

**SCHOOL DISTRICT**  
**OF**  
**HARMONY TOWNSHIP**

**Harmony Township School District**  
**Board of Education**  
**Phillipsburg, Warren County**  
**New Jersey**

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

**Annual Comprehensive**

**Financial Report**

**of the**

**Harmony Township School District**

**Board of Education**

**Phillipsburg, New Jersey**

**For the Fiscal Year Ending June 30, 2023**

**Prepared by**

**Harmony Township School District**

**Board of Education**

**Finance Department**

# OUTLINE OF ACFR

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# **Introductory Section**

**Harmony Township School**

2551 Belvidere Road  
Phillipsburg, NJ 08865  
Phone: (908) 859-1001  
Fax: (908) 859-2277

[www.harmonytownshipschool.org](http://www.harmonytownshipschool.org)

Christopher Carrubba  
Chief School Administrator

Rachelle Tjalma  
School Business Administrator

Honorable President and Members of the Board of Education  
Harmony Township School District  
County of Warren, New Jersey

Dear Board Members:

The Annual Comprehensive Financial Report of the Harmony Township School 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 Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups 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 general purpose financial statements and schedules, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 2007 and the U.S. Office of Management and Budget Uniform Guidance, "Audits of State and Local Governments", and the state Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** Harmony Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Harmony Township Board of Education and its Elementary School constitute the District's reporting entity.

Services for grade levels 9 through 12 are provided by Belvidere High School on a sending/receiving relationship basis for resident students. The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education for handicapped youngsters. The District's resident enrollment on 10/15/22 was composed of 187 students in Harmony School and 76 sent to Belvidere. The total of 263 students is fewer students than the previous year's enrollment. In addition, the district has a preschool program that addresses the needs of 3 & 4 year olds.

The following details the changes in the student enrollment of the Harmony School over the last ten years.



Average Daily Enrollment		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2022-23	187	-5.6%
2021-22	198	-4.8%
2020-21	208	-1.3%
2019-20	240	-1.2%
2018-19	243	-3.0%
2017-18	253	1.0%
2016-17	250	-0.7%
2015-16	252	0.8%
2014-15	250	-5.3%
2013-14	264	---

**2) ECONOMIC CONDITIONS AND OUTLOOK:** Harmony Township is essentially a rural community with a small population base. Several years ago a number of projects and housing developments were "on the books" totaling almost 1500 homes. Most options on farmlands have lapsed, or the projects failed to obtain the necessary financial support to be initiated due to general economic conditions. While there is considerable building in surrounding communities, most development in Harmony Township consists of individual single-family homes. As the surrounding communities become saturated, the potential for development becomes very real.

There is very little expectation for commercial or industrial development. The largest employer is a local golf course and club whose work force is largely made up of seasonal employees. The largest taxpayer is a reservoir operated by a power company consortium. It occupies almost 2000 township acres and accounts for approximately 47% of the tax base and hence the same amount of tax revenues.

There are four or five commercial/industrial facilities in the township such as quarries, small service providers / businesses, and a waste products recycling firm. The school district ranks as the second or third largest employer and expends the largest share of tax revenues.

The declining enrollment appears to be related to an aging resident population coupled with the lack of available housing for new residents. Families whose children attended the township school and graduated from high school have remained in the community. Construction in surrounding communities has deflected growth to those areas. Previous renovations and construction projects will allow the district to absorb unanticipated enrollment growth "spurts" and provide time to accommodate any long-term growth patterns.

**3) MAJOR INITIATIVES:**

The district continues to score above state and national norms and above expected local ranges on standardized testing programs. Comments received from students and high school staff indicates that the district is adequately preparing students for their high school experience.

Resident high school students of Harmony Township attend Belvidere High School. The district has continued its association with the cluster sending districts (Belvidere, Hope and White Townships) to improve the curriculum and programs and to maintain a positive working relationship between the respective Boards of Education. Shared services include CSA, BA and the entire Child Study Team

A practical five-year program of building maintenance and improvement has been accepted and implemented by the Board of Education to insure the stability of the facility and to protect the community investment in the school property.

The Harmony Township School District receives only limited state aid aid. Overall, and in spite of this limited government support, the district has been able to offer students a broad program of studies. Approximately 91% of the costs of education are borne by the Township taxpayers. While the local tax rate is

the lowest in the county, it presents an obstacle to positive school-community relationships. Reallocation of funds at the state level, while highly unlikely, would help the district immeasurably, and relieve the property owners' tax burden.

**4) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure 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 benefit 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 structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

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

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

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

**7) FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. Surplus is sound and will adequately support future budget requirements along with state aid and local tax levy support.

**8) DEBT ADMINISTRATION:** The district is debt free.

**9) CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Government 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.

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

**11) OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Co. was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related OMB Uniform Guidance and state Treasury Circular Letter OMB 15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**12) ACKNOWLEDGMENTS:**

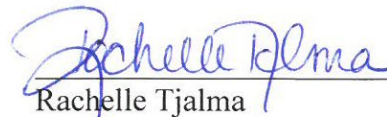
We would like to express our appreciation to the members of the Harmony Township Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully Submitted,



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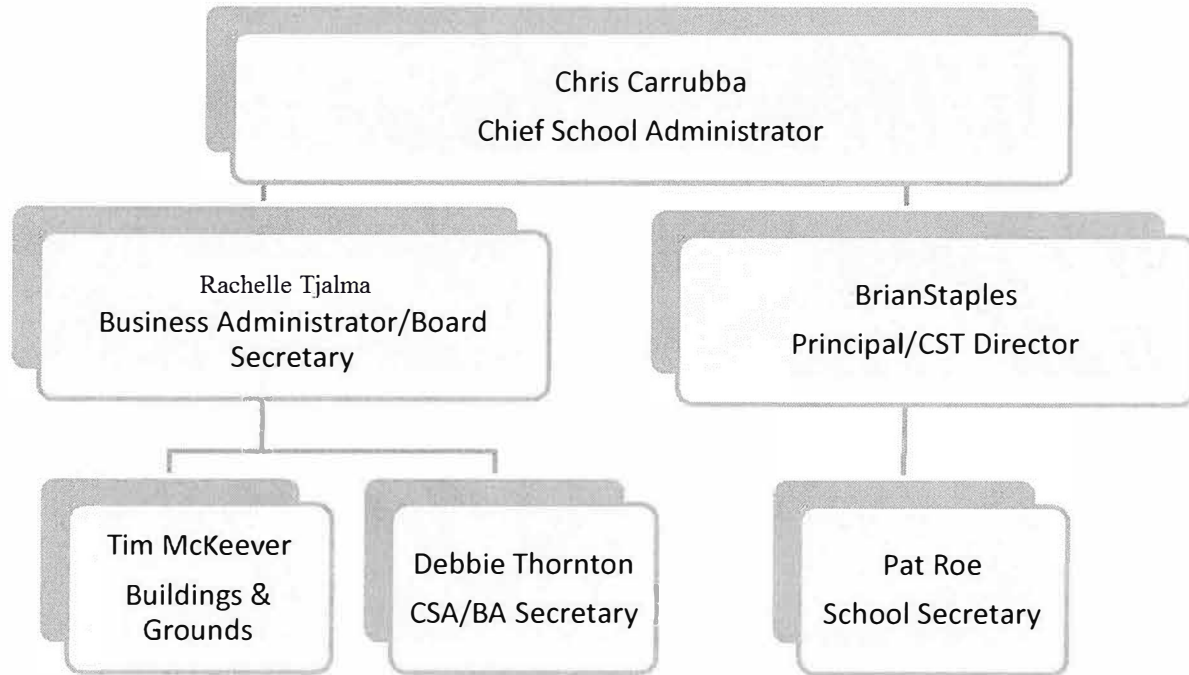
Christopher Carrubba  
Chief School Administrator



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Rachelle Tjalma  
School Business Administrator

# Harmony Township School



**HARMONY TOWNSHIP SCHOOL DISTRICT**

**BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**JUNE 30, 2023**

**Members of the Board of Education**

**Term Expires**

Heather Weidlick, President	2023
Nicole Tipton, Vice-President	2024
Paul Williams	2025
Rebecca Marshall	2023
Jamie Sampson	2025
Jaclyn Rowbotham	2023
Taryn Clayton	2023
George Babula	2023
Ken Koch	2025

**Other Officials**

Chris Carrubba, *Chief School Administrator*

Rachelle Tjalma, *School Business Administrator/Board Secretary*

Randy Wilson, *Treasurer*

**HARMONY TOWNSHIP SCHOOL DISTRICT**

**BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**Architect**

**Gianforcaro Engineers & Architects**

555 Main Street, Suite One  
Chester, New Jersey 07930

**Audit Firm**

**Ardito & Company LLC**

1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825

**Attorney**

**Adams, Gutierrez & Lattiboudere, LLC**

1037 Raymond Blvd., Suite 900  
Newark, New Jersey 07102

**Official Depository**

**PNC Bank**

101 Mansfield Street  
Belvidere, New Jersey 07823

## **Financial Section**

# **Independent Auditor's Report**





# **ARDITO & COMPANY LLC**

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

Anthony Ardito, CPA, RMA, CMFO, PSA

## **Independent Auditor's Report**

Honorable President and  
Members of the Board of Education  
Harmony Township School District  
County of Warren  
Harmony Township, New Jersey 08865

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Harmony Township School District Board of Education, as of and for the 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 Harmony Township School District Board of Education, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the 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 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 Harmony Township School District Board of Education, 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 these 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.

-Continued-

### ***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 generally accepted auditing standards and ***Government Auditing Standards*** 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 generally accepted auditing standards and ***Government Auditing Standards*** and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, 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, budgetary comparison information and pension and post-employment benefit trend information as noted in the table of contents 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, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Harmony Township School District Board of Education's basic financial statements. The combining and individual non-

-Continued-

major fund financial statements, and the schedule of expenditures of federal awards and state financial assistance, 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 OMB's Circulars 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 combining and individual non-major fund financial statements, and the schedule of expenditures of federal awards and state financial assistance 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 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 November 4, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** the District's internal control over financial reporting and compliance.

*Ardito & Company LLC*

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 4, 2023

***Anthony Ardito***

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 4, 2023

**Required Supplementary Information - Part I**

**Management's Discussion and Analysis**

HARMONY TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

The discussion and analysis of Harmony Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2023 are as follows:

- ◆ In total, Net Position decreased \$356,271 which represents a 5.2% decrease from 2022.
- ◆ General revenues accounted for \$6,257,286 in revenue or 78.9% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,674,067 or 21.1% of total revenues of \$7,931,353.
- ◆ Total assets of governmental activities decreased by \$618,158, as cash and cash equivalents increased by \$33,774, receivables decreased by \$412,786, and capital assets decreased by \$261,983.
- ◆ The School District had \$8,287,624 in expenses; only \$1,674,067 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$6,257,286 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$7,936,547 in revenues and \$8,152,953 in expenditures. The General Fund's surplus balance decreased \$216,406 over 2022, which compares favorably to the budgeted decrease of \$833,090.

**Using this Generally Accepted Accounting Principals Report (GAAP)**

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

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

HARMONY TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during 2023?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

**Reporting the School District’s Most Significant Funds**

**Fund Financial Statements**

The analysis of the School District’s major funds begins on page 24. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the General Fund, Special Revenue Fund, and Capital Projects Fund.

HARMONY TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

**Governmental Funds**

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

**The School District as a Whole**

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

Table 1 provides a summary of the School District's Net Position for 2023 compared to 2022.

	<u>2023</u>	<u>2022</u>
<b>Table 1</b>		
<b>Net Position</b>		
<b>Assets</b>		
Current and Other Assets	\$ 1,822,134	\$ 2,178,309
Capital Assets	<u>6,067,146</u>	<u>6,329,129</u>
<b>Total Assets</b>	<u>7,889,280</u>	<u>8,507,438</u>
<b>Deferred Outflows of Resources</b>	<u>262,870</u>	<u>164,145</u>
<b>Liabilities</b>		
Long-Term Liabilities	45,687	43,857
Other Liabilities	<u>1,435,060</u>	<u>1,329,072</u>
<b>Total Liabilities</b>	<u>1,480,747</u>	<u>1,372,929</u>
<b>Deferred Inflows of Resources</b>	<u>152,251</u>	<u>423,231</u>
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	6,067,146	6,329,129
Restricted	1,031,025	1,197,284
Unrestricted	<u>(579,019)</u>	<u>(650,990)</u>
<b>Total Net Position</b>	<u>\$ 6,519,152</u>	<u>\$ 6,875,423</u>

HARMONY TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

Total assets of governmental activities decreased by \$618,158, as cash and cash equivalents increased by \$33,774, receivables decreased by \$412,786, and capital assets decreased by \$261,983.

The cash increase due to federal grant collections and the capital asset decrease was due to depreciation expense. Receivables decreased due to federal COVID grants collected.

Table 2 shows the changes in Net Position from fiscal year 2022.

**Table 2**  
**Changes in Net Position**

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$136,006	\$ 96,454
Operating Grants and Contributions	\$1,538,061	1,794,063
General Revenues:		
Property Taxes	6,255,541	6,255,541
Federal & State Aid on Capital Asset Projects		
Investment Earnings	115	154
Other	1,630	21,945
<b>Total Revenues</b>	<u>7,931,353</u>	<u>8,168,157</u>
<b>Program Expenses</b>		
Instruction	3,764,618	3,877,384
Support Services:		
Tuition	1,588,495	1,645,996
Pupils and Instructional Staff	990,288	901,681
General Administration, School Administration, Business	525,985	625,299
Operations and Maintenance of Facilities	784,479	638,208
Pupil Transportation	508,369	365,370
Business-Type Activities	97,453	99,925
Interest and Fiscal Charges	27,937	28,850
<b>Total Expenses</b>	<u>8,287,624</u>	<u>8,182,713</u>
Increase in Net Position	<u>\$ (356,271)</u>	<u>\$ (14,556)</u>



HARMONY TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 78.9% percent of revenues for governmental activities for the Harmony Township School District for the fiscal year 2023.

