

SCHOOL DISTRICT
OF

HARRISON TOWNSHIP



Harrison Township Board of Education
Harrison, New Jersey

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017**

**Comprehensive Annual
Financial Report**

of the

Harrison Township Board of Education

Harrison, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by
Harrison Township Board of Education
Finance Department

HARRISON TOWNSHIP SCHOOL DISTRICT

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Introductory Section

HARRISON TOWNSHIP BOARD OF EDUCATION

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fax (856) 478-0699

Dr. Missy Peretti
Superintendent

Robert E. Scharlé
School Business Admin./Board Secretary

October 12, 2017

Honorable President and
Members of the Board of Education
Harrison Township School District
County of Gloucester
Mullica Hill, New Jersey

Dear Board Members and Constituents of Harrison Township:

The comprehensive annual financial report of the Harrison Township School District (District) for the fiscal year ended June 30, 2017, 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 comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's 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 single audit in conformity with the provisions of the Title 2 U.S. Code of federal regulations, cost principles, and audit requirements for federal awards (uniform guidance); and State of New Jersey Circular OMB 15-08. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Harrison Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report. The Harrison Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 6. These include regular, as well as special education for gifted and handicapped youngsters. The District completed the 2016-2017 fiscal year with an enrollment of 1,445 students, which is 24 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

ATTENDANCE DATA
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>% Change in Average Daily Enrollment</u>	<u>Attendance Percentage</u>
2016-17	1,431.6	1,375.8	(1.95%)	96.10%
2015-16	1,460.2	1,398.7	(2.23%)	95.79%
2014-15	1,493.5	1,431.0	1.37%	95.82%
2013-14	1,473.3	1,417.5	2.18%	96.21%
2012-13	1,441.9	1,380.5	(2.73%)	95.74%
2011-12	1,482.30	1,426.30	(0.79%)	96.22%
2010-11	1,494.10	1,439.80	(3.39%)	96.37%
2009-10	1,546.60	1,483.2	2.23%	95.90%
2008-09	1,512.90	1,454.70	(1.47%)	96.15%
2007-08	1,535.40	1,479.00	5.03%	96.33%

2) ECONOMIC CONDITION AND OUTLOOK: The Harrison Township School District encompasses 20 square miles in land area. It is a mixture of new housing developments and farms with very little business revenue, and no industry. The District is currently operating two elementary schools. The Harrison Township Elementary School capacity is 835 students, housing students in grades Pre-K through 3. The grade 4-6 Pleasant Valley School capacity is 763 students, housing students in grades 4 through 6. Major housing developments throughout the area have been, and will continue to be, the source of all the new students residing in the area. Financially, the District has a majority of homeowner's ratables to support the education program.

3) MAJOR INITIATIVES: The Harrison Township School District is very proud of the fact that many positive things are continuing to happen in the District.

In the area of curriculum, our Mathematics and English Language Arts Curricula are aligned with the New Jersey Student Learning Standards (NJSLs). We will continue to follow any updates on the state level and will adjust our curriculum, as necessary, to ensure compliance. Our main resource in Language Arts Literacy is Pearson's Reading Street Series in Grades Kindergarten through Sixth and the Houghton Mifflin Harcourt's Math Expressions for Mathematics instruction in Grades Kindergarten through Fifth. We have also implemented a one to one Google Chrome Book initiative in grades two through six. In Kindergarten and First Grade, each classroom has been equipped with 4 iPads to assist in the supplemental and extension instruction with our youngest readers and mathematicians.

3) MAJOR INITIATIVES (Cont'd):

Staff training has also taken place in the following areas:

1. NJSLs
2. Pearson' Reading Street Series
3. Math Expressions
4. RTI
5. PARCC
6. Dyslexia
7. Mandated Security Drill Procedures
8. Handle With Care

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining internal control 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). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control 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 internal control, including that portion related to federal awards 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, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2017.

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 Financial Statements", Note 1.

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements", Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

9) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso & Stewart, LLC, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as amended in 1996 and the related OMB Circular A-133 and New Jersey OMB's Circular 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.

10) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Harrison Township School 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. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



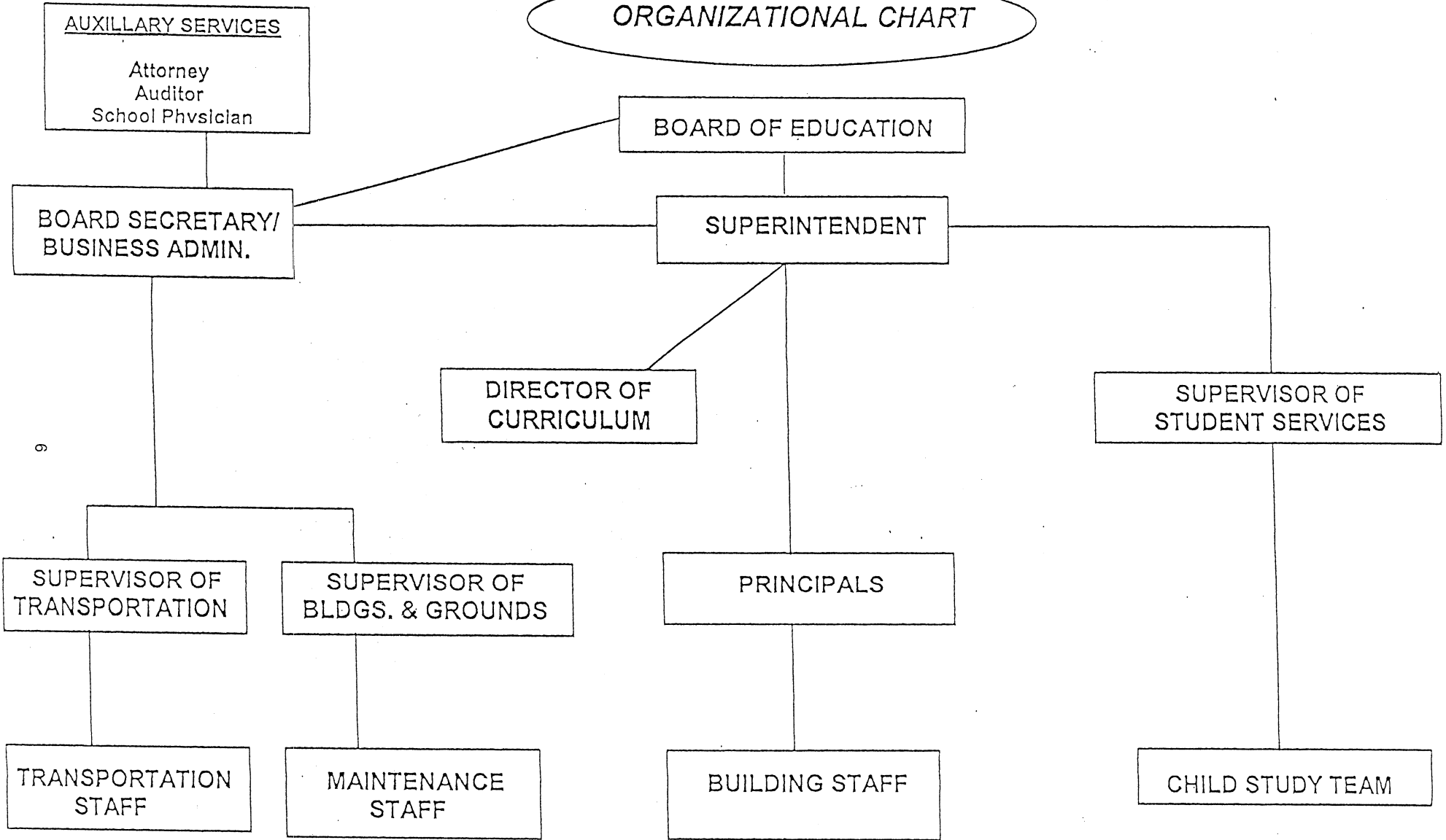
Dr. Missy Peretti
Superintendent



Robert E. Scharlé
School Business Administrator/Board Secretary

HARRISON TOWNSHIP SCHOOL DISTRICT
MULLICA HILL, NEW JERSEY

ORGANIZATIONAL CHART



***HARRISON TOWNSHIP BOARD OF EDUCATION
MULLICA HILL, NEW JERSEY***

***ROSTER OF OFFICIALS
JUNE 30, 2017***

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Barbara Beske, President	2019
Joseph Schwab, Vice-President	2018
Walter Bright	2019
Cristie Clark	2017
Kristin DeSimone	2019
Stephen Houpt	2018
Stacey Muscarella	2017
Mark Sterling	2018
Shannon Williams	2017

Other Officials

Dr. Missy Peretti, Superintendent

Robert E. Scharlé, School Business Administrator/Board Secretary

Robert Muccilli, Solicitor

***HARRISON TOWNSHIP SCHOOL DISTRICT
MULLICA HILL, NEW JERSEY***

Consultants and Advisors

AUDIT FIRM

Inverso & Stewart, LLC
651 Route 73 North - Suite 402
Marlton, New Jersey 08053

ATTORNEY

Capehart & Scatchard
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Harrison Township School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Harrison Township School District, in the County of Gloucester, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, and schedule of the School District's contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Harrison Township School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey and are not a required part of the basic financial statements. The accompanying schedule of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The introductory and statistical sections listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 12, 2017 on my consideration of the Harrison Township School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my 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* in considering the Harrison Township School District's internal control over financial reporting and compliance.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant No. CS001095

Marlton, New Jersey
October 12, 2017

INVERSO & STEWART, LLC
 Certified Public Accountants

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 New Jersey Society of CPAs

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
 AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
 WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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 Harrison Township School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated October 12, 2017.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Harrison Township School 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Harrison Township School 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 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Harrison Township School District's financial statements are free from material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

INVERSO & STEWART, LLC

Certified Public Accountants



Robert P. Inverso

Certified Public Accountant

Public School Accountant No. CS001095

Marlton, New Jersey
October 12, 2017

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Township of Harrison School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

As management of the Board of Education of the Township of Harrison, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The liabilities of the School District exceeded its assets at the close of the most recent fiscal year by \$370,189 (*net position*).
- Governmental activities have unrestricted deficit net position of \$7,228,364. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, the last two state aid payments, and the state statute that prohibits school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District decreased \$4,764,134, or a 108.42% decrease from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds decreased \$4,357,339 resulting in an ending fund balance of \$(2,950,786). This decrease is due to the results of operations in the capital projects fund.
- Business-type activities have unrestricted net position of \$46,922, which may be used to meet the School District's ongoing obligations of the food service operations.
- The School District's long-term obligations increased by \$1,081,013 which is the result of the payment of bond principal, payment of capital lease principal, increase in pension liability, and a slight decrease in compensated absences.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide Financial Statements

The *district-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The district-wide financial statements include the statement of net position and the statement of activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets and liabilities is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the district-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover all or most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities include the Food Service Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds account for essentially the same information reported in the governmental activities of the district-wide financial statements. However, unlike the district-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the district-wide financial statements. The School District maintains one type of proprietary fund - the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the district-wide financial statements, only in more detail.

