	900	1.20%	
Sussex County Offices	500-999	0.70%-1.40%	County of Sussex	830	1.10%	
Thorlabs	500-999	0.70%-1.40%	Mountain Creek Resort	800	1.06%	
Mountain Creek Resort	500-999	0.70%-1.40%	Ames Rubber Corp	445	0.59%	
Shop Rite	250-499	0.35%-0.70%	Shop Rite (Ronetco)	301	0.40%	
Sussex County Community College	250-499	0.35%-0.70%	Andover Subacute & Rehab Center	300	0.40%	
United Methodist Community Bristol Glen	250-499	0.35%-0.70%	Sussex County Community College	300	0.40%	
Andover Subacute & Rehab Center	100-249	0.14%-0.35%	SCARC, Inc.	287	0.38%	
	<u>4,850-15,740</u>	<u>4.07%-12.91%</u>		<u>8,174</u>	<u>10.86%</u>	
Total Employment - Sussex County	<u>71,425</u>		Total Employment - Sussex County	<u>75,252</u>		

Source: County of Sussex, Department of Administration and Finance.

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

UNAUDITED

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction:										
Regular	43.6	43.6	45.5	47.8	44.4	44.4	36.8	44.5	37.8	36.8
Special Education	31.9	31.9	31.9	34.9	12.6	12.6	12	12	15.0	15.0
Other Special Education	8.1	8.1	8.1	3	4	4	4	4		
Other Education	0.5	0.5	0.5	0.5	2.8	2.8	5	1	6.0	8.0
Support Services:										
Student & Instruction Related Services	7.0	7.0	7.0	7.6	27.2	27.2	27.9	26.1	27.3	32.3
General Administrative Services	5.6	5.6	5.6	6	7.4	7.4	8	7.5	7.5	8.8
School Administration					5	5	5	5	5.0	5.0
Central Services and Administrative Information Technology	5.0	5.0	5.0	1	1	1	1	1	1.0	1.0
Plant Operation and Maintenance	7.6	8.1	8.2	7.6	6.8	6.8	7.5	6.8	7.5	8.3
Total	109.3	109.8	111.8	108.4	111.2	111.2	107.2	107.9	107.1	115.2

Source: District Personnel Records

HARDYSTON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2014	756	\$ 11,529,812	\$ 15,251	2.55%	70.2	12.2/1	9.0/1	751	713	-2.21%	94.94%
2015	750	12,227,359	16,303	6.90%	70.2	12.2/1	9.0/1	746	711	-0.67%	95.31%
2016	720	12,359,448	17,166	5.29%	70.2	11.3/1	9.1/1	719	694	-3.62%	96.52%
2017	691	12,600,522	18,235	6.23%	71.7	10.9/1	8.2/1	680	663	-5.42%	97.50%
2018	673	13,136,906	19,520	7.05%	72.7	11.2/1	9.9/1	663	654	-2.50%	98.64%
2019	708	13,434,616	18,975	-2.79%	72.7	11.2/1	9.9/1	663	654	0.00%	98.64%
2020	664	13,242,809	19,944	5.10%	62.0	11.2/1	10.1/1	661	620	-0.30%	93.80%
2021	596	13,273,074	22,270	11.66%	60.5	9.7/7	9.9/1	591	579	-10.59%	97.97%
2022	599	14,384,819	24,015	7.83%	62.0	9.7/7	9.9/1	591	560	0.00%	94.75%
2023	588	15,879,017	27,005	12.45%	61.0	9.65/1	9.63/1	588	546	-0.51%	93.01%

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

d The cost per pupil calculated above is the sum of the operating expenditures divided by enrollment. This cost per pupil may be different from their cost per pupil calculations.

Source: Hardyston Township School District records

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

<u>District Building</u>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Hardyston Elementary School										
Square Feet	65,150	65,150	65,150	65,150	65,150	65,150	65,150	65,150	65,150	65,150
Capacity (students)	565	565	565	565	565	565	565	565	565	565
Enrollment	436	433	402	370	368	394	361	322	322	328
Hardyston Middle School										
Square Feet	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Capacity (students)	424	424	424	424	424	424	424	424	424	424
Enrollment	320	317	318	309	305	314	303	274	277	260