Instruction comprises 45.4% of district expenses. Support services expenses make up 53.1% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2022. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**

	<u>Total Cost of Services 2023</u>	<u>Net Cost of Services 2023</u>	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2022</u>
Instruction	\$ 3,764,618	\$ 3,011,015	\$ 3,877,384	\$ 3,005,438
Support Services:				
Tuition	1,588,495	1,384,964	1,645,996	1,362,329
Pupils and Instructional Staff	990,288	618,349	901,681	566,787
General Admin., School Admin., Business	525,985	458,592	625,299	517,537
Operation and Maintenance of Facilities	784,479	683,965	638,208	528,221
Pupil Transportation	508,369	443,233	365,370	302,403
Business-Type Activities	97,453	(14,498)	99,925	(19,369)
Interest and Fiscal Charges	<u>27,937</u>	<u>27,937</u>	<u>28,850</u>	<u>28,850</u>
<b>Total Expenses</b>	<u>\$ 8,287,624</u>	<u>\$ 6,613,557</u>	<u>\$ 8,182,713</u>	<u>\$ 6,292,196</u>

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

Tuition activities are for those expenditures related to sending district resident students to high school and other special schools.

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

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

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

HARMONY TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

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

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

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

The dependence upon tax revenues is apparent. Over 80.0% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 81.6%. The community, as a whole, is the primary support for the Harmony Township School District.

### **The School District's Funds**

Information about the School District's major funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$8,404,300 and expenditures of \$8,615,985. The General Fund's surplus balance decreased \$216,406 over 2022, which compares favorably to the budgeted decrease of \$833,090.

### **General Fund Budgeting Highlights**

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

During the course of the fiscal 2023 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$6,701,535, \$26,965 over original budgeted estimates of \$6,674,570. This difference was due primarily to increases in tuition revenue.

General fund revenues fell short of expenditures by \$217,969. Again this deficit compares to a budgeted deficit of \$833,090, which was due to the budgeted use of surplus of \$450,000, and capital reserve withdrawal approved the previous year, but spent in the current year. The budgeted deficit was reduced due to underspending in benefits and instruction.

Overall general fund balance (budget basis) was \$1,274,928, and amounts ear-marked and reserved for future purposes were \$1,024,867, creating a surplus in unreserved fund balance of \$250,061. Management believes unreserved fund balance near statutory levels will provide adequate working capital for the district.

HARMONY TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

**Capital Assets**

At the end of the fiscal year 2023, the School District had \$6,067,146 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2023 balances compared to 2022.

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

	<u>2023</u>	<u>2022</u>
Land	\$ 2,500,000	\$ 2,500,000
Land Improvements	34,538	39,143
Buildings and Improvements	3,532,608	3,762,078
Machinery and Equipment	<u>-</u>	<u>27,908</u>
 Totals	 <u>\$ 6,067,146</u>	 <u>\$ 6,329,129</u>

Overall capital assets decreased \$261,983 from fiscal year 2022 to fiscal year 2023. The decrease in capital assets was due to depreciation expense for the year.

Capital improvements of \$00 were purchased during fiscal year 2023.

**Debt Administration**

At June 30, 2023, the School District had \$45,687 as outstanding long term debt. Of this amount, \$45,687 is for compensated absences.

At June 30, 2023, the School District's overall legal debt margin was \$18,346,154 and the unvoted debt margin was the same.

HARMONY TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

**For the Future**

The Harmony Township School District is in very good financial condition presently. A major concern is the continued reliance on local property taxes in light of possible state funding decreases. However, future finances are not without challenges as the community continues to grow and state funding is expected to decreased.

It has been increasingly difficult to balance educational needs with increases in property tax rates. The steady decrease in state aid to offset local property taxes in a predominately bedroom community is thought to be the main reason for the problem. This problem seems to be statewide and is not exclusive to the Harmony Township School District. The Harmony Township School District is primarily a residential community, with very few ratables, thus the burden is focused on homeowners to bear the tax burden.

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

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator/ Board Secretary at Harmony Township School District, 2551 Belvidere Road, Phillipsburg, NJ, 08865.

## **Basic Financial Statements**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

HARMONY TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

JUNE 30, 2023

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,525,946	\$ 21,823	\$ 1,547,769
Receivables from Other Governments	241,253	1,025	242,278
Other Receivables	1,000		1,000
Interfund Receivables		23,051	23,051
Inventory		8,036	8,036
Capital Assets, Net (Note 6):	6,067,146		6,067,146
<b>Total Assets</b>	<b>7,835,345</b>	<b>53,935</b>	<b>7,889,280</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferred Outflows	262,870		262,870
<b>LIABILITIES</b>			
Accounts Payable	152,350	4,542	156,892
Payroll Deductions and Withholdings Payable	96,065		96,065
Unemployment Compensation Claims Payable	6,191		6,191
Interfund Payables	23,051		23,051
Unearned Revenue	236,569	4,992	241,561
Net Pension Liability (Note 8)	911,300		911,300
Noncurrent Liabilities (Note 7):			
Due Beyond One Year	45,687		45,687
<b>Total Liabilities</b>	<b>1,471,213</b>	<b>9,534</b>	<b>1,480,747</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Deferred Inflows	152,251		152,251
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	6,067,146		6,067,146
Restricted for:			
Other Purposes	1,031,025		1,031,025
Unrestricted	(623,420)	44,401	(579,019)
<b>Total Net Position</b>	<b>\$ 6,474,751</b>	<b>\$ 44,401</b>	<b>\$ 6,519,152</b>

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

HARMONY TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular	\$ 3,025,354	\$ 48,550	\$ 610,332		\$ (2,366,472)		\$ (2,366,472)
Special Education	539,075		69,071		(470,004)		(470,004)
Other Special Instruction	200,189		25,650		(174,539)		(174,539)
Support Services:							
Tuition	1,588,495		203,531		(1,384,964)		(1,384,964)
Student & Instruction Related Serv.	990,288	33,385	338,554		(618,349)		(618,349)
School Administrative Services	151,991		19,474		(132,517)		(132,517)
General and Business Admin. Serv.	373,994		47,919		(326,075)		(326,075)
Plant Operations and Maintenance	784,479		100,514		(683,965)		(683,965)
Pupil Transportation	508,369		65,136		(443,233)		(443,233)
Other Charges	1,739				(1,739)		(1,739)
Unallocated Depreciation	26,198				(26,198)		(26,198)
Total Governmental Activities	8,190,171	81,935	1,480,181		(6,628,055)		(6,628,055)
Business-Type Activities:							
Food Service	97,453	54,071	57,880			\$ 14,498	14,498
Total Business-Type Activities	97,453	54,071	57,880			14,498	14,498
Total Primary Government	\$ 8,287,624	\$136,006	\$1,538,061		(6,628,055)	\$14,498	\$ (6,613,557)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes,Net					\$ 6,255,541		\$ 6,255,541
Investment Earnings					115		115
Miscellaneous Income					1,630	\$ -	1,630
Total General Revenues, Special Items, Extraor. Items and Transfers					6,257,286	-	6,257,286
Change in Net Position					(370,769)	14,498	(356,271)
Net Position—Beginning					6,845,520	29,903	6,875,423
Prior Period Adjustments							
Net Position—Beginning (Restated)					6,845,520	29,903	6,875,423
<b>Net Position—Ending</b>					<b>\$ 6,474,751</b>	<b>\$ 44,401</b>	<b>\$ 6,519,152</b>

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



## **FUND FINANCIAL STATEMENTS**

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,449,878	\$ 76,068	\$ 1,525,946
Interfund Receivable	-		-
Other Receivables	1,000		1,000
Receivables from Other Governments	1,560	239,693	241,253
<b>TOTAL ASSETS</b>	<u>\$ 1,452,438</u>	<u>\$ 315,761</u>	<u>\$ 1,768,199</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Interfund Payable	\$ 23,051		\$ 23,051
Accounts Payable	88,754	\$ 63,596	152,350
Payroll Deductions and Withholdings Payable	96,065		96,065
Unemployment Compensation Claims Payable	6,191		6,191
Unearned Revenue		236,569	236,569
<b>Total Liabilities</b>	<u>214,061</u>	<u>300,165</u>	<u>514,226</u>
<b>Fund Balances:</b>			
<u>Restricted for:</u>			
Capital Reserve Account	118,925		118,925
Maintenance Reserve	238,465		238,465
Unemployment Compensation	208,039		208,039
Student Activities		15,596	15,596
<u>Assigned to:</u>			
Year-End Encumbrances	9,438		9,438
Designated for Subsequent Year's Expenditures	450,000		450,000
<u>Unassigned:</u>			
General Fund	213,510		213,510
<b>Total Fund Balances</b>	<u>1,238,377</u>	<u>15,596</u>	<u>1,253,973</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,452,438</u>	<u>\$ 315,761</u>	<u>\$ 1,768,199</u>

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$9,629,394 and the accumulated depreciation is \$3,562,248 (Note 6). \$ 6,067,146

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8) 262,870

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 8) (152,251)

Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8) (911,300)

Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7). (45,687)

Net Position of governmental activities \$ 6,474,751

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

HARMONY TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
<b>Local sources:</b>			
Local Tax Levy	\$ 6,255,541		\$ 6,255,541
Tuition	48,550		48,550
Interest on Capital Reserve Account	12		12
Miscellaneous	1,733	\$ 33,385	35,118
<b>Total - Local Sources</b>	<u>6,305,836</u>	<u>33,385</u>	<u>6,339,221</u>
<b>State Sources</b>	1,630,711	-	1,630,711
<b>Federal Sources</b>		434,368	434,368
<b>Total Revenues</b>	<u>7,936,547</u>	<u>467,753</u>	<u>8,404,300</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Regular Instruction	1,843,486	251,362	2,094,848
Special Education Instruction	415,286		415,286
Other Special Instruction	154,219		154,219
Support services and undistributed costs:			
Tuition	1,588,495		1,588,495
Student and Instruction Related Services	551,215	211,670	762,885
School Administrative Services	117,089		117,089
Other Administrative Services	288,113		288,113
Plant Operations and Maintenance	604,337		604,337
Pupil Transportation	508,369		508,369
Unallocated Benefits	2,080,605		2,080,605
Transfer to Charter School	-		-
<b>Capital Outlay</b>	1,739		1,739
<b>Total Expenditures</b>	<u>8,152,953</u>	<u>463,032</u>	<u>8,615,985</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(216,406)</u>	<u>4,721</u>	<u>(211,685)</u>
Fund Balance—July 1	1,454,783	10,875	1,465,658
Prior Period Adjustment		-	-
Fund Balance—July 1 (Restated)	<u>1,454,783</u>	<u>10,875</u>	<u>1,465,658</u>
<b>Fund Balance—June 30</b>	<u>\$ 1,238,377</u>	<u>\$ 15,596</u>	<u>\$ 1,253,973</u>

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

HARMONY TOWNSHIP SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** **\$ (211,685)**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

Depreciation Expense	\$ (261,983)	
Capital Outlays	_____ -	(261,983)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

104,729

In the statement of activities, compensated absences in the statement of activities is accrued, regardless of when due. In the governmental funds, the amounts are expensed and reported when due. This is the amount by which current year's amount of accrual exceeds the prior year's amount.

(1,830)

**Change in Net Position of Governmental Activities**

**\$ (370,769)**

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

HARMONY TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION  
 PROPRIETARY FUNDS

JUNE 30, 2023

		<b>Business-Type Activities - Enterprise Funds</b>	
		<b>Food Service</b>	<b>Totals</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and Cash Equivalents	\$	21,823	\$ 21,823
Accounts Receivable - Federal and State		1,025	1,025
Other Accounts Receivable		-	-
Interfund Receivables		23,051	23,051
Inventories		8,036	8,036
<b>Total Current Assets</b>		<u>53,935</u>	<u>53,935</u>
<b>Noncurrent Assets:</b>			
Furniture, Machinery and Equipment		33,132	33,132
Less Accumulated Depreciation		(33,132)	(33,132)
<b>Total Noncurrent Assets</b>		<u>          </u>	<u>          </u>
<b>Total Assets</b>		<u><b>53,935</b></u>	<u><b>53,935</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts Payable		4,542	4,542
Deferred Revenue		4,992	4,992
<b>Total Current Liabilities</b>		<u>9,534</u>	<u>9,534</u>
<b>Total Liabilities</b>		<u><b>9,534</b></u>	<u><b>9,534</b></u>
<b>NET POSITION</b>			
Invested in Capital Assets Net of Related Debt		44,401	44,401
Unrestricted			
<b>Total Net Position</b>		<u><b>\$ 44,401</b></u>	<u><b>\$ 44,401</b></u>

HARMONY TOWNSHIP SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
**PROPRIETARY FUNDS**  
 FOR THE YEAR ENDED JUNE 30, 2023

	<b>Business-type Activities - Enterprise Fund</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>Operating Revenues:</b>		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 40,271	\$ 40,271
Daily Sales - Non-Reimb. Programs	13,800	13,800
Miscellaneous	-	-
<b>Total Operating Revenues</b>	<u>54,071</u>	<u>54,071</u>
<b>Operating Expenses:</b>		
Cost of Sales - Reimbursable Programs	33,297	33,297
Cost of Sales - Non-reimbursable Programs	5,248	5,248
Salaries	32,344	32,344
Employee Benefits	9,646	9,646
Supplies	7,984	7,984
Other Purchased Professional Services	8,934	8,934
<b>Total Operating Expenses</b>	<u>97,453</u>	<u>97,453</u>
Operating Income (Loss)	<u>(43,382)</u>	<u>(43,382)</u>
<b>Nonoperating Revenues (Expenses):</b>		
State Sources:		
State School Lunch Program	1,361	1,361
Federal Sources:		
National School Lunch Program	23,204	23,204
Special Milk Program	169	169
Supply Chain Assistance	23,820	23,820
Food Distribution Program	9,326	9,326
<b>Total Nonoperating Revenues (Expenses)</b>	<u>57,880</u>	<u>57,880</u>
Income (Loss) Before Contributions and Transfers	<u>14,498</u>	<u>14,498</u>
Change in Net Position	14,498	14,498
Total Net Position—Beginning	29,903	29,903
<b>Total Net Position—Ending</b>	<u>\$ 44,401</u>	<u>\$ 44,401</u>

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

HARMONY TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2023

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b><u>Food Service</u></b>	<b><u>Total Enterprise</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 54,071	\$ 54,071
Payments to Employees	(32,344)	(32,344)
Payments for Employee Benefits	(9,646)	(9,646)
Payments to Suppliers	(46,642)	(46,642)
<b>Net Cash Provided by (used for) Operating Activities</b>	<b><u>(34,561)</u></b>	<b><u>(34,561)</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	1,681	1,681
Federal Sources	62,529	62,529
Operating Subsidies and Transfers to Other Funds	(19,210)	(19,210)
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<b><u>45,000</u></b>	<b><u>45,000</u></b>
Net Increase (Decrease) in Cash and Cash Equivalents	10,439	10,439
Balances—Beginning of Year	11,384	11,384
<b>Balances—End of Year</b>	<b><u>\$ 21,823</u></b>	<b><u>\$ 21,823</u></b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>		
Operating Income (Loss)	\$ (43,382)	\$ (43,382)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Depreciation and Net Amortization	-	-
Federal Commodities	9,326	9,326
(Increase) Decrease in Accounts Receivable		
(Increase) Decrease in Inventories	(3,627)	(3,627)
Increase (Decrease) in Accounts Payable	3,122	3,122
<b>Total Adjustments</b>	<b><u>8,821</u></b>	<b><u>8,821</u></b>
<b>Net Cash Provided by (used for) Operating Activities</b>	<b><u>\$ (34,561)</u></b>	<b><u>\$ (34,561)</u></b>

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

# **Notes to Financial Statements**



HARMONY TOWNSHIP SCHOOL DISTRICT

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the ACFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27, GASB No. 75, Accounting for OPEB, and GASB No. 84, Fiduciary Activities. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2022.