The School District's one enterprise fund (Food Service Fund) is considered to be a major fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the School District's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains other supplementary information and schedules required by the New Jersey Audit Program, issued by the New Jersey Department of Education.

District-wide Financial Analysis

The assets of the School District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School District. The majority of the current assets are the results of the tax levy and state aid collection process.

Capital assets are used in the operations of the School District. These assets are land, buildings, improvements, equipment and vehicles. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2017. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2017.

The liabilities of the primary government activities exceeded assets by \$426,475 with an unrestricted deficit balance of \$7,228,364. The net position of the primary government does not include internal balances.

A net investment of \$9,559,773 in land, improvements, buildings, equipment and vehicles provides the services to the School District's 1,432 public school students. Net position of \$6,602 has been restricted to provide resources for future capital expansion and renovation projects; \$6,721 has been restricted for future debt obligations and \$301,287 has been restricted for maintenance while \$1,255,422 has been restricted for budget appropriation and \$238,943 reserved for year -end encumbrances.

As mentioned earlier, the balance of unrestricted net position is primarily due to the accounting treatment for compensated absences payable, net pension liability, and the last two state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

**Township of Harrison School District
Comparative Summary of Net Position
As of June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		District-Wide	
	2017	2016	2017	2016	2017	2016
Assets:						
Current assets	\$ 4,373,324	\$ 1,426,908	\$ 63,767	\$ 56,065	\$ 4,437,091	\$ 1,482,973
Capital assets	14,490,387	14,981,571	9,364	9,554	14,499,751	14,991,125
Total assets	18,863,711	16,408,479	73,131	65,619	18,936,842	16,474,098
Deferred Outflows of Resources	2,576,185	1,193,181			2,576,185	1,193,181
Liabilities:						
Current Liabilities	8,539,372	983,248	16,845	15,959	8,556,217	999,207
Noncurrent Liabilities	13,156,758	12,084,465			13,156,758	12,084,465
Total liabilities	21,696,130	13,067,713	16,845	15,959	21,712,975	13,083,672
Deferred Inflows of Resources	170,241	189,663			170,241	189,663
Net position	\$ (426,475)	\$ 4,344,284	\$ 56,286	\$ 49,660	\$ (370,189)	\$ 4,393,944
Net position consist of:						
Net investment in						
capital assets	\$ 9,559,773	\$ 9,189,757	\$ 9,364	\$ 9,554	\$ 9,569,137	\$ 9,199,311
Restricted	(2,757,884)	1,638,168			(2,757,884)	1,638,168
Unrestricted	(7,228,364)	(6,483,641)	46,922	40,106	(7,181,442)	(6,443,535)
Net position	\$ (426,475)	\$ 4,344,284	\$ 56,286	\$ 49,660	\$ (370,189)	\$ 4,393,944

Governmental Activities

Key elements of the decrease in net position for governmental activities are as follows:

- The decrease is a result of capital projects.

Business-type Activities

Business-type activities increased the School District's net position slightly. Key elements of the increase in net position for business-type activities are as follows:

- The Food Service Program had a net gain of \$6,626.

Township of Harrison School District
Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		District-Wide	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues						
Charges for services	\$ -	\$ -	\$ 224,953	\$ 242,634	\$ 224,953	\$ 242,634
Operating grants and Contributions	3,063,093	2,836,049	110,317	102,794	3,173,410	2,938,843
Capital grants and Contributions						
General Revenues:						
Property Taxes	12,563,880	12,431,209			12,563,880	12,431,209
Unrestricted State Aid	6,211,573	6,096,241			6,211,573	6,096,241
Tuition	195,845	122,489			195,845	122,489
Other Revenues	173,781	162,291			173,781	162,291
Total Revenues	22,208,172	21,648,279	335,270	345,428	22,543,442	21,993,707
Expenses:						
Governmental Activities:						
Instruction	9,493,873	9,008,770			9,493,873	9,008,770
Tuition	26,915	431,413			26,915	431,413
Related Services	1,819,320	1,596,051			1,819,320	1,596,051
Administrative Services	1,110,126	1,072,631			1,110,126	1,072,631
Operations and Maintenance	6,385,708	2,059,732			6,385,708	2,059,732
Transportation	1,238,284	1,314,412			1,238,284	1,314,412
Central Services	576,657	313,029			576,657	313,029
Interest on long-term Debt	141,210	354,418			141,210	354,418
Other	51,949	25,177			51,949	25,177
Unallocated benefits	6,134,889	5,327,055			6,134,889	5,327,055
Business-Type Activities:						
Food Service Operations			328,644	333,441	328,644	333,441
Total Expenses	26,978,931	21,502,688	328,644	333,441	27,307,575	21,836,129
Increase in net position						
Before transfers	(4,770,759)	145,591	6,626	11,987	(4,764,133)	157,578
Transfers						
Changes in net position	(4,770,759)	145,591	6,626	11,987	(4,764,133)	157,578
Net position, July 1,	4,344,284	4,198,693	49,660	37,673	4,393,944	4,236,366
Net position, June 30,	\$ (426,475)	\$ 4,344,284	\$ 56,286	\$ 49,660	\$ (370,189)	\$ 4,393,944

Financial Analysis of the Governmental Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$(2,950,786), a decrease of \$4,357,339 in comparison with the prior year.

The unreserved fund balance for the School District at the end of the fiscal year includes a deficit unreserved fund balance of \$192,902 in the General Fund, a deficit unreserved fund balance of 4,566,859 in Capital Projects Fund and \$1 in the Debt Service Fund. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) as restricted cash reserved for future capital outlay expenditures \$6,602, 2) appropriated as a revenue source in the subsequent year's budget \$637,160, 3) reserve for encumbrances \$238,943 4) reserved for maintenance \$301,287 or 5) reserved for future budget appropriation in accordance with state statutes \$624,982.

The general fund is the chief operating fund of the School District. As discussed earlier, the balance in the unreserved fund balance is due, primarily, to the accounting treatment of the last two state aid payments and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

General Fund Budgetary Highlights

There is no difference between the original budget and the final amended budget.

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$411,045, while total fund balance (budgetary basis) was \$2,213,299. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$20,590,364. Unreserved fund balance (budgetary basis) represents 2.00% of expenditures while total fund balance (budgetary basis) represents 10.75% of that same amount.

Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$14,499,751 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$491,374, or a 3.27% decrease. The decrease is primarily due to depreciation expense.

**Township of Harrison School District
Capital Assets (net of accumulated depreciation)
June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		District-Wide	
	2017	2016	2017	2016	2017	2016
Land	\$ 430,000	\$ 430,000	\$ -	\$ -	\$ 430,000	\$ 430,000
Buildings and Building Improvements	13,207,042	13,838,174			13,207,042	13,838,174
Equipment	<u>853,345</u>	<u>713,397</u>	<u>9,364</u>	<u>9,554</u>	<u>862,709</u>	<u>722,951</u>
Total	<u>\$ 14,490,387</u>	<u>\$ 14,981,571</u>	<u>\$ 9,364</u>	<u>\$ 9,554</u>	<u>\$ 14,499,751</u>	<u>\$ 14,991,125</u>

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Long-term debt – During the fiscal year ended June 30, 2017, the School District had \$4,505,000 in serial bonds payable, \$65,000 in capital leases payable and \$471,218 in compensated absences.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$36,471,218. The available amount as of June 30, 2017 was \$28,966,218.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2017-18 fiscal year.

- For the 2017-18 fiscal year the School District will be receiving a slight decrease in state aid. The local tax levy in the General Fund increased by \$309,326 or 2.59%. The 2017-18 General Fund Budget increased \$385,158 over previous year. The tax rate for 2017 is \$.8411, which is a slight decrease from the previous year.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township of Harrison School District Business Administrator, 120 N. Main St., Mullica Hill, New Jersey 08062.