Number of Schools at June 30, 2023
 Elementary = 1
 Middle School = 1

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

Source: Hardyston Township School District Facilities Office

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

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

School Facilities	Project #	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Hardyston Elementary School	N/A	\$ 64,115	\$ 98,132	\$ 75,910	\$ 81,476	\$ 138,754	\$ 74,528	\$ 68,679	\$ 119,616	\$ 123,240	\$ 341,501
Hardyston Middle School	N/A	62,441	113,314	90,160	79,929	136,120	73,114	72,217	125,777	128,270	273,497
		<u>\$ 126,556</u>	<u>\$ 211,446</u>	<u>\$ 166,070</u>	<u>\$ 161,405</u>	<u>\$ 274,874</u>	<u>\$ 147,642</u>	<u>\$ 140,896</u>	<u>\$ 245,393</u>	<u>\$ 251,510</u>	<u>\$ 614,998</u>

N/A - Not Applicable

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

Source: Hardyston Township School District records

HARDYSTON TOWNSHIP SCHOOL DISTRICTINSURANCE SCHEDULEJUNE 30, 2023UNAUDITED

	<u>Coverage</u>		<u>Deductible</u>
School Alliance Insurance Fund:	\$500,000,000	Occurrence	
School Package Policy:			
Building & Personal Property			\$2,500
Auto Physical Damage			\$1,000
General Liability Including Auto, Employee Benefits	\$5,000,000		
Each Occurrence			
General Aggregate		Agreed upon based on membership	
Product/Completed Ops			
Personal Injury			
Fire Damage	\$2,500,000		
Medical Expenses	\$10,000		
(Excluding Students Taking Part in Athletics)			
Automobile Coverage			
Combined Single Limit			
Hired/Non-Owned			
Sexual Misconduct	\$ 5,000,000		
Security Guard Liability		Included/Optional	
Environmental Impairment Liability	\$1,000,000/\$10,000,000	Per claim/annually	\$10,000
Crime Coverage	\$50,000	Inside / Outside	\$1,000
Blanket Dishonesty Bond	\$500,000		\$1,000
Boiler & Machinery	\$100,000,000		\$2,500
Excess Liability (AL/GL)	\$5,000,000		\$10,000
School Board Legal (SLPL)	\$5,000,000		\$10,000
Cyber Liability	\$750,000	per Occurrence/Aggregate	
Workers' Compensation		Statutory	
Employer's Liability	\$5,000,000		
Supplemental Indemnity		Statutory/7 Day Waiting Period	
Bond for School Business Administrator	\$250,000	Selective Insurance	
Bond for Treasurer of School Monies	\$200,000	Selective Insurance	
Student Accident Bollinger		All Students and Athletes	
		\$25,000 Basic Policy	
		\$1,000,000 Catastrophe Policy	

Source: Hardyston Township School District records

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hardyston Township School District, in the County of Sussex (the "District") as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

December 1, 2023
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Heidi A. Wohlleb

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

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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Board of Education of the Hardyston Township School District's (the "District's") compliance identified as subject to audit in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2023. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major State Program

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

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

Responsibilities of Management for Compliance

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

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

The Honorable President and Members
of the Board of Education
Hardyston Township School District
Page 3

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

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

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

December 1, 2023
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Heidi A. Wohlleb