**A. Reporting Entity:**

The Harmony Township School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Harmony Township School District had an approximate enrollment at June 30, 2023, of 187 students.

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

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

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

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting:**

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

**Basis of Presentation**

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

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

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

**GOVERNMENTAL FUNDS**

The District reports the following governmental funds:

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

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**GOVERNMENTAL FUNDS (Continued)**

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

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

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

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

**PROPRIETARY FUNDS**

The District reports the following proprietary fund:

**Enterprise (Food Service) Fund** - The Enterprise Fund accounts for all revenues 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 costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Measurement Focus-Basis of Accounting**

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

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

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

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

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

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgets/Budgetary Control:**

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

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

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

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

**D. Encumbrance Accounting:**

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

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

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

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity:**

**Cash and Cash Equivalents:**

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

**Interfund Transactions:**

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

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

**Inventories:**

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

**Allowance for Uncollectible Accounts:**

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

**Capital Assets:**

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

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

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

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

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

**Compensated Absences:**

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

District employees are granted sick leave in varying amounts under the District's contracted personnel policies. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service and payment is made on predetermined levels at retirement with provisions of the state retirement system.

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

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

**Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance subsequent year operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accrued Liabilities and Long-Term Obligations:**

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

**E. Assets, Liabilities and Equity (Continued):**

**Net Position:**

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

**Fund Balance Reserves:**

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

**Revenues—Exchange and Nonexchange Transactions**

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

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



HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**E. Assets, Liabilities and Equity (Continued):**

**Operating Revenues and Expenses:**

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

**Allocation of Indirect Expenses:**

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

**Extraordinary and Special Items:**

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

**Management Estimates:**

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

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 2: CASH AND CASH EQUIVALENTS**

**Deposits:**

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

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

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

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2023, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

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

	Cash and Cash Equivalents(A-1)
Checking Accounts	\$ 1,547,769
	<u>\$ 1,547,769</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$1,547,769 and the bank balance was \$1,785,904. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$1,535,904 was covered by collateral pool.

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2023, consisted of intergovernmental amounts. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government-Wide Financial Statements
Tuition and Other	\$ 1,000	\$ 1,000
State Aid	1,560	1,615
Federal Aid	<u>239,693</u>	<u>240,663</u>
Gross Receivable	242,253	243,278
Less: Allow. for Uncollectibles		
Total Receivables, Net	<u><u>\$ 242,253</u></u>	<u><u>\$ 243,278</u></u>

The tuition receivable was collected from Belvidere School District in July 2023.

**NOTE 4: INVENTORY**

Inventory in the Food Service Fund at June 30, 2023, consisted of the following:

Food	\$ <u>8,036</u>
	<u><u>\$ 8,036</u></u>

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

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

**NOTE 6: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 2,500,000			\$ 2,500,000
Total Capital Assets Not Being Depreciated	2,500,000	-	-	2,500,000
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	94,200			94,200
Buildings and Building Improvements	6,734,194			6,734,194
Machinery and Equipment	301,000			301,000
Total at Historical Cost	7,129,394	-	-	7,129,394
Less Accumulated Depreciation for:				
Land Improvements	(55,057)	\$ (4,605)		(59,662)
Building and Improvements	(2,972,116)	(229,470)		(3,201,586)
Equipment	(273,092)	(27,908)		(301,000)
Total Accumulated Depreciation	(3,300,265)	(261,983)	-	(3,562,248)
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	3,829,129	(261,983)	-	3,567,146
<b>Government Activity Capital Assets, Net</b>	<b>\$ 6,329,129</b>	<b>\$ (261,983)</b>	<b>\$ -</b>	<b>\$ 6,067,146</b>

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

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 235,785
Unallocated	26,198
Total	\$ 261,983

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 7: LONG-TERM OBLIGATIONS**

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

**A. Long-Term Obligation Activity:**

Changes in long-term obligations for the year ended June 30, 2023, are as follows:

	Balance		Balance		Amounts
	<u>7/1/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2023</u>	<u>Due Within</u>
					<u>One Year</u>
<b>Governmental Activities:</b>					
Other Liabilities:					
Compensated Absences Payable	\$ 43,857	\$ 1,830		\$ 45,687	-
<b>Total</b>	<b>\$ 43,857</b>	<b>\$ 1,830</b>	<b>-</b>	<b>\$ 45,687</b>	<b>-</b>

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

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

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

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

For the year ended June 30, 2023, it is not necessary for the Board to establish a liability for arbitrage rebate.

As of June 30, 2023, the District had no authorized but not issued bonds.

**NOTE 8: PENSION PLANS**

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

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8: PENSION PLANS (Continued)**

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

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$9,737,557 as measured on June 30, 2022 and \$9,781,836 measured on June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$262,065 and revenue of \$262,065 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2023 is based upon changes in the collective net pension liability with a measurement period of June 30, 2021 through June 30, 2022. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2021 and June 30, 2022.

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

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8: PENSION PLANS (Continued)**

	<u>6/30/2022</u>	<u>6/30/2023</u>
Collective deferred outflows of resources	\$6,356,228,800	\$4,996,491,160
Collective deferred inflows of resources	\$27,175,330,929	\$19,532,696,776
Collective net pension liability (Nonemployer-State of New Jersey)	\$48,075,188,642	\$51,594,415,806
State's portion of the net pension liability that was associated with the district	\$9,781,836	\$9,737,557
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.020347%	0.018873%

*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:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75-5.65%
Investment Rate of Return	7.00%

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.

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

Long-Term Expected Rate of Return- In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8: PENSION PLANS (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-US devel.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 Yeild	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
US Treasuries	4.00%	1.75%
Risk mitigation	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 will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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.

*Sensitivity of the State's net pension liability to changes in the discount rate* - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2022, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>Rate (7.00%)</u>	<u>(8.00%)</u>
State's Collective Net Pension Liability	\$ 60,591,896,759	\$ 51,676,587,303	\$ 44,166,559,329

*Pension plan fiduciary net position* - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fudiciary net position as of June 30, 2022 was \$24,640,530,532.

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



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

**NOTE 8: PENSION PLANS (Continued)**

	<u>Year Ended June 30:</u>
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	<u>(1,687,721,983)</u>
Total	<u>(\$14,678,515,482)</u>

*Pension Expense* - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2022 are as follows:

Service cost	\$1,195,044,307
Interest on total ension liability	5,146,965,905
Member contributions	(907,326,471)
Administrative expense	12,635,916
Expected investment return net of investment expenses	(1,983,153,368)
Pension expense related to specific liabilities of individual employers	(395,540)
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	200,689,404
Changes in assumptions	(2,396,459,882)
Difference between projected and actual investment earnings on pension plan investments	<u>122,761,073</u>
Total pension expense	<u>\$1,390,761,344</u>

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

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

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8: PENSION PLANS (Continued)**

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

At June 30, 2023, the District reported a liability of \$911,300 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 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 total pension liability for the June 30, 2021 valuation was determined by an experience study for the period July 1, 2018 to June 30, 2021. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2022 and 2021. At June 30, 2022, the District's proportion was 0.00604% which was an increase of 0.00058% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense/(benefit) of (\$65,592). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$ 6,577	\$ 3,640
Changes of assumptions	2,823	85,637
Net difference between projected and actual earnings on pension plan investments	37,718	-
Changes in proportion and differences between District contributions and proportionate share of contributions	139,603	63,498
District contributions subsequent to the measurement date	76,149	
Total	<u>\$ 262,870</u>	<u>\$ 152,775</u>

\$76,149 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability measured as of June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2023	\$27,891
2024	14,210
2025	6,930
2026	(15,118)
2027	<u>33</u>
Total	<u>\$33,946</u>

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8: PENSION PLANS (Continued)**

	<u>6/30/2022</u>	<u>6/30/2023</u>
Collective deferred outflows of resources	\$1,164,738,169	\$1,660,772,008
Collective deferred inflows of resources	8,339,123,762	3,236,303,935
Collective net pension liability (Non State - Local Group)	\$11,846,496,875	\$15,091,376,611
District's portion of net pension liability	\$646,324	\$911,300
District's proportion %	0.00545582%	0.00603855%

*Actuarial assumptions* - The collective 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:	
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 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.

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

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8: PENSION PLANS (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-US devel.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 Yeild	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
US Treasuries	4.00%	1.75%
Risk mitigation	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 on 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 to determine the total pension liability.

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

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Current Discount</u> <u>Rate (7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
District's proportionate share of the net pension liability	\$ 1,170,754	\$911,300	\$ 690,495

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

**NOTE 8: PENSION PLANS (Continued)**

*Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2022 are as follows:*

Service cost	\$43,656
Interest on total Pension liability	175,093
Benefit changes	508
Member contributions	(36,407)
Administrative expens	782
Expected investment return net of investment expenses	(116,880)
Pension expense related to specific liabilities of individual employers	(627)
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	2,073
Changes in assumptions	(130,883)
Difference between projected and actual investment earnings on pension plan investments	<u>(2,907)</u>
Total pension expense	<u>(\$65,592)</u>

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

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

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

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

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8: PENSION PLANS (Continued)**

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

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

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

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

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

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

Year	Three-Year Trend Information for PERS		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2023	\$76,149	100 %	-0-
6/30/2022	\$63,894	100 %	-0-
6/30/2021	\$58,727	100 %	-0-

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8: PENSION PLANS (Continued)**

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2023	\$840,194	100 %	-0-
6/30/2022	\$788,353	100 %	-0-
6/30/2021	\$603,253	100 %	-0-

During the fiscal year ended June 30, 2023, the State of New Jersey did contribute \$1,060,786 the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$172,663 during the year ended June 30, 2023, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

**Note 9: POST-RETIREMENT BENEFITS**

**Plan description and benefits provided**

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

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

**State Health Benefit State Retired Employees Plan:**

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion.

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**Note 9: POST-RETIREMENT BENEFITS-(Continued)**

The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for “pay-as-you-go” PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State’s contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**Total Nonemployer OPEB Liability**

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

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

*Actuarial assumptions and other imputes.* The June 30, 2023 GASB 75 reporting is based on a measurement date of June 30, 2022. 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. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies for the periods July 1, 2018 - June 30, 2021 for TPAF, PERS and PFRS. 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:

Total Nonemployer OPEB Liability:	\$	50,646,462,966		
		<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases		2.75% to 4.25%	2.75% to 6.55%	3.25% to 16.25%
		Based on service years		



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

**Note 9: POST-RETIREMENT BENEFITS-(Continued)**

**(a) 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 trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**(b) Discount Rate**

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

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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 was 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.

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

	<u>Total OPEB Liability</u>
<b>The State's Total OPEB Liability Balance at 6/30/2021</b>	<b>\$60,007,650,970</b>
<u>Changes for the year:</u>	
Service Cost	2,770,618,025
Interest on the Total OPEB Liability	1,342,187,139
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	1,399,200,736
Changes of Assumptions	(13,586,368,097)
Gross Benefit Payments	(1,329,476,059)
Contributions from Members	42,650,252
Net changes	<u>(9,361,188,004)</u>
<b>The State's Total OPEB Liability Balance at 6/30/2022</b>	<b><u>\$50,646,462,966</u></b>
 <b>The State's total OPEB liability attributable to the District:</b>	 <b>\$11,289,728</b>

Benefit Changes: The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Changes of assumptions and other inputs reflects a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022 and other changes.

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**Note 9: POST-RETIREMENT BENEFITS-(Continued)**

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

	June 30, 2022		
	At 1% Decrease <u>2.54%</u>	At Discount Rate <u>3.54%</u>	At 1% Increase <u>4.54%</u>
Total OPEB Liability (School Retirees)	\$59,529,589,697	\$50,646,462,966	\$43,527,080,995

	June 30, 2021		
	At 1% Decrease <u>1.16%</u>	At Discount Rate <u>2.16%</u>	At 1% Increase <u>3.16%</u>
Total OPEB Liability (School Retirees)	\$71,879,745,555	\$60,007,650,970	\$50,659,089,138

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

	June 30, 2022		
	At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
Total OPEB Liability (School Retirees)	\$41,862,397,291	\$50,646,462,966	\$62,184,866,635

	June 30, 2021		
	At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
Total OPEB Liability (School Retirees)	\$48,576,388,417	\$60,007,650,970	\$75,358,991,782

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

**Note 9: POST-RETIREMENT BENEFITS-(Continued)**

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

For the year ended June 30, 2022, the board of education recognized OPEB expense and related revenue of \$213,823 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$9,042,402,619	\$15,462,950,679
Changes of assumptions or other inputs	<u>8,765,620,577</u>	<u>17,237,289,230</u>
Total	<u>\$17,808,023,196</u>	<u>\$32,700,239,909</u>

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

Year ended June 30:	
2023	(\$2,517,151,602)
2024	(\$2,517,151,602)
2025	(\$2,517,151,602)
2026	(\$2,175,449,761)
2027	(1,243,951,140)
Thereafter	<u>(3,921,361,006)</u>
	<u>(\$14,892,216,713)</u>

**NOTE 10: DEFERRED COMPENSATION**

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

- Equitable
- Legg Mason
- Roth IRA

**NOTE 11: COMPENSATED ABSENCES**

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

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 11: COMPENSATED ABSENCES-(Continued)**

District employees are granted sick leave in varying amounts under the District's contracted personnel policies. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service and payment is made on predetermined levels at retirement with provisions of the state retirement system.

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

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 proprietary fund types.