Basic Financial Statements

District-Wide Financial Statements

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 3,955,012.17	\$ 45,249.47	\$ 4,000,261.64
Receivables, net	110,423.07	6,286.99	116,710.06
Inventory		12,230.21	12,230.21
Restricted assets:			
Capital reserve account	6,601.81		6,601.81
Maintenance reserve account	301,287.02		301,287.02
Capital assets, net (Note 5)	<u>14,490,387.00</u>	<u>9,364.00</u>	<u>14,499,751.00</u>
Total assets	<u>18,863,711.07</u>	<u>73,130.67</u>	<u>18,936,841.74</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	<u>2,576,185.00</u>		<u>2,576,185.00</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
	<u>21,439,896.07</u>	<u>73,130.67</u>	<u>21,513,026.74</u>
LIABILITIES:			
Accounts payable			
Related to pensions	250,014.00		250,014.00
Other	68,770.29	7,085.98	75,856.27
Contracts payable	4,236,504.92		4,236,504.92
Temporary note payable	3,000,000.00		3,000,000.00
Intergovernmental payable:			-
State	2,710.21		2,710.21
Unearned revenue	16,125.00	9,758.68	25,883.68
Accrued interest due within one year	62,958.06		62,958.06
Noncurrent liabilities:			
Due within one year	902,290.00		902,290.00
Due beyond one year	<u>13,156,758.07</u>		<u>13,156,758.07</u>
Total liabilities	<u>21,696,130.55</u>	<u>16,844.66</u>	<u>21,712,975.21</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of resources from pensions	<u>170,241.00</u>		<u>170,241.00</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
	<u>21,866,371.55</u>	<u>16,844.66</u>	<u>21,883,216.21</u>
NET POSITION:			
Net investment in capital assets	9,559,773.00	9,364.00	9,569,137.00
Restricted for:			
Debt Service	6,721.31		6,721.31
Capital Projects	(4,560,257.61)		(4,560,257.61)
Other purposes	1,795,651.80		1,795,651.80
Unrestricted	<u>(7,228,363.98)</u>	<u>46,922.01</u>	<u>(7,181,441.97)</u>
Total net position	<u>\$ (426,475.48)</u>	<u>\$ 56,286.01</u>	<u>\$ (370,189.47)</u>

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 6,533,916.72	\$ -	\$ 58,567.91	\$ -	\$ (6,475,348.81)	\$ -	\$ (6,475,348.81)
Special education	2,046,569.96		279,003.00		(1,767,566.96)		(1,767,566.96)
Other instruction	913,385.98				(913,385.98)		(913,385.98)
Support Services:							
Tuition	26,915.07				(26,915.07)		(26,915.07)
Student & instruction related services	1,819,319.60		120,134.94		(1,699,184.66)		(1,699,184.66)
General administrative services	537,165.06				(537,165.06)		(537,165.06)
School administrative services	572,961.33				(572,961.33)		(572,961.33)
Central services	576,656.53				(576,656.53)		(576,656.53)
Plant operations and maintenance	6,385,707.48				(6,385,707.48)		(6,385,707.48)
Pupil transportation	1,238,284.51				(1,238,284.51)		(1,238,284.51)
Unallocated employee benefits	6,134,889.37		2,300,612.79		(3,834,276.58)		(3,834,276.58)
Transfer to Charter Schools	9,089.00				(9,089.00)		(9,089.00)
Interest and other costs on long-term debt	141,210.10		304,774.00		163,563.90		163,563.90
Unallocated depreciation and amortization	42,860.00				(42,860.00)		(42,860.00)
Total governmental activities	<u>26,978,930.71</u>	<u>-</u>	<u>3,063,092.64</u>	<u>-</u>	<u>(23,915,838.07)</u>	<u>-</u>	<u>(23,915,838.07)</u>
Business-type activities:							
Food service program	328,643.87	224,952.45	110,317.25	-	-	6,625.83	6,625.83
Total business-type activities	<u>328,643.87</u>	<u>224,952.45</u>	<u>110,317.25</u>	<u>-</u>	<u>-</u>	<u>6,625.83</u>	<u>6,625.83</u>
Total primary government	<u>27,307,574.58</u>	<u>224,952.45</u>	<u>3,173,409.89</u>	<u>-</u>	<u>(23,915,838.07)</u>	<u>6,625.83</u>	<u>(23,909,212.24)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					11,924,880.00		11,924,880.00
Taxes levied for debt service					639,000.00		639,000.00
Federal and state aid not restricted					6,211,573.00		6,211,573.00
Tuition charges					195,844.70		195,844.70
Transportation charges					106,015.29		106,015.29
Investment earnings					492.20		492.20
Miscellaneous income					67,273.43		67,273.43
Total general revenues, special items, extraordinary items and transfers					<u>19,145,078.62</u>	<u>-</u>	<u>19,145,078.62</u>
Change in Net Position					(4,770,759.45)	6,625.83	(4,764,133.62)
Net Position - July 1					4,344,283.97	49,660.18	4,393,944.15
Net Position - June 30					<u>\$ (426,475.48)</u>	<u>\$ 56,286.01</u>	<u>\$ (370,189.47)</u>

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

Fund Financial Statements

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2017

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 1,278,645.36	\$ -	\$ 2,669,645.50	\$ 6,721.31	\$ 3,955,012.17
Receivables, net	88,347.96	16,075.11			104,423.07
Interfund receivable	14,364.90				14,364.90
Restricted cash and cash equivalents	307,888.83				307,888.83
Total assets	<u>1,689,247.05</u>	<u>16,075.11</u>	<u>2,669,645.50</u>	<u>6,721.31</u>	<u>4,381,688.97</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	68,770.29				68,770.29
Contracts payable			4,236,504.92		4,236,504.92
Temporary note payable			3,000,000.00		3,000,000.00
Intergovernmental payable:					
State		2,710.21			2,710.21
Unearned revenues	11,125.00	5,000.00			16,125.00
Interfund payable		8,364.90			8,364.90
Total liabilities	<u>79,895.29</u>	<u>16,075.11</u>	<u>7,236,504.92</u>	<u>-</u>	<u>7,332,475.32</u>
Fund Balances:					
Restricted for:					
Excess surplus	624,981.68				624,981.68
Excess Surplus - Designated for Subsequent Year's Expenditures	630,440.00				630,440.00
Capital reserve account	6,601.81				6,601.81
Maintenance reserve account	301,287.02				301,287.02
Assigned to:					
Year-end encumbrances	238,943.10				238,943.10
Designated for subsequent year's expenditures				6,720.00	6,720.00
Unassigned	(192,901.85)		(4,566,859.42)	1.31	(4,759,759.96)
Total fund balances	<u>1,609,351.76</u>	<u>-</u>	<u>(4,566,859.42)</u>	<u>6,721.31</u>	<u>(2,950,786.35)</u>
Total liabilities and fund balances	<u>\$ 1,689,247.05</u>	<u>\$ 16,075.11</u>	<u>\$ 2,669,645.50</u>	<u>\$ 6,721.31</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 \$30,154,687.00 and the accumulated depreciation is \$15,664,300.00.	14,490,387.00
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the funds.	(62,958.06)
Accounts payable related to the April 1, 2018 required PERS contribution that is not to be liquidated with current financial resources.	250,014.00
The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:	
Deferred Outflows of resources from Pensions	2,076,157.00
Net Pension Liability	(8,657,216.00)
Deferred Inflows of resources from Pensions	<u>(170,241.00)</u>
	(6,751,300.00)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Serial bonds payable	(4,865,614.00)
Capital leases payable	(65,000.00)
Compensated absences	<u>(471,218.07)</u>
	(5,401,832.07)
Net position of governmental activities	<u>\$ (426,475.48)</u>

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
for the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 11,924,880.00	\$ -	\$ -	\$ 639,000.00	\$12,563,880.00
Tuition charges	195,844.70				195,844.70
Transportation fees	106,015.29				106,015.29
Capital Reserve - Interest earned	28.32				28.32
Maintenance Reserve - Interest earned	463.88				463.88
Miscellaneous	67,273.43				67,273.43
Total revenues-local sources	12,294,505.62		-	639,000.00	12,933,505.62
State sources	8,505,379.28	51,129.36		304,774.00	8,861,282.64
Federal sources		413,383.00			413,383.00
Total revenues	20,799,884.90	464,512.36	-	943,774.00	22,208,171.26
EXPENDITURES:					
Current expense:					
Regular instruction	5,881,458.66	58,567.91			5,940,026.57
Special education instruction	1,767,566.96	279,003.00			2,046,569.96
Other instruction	913,385.98				913,385.98
Support services and undistributed costs:					
Tuition	26,915.07				26,915.07
Student & instruction related services	1,699,184.66	120,134.94			1,819,319.60
General administrative services	451,444.06				451,444.06
School administrative services	572,961.33				572,961.33
Central services	576,656.53				576,656.53
Plant operations and maintenance	1,690,839.20				1,690,839.20
Pupil transportation	1,238,284.51				1,238,284.51
Unallocated employee benefits	5,332,127.86	6,806.51			5,338,934.37
Capital outlay	430,449.86		4,566,859.42		4,997,309.28
Transfer to Charter School	9,089.00				9,089.00
Debt service:					
Principal				740,000.00	740,000.00
Interest and other charges				203,775.00	203,775.00
Expense of Refunding Bonds					-
Total expenditures	20,590,363.68	464,512.36	4,566,859.42	943,775.00	26,565,510.46
Excess (deficiency) of revenues over (under) expenditures	209,521.22	-	(4,566,859.42)	(1.00)	(4,357,339.20)
Other Financing Sources (Uses):					
Transfers in					-
Transfers out					-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	209,521.22	-	(4,566,859.42)	(1.00)	(4,357,339.20)
Fund balances, July 1	1,399,830.54			6,722.31	1,406,552.85
Fund balances, June 30	\$ 1,609,351.76	\$ -	\$ (4,566,859.42)	\$ 6,721.31	\$ (2,950,786.35)

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
for the Fiscal Year Ended June 30, 2017

Total net change in fund balances - governmental funds (from B-2) \$ (4,357,339.20)

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

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

Depreciation expense	\$ (857,206.00)	
Loss on Disposal of Assets	(21,893.00)	
Capital outlay	<u>387,915.00</u>	(491,184.00)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities. 740,000.00

Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences. 56,200.00

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities. 65,000.00

In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. 6,364.90

Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities. (795,955)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). 6,153.85

Change in net position of governmental activities \$ (4,770,759.45)

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2017

	<u>Business-type Activities Enterprise Funds</u>
	<u>2017</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 45,249.47
Accounts receivable	6,286.99
Inventories	<u>12,230.21</u>
Total current assets	<u>63,766.67</u>
Noncurrent assets:	
Equipment	301,299.00
Less accumulated depreciation	<u>(291,935.00)</u>
Total noncurrent assets	<u>9,364.00</u>
Total assets	<u><u>\$ 73,130.67</u></u>
LIABILITIES:	
Current liabilities:	
Accounts Payable	\$ 7,085.98
Unearned revenue	<u>9,758.68</u>
Total liabilities	<u>16,844.66</u>
NET ASSETS:	
Invested in capital assets net of related debt	9,364.00
Unrestricted	<u>46,922.01</u>
Total net position	<u><u>\$ 56,286.01</u></u>