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

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

Federal Grantor/Pass Through Grantor Program Title/ Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2022		Cash Received	Budgetary Expenditures	Balance June 30, 2023		Amounts Provided to Subrecipients	
					Revenue/ (Accounts Receivable)	Due to Grantor			Accounts Receivable	Unearned Revenue		
U.S. Department of Agriculture												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Federal Food Distribution Program	10.555	N/A	7/1/22-6/30/23	\$ 13,604			\$ 13,604	\$ (10,609)		\$ 2,995		
Federal Food Distribution Program	10.555	N/A	7/1/21-6/30/22	15,050	\$ 943			(943)				
National School Lunch Program	10.555	N/A	7/1/22-6/30/23	50,753			46,988	(50,753)	\$ (3,765)			
COCID 19 - Supply Chain Assistance	10.555	N/A	7/1/21-6/30/22	39,642			39,642	(14,431)		25,211		
COVID 19 - Summer Seamless Option	10.555	N/A	7/1/21-6/30/22	205,800	(19,089)		19,089	(76,736)	(3,765)	28,206		
Total Child Nutrition Cluster					(18,146)		119,323	(76,736)	(3,765)	28,206		
Total U.S. Department of Agriculture					(18,146)		119,323	(76,736)	(3,765)	28,206		
Special Revenue Fund - Passed-through State Department of Education:												
Elementary and Secondary Education Act:												
Title I	84.010A	ESEA-2030-22	7/1/22-9/30/23	80,145			80,145	(80,145)				
Title I	84.010A	ESEA-2030-22	7/1/21-9/30/22	61,626	(21,569)		21,569					
Title IIA	84.367A	ESEA-2030-22	7/1/22-9/30/23	9,600			9,600	(9,600)				
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA-2030-22	7/1/22-9/30/23	147,880			147,880	(147,880)				
I.D.E.A. Part B, Basic	84.027	IDEA-2030-22	7/1/21-9/30/22	146,939	(7,955)		7,955					
I.D.E.A. Part B, Preschool	84.173	IDEA-2030-22	7/1/22-9/30/23	4,806			4,806	(4,806)				
I.D.E.A. Part B, Preschool	84.173	IDEA-2030-13	9/1/12-6/30/13	4,490								
Total Special Education Cluster					(7,955)		160,641	(152,686)				
Education Stabilization Fund:												
COVID-19 - CRRSA - ESSER II	84.425D	N/A	3/13/20-9/30/23	150,678	(5,800)		104,178	(98,378)				
COVID-19 - CRRSA - Mental Health	84.425D	N/A	3/13/20-9/30/23	45,000			38,250	(38,250)				
COVID-19 - ARP - Evidence-Based Summer Learning and Enrichment Activities	84.425U	N/A	3/13/20-9/30/24	40,000			3,375	(7,375)	(4,000)			
COVID-19 - ARP - Evidence-Based Comprehensive Beyond the School Day Activities	84.425U	N/A	3/13/20-9/30/24	40,000			1,052	(3,256)	(2,174)			
COVID-19 - NJTSS Mental Health Support Staffing	84.425U	N/A	3/13/20-9/30/24	45,000			45,000	(45,000)				
Total U.S. Department of Education					(5,800)		191,855	(192,229)	(6,174)			
Total Special Revenue Fund					(35,324)		463,810	(434,660)	(6,174)			
Total Federal Financial Awards					\$ (53,470)		\$ 583,133	\$ (511,396)	\$ (9,939)	\$ 28,206	\$ -0-	

N/A - Not Available/Applicable

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2022		Cancellation of Prior Year Receivable	Balance June 30, 2023		MEMO	
				Unearned Revenue/ (Accounts Receivable)	Cash Received		Budgetary Expenditures	Budgetary Receivable	Budgetary Receivable	Cumulative Total Expenditures
NJ Department of Education:										
General Fund:										
Transportation Aid	23-495-034-5120-014	7/1/22 - 6/30/23	\$ 452,207	\$	\$ 409,849	\$ (452,207)	\$	\$ (42,358)	\$	452,207
Special Education Aid	23-495-034-5120-089	7/1/22 - 6/30/23	461,016		417,832	(461,016)		(43,184)		461,016
Security Aid	23-495-034-5120-084	7/1/22 - 6/30/23	61,773		55,987	(61,773)		(5,786)		61,773
Adjustment Aid	23-495-034-5120-085	7/1/22 - 6/30/23	223,812		202,847	(223,812)		(20,965)		223,812
School Choice Aid	23-495-034-5120-068	7/1/22 - 6/30/23	107,272		97,224	(107,272)		(10,048)		107,272
Extraordinary Aid	23-495-034-5120-044	7/1/22 - 6/30/23	234,956			(234,956)	\$ (234,956)	(234,956)		234,956
Non-Public Transportation Aid	23-495-034-5120-014	7/1/22 - 6/30/23	10,608			(10,608)		(10,608)		10,608
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	7/1/22 - 6/30/23	349,174		349,174	(367,580)		(18,406)		349,174
Supplemental Stabilization Aid	23-495-034-5120-148	7/1/22 - 6/30/23	50,044		50,044	(50,044)				50,044
Transportation Aid	22-495-034-5120-014	7/1/21 - 6/30/22	452,207	\$ (43,092)	43,092					452,207
Special Education Aid	22-495-034-5120-089	7/1/21 - 6/30/22	461,016	(43,931)	43,931					461,016
Security Aid	22-495-034-5120-084	7/1/21 - 6/30/22	61,773	(5,886)	5,886					61,773
Adjustment Aid	22-495-034-5120-085	7/1/21 - 6/30/22	441,179	(42,041)	42,041					441,179
School Choice Aid	22-495-034-5120-068	7/1/21 - 6/30/22	106,104	(10,111)	10,111					106,104
Extraordinary Aid	22-495-034-5120-044	7/1/21 - 6/30/22	190,097	(190,097)	190,097					190,097
Non-Public Transportation Aid	22-495-034-5120-014	7/1/21 - 6/30/22	11,656	(11,656)	11,656					11,656
On-Behalf TPAF Post-Retirement Contributions	23-495-034-5094-001	7/1/22 - 6/30/23	465,736		465,736	(465,736)				465,736
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22 - 6/30/23	1,748,636		1,748,636	(1,748,636)				1,748,636
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22 - 6/30/23	24,260		24,260	(24,260)				24,260
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22 - 6/30/23	729		729	(729)				729
Total General Fund State Aid/NJ Department of Education			(346,814)		4,169,132	(4,208,629)		(386,311)		5,914,255
Special Revenue Fund:										
School Development Authority:										
Emergent and Capital Maintenance Needs Grant	N/A	7/1/22 - 6/30/23	13,445		13,445	(13,445)				13,445
Emergent and Capital Maintenance Needs Grant	N/A	7/1/21 - 6/30/22	14,864			(14,864)				14,864
Total Special Revenue Fund			14,864		13,445	(28,309)				28,309
Capital Projects Fund:										
School Development Authority:										
Replace Floor Tile/Stairway Project - Elementary School	2030-050-10-1001	7/23/10-5/30/14	63,967		63,967					63,967
Repairing Retaining Walls Project - Middle School	2030-030-14-1002	5/2/14-6/30/17	140,220		43,080		\$ 97,140			43,080
Total Capital Projects Fund			(204,187)		107,047		97,140			107,056
Total Schools Development Authority			(189,323)		120,492	(28,309)	97,140			135,365
NJ Department of Agriculture:										
Enterprise Fund:										
State School Lunch Program	23-100-010-3350-023	7/1/22 - 6/30/23	2,424		2,243	(2,424)		(181)		2,424
COVID 19 - Seamless Summer Option	22-100-010-3350-023	7/1/21 - 6/30/22	4,835	(439)	439					4,835
Total Enterprise Fund			(439)		2,682	(2,424)		(181)		7,259
Total State Awards Subject to Single Audit Determination			(536,576)		4,292,306	(4,239,362)	\$ 97,140	\$ (386,492)		6,056,879

HARDYSTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2022		Cash Received	Budgetary Expenditures	Adjustments	Balance June 30, 2023		MEMO	
				Unearned/ Revenue/ (Accounts Receivable)					GAAP (Accounts Receivable)		Budgetary Receivable	Cumulative Total Expenditures
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22 - 6/30/23			\$	465,736						
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22 - 6/30/23				1,748,636						
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22 - 6/30/23				24,260						
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22 - 6/30/23				729						
Subtotal - On-Behalf TPAF Pension System Contributions						2,239,361						
Total State Awards Subject to Single Audit Major Program Determination						\$	(2,000,001)					

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

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF THE EXPENDITURE OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Hardyston Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2023. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$22,720 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, special revenue, and capital projects funds.

HARDYSTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF THE EXPENDITURE OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 4,231,349	\$ 4,231,349
Special Revenue Fund	\$ 434,660	28,309	462,969
Capital Projects Fund		107,047	107,047
Enterprise Fund - Food Service	<u>76,736</u>	<u>2,424</u>	<u>79,160</u>
Total Awards	<u>\$ 511,396</u>	<u>\$ 4,369,129</u>	<u>\$ 4,880,525</u>

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

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

Hardyston Township School District had no outstanding federal or state loan balances at June 30, 2023.

NOTE 7. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2023. Revenues and expenditures reported under the Food Distribution program represent current year value received and current year distributions, respectively.

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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance* Required by NJ OMB 15-08.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2023 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following:

	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State:				
State Aid - Public:				
Adjustment Aid	23-495-034-5120-085	7/1/22 - 6/30/23	\$ 223,812	\$ 223,812
Special Education Aid	23-495-034-5120-089	7/1/22 - 6/30/23	461,016	461,016
School Choice Aid	23-495-034-5120-068	7/1/22 - 6/30/23	107,272	107,272
Security Aid	23-495-034-5120-084	7/1/22 - 6/30/23	61,773	61,773
Supplemental Stabilization Aid	23-495-034-5120-148	7/1/22 - 6/30/23	50,044	50,044

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The District was not determined to be a "low-risk" auditee for state programs.

HARDYSTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

Summary of Auditors' Results: (Cont'd)

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:

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

Findings and Questioned Costs for State Awards:

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

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

Status of Prior Year Findings:

The District had no prior year audit findings.