**NOTE 12: RISK MANAGEMENT**

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Cash Ending Balance</u>
2022-2023	\$19	\$5,791	8,293	\$214,230
2021-2022	\$21	\$5,840	-	\$216,713
2020-2021	\$55	\$5,082	2,324	\$210,852

**NOTE 13: CONTINGENT LIABILITIES**

**GRANT PROGRAMS**

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

**LITIGATION**

The Board is not involved in claims or lawsuits incidental to its operations.

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 14: FUND BALANCE APPROPRIATED**

General Fund (Exhibit B-1) - Of the \$1,238,377 General Fund fund balance at June 30, 2023, \$9,438 has been reserved for encumbrances; \$118,925 has been reserved in the Capital Reserve Account; \$238,465 has been reserved in the Maintenance Reserve Account; \$450,000 is appropriated and included as anticipated revenue for the year ending June 30, 2023; \$208,039 is reserved for unemployment compensation; and \$213,510 is unreserved and undesignated.

**NOTE 15: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Harmony Township School District Board of Education by inclusion of \$110,000 in the 89-90 capital outlay budget, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2022	\$ 118,913
Interest	12
Budgeted Withdrawal	-
Ending Balance, June 30, 2023	<u>\$ 118,925</u>

The June 30, 2023 LRFP balance of local support costs of uncompleted capital projects at June 30, 2023 exceeds the balance in the capital reserve.

**NOTE 16: MAINTENANCE RESERVE ACCOUNT**

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

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

Beginning balance July 1, 2022	\$ 409,457
Deposits (PL 2007 c.62 (A1)) - June 27, 2023 Resolution	159,000
Interest	8
Budgeted Withdrawal	<u>(330,000)</u>
Ending balance June 30, 2023	<u>\$ 238,465</u>

HARMONY TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 17: CALCULATION OF EXCESS SURPLUS**

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is zero.

**NOTE 18: TUITION ADJUSTMENTS**

A comparison of tentative tuition charges and actual certified tuition charges was made by the receiving district (Belvidere School District) for fiscal year 2020-2021 and certified by the state department. The resulting 2020-2021 tuition adjustment in accordance with N.J.A.C 6a:23-3.1(f)3, was due in fiscal year 2022-2023, and was received one year early from Belvidere in during fiscal year 2021-2022.

**NOTE 19: INTERFUND BALANCES**

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	-	\$ 23,051
Food Service Fund	\$ 23,051	
Special Revenue Fund	-	-
Total	<u>\$ 23,051</u>	<u>\$ 23,051</u>

The general fund owes the food service fund for subsidy payments not yet paid over to food service.

**NOTE 20: TAX ABATEMENTS**

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

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**



HARMONY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 6,255,541		\$ 6,255,541	\$ 6,255,541	
Tuition	25,000		25,000	48,550	\$ 23,550
Interest on Capital Reserve Account	20		20	12	(8)
Miscellaneous	510		510	1,733	1,223
<b>Total - Local Sources</b>	<b>6,281,071</b>		<b>6,281,071</b>	<b>6,305,836</b>	<b>24,765</b>
<b>State Sources:</b>					
Transportation Aid	146,873		146,873	146,873	
Special Education Aid	215,192		215,192	215,192	
Security Aid	31,434		31,434	31,434	
Supplemental Stabilization Aid				640	640
Other State Aid				1,560	1,560
TPAF Pension (On-Behalf - Non-Budgeted)				839,720	839,720
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				220,592	220,592
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				474	474
TPAF Social Security (Reimbursed - Non-Budgeted)				172,663	172,663
<b>Total State Sources</b>	<b>393,499</b>		<b>393,499</b>	<b>1,629,148</b>	<b>1,235,649</b>
<b>TOTAL REVENUES</b>	<b>6,674,570</b>		<b>6,674,570</b>	<b>7,934,984</b>	<b>1,260,414</b>

HARMONY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Pre-Kindergarten - Salaries of Teachers	83,912	1,120	85,032	85,028	4
Kindergarten - Salaries of Teachers	148,571	12,465	161,036	161,036	
Grades 1-5 - Salaries of Teachers	924,546	(117,239)	807,307	777,769	29,538
Grades 6-8 - Salaries of Teachers	547,649	11,654	559,303	559,303	
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	4,000	(246)	3,754	50	3,704
Purchased Professional - Educational Services	1,000	246	1,246	1,246	
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	45,925	(8,979)	36,946	31,658	5,288
Purchased Professional - Educational Services		3,979	3,979		3,979
Purchased Technical Services	15,000	(600)	14,400	10,762	3,638
Other Purchased Services (400-500 series)	28,000	5,600	33,600	30,247	3,353
General Supplies	140,000	6,397	146,397	97,109	49,288
Textbooks	20,000	92,000	112,000	88,796	23,204
Other Objects	1,000		1,000	482	518
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>1,959,603</b>	<b>6,397</b>	<b>1,966,000</b>	<b>1,843,486</b>	<b>122,514</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	383,680	13,219	396,899	395,085	1,814
Other Salaries for Instruction	18,059	426	18,485	18,485	
General Supplies	3,000		3,000	1,716	1,284
<b>Total Resource Room/Resource Center</b>	<b>404,739</b>	<b>13,645</b>	<b>418,384</b>	<b>415,286</b>	<b>3,098</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>404,739</b>	<b>13,645</b>	<b>418,384</b>	<b>415,286</b>	<b>3,098</b>

HARMONY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Basic Skills/Remedial - Instruction:</b>					
Salaries of Teachers	146,184	30	146,214	146,214	
General Supplies	1,500	(30)	1,470	380	1,090
<b>Total Basic Skills/Remedial - Instruction</b>	<b>147,684</b>		<b>147,684</b>	<b>146,594</b>	<b>1,090</b>
<b>School Sponsored Co/Extra Curricular Activities-Instruction:</b>					
Salaries of Teachers	20,000		20,000	3,067	16,933
Supplies and Materials	6,000		6,000	3,883	2,117
Other Objects	3,600		3,600	675	2,925
<b>Total School Sponsored Cocurricular Activities-Instruc.</b>	<b>29,600</b>		<b>29,600</b>	<b>7,625</b>	<b>21,975</b>
<b>Before/After School Programs:</b>					
Salaries of Teachers	25,000		25,000	12,599	12,401
<b>Total Before/After School Programs</b>	<b>25,000</b>		<b>25,000</b>	<b>12,599</b>	<b>12,401</b>
<b>Summer School:</b>					
Salaries of Teachers	14,000		14,000	12,681	1,319
Purchased Professional & Technical Services	7,500		7,500	7,500	
<b>Total Summer School</b>	<b>21,500</b>		<b>21,500</b>	<b>20,181</b>	<b>1,319</b>
<b>TOTAL INSTRUCTION</b>	<b>2,588,126</b>	<b>20,042</b>	<b>2,608,168</b>	<b>2,445,771</b>	<b>162,397</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
<b>Instruction:</b>					
Tuition to Other LEAs Within the State-Regular	1,400,595		1,400,595	1,400,595	
Tuition to Other LEAs Within the State-Special	244,901	(49,800)	195,101	141,000	54,101
Tuition to County Voc. District - Regular		49,800	49,800	46,900	2,900
<b>Total Instruction</b>	<b>1,645,496</b>		<b>1,645,496</b>	<b>1,588,495</b>	<b>57,001</b>
<b>Attendance &amp; Social Work Services</b>					
Salaries	22,773	287	23,060	23,060	
Other Objects	1,000	(287)	713		713
<b>Total Attendance &amp; Social Work SVCS</b>	<b>23,773</b>		<b>23,773</b>	<b>23,060</b>	<b>713</b>

HARMONY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Health Services:</b>					
Salaries	72,797	4,003	76,800	76,494	306
Purchased Prof. & Tech. Svcs	3,000	(1,800)	1,200	915	285
Supplies and Materials	4,000	1,100	5,100	4,431	669
<b>Total Health Services</b>	<u>79,797</u>	<u>3,303</u>	<u>83,100</u>	<u>81,840</u>	<u>1,260</u>
<b>Other Supp. Services Students-Related Services:</b>					
Purchased Professional - Educational Services	122,723	187	122,910	122,910	
Supplies and Materials	500		500		500
<b>Total Other Supp. Services Students-Related Services</b>	<u>123,223</u>	<u>187</u>	<u>123,410</u>	<u>122,910</u>	<u>500</u>
<b>Other Supp. Services Students-Extra.Serv.:</b>					
Supplies and Materials		1,600	1,600	1,600	
Salaries	35,909	(3,691)	32,218	23,889	8,329
<b>Total Other Supp. Services Students-Extra.Serv.</b>	<u>35,909</u>	<u>(2,091)</u>	<u>33,818</u>	<u>25,489</u>	<u>8,329</u>
<b>Other Supp. Services Students-Regular:</b>					
Salaries of Other Professional Staff	70,297		70,297	70,297	
Other Purchased Professional and Technical Services	16,000	(2,300)	13,700	13,637	63
Supplies and Materials	1,000		1,000	159	841
<b>Total Other Supp. Services Students-Regular</b>	<u>87,297</u>	<u>(2,300)</u>	<u>84,997</u>	<u>84,093</u>	<u>904</u>
<b>Other Supp. Services Students-Special:</b>					
Purchased Professional - Educational Services	130,223	(1,547)	128,676	88,481	40,195
Other Purchased Professional and Technical Services	5,000	2,347	7,347	7,347	
Supplies and Materials	500	200	700	597	103
<b>Total Other Supp. Services Students-Special</b>	<u>135,723</u>	<u>1,000</u>	<u>136,723</u>	<u>96,425</u>	<u>40,298</u>

HARMONY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Improvement of Instruction Services:</b>					
Salaries of Other Professional Staff	8,000	(2,400)	5,600	1,000	4,600
Other Purchased Professional and Technical Services	2,500		2,500	750	1,750
<b>Total Improvement of Instruction Services</b>	<b>10,500</b>	<b>(2,400)</b>	<b>8,100</b>	<b>1,750</b>	<b>6,350</b>
<b>Educational Media Services/School Library:</b>					
Salaries	63,597	1,000	64,597	63,387	1,210
Supplies and Materials	12,000	(1,000)	11,000	10,422	578
Other Objects	5,000		5,000	819	4,181
<b>Total Educational Media Services/School Library</b>	<b>80,597</b>		<b>80,597</b>	<b>74,628</b>	<b>5,969</b>
<b>Instructional Staff Training Services:</b>					
Other Purchased Services (400-500 series)	15,000	2,300	17,300	8,240	9,060
Supplies and Materials	500		500		500
<b>Total Instructional Staff Training Services</b>	<b>15,500</b>	<b>2,300</b>	<b>17,800</b>	<b>8,240</b>	<b>9,560</b>
<b>Supp. Services - General Administration:</b>					
Salaries	23,807		23,807	23,688	119
Legal Services	6,000		6,000	1,037	4,963
Audit Fees	17,500		17,500	17,355	145
Communications/Telephone	12,000	(2,205)	9,795	800	8,995
BOE Other Purchased Services	5,500		5,500	3,854	1,646
Other Purchased Services (400-500 series)	95,600	3,334	98,934	98,934	
General Supplies	1,000	97	1,097	1,097	
BOE In house Training/Meeting Supplies	200		200		200
Miscellaneous Expenditures	5,000	(1,226)	3,774	2,812	962
BOE Membership Dues and Fees	4,500		4,500	4,172	328
<b>Total Supp. Services - General Administration</b>	<b>171,107</b>		<b>171,107</b>	<b>153,749</b>	<b>17,358</b>

HARMONY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals	104,772		104,772	100,082	4,690
Salaries of Secretarial and Clerical Assistants	11,386		11,386	11,386	
Other Purchased Services (400-500 series)	1,750	(524)	1,226	600	626
Supplies and Materials	2,500	60	2,560	2,557	3
Other Objects	2,000	464	2,464	2,464	
<b>Total Support Services - School Administration</b>	<b>122,408</b>		<b>122,408</b>	<b>117,089</b>	<b>5,319</b>
<b>Central Services:</b>					
Salaries	29,294	628	29,922	29,922	
Purchased Technical Services	18,000	(628)	17,372	16,262	1,110
Misc. Purchased Services (400-500 series)	88,255		88,255	80,901	7,354
Supplies and Materials	2,000		2,000	223	1,777
<b>Total Central Services</b>	<b>137,549</b>		<b>137,549</b>	<b>127,308</b>	<b>10,241</b>
<b>Administrative Information Tech.:</b>					
Salaries	5,000		5,000		5,000
Purchased Technical Services	10,000		10,000	7,056	2,944
Supplies and Materials	6,000		6,000		6,000
<b>Total Administrative Information Tech.</b>	<b>21,000</b>		<b>21,000</b>	<b>7,056</b>	<b>13,944</b>
<b>Required Maintenance for School Facilities:</b>					
Salaries	113,767		113,767	112,461	1,306
Cleaning, Repair and Maintenance Services	190,000	2,494	192,494	165,666	26,828
General Supplies	39,000	23,016	62,016	62,016	
<b>Total Required Maintenance for School Facilities</b>	<b>342,767</b>	<b>25,510</b>	<b>368,277</b>	<b>340,143</b>	<b>28,134</b>
<b>Other Operations and Maintenance of Plant:</b>					
Salaries	81,513	2,265	83,778	83,778	
Cleaning, Repair and Maintenance Services	11,000	2,371	13,371	6,576	6,795
Insurance	36,000		36,000	35,073	927
Miscellaneous Purchased Services	5,000		5,000	352	4,648
General Supplies	22,000	2,933	24,933	22,732	2,201
Energy (Electricity)	78,000	(26,942)	51,058	49,168	1,890
Energy (Oil)	70,000		70,000	66,515	3,485
<b>Total Other Operations and Maintenance of Plant</b>	<b>303,513</b>	<b>(19,373)</b>	<b>284,140</b>	<b>264,194</b>	<b>19,946</b>