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
for the Fiscal Year Ended June 30, 2017

	Business-type Activities Enterprise Funds
	2017
Operating revenues:	
Charges for services:	
Daily sales-reimbursable programs	\$ 122,301.15
Daily sales-non-reimbursable programs	102,651.30
	224,952.45
Total operating revenue	224,952.45
Operating expenses:	
Salaries	131,187.75
Benefits	10,956.32
Supplies and materials	10,329.64
Depreciation	5,961.00
Management fee	24,096.04
Direct expenses	1,255.30
Repairs and maintenance	8,928.71
Cost of sales - reimbursable programs	104,849.76
Cost of sales - non-reimbursable programs	31,079.35
	328,643.87
Total operating expenses	328,643.87
Operating income (loss)	(103,691.42)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	2,906.34
Federal sources:	
National school lunch program	71,345.04
Milk	1,421.42
U.S.D.A. commodities	34,644.45
	110,317.25
Total nonoperating revenues (expenses)	110,317.25
Change in net position	6,625.83
Total net position - July 1	49,660.18
Total net position - June 30	\$ 56,286.01

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
for the Fiscal Year Ended June 30, 2017

	<u>Business-type Activities Enterprise Funds</u>
	<u>2017</u>
Cash flows from operating activities:	
Receipts from customers	\$ 225,962.72
Payments to employees	(142,144.07)
Payments to suppliers	(147,371.06)
Net cash used for operating activities	<u>(63,552.41)</u>
Cash flows from noncapital financing activities:	
State sources	2,914.85
Federal sources	72,478.47
Net cash provided by non-capital financing activities	<u>75,393.32</u>
Cash flows from capital activities:	
Purchases of fixed assets	(5,771.00)
	<u>(5,771.00)</u>
Cash flows from investing activities:	
Interest and dividends	<u> </u>
Net cash provided by investing activities	<u> </u>
Net increase in cash and cash equivalents	6,069.91
Balances - July 1	<u>39,179.56</u>
Balances - June 30	<u>\$ 45,249.47</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (103,691.42)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	5,961.00
Federal commodities	34,644.45
(Increase) decrease in accounts receivable	
(Increase) decrease in inventories	(1,476.71)
Increase (decrease) in accounts payable	
Increase (decrease) in deferred revenue	1,010.27
Total adjustments	<u>40,139.01</u>
Net cash provided by (used for) operating activities	<u>\$ (63,552.41)</u>

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	<u>Unemployment Compensation</u>	<u>Flexible Spending Account</u>	<u>Agency Funds</u>
ASSETS:			
Cash and cash equivalents	\$ 127,565.18	\$ 8,890.33	\$ 71,366.66
Accounts Receivable			
	<u>127,565.18</u>	<u>8,890.33</u>	<u>71,366.66</u>
Total assets			
	<u>127,565.18</u>	<u>8,890.33</u>	<u>71,366.66</u>
LIABILITIES:			
Payroll deductions and withholdings	\$ -	\$ -	\$ 29,174.98
Accounts payable	55.19		
Due to student groups			42,191.68
Interfund payable		6,000.00	
		<u>6,000.00</u>	<u>42,191.68</u>
Total liabilities	-	<u>6,000.00</u>	<u>71,366.66</u>
Net Position:			
Held in trust for unemployment claims	<u>\$ 127,509.99</u>		
Held in trust for claims		<u>\$ 2,890.33</u>	

Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Township of Harrison School District (District) is a Type II school district located in Gloucester County, New Jersey and covers an area of approximately 20 miles. As a Type II school district, it functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the District is to provide educational services for all of the Township of Harrison's students in grades K through 6. The Township of Harrison School District has an approximate enrollment at June 30, 2017 of 1,432 students.

The primary criteria for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School district over which the Board exercises operating control.

Component Units – GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Unit*, provide guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. GASB Statement No. 80, *Blending Requirements for Certain Component Units* - an Amendment of GASB Statement No. 14 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 School District's accounting policies are described below.

The School District's basic financial statements consists of government-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.

Government-wide Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net position presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Statements (Continued) - The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function 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. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund - The general fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America 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 which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes or serial bonds which 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 and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those in the private sector.

Enterprise Funds – The enterprise 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 School District is that all costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes

The School District's enterprise fund is:

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into investment in capital assets, net of related debt, and unrestricted net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: trust funds and agency funds. Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds (i.e. payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has four fiduciary funds; an unemployment compensation trust fund, a flexible spending account, a student activity fund, and a payroll fund.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued) – The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Basis of Accounting

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means that 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 School District, available means expected to be received within sixty days after fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State 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 School 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 School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal 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.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end; tuition, grants, fees, and rentals.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year is reported in the operating statement as an expense. Unused donated commodities are reported as unearned revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets/Budgetary Control - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for their approval. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23A-16.2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets/Budgetary Control (Continued) - 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 accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund. 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 budgetary basis. The budgetary basis differs from GAAP in that the 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. The budget, as detailed on Exhibit C-1, Exhibit C-2 and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances – governmental funds. Note that the School District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the one or more June state aid payments.

Encumbrances - Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, and all eligibility and time requirements satisfied are reflected on the balance sheet as unearned grant revenue at fiscal year end.

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A. 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA), a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or Federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tuition Receivable - Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2017 and 2016 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

Inventories - Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out basis.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed, and is not recorded since any amounts are considered immaterial to the basic financial statements.

Inventories recorded in the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Short-Term Interfund Receivables / Payables - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Capital Assets - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and the proprietary fund statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued) - Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land and Improvements	10-20 years	N/A
Buildings and Improvements	10-50 years	N/A
Furniture and Equipment	5-20 years	12 years
Vehicles	5-10 years	4-6 years

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund 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, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due.

Net Position - Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - Net position is 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 law or regulations of other governments.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

It is the School District's policy to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance – The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District’s classifications, and policies for determining such classifications, are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2017.

Restricted – This fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District’s highest level of decision making authority, which for the School District is the Board of Education. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action imposing the commitment.

Assigned – This fund balance classification includes amounts that are constrained by the School District’s *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the Business Administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – This fund balance classification is the residual classification for the General Fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the School District’s policy to spend restricted fund balances first. Likewise, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Operating and Non-Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program. Non-operating revenues principally consist of interest income earned on various interest bearing accounts and federal and state subsidy reimbursements for the food service program.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. There are no non-operating expenses.

Interfunds – Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements - In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for financial statements for periods beginning after June 30, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In March 2016, the GASB issued Statement 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. Furthermore, this Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures. Also, this Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In November 2016, the GASB issued Statement 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In March 2017, the GASB issued Statement 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued) -The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In May 2017, the GASB issued Statement 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In June 2017, the GASB issued Statement 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School district in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District's amount on deposit of \$4,782,380 as of June 30, 2017, \$250,000 was insured under FDIC and the remaining balance of \$4,532,380 was collateralized under GUDPA.

3. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District 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 School District's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the New Jersey Department of Education, a school 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 school 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:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

3. CAPITAL RESERVE ACCOUNT (Continued)

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Balance – July 1, 2016	\$	6,573
Increased by:		
Transfer from Capital Projects		29
Interest Earned		<u>6,602</u>
Decreased by:		
		<u>-</u>
Balance – June 30, 2017	\$	<u><u>6,602</u></u>

The June 30, 2017 capital reserve balance does not exceed the LRFPP balance of local support costs of uncompleted capital projects.

4. ACCOUNTS RECEIVABLE

Receivables at June 30, 2017 consisted of tuition fees charged other governmental units and governmental grants. All receivables are considered collectible in full due to the stable condition of the other governmental units, state programs and the current fiscal year guarantee of federal funds.

Receivables as of year-end for the District’s individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
State Aid	\$ 75,985	\$ 1,918	\$ -	\$ 148	\$ 78,051
Federal Aid		14,157		6,139	20,296
Tuition fees	3,103				3,103
Other	<u>9,260</u>				<u>9,260</u>
Total	<u>\$ 88,348</u>	<u>\$ 16,075</u>	<u>\$ -</u>	<u>\$ 6,287</u>	<u>\$ 110,710</u>

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance June 30, 2017</u>
Governmental Activities:				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 430,000	\$ -	\$ -	\$ 430,000
Construction in progress	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total capital assets, not being Depreciated	<u>430,000</u>	<u> </u>	<u> </u>	<u>430,000</u>
<i>Capital Assets, being depreciated:</i>				
Site and Site Improvements	1,232,803			1,232,803
Building and Building Improvements	25,172,745			25,172,745
Equipment (Restated)	<u>3,157,258</u>	<u>387,915</u>	<u>(226,034)</u>	<u>3,319,139</u>
Totals at historical cost	<u>29,562,806</u>	<u>387,915</u>	<u>(226,034)</u>	<u>29,724,687</u>
<i>Less Accumulated Depreciation:</i>				
Site and Site Improvements	(1,109,535)	(28,368)		(1,137,903)
Building and Building Improvements	(11,457,839)	(602,764)		(12,060,603)
Equipment (Restated)	<u>(2,443,861)</u>	<u>(226,074)</u>	<u>(204,141)</u>	<u>(2,465,794)</u>
Totals accumulated depreciation	<u>(15,011,235)</u>	<u>(857,206)</u>	<u>(204,141)</u>	<u>(15,664,300)</u>
Total Capital Assets, being depreciated, net	<u>14,551,571</u>	<u>(469,291)</u>	<u>(21,893)</u>	<u>14,060,387</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,981,571</u>	<u>\$ (469,291)</u>	<u>\$ (21,893)</u>	<u>\$ 14,490,387</u>
 Business-Type Activities:				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 295,528	\$ 5,771	\$ -	\$ 301,299
Less accumulated depreciation	<u>(285,974)</u>	<u>(5,961)</u>	<u> </u>	<u>(291,935)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,554</u>	<u>\$ (190)</u>	<u>\$ -</u>	<u>\$ 9,364</u>

Depreciation expense in the amount of \$857,206 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Instruction	\$ 600,044
General Administration	85,721
Plant Operations and Maintenance	128,581
Unallocated	<u>42,860</u>
Total	<u>\$ 857,206</u>

6. INVENTORY

Inventory in the Food Service Fund at June 30, 2017 consisted of the following:

Food	\$ 10,528
Supplies	<u>1,702</u>
	<u>\$ 12,230</u>

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

7. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2017, the following changes occurred in long-term obligations:

<u>Governmental Activities:</u>	<u>Principal Outstanding July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2017</u>	<u>Amounts Due Within One Year</u>
Serial Bonds Payable	\$ 5,245,000	\$ -	\$ 740,000	\$ 4,505,000	\$ 755,000
Unamortized Premiums	416,814		56,200	360,614	56,200
Capital Leases Payable	130,000		65,000	65,000	65,000
Compensated Absences	477,372	26,215	32,369	471,218	26,090
Net Pension Liability	<u>6,708,849</u>	<u>1,948,367</u>		<u>8,657,216</u>	
Total Governmental Activity	<u>\$ 12,978,035</u>	<u>\$ 1,974,582</u>	<u>\$ 893,569</u>	<u>\$ 14,059,048</u>	<u>\$ 902,290</u>

Bonds Payable - Bonds and loans are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are as follows:

2003 General Obligation Bonds dated February 1, 2003 in the amount of \$220,000 due in annual installments through February 1, 2018 bearing an interest rate of 3.875%.