HARMONY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Student Transportation Services</b>					
Salaries for Pupil Transportation	20,175		20,175	20,106	69
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	9,000	2,000	11,000	10,500	500
Contracted Services (Bet. Home and School)-Vendors	260,239	34,115	294,354	294,354	
Contrac.Serv.(Other than Bet.Home and School)-Vendors	5,000	(5,000)			
Contr Serv (Regular Students) - ESCs & CTSA	44,393	(15,146)	29,247	29,247	
Contr Serv (Sp. Ed. Students) - ESCs & CTSA	98,703	55,459	154,162	154,162	
<b>Total Student Transportation Services</b>	<b>437,510</b>	<b>71,428</b>	<b>508,938</b>	<b>508,369</b>	<b>569</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	62,000		62,000	51,639	10,361
Other Retirement Contributions - PERS	67,000	9,149	76,149	76,149	
Other Retirement Contributions - Regular	1,500		1,500		1,500
Workmen's Compensation	30,000	1,064	31,064	31,064	
Health Benefits	894,006	(54,699)	839,307	679,583	159,724
Tuition Reimbursement	20,000		20,000	3,744	16,256
Other Employee Benefits	16,500		16,500	4,977	11,523
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>1,091,006</b>	<b>(44,486)</b>	<b>1,046,520</b>	<b>847,156</b>	<b>199,364</b>

HARMONY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
On-behalf TPAF pension Contrib. (non-budgeted)				839,720	(839,720)
On-behalf TPAF PRM Contrib. (non-budgeted)				220,592	(220,592)
On-behalf TPAF pension LTD Ins. (non-budgeted)				474	(474)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				172,663	(172,663)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>1,233,449</b>	<b>(1,233,449)</b>
<b>TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS</b>	<b>1,091,006</b>	<b>(44,486)</b>	<b>1,046,520</b>	<b>2,080,605</b>	<b>(1,034,085)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>4,864,675</b>	<b>33,078</b>	<b>4,897,753</b>	<b>5,705,443</b>	<b>(808,403)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>7,452,801</b>	<b>53,120</b>	<b>7,505,921</b>	<b>8,151,214</b>	<b>(645,293)</b>
<b>Facilities Acquisition and Construction Services</b>					
Assessment for Debt Service on SDA Funding	1,739		1,739	1,739	
<b>Total Facilities Acquisition and Construction Services</b>	<b>1,739</b>		<b>1,739</b>	<b>1,739</b>	
<b>TOTAL CAPITAL OUTLAY</b>	<b>1,739</b>		<b>1,739</b>	<b>1,739</b>	
<b>TOTAL EXPENDITURES</b>	<b>7,454,540</b>	<b>53,120</b>	<b>7,507,660</b>	<b>8,152,953</b>	<b>(645,293)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(779,970)</b>	<b>(53,120)</b>	<b>(833,090)</b>	<b>(217,969)</b>	<b>615,121</b>



HARMONY TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(779,970)	(53,120)	(833,090)	(217,969)	615,121
<b>Fund Balance, July 1</b>	1,492,897		1,492,897	1,492,897	
<b>Prior Period Adjustment</b>					
<b>Fund Balance, July 1 (Restated)</b>	1,492,897		1,492,897	1,492,897	
<b>Fund Balance, June 30</b>	\$ 712,927	\$ (53,120)	\$ 659,807	\$ 1,274,928	\$ 615,121
<b>Recapitulation:</b>					
<b>Restricted for:</b>					
Capital Reserve				\$ 118,925	
Maintenance Reserve				238,465	
Unemployment Compensation				208,039	
<b>Assigned to:</b>					
Year-End Encumbrances				9,438	
Designated for Subsequent Year's Expenditures				450,000	
<b>Unassigned:</b>					
Unrestricted Fund Balance				250,061	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				1,274,928	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis				(36,551)	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				\$ 1,238,377	

HARMONY TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2023

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
Local Sources		\$ 33,385	\$ 33,385	\$ 33,385	-
Federal Sources	\$ 333,550	326,939	660,489	423,921	(236,568)
<b>Total Revenues</b>	<b>333,550</b>	<b>360,324</b>	<b>693,874</b>	<b>457,306</b>	<b>(236,568)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	30,000	(12,000)	18,000	18,000	
Other Salaries for Instruction	95,000	95,000	190,000	95,000	95,000
Other Purchased Services	500	(400)	100	100	
Tuition	30,000		30,000	30,000	
General Supplies	37,000	114,413	151,413	100,887	50,526
<b>Total Instruction</b>	<b>192,500</b>	<b>197,013</b>	<b>389,513</b>	<b>243,987</b>	<b>145,526</b>
<b>Support Services</b>					
Other Salaries	17,500	(17,500)			
Employee Benefits	52,000	89,431	141,431	89,500	51,931
Purchased Profess. - Education Services	39,000	4,742	43,742	42,706	1,036
Other Purchased Services	10,000	23,005	33,005	22,129	10,876
Supplies and Materials	20,550	23,166	43,716	21,190	22,526
Other Objects	2,000	7,082	9,082	4,409	4,673
Student Activities		28,664	28,664	28,664	
<b>Total Support Services</b>	<b>141,050</b>	<b>158,590</b>	<b>299,640</b>	<b>208,598</b>	<b>91,042</b>
<b>Total Expenditures</b>	<b>333,550</b>	<b>355,603</b>	<b>689,153</b>	<b>452,585</b>	<b>236,568</b>
<b>Total Outflows</b>	<b>\$ 333,550</b>	<b>\$ 355,603</b>	<b>\$ 689,153</b>	<b>\$ 452,585</b>	<b>236,568</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	-	4,721	4,721	4,721	-
<b>Fund Balance Beginning</b>				10,875	
<b>Prior Period Adjustment</b>				-	
<b>Fund Balance Beginning (Restated)</b>				10,875	
<b>Fund Balance Ending</b>				<u>\$ 15,596</u>	
<b>Recapitulation:</b>					
<b>Restricted:</b>					
Student Activities				\$ 15,596	
<b>Total Fund Balance</b>				<u>\$ 15,596</u>	

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

For the Fiscal Year Ended June 30, 2023

**Explanation of Differences between Budgetary Inflows and Outflows and**

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 7,934,984	\$ 457,306
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	10,447
Current Year Encumbrances	N/A	-
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	38,114	
Adjustment for: Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(36,551)</u>	<u>N/A</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 7,936,547</u>	<u>\$ 467,753</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 8,152,953	\$ 452,585
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	10,447
Current Year Encumbrances	N/A	-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u>                    </u>	<u>                    </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 8,152,953</u>	<u>\$ 463,032</u>

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

**Exhibit L-3**

**Teachers' Pension and Annuity Fund (TPAF)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 9,737,557</u>	<u>\$ 9,781,836</u>	<u>\$ 13,862,135</u>	<u>\$ 12,529,177</u>	<u>\$ 12,685,238</u>	<u>\$ 14,179,166</u>	<u>\$ 16,149,833</u>	<u>\$ 11,901,730</u>	<u>\$ 9,608,718</u>	<u>\$ 9,449,173</u>
Total	<u>\$ 9,737,557</u>	<u>\$ 9,781,836</u>	<u>\$ 13,862,135</u>	<u>\$ 12,529,177</u>	<u>\$ 12,685,238</u>	<u>\$ 14,179,166</u>	<u>\$ 16,149,833</u>	<u>\$ 11,901,730</u>	<u>\$ 9,608,718</u>	<u>\$ 9,449,173</u>
District's covered employee payroll	\$ 2,323,166	\$ 2,381,086	\$ 2,305,490	\$ 2,023,524	\$ 2,214,089	\$ 2,241,856	\$ 2,078,811	\$ 2,123,213	\$ 2,112,247	\$ 2,032,803
District's proportionate share of the of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.50%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

**Exhibit L-1**

**Public Employees' Retirement System (PERS)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.00603855%	0.00545582%	0.00536825%	0.00497859%	0.00516851%	0.00507430%	0.00447531%	0.00459143%	0.00460622%	0.00511733%
District's proportionate share of the net pension liability (asset)	<u>\$ 911,300</u>	<u>\$ 646,324</u>	<u>\$ 875,422</u>	<u>\$ 897,066</u>	<u>\$ 1,017,654</u>	<u>\$ 1,181,217</u>	<u>\$ 1,325,458</u>	<u>\$ 1,030,684</u>	<u>\$ 862,410</u>	<u>\$ 978,023</u>
District's covered employee payroll	\$ 405,701	\$ 395,648	\$ 409,145	\$ 399,894	\$ 379,483	\$ 373,294	\$ 355,286	\$ 555,182	\$ 561,656	\$ 602,763
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	224.62%	163.36%	213.96%	224.33%	268.17%	316.43%	373.07%	185.65%	153.55%	162.26%
Plan fiduciary net position as a percentage of the total pension liability (Local)	62.91%	70.33%	58.32%	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%

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

**Exhibit L-2**

**Teachers' Pension and Annuity Fund (TPAF)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	\$ 2,323,166	\$ 2,381,086	\$ 2,305,490	\$ 2,023,524	\$ 2,214,089	\$ 2,241,856	\$ 2,078,811	\$ 2,123,213	\$ 2,112,247	\$ 2,032,803
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

**Public Employees' Retirement System (PERS)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$76,149	\$63,894	\$58,727	\$48,513	\$51,455	\$47,153	\$ 39,827	\$ 39,474	\$ 37,973	\$ 38,557
Contributions in relation to the contractually required contribution	(76,149)	(63,894)	(58,727)	(48,513)	(51,455)	(47,153)	(39,827)	(39,474)	(37,973)	(38,557)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered employee payroll	\$ 405,701	\$ 395,648	\$ 409,145	\$ 399,894	\$ 379,483	\$ 373,294	\$ 355,286	\$ 555,182	\$ 561,656	\$ 602,763
Contributions as a percentage of covered-employee payroll	18.77%	16.15%	14.35%	12.13%	13.56%	12.63%	11.21%	7.11%	6.76%	6.40%

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

Exhibit M-1

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

<b>The State of New Jersey's Total OPEB Liability</b>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost	\$ 2,770,618,025	\$ 3,217,184,264	\$ 1,790,973,822	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319			
Interest	1,342,187,139	1,556,661,679	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792			
Change in Benefit Terms	-	(63,870,842)								
Differences Between Expected and Actual Experience	1,399,200,736	(11,385,071,658)	11,544,750,637	(7,323,140,818)	(5,002,065,740)					
Benefit Payments	(13,586,368,097)	59,202,205	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)			
Contributions from Members	(1,329,476,059)	-	35,781,384	37,971,171	42,614,005	45,748,749	46,273,747			
Changes of Assumptions or other inputs	42,650,252	(1,186,417,186)	12,386,549,981	622,184,027	<u>\$ (5,291,448,855)</u>	<u>\$ (7,086,599,129)</u>	<u>8,611,513,521</u>			
<b>Net change in total OPEB liability</b>	<u>(9,361,188,004)</u>	<u>(7,802,311,638)</u>	<u>26,080,881,563</u>	<u>(4,381,751,937)</u>	<u>(7,529,008,876)</u>	<u>(4,191,942,326)</u>	<u>10,982,132,360</u>			
<b>Total OPEB Liability - Beginning</b>	<u>\$ 60,007,650,970</u>	<u>\$67,809,962,608</u>	<u>\$41,729,081,045</u>	<u>\$ 46,110,832,982</u>	<u>\$ 53,639,841,858</u>	<u>\$ 57,831,784,184</u>	<u>\$46,849,651,824</u>			
<b>Total OPEB Liability - Ending</b>	<u>\$ 50,646,462,966</u>	<u>\$60,007,650,970</u>	<u>\$67,809,962,608</u>	<u>\$ 41,729,081,045</u>	<u>\$ 46,110,832,982</u>	<u>\$ 53,639,841,858</u>	<u>\$57,831,784,184</u>			
<b>The State of New Jersey's total OPEB liability **</b>	\$ 50,646,462,966	\$60,007,650,970	\$67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$57,831,784,184			
<b>The State of New Jersey's OPEB liability attributable to the District **</b>	\$ 11,289,728	\$ 12,479,837	\$ 15,554,853	\$ 9,458,715	\$ 10,885,368	\$ 12,608,446	\$ 13,716,070			
<b>The District's proportionate share of the total OPEB liability</b>	Zero	Zero	Zero	Zero	Zero	Zero	Zero			
<b>District's covered employee payroll</b>	\$ 2,728,867	\$ 2,776,734	\$ 2,714,635	\$ 2,422,418	\$ 2,593,572	\$ 2,615,150	\$ 2,434,097			
<b>Total District's OPEB liability as a percentage of its covered-employee payroll</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
<b>District's contribution</b>	None	None	None	None	None	None	None			
<b>State's covered employee payroll ***</b>	\$ 14,753,355,408	\$14,425,669,769	\$14,267,738,657	\$ 13,929,083,479	\$ 13,640,275,833	\$ 13,493,400,208	\$13,493,400,208			
<b>Total State's OPEB liability as a percentage of its covered-employee payroll</b>	343.29%	415.98%	475.27%	299.58%	338.05%	397.53%	428.59%			

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

\*\*\* Covered payroll for the Measurement Period ending June 30, 2021 and June 30, 2022 is based on the payroll on the June 30, 2020 and June 30, 2021 census data, respectively

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

HARMONY TOWNSHIP SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2023

**Teachers' Pension and Annuity Fund (TPAF)**

**Pension Schedules**

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

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

**OPEB Schedules**

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

Changes of benefit terms. The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022.

**Public Employees' Retirement System (PERS)**

**Pension Schedules**

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

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

**OPEB Schedules**

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

Changes of benefit terms. The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022.

**OTHER SUPPLEMENTARY INFORMATION**



**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

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

HARMONY TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2023

	Title I	Title II Part A	Title IV	IDEA Basic	IDEA Preschool	REAP	ARP ESSER III	ARP Accel Learn	ARP Summer	ARP Beyond School Day	ARP Mental	CRRSA ESSER II	CRRSA Learning	CRRSA Mental	Student Activity	Totals	
<b>REVENUES</b>																	
Local Sources																\$ 33,385	\$ 33,385
Federal Sources	\$ 18,198	\$ 5,529	\$ 10,000	\$ 68,998	\$ 2,744	\$ 23,086	\$ 131,024	\$ 50,000	\$ 20,000	\$ 20,000	\$ 14,439	\$ 37,500	\$ 1,700	\$ 20,703			423,921
<b>TOTAL REVENUES</b>	<b>18,198</b>	<b>5,529</b>	<b>10,000</b>	<b>68,998</b>	<b>2,744</b>	<b>23,086</b>	<b>131,024</b>	<b>50,000</b>	<b>20,000</b>	<b>20,000</b>	<b>14,439</b>	<b>37,500</b>	<b>1,700</b>	<b>20,703</b>	<b>33,385</b>	<b>457,306</b>	
<b>EXPENDITURES:</b>																	
<b>Instruction:</b>																	
Salaries of Teachers	18,000																18,000
Other Salaries for Instruction							58,000		19,000	18,000							95,000
Other Purchased Services	100																100
Tuition				30,000													30,000
General Supplies	98	5,529	10,000			23,086	12,474	45,000	1,000	2,000			1,700				100,887
<b>Total Instruction</b>	<b>18,198</b>	<b>5,529</b>	<b>10,000</b>	<b>30,000</b>	<b>-</b>	<b>23,086</b>	<b>70,474</b>	<b>45,000</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>1,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243,987</b>
<b>Support Services:</b>																	
Employee Benefits							41,000				11,000	37,500					89,500
Purchased Profess. - Services				38,998	2,744						964						42,706
Other Purchased Services								5,000			1,124			16,005			22,129
Supplies and Materials							19,550				1,024			616			21,190
Other Objects											327			4,082			4,409
Student Activities																28,664	28,664
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,998</b>	<b>2,744</b>	<b>-</b>	<b>60,550</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>14,439</b>	<b>37,500</b>	<b>-</b>	<b>20,703</b>	<b>28,664</b>	<b>208,598</b>	
<b>TOTAL EXPENDITURES</b>	<b>18,198</b>	<b>5,529</b>	<b>10,000</b>	<b>68,998</b>	<b>2,744</b>	<b>23,086</b>	<b>131,024</b>	<b>50,000</b>	<b>20,000</b>	<b>20,000</b>	<b>14,439</b>	<b>37,500</b>	<b>1,700</b>	<b>20,703</b>	<b>28,664</b>	<b>452,585</b>	
<b>Total Outflows</b>	<b>18,198</b>	<b>5,529</b>	<b>10,000</b>	<b>68,998</b>	<b>2,744</b>	<b>23,086</b>	<b>131,024</b>	<b>50,000</b>	<b>20,000</b>	<b>20,000</b>	<b>14,439</b>	<b>37,500</b>	<b>1,700</b>	<b>20,703</b>	<b>28,664</b>	<b>452,585</b>	
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,721</b>	<b>4,721</b>
<b>Fund Balance Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,875</b>	<b>10,875</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance Beginning (Restated)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,875</b>	<b>10,875</b>
<b>Fund Balance Ending</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 15,596</b>	<b>\$ 15,596</b>

**CAPITAL PROJECTS FUND  
DETAIL STATEMENTS**

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

N/A

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

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

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

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

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

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

N/A

## **LONG-TERM DEBT SCHEDULES**

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

N/A

Harmony Township School District  
**Statistical Section**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends (J-1 thru J-5)</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	86-91
<b>Revenue Capacity (J-6 thru J-9)</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	92-95
<b>Debt Capacity (J-10 thru J-13)</b> These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	96-99
<b>Demographic and Economic Information (J-14 and J-15)</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	100-101
<b>Operating Information (J-16 thru J-20)</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	102-106

**Sources:**

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

**Harmony Township School District**  
**Net Position by Component,**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit J-1**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 4,243,675	\$ 4,296,205	\$ 4,281,434	\$ 4,846,700	\$ 5,105,311	\$ 6,315,999	\$ 6,176,847	\$ 5,968,874	\$ 6,329,129	\$ 6,067,146
Restricted	1,404,844	1,917,596	1,835,337	2,032,174	784,252	1,089,254	1,495,975	1,745,719	1,197,284	1,031,025
Unrestricted	376,024	(650,949)	(53,863)	(780,721)	196,541	(764,517)	(716,568)	(835,248)	(680,893)	(623,420)
<b>Total governmental activities net position</b>	<b>\$ 6,024,543</b>	<b>\$ 5,562,852</b>	<b>\$ 6,062,908</b>	<b>\$ 6,098,153</b>	<b>\$ 6,086,104</b>	<b>\$ 6,640,736</b>	<b>\$ 6,956,254</b>	<b>\$ 6,879,345</b>	<b>\$ 6,845,520</b>	<b>\$ 6,474,751</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 319	-	\$ 4,783	\$ 3,587	2,392	\$ 1,196			-	-
Restricted	-	-	-	-	-	-			-	-
Unrestricted	12,843	\$ 13,247	6,748	7,015	8,115	8,875	\$ 18,538	\$ 10,534	\$ 29,903	\$ 44,401
<b>Total business-type activities net position</b>	<b>\$ 13,162</b>	<b>\$ 13,247</b>	<b>\$ 11,531</b>	<b>\$ 10,602</b>	<b>\$ 10,507</b>	<b>\$ 10,071</b>	<b>\$ 18,538</b>	<b>\$ 10,534</b>	<b>\$ 29,903</b>	<b>\$ 44,401</b>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 4,243,994	\$ 4,296,205	\$ 4,286,217	\$ 4,850,287	\$ 5,107,703	\$ 6,317,195	\$ 6,176,847	\$ 5,968,874	\$ 6,329,129	\$ 6,067,146
Restricted	1,404,844	1,917,596	1,835,337	2,032,174	784,252	1,089,254	1,495,975	1,745,719	1,197,284	1,031,025
Unrestricted	388,867	(637,702)	(47,115)	(773,706)	204,656	(755,642)	(698,030)	(824,714)	(650,990)	(579,019)
<b>Total district net position</b>	<b>\$ 6,037,705</b>	<b>\$ 5,576,099</b>	<b>\$ 6,074,439</b>	<b>\$ 6,108,755</b>	<b>\$ 6,096,611</b>	<b>\$ 6,650,807</b>	<b>\$ 6,974,792</b>	<b>\$ 6,889,879</b>	<b>\$ 6,875,423</b>	<b>\$ 6,519,152</b>

Source: ACFR Schedule A-1



**Harmony Township School District**  
**Changes in Net Position, Last Ten Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit J-2**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 2,316,079	\$ 2,586,358	\$ 3,121,833	\$ 3,142,612	\$ 3,278,009	\$ 3,028,546	\$ 3,070,798	\$ 3,280,403	\$ 3,084,602	\$ 3,025,354
Special education	441,872	509,541	458,972	552,221	630,807	591,422	473,117	589,152	562,385	539,075
Other special education	87,259	87,369	124,232	245,704	290,854	334,028	251,372	250,384	230,397	200,189
Support Services:										
Tuition	1,496,904	1,500,461	1,638,348	1,721,977	1,656,489	1,499,127	1,552,471	1,530,078	1,645,996	1,588,495
Student & instruction related services	772,388	804,357	725,295	923,107	1,029,541	877,632	814,832	1,100,543	901,681	990,288
School administrative services	167,829	191,264	188,983	211,575	224,370	205,471	192,904	193,587	169,000	151,991
General and business administrative services	332,581	390,295	399,504	459,823	508,741	488,164	474,943	529,980	456,299	373,994
Plant operations and maintenance	497,328	597,439	505,681	718,570	727,702	845,514	698,371	966,124	638,208	784,479
Pupil transportation	275,610	270,534	258,072	283,307	292,983	284,109	294,929	300,156	365,370	508,369
Interest on debt and other fiscal charges	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739
Unallocated depreciation	8,921	9,667	10,577	18,033	20,343	20,453	20,797	20,797	27,111	26,198
Total governmental activities expenses	<u>6,398,510</u>	<u>6,949,024</u>	<u>7,433,236</u>	<u>8,278,668</u>	<u>8,661,578</u>	<u>8,176,205</u>	<u>7,846,273</u>	<u>8,762,943</u>	<u>8,082,788</u>	<u>8,190,171</u>
Business-type activities:										
Food service	85,072	79,327	84,759	74,619	82,340	84,095	65,038	74,015	99,925	97,453
Child Care	-	-	-	-	-	-	-	-	-	-
Total business-type activities expense	<u>85,072</u>	<u>79,327</u>	<u>84,759</u>	<u>74,619</u>	<u>82,340</u>	<u>84,095</u>	<u>65,038</u>	<u>74,015</u>	<u>99,925</u>	<u>97,453</u>
Total district expenses	<u>\$ 6,483,582</u>	<u>\$ 7,028,351</u>	<u>\$ 7,517,995</u>	<u>\$ 8,353,287</u>	<u>\$ 8,743,918</u>	<u>\$ 8,260,300</u>	<u>\$ 7,911,311</u>	<u>\$ 8,836,958</u>	<u>\$ 8,182,713</u>	<u>\$ 8,287,624</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Tuition	\$ 27,470	\$ 34,338	\$ 36,000	\$ 35,750	\$ 38,250	\$ 43,940	\$ 46,000	\$ 58,135	\$ 84,386	\$ 81,935
Operating grants and contributions	845,223	1,304,354	1,606,006	2,081,195	2,410,357	1,921,462	1,624,128	2,367,767	1,686,837	1,480,181
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>872,693</u>	<u>1,338,692</u>	<u>1,642,006</u>	<u>2,116,945</u>	<u>2,448,607</u>	<u>1,965,402</u>	<u>1,670,128</u>	<u>2,425,902</u>	<u>1,771,223</u>	<u>1,562,116</u>
Business-type activities:										
Charges for services										
Food service	55,498	51,278	53,851	48,835	57,509	58,780	46,724	1,426	12,068	54,071
Child Care	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	31,335	27,068	27,411	24,855	24,700	24,878	26,781	64,585	107,226	57,880
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>86,833</u>	<u>78,346</u>	<u>81,262</u>	<u>73,690</u>	<u>82,209</u>	<u>83,658</u>	<u>73,505</u>	<u>66,011</u>	<u>119,294</u>	<u>111,951</u>
Total district program revenues	<u>\$ 959,526</u>	<u>\$ 1,417,038</u>	<u>\$ 1,723,268</u>	<u>\$ 2,190,635</u>	<u>\$ 2,530,816</u>	<u>\$ 2,049,060</u>	<u>\$ 1,743,633</u>	<u>\$ 2,491,913</u>	<u>\$ 1,890,517</u>	<u>\$ 1,674,067</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (5,525,817)	\$ (5,610,332)	\$ (5,791,230)	\$ (6,161,723)	\$ (6,212,971)	\$ (6,210,803)	\$ (6,176,145)	\$ (6,337,041)	\$ (6,311,565)	\$ (6,628,055)
Business-type activities	1,761	(981)	(3,497)	(929)	(131)	(437)	8,467	(8,004)	19,369	14,498
Total district-wide net expense	<u>\$ (5,524,056)</u>	<u>\$ (5,611,313)</u>	<u>\$ (5,794,727)</u>	<u>\$ (6,162,652)</u>	<u>\$ (6,213,102)</u>	<u>\$ (6,211,240)</u>	<u>\$ (6,167,678)</u>	<u>\$ (6,345,045)</u>	<u>\$ (6,292,196)</u>	<u>\$ (6,613,557)</u>

Continued

**Harmony Township School District**  
**Changes in Net Position, Last Ten Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit J-2**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 6,018,532	\$ 6,078,717	\$ 6,193,605	\$ 6,193,605	\$ 6,193,605	\$ 6,255,541	\$ 6,255,541	\$ 6,255,541	\$ 6,255,541	\$ 6,255,541
Taxes levied for debt service	-	-	-	-	-	-	-	-	-	-
Investment earnings	875	991	1,296	1,120	4,417	15,750	11,422	1,066	154	115
Federal and state aid for capital asset projects	(68,139)									
Miscellaneous income	12,127	8,963	96,385	2,243	2,900	5,604	3,300	3,625	21,945	1,630
Transfers										
Total governmental activities	<u>5,963,395</u>	<u>6,088,671</u>	<u>6,291,286</u>	<u>6,196,968</u>	<u>6,200,922</u>	<u>6,276,895</u>	<u>6,270,263</u>	<u>6,260,232</u>	<u>6,277,640</u>	<u>6,257,286</u>
Business-type activities:										
Miscellaneous income	-	1,066	1,781	-	36	1	-	-	-	0
Transfers										
Total business-type activities	<u>-</u>	<u>1,066</u>	<u>1,781</u>	<u>-</u>	<u>36</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 5,963,395</u>	<u>\$ 6,089,737</u>	<u>\$ 6,293,067</u>	<u>\$ 6,196,968</u>	<u>\$ 6,200,958</u>	<u>\$ 6,276,896</u>	<u>\$ 6,270,263</u>	<u>\$ 6,260,232</u>	<u>\$ 6,277,640</u>	<u>\$ 6,257,286</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 437,578	\$ 478,339	\$ 500,056	\$ 35,245	\$ (12,049)	\$ 66,092	\$ 94,118	\$ (76,809)	\$ (33,925)	\$ (370,769)
Business-type activities	1,761	85	(1,716)	(929)	(95)	(436)	8,467	(8,004)	19,369	14,498
Total district	<u>\$ 439,339</u>	<u>\$ 478,424</u>	<u>\$ 498,340</u>	<u>\$ 34,316</u>	<u>\$ (12,144)</u>	<u>\$ 65,656</u>	<u>\$ 102,585</u>	<u>\$ (84,813)</u>	<u>\$ (14,556)</u>	<u>\$ (356,271)</u>

Source: ACFR Schedule A-2

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

**Exhibit J-3**

	2014		2015		2016		2017		Fiscal Year Ending June 30,		2018		2019		2020		2021		2022		2023		
General Fund																							
Reserved	\$	1,476,984	\$	1,917,596	\$	2,545,029	\$	2,065,397	\$	1,838,480	\$	1,204,773	\$	1,645,181	\$	1,760,735	\$	1,239,530	\$	1,024,867			
Unreserved		230,216		233,686		221,276		220,256		221,867		216,413		213,770		214,882		215,253		213,510			
Total general fund	\$	<u>1,707,200</u>	\$	<u>2,151,282</u>	\$	<u>2,766,305</u>	\$	<u>2,285,653</u>	\$	<u>2,060,347</u>	\$	<u>1,421,186</u>	\$	<u>1,858,951</u>	\$	<u>1,975,617</u>	\$	<u>1,454,783</u>	\$	<u>1,238,377</u>			
All Other Governmental Funds																							
Reserved													\$	13,361	\$	7,984	\$	10,875	\$	15,596			
Unreserved, reported in:																							
Special revenue fund																							
Capital projects fund	\$	108,848	\$	108,848																			
Debt service fund		-		-		-		-		-		-		-		-		-		-		-	
Total all other governmental funds	\$	<u>108,848</u>	\$	<u>108,848</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>13,361</u>	\$	<u>7,984</u>	\$	<u>10,875</u>	\$	<u>15,596</u>			