2006 Refunding Bonds dated December 1, 2015 in the amount of \$4,285,000 due in annual installments through March 1, 2024 bearing an interest rate of 4.00%.

Debt Service Requirements

Principal and interest due on bonds outstanding is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 755,000	\$ 179,925	\$ 934,925
2019	560,000	150,000	710,000
2020	580,000	127,600	707,600
2021	625,000	104,400	729,400
2022	650,000	79,400	729,400
2023-2024	<u>1,335,000</u>	<u>79,800</u>	<u>1,414,800</u>
	<u>\$ 4,505,000</u>	<u>\$ 721,125</u>	<u>\$ 5,226,125</u>

As of June 30, 2017 the District had no authorized but not issued bonds.

Compensated Absences

Compensated absences will be paid from the fund from which the employees' salaries are paid.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

7. LONG-TERM OBLIGATIONS (Continued)

Capital Leases

The District is leasing four school buses totaling \$65,000 under capital leases. The following is a schedule of the future minimum lease payments under these capital lease agreements:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 65,000	\$ 870	\$ 65,870
	<u>\$ 65,000</u>	<u>\$ 870</u>	<u>\$ 65,870</u>

8. OPERATING LEASES

At June 30, 2017, the District had operating lease agreements in effect for copiers.

Total operating lease payments made during the year ended June 30, 2017, and 2016 were \$58,511 and \$64,164 respectively. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2018	\$ 36,229
June 30, 2019	29,457
June 30, 2020	16,456
June 30, 2021	1,659
Total future minimum lease payments	<u>\$ 83,801</u>

9. PENSION PLANS

Description of Plans – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). IN addition, several School District employees participate in the Defined Contribution Retirement Program (DCRP), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement, death and disability, and medical benefits to qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (CONTINUED)

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

Vesting and Benefit Provisions – 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 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.

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
4	Members who were eligible to enroll on or after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

Contributions - The contribution requirements of plan members are determined by N.J.S.A.18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State’s pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

For fiscal year 2016, the State’s pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over the several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2017 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2016, the State’s contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2017 was \$632,262 and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$626,899.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (CONTINUED)

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

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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.

At June 30, 2017, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

For the year ended June 30, 2017, the School District recognized pension expense of \$4,692,495 and revenue of \$4,692,495 for support provided by the State. Although the School 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 School District.

The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>06/30/16</u>	<u>06/30/15</u>
Collective deferred outflows of resources	\$ 17,414,701,002	\$ 7,521,378,257
Collective deferred inflows of resources	134,532,594	554,399,005
Collective net pension liability (Non-Employer – State of New Jersey)	79,028,907,033	63,577,864,440
State's portion of the net pension liability that was associated with the School District	62,453,282	50,162,393
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.0793900680%	.0793655108%

Actuarial assumptions – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

- Inflation: 2.5%
- Salary Increases: Varies based on experience
- Investment Rate of Return: 7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (CONTINUED)

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

Long-Term Expected Rate of Return (Continued) - Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	05.00%	0.39%
Government Bonds	01.50%	1.28%
Credit Bonds	13.00%	2.76%
Mortgages	02.00%	2.38%
Inflation-Indexed Bonds	01.50%	1.41%
High Yield Bonds	02.00%	4.70%
Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	06.50%	8.16%
Private Real Estate Property	05.25%	3.64%
Timber	01.00%	3.86%
Farmland	01.00%	4.39%
Private Equity	09.00%	8.97%
Commodities	00.50%	2.87%
Hedge Funds – MultiStrategy	05.00%	3.70%
Hedge Funds – Equity Hedge	03.75%	4.72%
Hedge Funds - Distressed	03.75%	3.49%
	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the contribution rate in the most recent fiscal year. The state contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (CONTINUED)

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

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2016, the pension plans measurement date, attributable to the School District is \$0.00, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.13%, as well as what the School 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 (3.13%) or 1 percentage point higher (5.13%) that the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	74,583,175	62,453,282	52,547,659
	\$ 74,583,175	\$ 62,453,282	\$ 52,547,659

Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

Public Employees' Retirement System (PERS)

Plan Description - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS designated purpose to is to provide retirement, death and disability, and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Vesting and Benefit Provisions – The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
4	Members who were eligible to enroll on or after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

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

Contributions - The contribution requirements of plan members are determined by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 336, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2017 was 14.04% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2016, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2017 was \$259,679 and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$128,241.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Adjustment</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability Paid by District</u>
2017	\$ 40,619	\$ -	\$ 206,716	\$ 12,344	\$ 259,679
2016	43,499	-	200,384	13,058	256,941
2015	40,559	-	187,615	15,454	243,628

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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.

At June 30, 2017, the School District reported a liability of \$8,657,216 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The School District's proportion of the of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

For the year ended June 30, 2017, the School District recognized pension expense of \$795,939. At June 30, 2017, the School District reported a liability of \$8,657,216 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 160,998	\$ -
Changes of assumptions	1,793,313	
Net Difference between projected and actual earnings on pension plan investments	330,108	
Changes in proportion	41,752	170,241
District contributions subsequent to the measurement date	250,014	
Total	\$ 2,576,185	\$ 170,241

\$250,014 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, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	Net Deferred Outflows of Resources
2017	\$ 449,029
2018	449,029
2019	556,520
2020	458,453
2021	242,899
Total	\$ 2,155,930

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	-	5.00
Changes in proportion		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

Additional Information

Collective balances at June 30, 2016 and 2015 are as follows:

	<u>6/30/2016</u>	<u>6/30/2015</u>
Collective deferred outflows of resources	\$ 8,685,338,380	\$ 3,578,755,666
Collective deferred inflows of resources	\$ 870,133,595	\$ 993,410,455
Collective net pension liability	\$ 29,617,131,759	\$ 22,447,996,119
District's Proportion	.0292304339%	.0298861806%

Actuarial assumptions – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

- Inflation rate: 3.08%
- Salary Increases:
 - Through 2025: 1.65-4.15% based on age
 - Thereafter: 2.65-5.15% based on age
- Investment Rate of Return: 7.65%

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 3 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	05.00%	00.87%
U.S. Treasuries	01.50%	01.74%
Investment Grade Credit	08.00%	01.79%
Mortgages	02.00%	01.67%
High Yield Bonds	02.00%	04.56%
Inflation Indexed Bonds	01.50%	03.44%
Broad US Equities	26.00%	08.53%
Developed Foreign Equities	13.25%	06.83%
Emerging Market Equities	06.50%	09.95%
Private Equity	09.00%	12.40%
Hedge Funds/Absolute Ret	12.50%	04.68%
Real Estate (Property)	02.00%	06.91%
Commodities	00.50%	05.45%
Global Debt ex US	05.00%	-0.25%
REIT	05.25%	05.63%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Discount rate (Continued) - The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. The following presents the School District's proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 3.98%, as well as what the School 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 (2.98%) or 1 percentage point higher (4.98%) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the net pension liability	\$ 10,608,408	\$ 8,657,216	\$ 7,046,338

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 Division of Pensions and Benefits financial report.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program is a cost-sharing multiple-employer defined contribution pension plan which was established on 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), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. 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. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Year</u>	<u>Employer Liability</u>	<u>Paid by School District</u>
2017	\$ 19,957	\$ 19,957
2016	18,943	18,943
2015	14,824	14,824

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

10. STATE POST-RETIREMENT MEDICAL BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.1 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at:

<http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

11. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2017, the School District has recognized as revenues and expenditures on-behalf payments made by the state for normal retirement costs, post-retirement medical costs and long term disability insurance related to TPAF, in the fund statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs and long term disability insurance were \$899,263, \$749,291, and \$805, respectively. In addition, \$644,447 on-behalf payments were made by the state for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

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; employee health and accident claims; and natural disasters. The District has chosen to purchase insurance to transfer risk to outside parties.

Property and Liability Insurance – The District maintains commercial insurance for all risks of loss, including property, liability, employee health, accident insurance and public official surety bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

A complete schedule of insurance coverage can be found in the "Statistical Section" of this report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Business 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.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

12. RISK MANAGEMENT (Continued)

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 prior four years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$	\$	33,424	\$ 22,092	\$ 127,510
2015-2016	10,000	31,660	283	11,336	115,750
2014-2015	5,280	30,511	165	50,342	85,143
2013-2014	10,000	29,852	155	19,306	99,529
2012-2013	10,000	29,776	291	44,048	78,828

13. DEFERRED COMPENSATION

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, available to all permanent School District employees, permit participants to defer a portion of their current salary to future years. Participation in the plans is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and are administered by a third party therefore they are not reflected on the financial statements of the School District.

14. COMPENSATED ABSENCES

The School 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.

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2017, the liability for compensated absences in the governmental fund was \$471,218.

15. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2018. The following interfund balances were recorded on the various balance sheets as of June 30, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 14,365	\$ -
Special Revenue		8,365
Fiduciary		6,000
	<u>\$ 14,365</u>	<u>\$ 14,365</u>

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

16. CONTINGENCIES

The School District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School District may be required to reimburse the grantor government.

At June 30, 2017, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, unearned revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

17. 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.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Township of Harrison (Municipality) provides for long-term tax exemptions, as authorized by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by the Municipality are for affordable housing and other permitted purposes. Taxes abated include municipal, local school, and county taxes.

The assessed value on these tax exemption properties amounted to \$20,931,700 which would have resulted in 2016 taxes billed in full of \$625,858. A portion of the \$625,858 abatement would have been allocated to the District.

18. DEFICIT UNASSIGNED FUND BALANCE

The School District has a deficit unassigned fund balance of \$192,902, in the General Fund as of June 30, 2017 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenues, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payment, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$192,902 is equal to or less than the June state aid payment.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

18. DEFICIT UNASSIGNED FUND BALANCE (CONTINUED)

The School District also has an accumulated deficit of \$4,566,859 in the Capital Projects Fund as of June 30, 2017. This deficit is the result of the School District utilizing temporary financing to fund expenditures for certain capital projects. As the School District permanently finances these appropriations the School District will realize as revenues the proceeds of the financing. This deficit does not indicate that the School District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

19. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2017, a deficit of \$7,228,364 existed in the Unrestricted Net position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net position reported on Exhibited A-1 as follows:

Balances June 30, 2017	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds):	
Fund Balance – Unassigned	\$ (192,902)
Liabilities:	
Accrued Interest Payable	(62,958)
Net Pension Differences	(6,501,286)
Compensated Absences	<u>(471,218)</u>
Unrestricted Net position (Deficit)	<u>\$ (7,228,364)</u>

20. FUND BALANCES

RESTRICTED

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District’s fund balance are summarized as follows:

General Fund:

Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$624,982 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$630,440 of excess fund balance generated during the 2015-2016 fiscal year has been restricted and designated for utilization in the 2017-2018 budget.

Capital Reserve – As of June 30, 2017, the balance in the capital reserve account is \$6,602 and is restricted for future capital outlay expenditures for capital projects in the School District’s approved Long Range Facilities Plan.

Maintenance Reserve Account – As of June 30, 2017, the balance in the maintenance reserve account is \$301,287. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

19. FUND BALANCES (CONTINUED)

ASSIGNED

As stated in Note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

General Fund:

Other Purposes – At June 30, 2017 the School District has \$238,943 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Debt Service Fund:

Designated for Subsequent Year's Expenditures – The School District has appropriated \$6,720 anticipated revenue for the fiscal year ending June 30, 2018.

UNASSIGNED

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund – As of June 30, 2017, the unassigned fund balance of the general fund was a deficit of (\$192,902). The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 18).

Capital Projects Fund – As of June 30, 2017, the unassigned fund balance of the capital projects fund was a deficit of (\$4,566,859). The deficit is a result of temporary financing (See Note 18).

Debt Service Fund – As of June 30, 2017, the unassigned fund balance of the debt service fund was \$1.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 11,924,880.00		\$ 11,924,880.00	\$ 11,924,880.00	\$ -
Tuition - Individuals	23,000.00		23,000.00	69,373.76	46,373.76
Tuition - Other LEA's	57,000.00		57,000.00	126,470.94	69,470.94
Transportation Fees	52,492.00		52,492.00	106,015.29	53,523.29
Interest Earned on Capital Reserve Funds	2.00		2.00	28.32	26.32
Interest Earned on Maintenance Reserve Funds	8.00		8.00	463.88	455.88
Miscellaneous	40,000.00		40,000.00	67,273.43	27,273.43
Total - Local Sources	12,097,382.00	-	12,097,382.00	12,294,505.62	197,123.62
State Sources:					
Equalization Aid	5,034,332.00		5,034,332.00	5,034,332.00	-
Transportation Aid	188,491.00		188,491.00	188,491.00	-
Special Education Aid	800,303.00		800,303.00	800,303.00	-
Security Aid	107,201.00		107,201.00	107,201.00	-
Extraordinary Aid	-		-	27,579.00	27,579.00
PARCC Readiness Aid	13,560.00		13,560.00	13,560.00	-
Per Pupil Growth Aid	13,560.00		13,560.00	13,560.00	-
Professional Learning Community Aid	13,580.00		13,580.00	13,580.00	-
Nonpublic School Transportation Costs - Other State Aid				17,535.00	17,535.00
On-Behalf TPAF Pension Contributions (non-budgeted)	-		-	899,263.00	899,263.00
On-Behalf TPAF Post Retirement Medical (non-budgeted)				749,291.00	749,291.00
On-Behalf TPAF Pension LTDI (non-budgeted)				805.00	805.00
Reimbursed TPAF Social Security Contrib (non-budgeted)	-	-	-	644,447.28	644,447.28
Total - State Sources	6,171,027.00	-	6,171,027.00	8,509,947.28	2,338,920.28
Total Revenues	\$ 18,268,409.00	\$ -	\$ 18,268,409.00	\$ 20,804,452.90	\$ 2,536,043.90

EXPENDITURES:**Current Expense:**

Regular Programs - Instruction:

Salaries of Teachers:

Preschool/Kindergarten	\$ 357,776.00	\$ 14,000.00	\$ 371,776.00	\$ 356,048.58	\$ 15,727.42
Grades 1-5	4,444,215.00	(189,500.00)	4,254,715.00	4,222,862.03	31,852.97
Grades 6-8	882,000.00	(14,000.00)	868,000.00	861,588.28	6,411.72

Regular Programs - Home Instruction:

Salaries of Teachers	7,000.00	-	7,000.00	3,539.62	3,460.38
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Regular Programs - Undistributed Instruction:

Purchased Educational Services	-	-	-	-	-
Purchased Technical Services	-	-	-	-	-
Other Purchased Services	1,000.00	-	1,000.00	-	1,000.00
Rentals	48,108.00	-	48,108.00	43,632.17	4,475.83
General Supplies	373,115.00	2,217.46	375,332.46	347,176.69	28,155.77
Textbooks	36,297.00	15,782.54	52,079.54	46,611.29	5,468.25
Other Objects	-	-	-	-	-

Total Regular Programs	6,149,511.00	(171,500.00)	5,978,011.00	5,881,458.66	96,552.34
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TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	846,462.00	87,700.00	934,162.00	928,328.18	5,833.82
Other Salaries for Instruction	208,171.00	(47,700.00)	160,471.00	159,553.75	917.25
Purchased Educational Services	3,000.00	-	3,000.00	-	3,000.00
General Supplies	2,325.00	-	2,325.00	771.60	1,553.40
Textbooks	8,002.00	-	8,002.00	701.68	7,300.32
Other Objects	3,900.00	-	3,900.00	-	3,900.00
Total Resource Room/Resource Center	1,071,860.00	40,000.00	1,111,860.00	1,089,355.21	22,504.79
Autism:					
Salaries of Teachers	168,944.00	5,900.00	174,844.00	173,107.21	1,736.79
Other Salaries for Instruction	195,949.00	63,300.00	259,249.00	257,950.60	1,298.40
Purchased Educational Services	675.00	-	675.00	-	675.00
General Supplies	3,300.00	1,100.00	4,400.00	1,911.61	2,488.39
Textbooks	1,700.00	-	1,700.00	787.00	913.00
Other Objects	50.00	100.00	150.00	150.00	-
Total Autism	370,618.00	70,400.00	441,018.00	433,906.42	7,111.58
Preschool Disabilities:					
Salaries of Teachers	236,175.00	(77,965.98)	158,209.02	158,179.02	30.00
Other Salaries for Instruction	83,156.00	(15,600.00)	67,556.00	67,540.69	15.31
Purchased Educational Services	664.00	1,436.28	2,100.28	2,100.28	-
General Supplies	2,325.00	1,129.70	3,454.70	3,418.14	36.56
Textbooks	-	-	-	-	-
Other Objects	1,600.00	(1,400.00)	200.00	60.95	139.05
Total Preschool Disabilities	323,920.00	(92,400.00)	231,520.00	231,299.08	220.92
Home Instruction:					
Salaries of Teachers	-	-	-	-	-
Other Salaries for Instruction	5,376.00	(5,376.00)	-	-	-
Purchased Educational Services	22,056.00	3,376.00	25,432.00	13,006.25	12,425.75
Total Home Instruction	27,432.00	(2,000.00)	25,432.00	13,006.25	12,425.75
Total Special Education - Instruction	1,793,830.00	16,000.00	1,809,830.00	1,767,566.96	42,263.04