Source: ACFR Schedule B-1

**Harmony Township School District  
Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years**

**Exhibit J-4**

	<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>
<b>Revenues</b>										
Tax levy	\$ 6,018,532	\$ 6,078,717	\$ 6,193,605	\$ 6,193,605	\$ 6,193,605	\$ 6,255,541	\$ 6,255,541	\$ 6,255,541	\$ 6,255,541	\$ 6,255,541
Tuition charges	27,470	34,338	36,000	35,750	38,250	43,940	46,000	38,600	48,950	48,550
Interest earnings	10	28	64	51	78	2	11,422	-	22	12
Miscellaneous	12,992	9,926	97,617	3,312	7,239	21,352	3,300	24,226	57,513	35,118
State sources	652,083	790,484	868,748	952,326	1,031,904	1,163,410	1,205,267	1,379,292	1,555,710	1,630,711
Federal sources	125,001	98,636	174,917	152,641	163,911	158,378	158,355	205,804	293,701	434,368
<b>Total revenue</b>	<b>6,836,088</b>	<b>7,012,129</b>	<b>7,370,951</b>	<b>7,337,685</b>	<b>7,434,987</b>	<b>7,642,623</b>	<b>7,679,885</b>	<b>7,903,463</b>	<b>8,211,437</b>	<b>8,404,300</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	1,662,416	1,643,507	1,991,765	1,723,414	1,719,638	1,722,367	1,871,476	1,859,909	2,002,919	2,094,848
Special education instruction	332,482	340,930	306,825	331,358	366,154	372,295	317,176	367,651	409,658	415,286
Other special instruction	65,657	58,458	83,050	147,434	168,827	210,268	168,519	156,248	167,828	154,219
Other instruction										
<b>Support Services:</b>										
Tuition	1,496,904	1,500,461	1,638,348	1,721,977	1,656,489	1,499,127	1,552,471	1,530,078	1,645,996	1,588,495
Student & instruction related services	581,175	538,189	484,863	553,907	597,600	552,462	546,260	686,777	656,812	762,885
School administrative services	118,856	127,973	126,336	126,955	130,236	129,342	129,322	120,805	123,105	117,089
Other administrative services	250,247	261,143	267,070	275,915	295,300	307,295	318,400	330,726	332,382	288,113
Plant operations and maintenance	374,209	399,742	338,050	431,175	422,397	532,244	468,185	602,895	461,267	604,337
Pupil transportation	275,610	270,534	258,072	283,307	292,983	284,109	294,929	300,156	365,370	508,369
Unallocated employee benefits	1,127,164	1,262,428	1,277,657	1,475,558	1,546,884	1,743,856	1,712,861	1,835,190	1,927,316	2,080,605
Charter Schools	15,414	13,741	-	-	-	-	-	-	-	-
Special Revenue										
Capital Outlay	13,132	150,941	92,740	747,337	463,785	928,419	70,560	1,739	636,727	1,739
<b>Debt service:</b>										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>6,313,266</b>	<b>6,568,047</b>	<b>6,864,776</b>	<b>7,818,337</b>	<b>7,660,293</b>	<b>8,281,784</b>	<b>7,450,159</b>	<b>7,792,174</b>	<b>8,729,380</b>	<b>8,615,985</b>
Excess (Deficiency) of revenues over (under) expenditures	522,822	444,082	506,175	(480,652)	(225,306)	(639,161)	229,726	111,289	(517,943)	(211,685)
<b>Other Financing Sources (uses)</b>										
Transfers in										
Transfers out	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 522,822</b>	<b>\$ 444,082</b>	<b>\$ 506,175</b>	<b>\$ (480,652)</b>	<b>\$ (225,306)</b>	<b>\$ (639,161)</b>	<b>\$ 229,726</b>	<b>\$ 111,289</b>	<b>\$ (517,943)</b>	<b>\$ (211,685)</b>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: ACFR Schedule B-2

HARMONY TOWNSHIP SCHOOL DISTRICT

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

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Interest</u> <u>Earned on</u> <u>Capital Reserve</u> <u>Funds</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2014	\$ 875	\$ 12,701	\$ 10	\$ 27,470	\$ 584	\$ 41,640
2015	991			34,338	8,963	44,292
2016	1,232	87,925	64	36,000	6,960	132,181
2017	1,069		51	35,750	243	37,113
2018	4,339		78	38,250	-	42,667
2019	15,750			43,940	1,904	61,594
2020	11,422			46,000		57,422
2021	1,066	225		38,600		39,891
2022	154	339		48,950	21,279	70,722
2023	115	1,630		48,550		50,295

SOURCE: District Records

**Harmony Township School District  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years**

**Exhibit J-6**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2014	\$7,888,900	\$198,578,500	\$25,904,700	\$3,906,300	\$19,073,300	\$225,096,500	-	\$514,989,516	\$33,867,100	\$674,216	\$481,122,416	\$1.251	\$553,971,122
2015	7,768,900	195,001,400	27,095,700	3,912,700	18,765,800	225,096,500	-	513,935,187	35,770,900	523,287	478,164,287	1.271	521,335,225
2016	7,301,800	196,864,400	26,387,100	3,936,300	18,713,300	224,700,700	-	513,639,961	35,356,100	380,261	478,283,861	1.295	510,932,410
2017	7,485,900	195,055,200	27,222,000	3,893,700	19,020,800	224,143,500	-	513,428,839	36,258,700	349,039	477,170,139	1.298	535,957,748
2018	7,485,900	195,055,200	27,222,000	3,893,700	19,020,800	224,143,500	-	513,428,839	36,258,700	349,039	477,170,139	1.297	535,957,748
2019	7,118,700	195,323,100	27,759,400	3,922,500	19,639,300	224,061,300	-	512,647,613	34,485,600	337,713	478,162,013	1.308	547,022,917
2020	6,960,000	194,490,300	28,042,800	3,932,500	19,639,300	223,874,600	-	512,014,437	34,722,500	352,437	477,291,937	1.311	528,491,286
2021	6,783,600	195,536,400	28,546,300	4,021,200	19,639,300	223,815,300	-	513,923,879	35,236,000	345,779	478,687,879	1.307	544,286,669
2022	6,865,700	195,929,900	27,885,500	4,006,800	20,192,700	223,815,300	-	514,632,828	35,599,800	337,128	479,033,028	1.306	566,409,066
2023	6,611,300	196,781,800	28,256,400	3,868,900	19,923,200	214,675,300	-	506,756,024	36,320,300	318,824	470,435,724	1.330	587,030,223

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

**b** Tax rates are per \$100

**Harmony Township School District  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

**Exhibit J-7**

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Harmony Township Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	Debt Service <sup>b</sup>	Total Direct	Harmony Township	Library	Warren County	
2014	\$1.251	\$0.000	\$1.251	\$0.302	\$0.058	\$0.735	\$2.346
2015	\$1.271	\$0.000	\$1.271	\$0.314	\$0.058	\$0.783	\$2.426
2016	\$1.295	\$0.000	\$1.295	\$0.321	\$0.058	\$0.771	\$2.445
2017	\$1.298	\$0.000	\$1.298	\$0.322	\$0.058	\$0.800	\$2.478
2018	\$1.297	\$0.000	\$1.297	\$0.327	\$0.000	\$0.852	\$2.476
2019	\$1.308	\$0.000	\$1.308	\$0.333	\$0.000	\$0.836	\$2.477
2020	\$1.311	\$0.000	\$1.311	\$0.336	\$0.000	\$0.793	\$2.440
2021	\$1.307	\$0.000	\$1.307	\$0.338	\$0.000	\$0.800	\$2.445
2022	\$1.306	\$0.000	\$1.306	\$0.338	\$0.000	\$0.826	\$2.470
2023	\$1.330	\$0.000	\$1.330	\$0.337	\$0.000	\$0.849	\$2.516

Source: District Records and Municipal Tax Collector

**Note:**

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

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

<sup>b</sup> Rates for debt service are based on each year's requirements.

**Harmony Township School District  
Principal Property Tax Payers,  
Current Year and Nine Years Ago**

**Exhibit J-8**

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Merrill Creek Reservoir	\$221,059,508	1	46.99%	\$ 187,317,750	1	36.08%
Transcontinental Gas Pipeline Corp.	8,398,400	2	1.79%	2,035,000	5	0.39%
Anchor Concrete Products	3,403,800	3	0.72%			
Signature Estates LLC	2,008,500	4	0.43%			
Harkers Hollow Golf Club	2,000,000	7	0.43%	2,597,440	3	0.50%
Shumack/Tully Rcyclg	1,124,300	8	0.23%			
A Paradise Farm	1,063,400	7	0.23%			
Deep Pool Holding, Inc.	1,030,900	8	0.19%			
Individual Taxpayer #1	899,900	9	0.19%	908,500	7	0.17%
Harmony Sand & Gravel	824,100	10	0.18%	945,700	6	0.18%
Hydropress, Inc.				3,003,200	2	0.58%
Par Four Assoc (Anchor Concrete)				2,247,800	4	0.43%
Gill Properties				839,200	8	0.16%
Bell Atlantic				642,685	9	0.12%
APS Mgmt				573,000	10	0.11%
<b>Total</b>	<b>\$ 241,812,808</b>		<b>51.36%</b>	<b>\$ 201,110,275</b>		<b>38.74%</b>

Source: District ACFR & Municipal Tax Assessor



**Harmony Township School District  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$6,018,532	\$6,018,532	100.00%	-
2015	\$6,078,717	\$6,078,717	100.00%	-
2016	\$6,193,605	\$6,193,605	100.00%	-
2017	\$6,193,605	\$6,193,605	100.00%	-
2018	\$6,193,605	\$6,193,605	100.00%	-
2019	\$6,255,541	\$6,255,541	100.00%	-
2020	\$6,255,541	\$6,255,541	100.00%	-
2021	\$6,255,541	\$6,255,541	100.00%	-
2022	\$6,255,541	\$6,255,541	100.00%	-
2023	\$6,255,541	\$6,255,541	100.00%	-

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

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

**Harmony Township School District  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

**Exhibit J-10**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2014	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	\$0
2015	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	\$0
2016	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	\$0
2017	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	\$0
2018	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	\$0
2019	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	\$0
2020	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	\$0
2021	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	\$0
2022	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	\$0
2023	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	\$0

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

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

**Harmony Township School District  
 Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years**

**Exhibit J-11**

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2014	-0-	-0-	-0-	0.00%	\$0
2015	-0-	-0-	-0-	0.00%	\$0
2016	-0-	-0-	-0-	0.00%	\$0
2017	-0-	-0-	-0-	0.00%	\$0
2018	-0-	-0-	-0-	0.00%	\$0
2019	-0-	-0-	-0-	0.00%	\$0
2020	-0-	-0-	-0-	0.00%	\$0
2021	-0-	-0-	-0-	0.00%	\$0
2022	-0-	-0-	-0-	0.00%	\$0
2023	-0-	-0-	-0-	0.00%	\$0

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

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

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

R Revised

\* Current data unavailable

**Harmony Township School District  
Ratios of Overlapping Governmental Activities Debt  
As of June 30, 2023**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Township of Harmony	\$ 3,275,000	100.000%	\$ 3,275,000
<b>Other debt</b>			
Warren County	830,000	4.839%	<u>40,164</u>
Subtotal, overlapping debt			3,315,164
<b>Harmony Township School District Direct Debt</b>			<u>-</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 3,315,164</u></u>

**Sources:** Township Finance Officer, Warren County Finance Office and Utility Authorities

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

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

**Harmony Township School District  
Legal Debt Margin Information,  
Last Ten Fiscal Years**

**Exhibit J-13**

**Legal Debt Margin Calculation for Fiscal Year 2023**

	Equalized valuation basis
	2020 563,233,635
	2021 594,830,297
	2022 676,551,419
	[A] <u>\$ 1,834,615,351</u>
Average equalized valuation of taxable property	[A/3] \$ 611,538,450
Debt limit (3 % of average equalization value)	[B] 18,346,154
Net bonded school debt	[C] -
Legal debt margin	[B-C] <u>\$ 18,346,154</u>

	Fiscal Year									
	<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>
Debt limit	\$16,616,542	\$15,819,341	\$15,627,220	\$15,752,743	\$16,110,391	\$16,031,840	\$16,097,066	\$16,295,866	\$16,980,628	\$ 18,346,154
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$16,616,542</u>	<u>\$15,819,341</u>	<u>\$15,627,220</u>	<u>\$15,752,743</u>	<u>\$16,110,391</u>	<u>\$16,031,840</u>	<u>\$16,097,066</u>	<u>\$16,295,866</u>	<u>\$16,980,628</u>	<u>\$18,346,154</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

**Harmony Township School District  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

**Exhibit J-14**

<u>Year</u>	<u>Population<sup>a</sup></u>	<u>Personal Income (thousands of dollars)<sup>b</sup></u>	<u>Per Capita Personal Income<sup>c</sup></u>	<u>Unemployment Rate<sup>d</sup></u>
2014	2,548	\$ 124,935,444	\$48,887 R	5.9%
2015	2,534	\$ 128,797,984	\$50,741 R	4.9%
2016	2,524	\$ 129,746,812	\$51,503 R	4.4%
2017	2,503	\$ 133,934,562	\$53,149 R	3.6%
2018	2,491	\$ 133,452,783	\$54,973 R	3.5%
2019	2,485	\$ 133,078,066	\$56,956 R	3.0%
2020	2,470	\$ 138,239,028	\$60,525 R	6.9%
2021	2,465	\$ 142,610,110	\$63,041 R	5.0%
2022	2,516	\$ 152,280,900	\$63,041 *	3.3%
2023	2,526	\$ 159,241,566	\$63,041 *	*

**Source:**

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

<sup>b</sup> Personal Income provided by US Dept of Commerce

<sup>c</sup> Per Capita provided by US Dept of Commerce

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

P =Projected

R =Revised

\* Current data unavailable



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

**Exhibit J-16**

<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	22.0	23.0	24.3	22.3	23.3	25.0	26.0	26.0	26.0	23.0
Special education	8.0	4.0	11.5	12.0	13.5	12.1	11.5	12.0	11.0	11.0
Support Services:										
Student & instruction related services	2.0	1.0	3.1	4.4	4.4	4.4	2.0	3.0	3.0	3.0
General administrative services	2.0	2.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
School administrative services	3.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Business administrative services	1.0	1.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Plant operations and maintenance	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Total	40.0	34.0	44.9	44.7	47.2	47.5	45.5	47.0	46.0	43.0

**Source:** District Personnel Records



Harmony Township School District  
 Operating Statistics  
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2014	265	\$6,700,094	25,283	1.51%	27	1:8.3		264.1	253.4	0.59%	95.94%
2015	253	\$6,417,106	25,364	0.32%	27	1:9.4		250.2	237.9	-5.29%	95.10%
2016	252	\$6,772,036	26,873	5.95%	29	1:8.7		252.0	239.2	0.73%	94.94%
2017	247	\$7,071,000	28,628	6.53%	29	1:8.5		246.7	234.5	-2.11%	95.07%
2018	253	\$7,196,508	28,445	-0.64%	31	1:8.2		251.7	238.9	2.04%	94.92%
2019	243	\$7,353,365	30,261	6.38%	31	1:7.8		240.5	228.5	-4.45%	95.01%
2020	240	\$7,379,599	30,748	1.61%	31	1:7.7		239.3	229.7	-0.50%	95.99%
2021	209	\$7,790,435	37,275	21.23%	32	1:6.5		212.8	202.2	-11.07%	95.02%
2022	199	\$8,092,653	40,667	9.10%	32	1:6.2		199.6	176.6	-6.20%	88.48%
2023	187	\$8,614,246	46,065	13.28%	30	1:6.2		186.1	172.7	-6.76%	92.80%

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

Note: Enrollment based on annual October district count.