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 573,850.00	\$ 3,380.00	\$ 577,230.00	\$ 576,944.95	\$ 285.05
Other Salaries for Instruction	233,450.00	(1,480.00)	231,970.00	231,802.42	167.58
General Supplies	1,060.00	-	1,060.00	1,051.38	8.62
Textbooks	600.00	-	600.00	595.54	4.46
Total Basic Skills/Remedial - Instruction	808,960.00	1,900.00	810,860.00	810,394.29	465.71
Bilingual - Instruction:					
Salaries of Teachers	34,500.00	800.00	35,300.00	34,909.38	390.62
General Supplies	450.00	-	450.00	35.41	414.59
Textbooks	-	-	-	-	-
Total Bilingual - Instruction	34,950.00	800.00	35,750.00	34,944.79	805.21
Other Supplemental/At-Risk Program:					
Salaries of Reading Specialists	78,000.00	1,300.00	79,300.00	68,046.90	11,253.10
Total Instruction	8,865,251.00	(151,500.00)	8,713,751.00	8,562,411.60	151,339.40
Undistributed Expenditures - Instruction:					
Tuition - Other LEAs Within State - Regular	50,000.00	-	50,000.00	24,585.07	25,414.93
Tuition - Other LEAs Within State - Special	-	-	-	-	-
Tuition to CSSD & Regional Day Schools	13,917.00	(11,419.00)	2,498.00	-	2,498.00
Tuition to Private Schools for the Hand. - Within State	-	2,330.00	2,330.00	2,330.00	-
Tuition - Other	-	-	-	-	-
Total Undistributed Expenditures - Instruction	63,917.00	(9,089.00)	54,828.00	26,915.07	27,912.93
Undistributed Expenditures - Attendance:					
Other Purchased Services	-	12,510.00	12,510.00	12,510.00	-
Undistributed Expenditures - Health Services:					
Salaries	211,736.00	9,608.00	221,344.00	220,736.87	607.13
Purchased Professional and Technical Services	10,125.00	6,000.00	16,125.00	15,399.25	725.75
Supplies and Materials	8,400.00	(2,408.00)	5,992.00	5,807.89	184.11
Total Undistributed Expenditures - Health Services	230,261.00	13,200.00	243,461.00	241,944.01	1,516.99
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	310,865.00	3,500.00	314,365.00	310,136.25	4,228.75
Purchased Professional - Educational Services	214,271.00	(72,063.00)	142,208.00	92,226.70	49,981.30
Supplies and Materials	7,329.00	1,800.00	9,129.00	7,535.03	1,593.97
Total Undistributed Expenditures - Other Support Services - Students - Related Services	532,465.00	(66,763.00)	465,702.00	409,897.98	55,804.02
Undistributed Expenditures - Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	215,365.00	3,800.00	219,165.00	218,942.48	222.52
Purchased Professional - Educational Services	300.00	-	300.00	-	300.00
Supplies and Materials	1,425.00	-	1,425.00	-	1,425.00
Other Objects	-	-	-	-	-
Total Undistributed Expenditures - Other Support Services - Students - Regular	217,090.00	3,800.00	220,890.00	218,942.48	1,947.52

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Other Support Services -					
Students - Special:					
Salaries of Other Professional Staff	\$ 246,795.00	\$ 26,053.00	\$ 272,848.00	\$ 267,400.82	\$ 5,447.18
Salaries of Secretarial and Clerical Assistants	38,747.00	1,228.00	39,975.00	39,972.99	2.01
Other Salaries	5,500.00	700.00	6,200.00	5,875.64	324.36
Purchased Professional - Educational Services	32,360.00	(3,800.00)	28,560.00	23,674.19	4,885.81
Miscellaneous Purchased Services	9,004.00	-	9,004.00	5,442.77	3,561.23
Supplies and Materials	9,282.80	(200.00)	9,082.80	4,508.10	4,574.70
Other Objects	-	-	-	-	-
Total Undistributed Expenditures - Other Support Services -	341,688.80	23,981.00	365,669.80	346,874.51	18,795.29
Undistributed Expend. - Imp. of Instruction Services:					
Salaries of Supervisors of Instruction	211,796.00	5,079.00	216,875.00	216,875.00	-
Salaries of Other Professional Staff	-	152,500.00	152,500.00	152,500.00	-
Salaries of Secretarial and Clerical Assistants	32,880.00	1,040.00	33,920.00	33,920.00	-
Other Salaries	-	-	-	-	-
Purchased Professional - Educational Services	-	2,450.00	2,450.00	1,750.00	700.00
Other Purchased Services	500.00	570.00	1,070.00	737.79	332.21
Supplies and Materials	1,400.00	575.00	1,975.00	1,951.89	23.11
Miscellaneous Expenditures	2,100.00	1,655.00	3,755.00	3,714.50	40.50
Total Undistributed Expenditures - Improv. of Instr. Services	248,676.00	163,869.00	412,545.00	411,449.18	1,095.82
Undistributed Expenditures - Educational Media/Library:					
Purchased Professional - Educational Services	1,900.00	-	1,900.00	1,899.00	1.00
Supplies and Materials	20,431.18	(1,500.00)	18,931.18	15,966.89	2,964.29
Total Undistributed Expend. - Educational Media/Library	22,331.18	(1,500.00)	20,831.18	17,865.89	2,965.29
Undistributed Expenditures - Instructional Staff Training					
Salaries of Other Professional Staff	25,000.00	(6,200.00)	18,800.00	18,750.25	49.75
Purchased Professional - Educational Services	21,763.00	(14,141.00)	7,622.00	7,611.86	10.14
Other Purchased Services	6,000.00	7,491.00	13,491.00	13,338.50	152.50
Miscellaneous Expenditures	-	-	-	-	-
Total Undistributed Expend. - Instructional Staff Training	52,763.00	(12,850.00)	39,913.00	39,700.61	212.39
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	180,553.00	2,120.00	182,673.00	182,668.40	4.60
Legal Services	40,000.00	25,500.00	65,500.00	55,788.84	9,711.16
Audit Fees	16,525.00	-	16,525.00	16,500.00	25.00
Architect/Engineer Services	19,960.00	(3,320.00)	16,640.00	11,986.87	4,653.13
Other Purchased Professional Services	5,000.00	-	5,000.00	5,000.00	-
Communications/Telephone	36,510.00	(2,000.00)	34,510.00	26,170.86	8,339.14
BOE Other Purchased Services	3,000.00	7,500.00	10,500.00	9,394.89	1,105.11
Other Purchased Services	12,007.00	164.00	12,171.00	11,870.48	300.52
Supplies and Materials	4,500.00	(464.00)	4,036.00	1,299.08	2,736.92
Miscellaneous Expenditures	10,700.00	-	10,700.00	3,938.00	6,762.00
Judgements	200,000.00	-	200,000.00	120,457.84	79,542.16
BOE Membership Dues and Fees	8,000.00	-	8,000.00	6,368.80	1,631.20
Total Undistributed Expend. - Support Services - Gen. Admin.	536,755.00	29,500.00	566,255.00	451,444.06	114,810.94
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals	422,684.00	1,224.00	423,908.00	423,813.39	94.61
Salaries of Secretarial and Clerical Assistants	120,289.00	(2,974.00)	117,315.00	111,343.46	5,971.54
Purchased Professional and Technical Services	13,700.00	59,044.00	72,744.00	10,250.59	62,493.41
Other Purchased Services	6,450.00	-	6,450.00	5,732.78	717.22
Supplies and Materials	13,245.89	(270.00)	12,975.89	6,630.25	6,345.64
Miscellaneous Expenditures	15,000.00	270.00	15,270.00	15,190.86	79.14
Total Undistributed Expend. - Support Serv. - School Admin.	591,368.89	57,294.00	648,662.89	572,961.33	75,701.56

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expend. - Central Services:					
Salaries	\$ 284,940.00	\$ 4,750.00	\$ 289,690.00	\$ 289,686.93	\$ 3.07
Purchased Professional Services	26,715.00	(2,000.00)	24,715.00	21,044.50	3,670.50
Other Purchased Services	3,600.00	-	3,600.00	2,849.52	750.48
Supplies and Materials	6,000.00	(3,000.00)	3,000.00	2,802.04	197.96
Interest on Lease Purchase Agreements	1,741.00	-	1,741.00	1,740.70	0.30
Miscellaneous Expenditures	5,000.00	250.00	5,250.00	5,236.42	13.58
Total Undistributed Expend. - Central Services	327,996.00	-	327,996.00	323,360.11	4,635.89
Undistributed Expend. - Administrative Information Technology:					
Salaries	120,291.00	6,550.00	126,841.00	126,747.59	93.41
Purchased Professional and Technical Services	7,960.00	(40.00)	7,920.00	7,920.00	-
Other Purchased Services	71,685.00	50,253.00	121,938.00	40,172.73	81,765.27
Supplies and Materials	80,000.00	(1,010.00)	78,990.00	78,456.10	533.90
Total Undistributed Expend. - Admin. Info. Technology	279,936.00	55,753.00	335,689.00	253,296.42	82,392.58
Undistributed Expenditures - Allowable Maintenance of Plant Services:					
Cleaning, Repair and Maintenance Services	203,735.00	100,870.00	304,605.00	190,600.55	114,004.45
Lead Testing	-	5,768.00	5,768.00	5,768.00	-
General Supplies	61,128.77	36,550.00	97,678.77	75,023.57	22,655.20
Total Undistributed Expenditures - Allowable Maint. of Plant Services	264,863.77	143,188.00	408,051.77	271,392.12	136,659.65
Undistributed Expenditures - Other Operation and Maint. of Plant Services:					
Salaries	536,188.00	15,000.00	551,188.00	550,684.45	503.55
Salaries of Non-Instructional Aides	185,236.00	(6,500.00)	178,736.00	178,633.66	102.34
Other Purchased Property Services	34,651.00	4,450.00	39,101.00	36,623.36	2,477.64
Insurance	102,000.00	2,988.00	104,988.00	104,986.45	1.55
Miscellaneous Purchased Services	10,400.00	2,512.00	12,912.00	11,465.00	1,449.00
General Supplies	80,000.00	(12,250.00)	67,750.00	67,073.36	676.64
Natural Gas	125,000.00	(52,000.00)	73,000.00	68,822.96	4,177.04
Electricity	375,000.00	-	375,000.00	326,345.54	48,654.46
Other Objects	2,800.00	(200.00)	2,600.00	2,049.00	551.00
Total Undistributed Expenditures - Other Operation and Maint. of Plant Services	1,451,275.00	(46,000.00)	1,405,275.00	1,346,681.78	58,593.22
Undistributed Expenditures - Care & Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	60,000.00	(5,200.00)	54,800.00	54,791.50	8.50
Undistributed Expenditures - Security					
Cleaning, Repair and Maintenance Services	18,000.00	-	18,000.00	17,973.80	26.20
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	137,000.00	6,000.00	143,000.00	142,905.99	94.01
Salaries for Pupil Transportation (Between Home and School) - Regular	612,168.00	(37,000.00)	575,168.00	546,240.93	28,927.07
Salaries for Pupil Transportation (Between Home and School) - Special	140,000.00	26,000.00	166,000.00	154,128.12	11,871.88
Other Professional and Technical Services	9,200.00	(3,000.00)	6,200.00	5,861.03	338.97
Cleaning, Repair and Maintenance Services	100,000.00	3,000.00	103,000.00	102,550.15	449.85
Aid In Lieu of Transportation	50,000.00	(722.00)	49,278.00	46,869.14	2,408.86
Contracted Serv. - (Between Home and School) - Joint Agreements	43,000.00	3,085.00	46,085.00	46,071.00	14.00
Contracted Serv. - (Sp. Ed. Students) - Joint Agreements	-	5,000.00	5,000.00	5,000.00	-
Contracted Serv. - (Sp. Ed. Students) - ESCs & CTAS	-	1,237.00	1,237.00	1,236.88	0.12
Miscellaneous Purchased Services - Transportation	42,335.00	-	42,335.00	42,039.30	295.70
Supplies and Materials	191,500.00	(30,600.00)	160,900.00	142,311.80	18,588.20
Miscellaneous Expenditures	3,800.00	-	3,800.00	3,070.17	729.83
Total Undistributed Expend. - Student Transportation Serv.	1,329,003.00	(27,000.00)	1,302,003.00	1,238,284.51	63,718.49