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

**Harmony Township School District  
School Building Information  
Last Ten Fiscal Years**

**Exhibit J-18**

	<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>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Elementary (1956)										
Square Feet	44,298	44,298	44,298	44,298	44,298	44,298	44,298	44,298	44,298	44,298
Capacity (students)	435	435	435	435	435	435	435	435	435	435
Enrollment	265	253	252	247	253	243	240	209	199	187

Number of Schools at June 30, 2023

**Source:** District records, ASSA

Elementary = 1

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

HARMONY TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
Last Ten Fiscal Years Ending June 30, 2023

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</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>	<u>Total</u>
Harmony School	N/A	\$ 131,161	\$ 106,511	\$ 124,683	\$ 231,329	\$ 204,711	\$ 292,237	\$ 244,577	\$ 352,413	\$ 237,594	\$ 340,143	\$ 2,265,359
Total School Facilities		131,161	106,511	124,683	231,329	204,711	292,237	244,577	352,413	237,594	340,143	2,265,359
Other Facilities												
<b>Grand Total</b>		<b>\$ 131,161</b>	<b>\$ 106,511</b>	<b>\$ 124,683</b>	<b>\$ 231,329</b>	<b>\$ 204,711</b>	<b>\$ 292,237</b>	<b>\$ 244,577</b>	<b>\$ 352,413</b>	<b>\$ 237,594</b>	<b>\$ 340,143</b>	<b>\$ 2,265,359</b>

HARMONY TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE

JUNE 30, 2023

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
<b>SCHOOL PACKAGE POLICY - NJSBAIG</b>		
Property-Blanket Building and Contents-Blanket	\$500,000,000	\$1,000
Comprehensive General Liability	11,000,000	
Comprehensive Automobile Liability	11,000,000	
Comprehensive Crime Coverage	100,000	1,000
Worker's Compensation (NJSBAIG)	5,000,000	
Electronic Data Processing	250,000	1,000
 <b>SCHOOL BOARD LEGAL LIABILITY - NJSBAIG</b>		
Directors and Officers Policy	11,000,000	5,000
 <b>PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE</b>		
<b>BLANKET POSITION BOND - Ohio Casualty</b>		
Treasurer	170,000	
Business Administrator	35,000	

SOURCE: District Records

# Single Audit Section



## **ARDITO & COMPANY LLC**

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Anthony Ardito, CPA, RMA, CMFO, PSA

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

#### Independent Auditor's Report

Honorable President and  
 Members of the Board of Education  
 Harmony Township School District  
 County of Warren  
 Phillipsburg, New Jersey 08865

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Harmony Township School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Harmony Township School District Board of Education's basic financial statements, and have issued our report thereon dated November 4, 2023.

#### **Internal Control Over Financial Reporting**

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

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

-Continued-

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Ardito & Company LLC*

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 4, 2023

*Anthony Ardito*

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 4, 2023



## **ARDITO & COMPANY LLC**

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Anthony Ardito, CPA, RMA, CMFO, PSA

### **Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by New Jersey OMB circular 15-08**

Honorable President and  
 Members of the Board of Education  
 Harmony Township School District  
 County of Warren  
 Harmony Township, New Jersey 08865

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

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

We have audited the Harmony Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2023. The Harmony Township School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Harmony Township School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, and New Jersey 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 Harmony Township School District Board of Education, 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 opinion on compliance for each major state program. Our audit does not provide a legal determination of the Harmony Township School District Board of Education'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 state programs.

-Continued-



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 generally accepted auditing standards, ***Government Auditing Standards***, and New Jersey 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 generally accepted auditing standards, ***Government Auditing Standards***, and New Jersey 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 New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of 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 program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

-Continued-

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

*Ardito & Company LLC*

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 4, 2023

*Anthony Ardito*

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 4, 2023

HARMONY TOWNSHIP SCHOOL DISTRICT

K-3

Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2023

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2022	Carryover/ Walkover Amount	Cash Received	Budget Expend.	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2023			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
<b>U.S. Department of Education Passed- Through State Department of Education: Special Revenue Fund:</b>																
Title I	84.010	S010A220030	N/A	\$ 18,198	7/1/21	6/30/22			\$ 18,198	\$ (18,198)						\$ 18,198
Title I I (A)	84.367B	S367B220027	N/A	5,529	7/1/21	6/30/22	\$ (4,034)		9,563	(5,529)						5,529
Title IV	84.424A	S424B220027	N/A	10,000	7/1/21	6/30/22			10,000	(10,000)						10,000
Small Rural School Achievement Prog.	84.358B	S358B220030	S358A222490	23,086	7/1/21	6/30/22			23,086	(23,086)						23,086
CRRSA ESSER II	84.425D	S425D220027	CRRSA	132,164	3/13/20	9/30/23	(43,216)		80,716	(37,500)						132,164
CRRSA II Learning	84.425D	S425D220027	CRRSA	25,000	3/13/20	9/30/23	(562)		2,262	(1,700)						25,000
CRRSA II Mental Health	84.425D	S425D220027	CRRSA	45,000	3/13/20	9/30/23	(24,297)		45,000	(20,703)						45,000
American Rescue Plan-ESSER III	84.425U	S425U220027	ARP	297,031	3/13/20	9/30/24			131,024	(131,024)		\$ (166,007)	\$ 166,007			131,024
American Rescue Plan-Accel. Learn. Coaching & Ed. Support	84.425U	S425U220027	ARP	50,000	3/13/20	9/30/24			50,000	(50,000)		-	-			50,000
American Rescue Plan-Evidence Based Summer Learning	84.425U	S425U220027	ARP	40,000	3/13/20	9/30/24			20,000	(20,000)		(20,000)	20,000			20,000
American Rescue Plan-Evidence Based Beyond the Sch. Day	84.425U	S425U220027	ARP	40,000	3/13/20	9/30/24			20,000	(20,000)		(20,000)	20,000			20,000
American Rescue Plan-NJTSS Mental Health Support Staffing	84.425U	S425U220027	ARP	45,000	3/13/20	9/30/24			13,314	(14,439)		(31,686)	30,561			14,439
Total Education Stabilization Fund							(68,075)	-	362,316	(295,366)	-	-	(237,693)	236,568	-	437,627
I.D.E.A. Part B, Basic Regular	84.027	H027A220100	FT-1785-22	68,998	7/1/21	6/30/22	(15,000)		81,998	(68,998)		(2,000)				68,998
I.D.E.A. Part B, Preschool	84.173	H173A220114	FT-1785-22	2,744	7/1/21	6/30/22	(2,580)		5,324	(2,744)						2,744
American Rescue Plan-IDEA Preschool	84.173X	H173A22114	ARP IDEA PS	801	3/13/20	9/30/24	(801)		801	-						
Total Special Education Cluster							(18,381)	-	88,123	(71,742)	-	-	(2,000)	-	-	71,742
<b>Total Special Revenue Fund</b>							<b>(90,490)</b>	<b>-</b>	<b>511,286</b>	<b>(423,921)</b>	<b>-</b>	<b>-</b>	<b>(239,693)</b>	<b>236,568</b>	<b>-</b>	<b>566,182</b>
<b>U.S. Department of Agriculture Passed- Through State Department of Education: Enterprise Fund:</b>																
<b>Child Nutrition Cluster:</b>																
Food Distribution Program	10.555	221NJ304N1099	N/A		7/1/21	6/30/22	2,077			(2,077)						2,077
Food Distribution Program	10.555	231NJ304N1199	N/A	\$ 12,240	7/1/22	6/30/23			12,240	(7,248)			4,992			7,248
National School Lunch Program	10.555	221NJ304N1099	N/A		7/1/21	6/30/22	(16,306)		16,306							
National School Lunch Program	10.555	231NJ304N1199	N/A	23,204	7/1/22	6/30/23			22,243	(23,204)		(961)				23,204
Supply Chain Assistance Funding	10.555	231NJ344N8903	N/A	23,820	7/1/22	6/30/23			23,820	(23,820)		-				23,820
Special Milk Program	10.556	231NJ304N1199	N/A	169	7/1/22	6/30/23			160	(169)		(9)				169
<b>Total Enterprise Fund</b>							<b>(14,229)</b>	<b>-</b>	<b>74,769</b>	<b>(56,518)</b>	<b>-</b>	<b>(970)</b>	<b>4,992</b>	<b>-</b>	<b>-</b>	<b>56,518</b>
<b>TOTAL FEDERAL ASSISTANCE</b>							<b>\$ (104,719)</b>	<b>-</b>	<b>\$ 586,055</b>	<b>\$ (480,439)</b>	<b>-</b>	<b>-</b>	<b>\$ (240,663)</b>	<b>\$ 241,560</b>	<b>-</b>	<b>\$ 622,700</b>

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

Note: This Schedule was not subject to an audit in accordance with OMB Uniform Guidance.

HARMONY TOWNSHIP SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2023

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2022	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2023			MEMO			
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.		
<b>State Department of Education</b>																
<b>General Fund:</b>																
Transportation Aid	23-495-034-5123-014	7/1/23-6/30/23	\$ 146,873			\$ 146,873	\$ (146,873)							*	\$ 13,524	\$ 146,873
Special Education Aid	23-495-034-5123-089	7/1/23-6/30/23	215,192			215,192	(215,192)							*	20,103	215,192
Security Aid	23-495-034-5123-084	7/1/23-6/30/23	31,434			31,434	(31,434)							*	2,924	31,434
Supplemental Stabilization Aid	23-100-034-5120-494	7/1/23-6/30/23	640			640	(640)							*		640
Non-Public Transportation Aid	23-100-034-5123-068	7/1/23-6/30/23	1,560			-	(1,560)			\$ (1,560)				*		1,560
Non-Public Transportation Aid	22-100-034-5123-068	7/1/21-6/30/22	1,740	\$ (1,740)		1,740								*		1,740
TPAF Pension	23-495-034-5094-002	7/1/23-6/30/23	839,720			839,720	(839,720)							*		839,720
TPAF Pension PMR	23-495-034-5094-001	7/1/23-6/30/23	220,592			220,592	(220,592)							*		220,592
TPAF Pension LTD Ins	23-495-034-5094-004	7/1/23-6/30/23	474			474	(474)							*		474
Reimbursed TPAF Soc.Secur.Contrib.	23-495-034-5094-003	7/1/23-6/30/23	172,663	(8,919)		181,582	(172,663)							*		172,663
<b>Total General Fund</b>				(10,659)		1,638,247	(1,629,148)			(1,560)				*	36,551	1,630,888
<b>State Department of Agriculture:</b>																
<b>Enterprise Fund:</b>																
Nat.School Lunch Prog.(State Share)	23-100-010-3350-023	7/1/23-6/30/23	1,361			1,306	(1,361)			(55)				*		1,361
Nat.School Lunch Prog.(State Share)	22-100-010-3350-023	7/1/21-6/30/22	2,168	(375)		375								*		-
<b>Total Enterprise Fund</b>				(375)	-	1,681	(1,361)	-	-	(55)	-	-	-	*	-	1,361
<b>Total State Financial Assistance</b>				<b>\$ (11,034)</b>	<b>-</b>	<b>\$ 1,639,928</b>	<b>\$ (1,630,509)</b>	<b>-</b>	<b>-</b>	<b>\$ (1,615)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>*</b>	<b>\$ 36,551</b>	<b>\$ 1,632,249</b>
<u>Less: On-behalf TPAF Pension Amounts</u>																
TPAF Pension	23-495-034-5094-002						839,720									
TPAF Pension PMR	23-495-034-5094-001						220,592									
TPAF Pension LTD Ins	23-495-034-5094-004						474									
<b>Total State Expenditures Subject to Major Program Determination</b>							<b>\$ (569,723)</b>									

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2023

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

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

**NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A.* 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,563 for the general fund and \$10,447 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
 JUNE 30, 2023

**NOTE 3. (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 1,630,711	\$ 1,630,711
Special Revenue Fund	\$ 434,368	-	434,368
Food Service Fund	<u>56,519</u>	<u>1,361</u>	<u>57,880</u>
Total Financial Assistance	<u>\$ 490,887</u>	<u>\$ 1,632,072</u>	<u>\$ 2,122,959</u>

**NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2023. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2023.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_ Yes \_\_x\_\_ No

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

Noncompliance material to financial statements noted? \_\_\_ Yes \_\_x\_\_ No

**Federal Awards**

**Not Applicable**

Internal control over major programs:

1) Material weakness(es) identified? \_\_\_ Yes \_\_\_ No

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

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

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

Identification of major programs:

<u>Assistance Listing</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
N/A		

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

Auditee qualified as low-risk auditee? \_\_\_ yes \_\_\_ no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**State Financial Assistance Section**

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

Auditee qualified as low-risk auditee? \_\_yes x no

Internal Control over major programs:

1) Material weakness(es) identified? \_\_yes x no

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

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

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

Identification of major programs:

**State Grant/Project Number(s)**

**Name of State Program**

23-495-034-5120-089  
23-495-034-5120-084  
23-495-034-5094-003  
\_\_\_\_\_  
\_\_\_\_\_

Special Education Aid (State Aid Cluster)  
Security Aid (State Aid Cluster)  
Reimbursed TPAF Soc.Secur.Contrib.  
\_\_\_\_\_  
\_\_\_\_\_



SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**Section II-Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting.

**Financial Statement**        N/A

**Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs**

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and NJOMB Circular Letter 15-08, as applicable.

**Federal Awards**            N/A

**State Awards**              N/A

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

N/A

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