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Unallocated Benefits:					
Social Security Contributions	\$ 270,000.00	\$ 2,000.00	\$ 272,000.00	\$ 266,950.68	\$ 5,049.32
Other Retirement Contributions - Regular	304,500.00	(10,255.00)	294,245.00	288,434.80	5,810.20
Unemployment Compensation	10,000.00	(8,462.00)	1,538.00	-	1,538.00
Workmen's Compensation	165,000.00	5,474.00	170,474.00	170,473.46	0.54
Health Benefits	2,360,594.00	(239,094.00)	2,121,500.00	2,078,836.39	42,663.61
Tuition Reimbursement	24,000.00	8,255.00	32,255.00	31,430.00	825.00
Other Employee Benefits	152,809.00	20,391.00	173,200.00	172,787.25	412.75
Unused Sick Payment to Terminated/Retired Staff		29,409.00	29,409.00	29,409.00	-
Total Unallocated Benefits	3,286,903.00	(192,282.00)	3,094,621.00	3,038,321.58	56,299.42
On-behalf TPAF Pension Contributions (non-budgeted)				899,263.00	(899,263.00)
On-Behalf TPAF Post Retirement Medical (non-budgeted)				749,291.00	(749,291.00)
On-Behalf TPAF Pension LTDI (non-budgeted)				805.00	(805.00)
Reimbursed TPAF Social Security Contrib. (non-budgeted)		-		644,447.28	(644,447.28)
Total On-behalf Contributions	-	-	-	2,293,806.28	(2,293,806.28)
Total Undistributed Expenditures	\$ 9,855,292.64	\$ 142,411.00	\$ 9,997,703.64	\$ 11,588,413.22	\$ (1,590,709.58)
Total Current Expense	\$ 18,720,543.64	\$ (9,089.00)	\$ 18,711,454.64	\$ 20,150,824.82	\$ (1,439,370.18)
Capital Outlay:					
Undistributed Expenditures - Instruction:					
Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
Undistributed Expenditures - Student Transportation Services:					
School Buses - Regular	291,000.00	(1,860.00)	289,140.00	280,619.04	8,520.96
School Buses - Special	48,000.00	1,860.00	49,860.00	49,858.82	1.18
Facilities Acquisition and Construction Services:					
Architect/Engineer Services	-	-	-	-	-
Lease Purchase Principal	65,000.00	-	65,000.00	65,000.00	-
Transfer to Capital Projects	-	-	-	-	-
Other Objects	34,972.00	-	34,972.00	34,972.00	-
Total Capital Outlay	\$ 438,972.00	\$ -	\$ 438,972.00	\$ 430,449.86	\$ 8,522.14
Transfer to Charter School		\$ 9,089.00	\$ 9,089.00	\$ 9,089.00	-
Total Expenditures	\$ 19,159,515.64	\$ -	\$ 19,159,515.64	\$ 20,590,363.68	\$ (1,430,848.04)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(891,106.64)	-	(891,106.64)	214,089.22	1,105,195.86
Other Financing Sources (Uses):					
Unexpended Capital Reserve Transferred from Capital Projects					-
Unexpended Capital Outlay Transferred from Capital Projects					-
Total Other Financing Sources (Uses)	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (891,106.64)	\$ -	\$ (891,106.64)	\$ 214,089.22	\$ 1,105,195.86
Fund Balances, July 1	1,999,209.54		1,999,209.54	1,999,209.54	
Fund Balances, June 30	\$ 1,108,102.90	\$ -	\$ 1,108,102.90	\$ 2,213,298.76	\$ 1,105,195.86
Recapitulation					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 630,440.00	
Reserve for Excess Surplus				624,981.68	
Capital Reserve				6,601.81	
Maintenance Reserve				301,287.02	
Assigned Fund Balance:					
Year-End Encumbrances				238,943.10	
Designated for Subsequent Year's Expenditures					
Unassigned Fund Balance				411,045.15	
				\$ 2,213,298.76	
Last State Aid Payment not Recognized on a GAAP Basis				(603,947.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,609,351.76	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$ 53,839.57		\$ 53,839.57	\$ 51,129.36	\$ (2,710.21)
Federal sources	448,516.00		448,516.00	413,383.00	(35,133.00)
Total revenues	<u>502,355.57</u>	<u>-</u>	<u>502,355.57</u>	<u>464,512.36</u>	<u>(37,843.21)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	65,078.00		65,078.00	53,751.22	11,326.78
Other salaries for instruction	-		-	-	-
Purchased professional - educ. services	6,562.00		6,562.00	6,250.50	311.50
Purchased professional - tech. services	-		-	-	-
Tuition	291,518.00		291,518.00	271,433.77	20,084.23
General supplies	6,385.00		6,385.00	6,135.42	249.58
Textbooks	-		-	-	-
Total instruction	<u>369,543.00</u>	<u>-</u>	<u>369,543.00</u>	<u>337,570.91</u>	<u>31,972.09</u>
Support services:					
Other salaries	7,837.00		7,837.00	7,418.08	418.92
Personal services - employee benefits	7,705.00		7,705.00	6,806.51	898.49
Purchased professional - educ. services	86,393.57		86,393.57	83,615.86	2,777.71
Purchased professional and technical services	27,277.00		27,277.00	25,501.00	1,776.00
Purchased property services	-		-	-	-
Travel	-		-	-	-
Other purchased services	-		-	-	-
Supplies and materials	3,600.00		3,600.00	3,600.00	-
Other objects	-		-	-	-
Total support services	<u>132,812.57</u>	<u>-</u>	<u>132,812.57</u>	<u>126,941.45</u>	<u>5,871.12</u>
Facilities acquisition and construction services:					
Building	-		-	-	-
Instructional equipment	-		-	-	-
Noninstructional equipment	-		-	-	-
Total facilities acq. and const. services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>502,355.57</u>	<u>-</u>	<u>502,355.57</u>	<u>464,512.36</u>	<u>37,843.21</u>
Total outflows	<u>502,355.57</u>	<u>-</u>	<u>502,355.57</u>	<u>464,512.36</u>	<u>37,843.21</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Township of Harrison School District
Notes to Required Supplementary Information
Budgetary Comparison**

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP
Revenues and Expenditures**

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 20,804,452.90	\$ 464,512.36
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		
Prior Year		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	599,379.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(603,947.00)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 20,799,884.90	\$ 464,512.36
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 20,590,363.68	\$ 464,512.36
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year		
Prior Year		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 20,590,363.68	\$ 464,512.36

Required Supplementary Information - Part III
Schedules Related to Accounting and Reporting
For Pensions (GASB 68)

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees Retirement System
Last Four Fiscal Years

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0292304339%	0.0298861806%	0.0295526762%	0.0301734788%
District's proportionate share of the net pension liability (asset)	\$ 8,657,216	\$ 5,708,849	\$ 5,533,069	\$ 5,766,751
District's covered-employee payroll	1,780,940	1,843,690	1,952,764	1,947,894
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	486.10%	309.64%	283.35%	296.05%
Plan fiduciary net position as a percentage of the total pension liability	31.20%	38.21%	42.74%	40.71%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Contributions
Public Employees Retirement System
Last Four Fiscal Years

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 250,014	\$ 259,679	\$ 256,941	\$ 243,628
Contributions in relation to the contractually required contributions	<u>(250,014)</u>	<u>(259,679)</u>	<u>(256,941)</u>	<u>(243,628)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	1,780,940	1,843,690	1,952,764	1,947,894
Contributions as a percentage of covered-employee payroll	14.04%	14.08%	13.16%	12.51%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

TOWNSHIP OF HARRISON SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Teachers' Pension and Annuity Fund
 Last Four Fiscal Years

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0793900680%	0.0793655108%	0.0787047848%	0.0820489531%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 62,453,282</u>	<u>\$ 50,162,393</u>	<u>\$ 42,065,146</u>	<u>\$ 41,466,896</u>
Total	<u>\$ 62,453,282</u>	<u>\$ 50,162,393</u>	<u>\$ 42,065,146</u>	<u>\$ 41,466,896</u>
District's covered-employee payroll	8,639,427	8,320,432	8,003,650	7,983,691
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

**Township of Harrison School District
Notes to Required Supplementary Information
Pension Schedules
For the Fiscal Year Ended June 30, 2017**

1. Teacher's Pension and Annuity Fund (TPAF)

Changes of benefit term: 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, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

2. Public Employees' Retirement System (PERS)

Changes of benefit term: 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 RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 3 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Other Supplementary Information

Special Revenue Fund

TOWNSHIP OF HARRISON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2017

E-1A

	Brought Forward (Exh. E-1B)	Brought Forward (Exh. E-1C)	Brought Forward (Exh. E-1D)	Brought Forward (Exh. E-1E)	Total 2017
REVENUES:					
State sources	\$ -	\$ -	\$ 43,711.79	\$ 7,417.57	\$ 51,129.36
Federal sources	302,604.00	110,779.00	-	-	413,383.00
Total Revenues	<u>302,604.00</u>	<u>110,779.00</u>	<u>43,711.79</u>	<u>7,417.57</u>	<u>464,512.36</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	-	53,751.22	-	-	53,751.22
Other salaries for instruction	-	-	-	-	-
Professional education services	6,250.50	-	-	-	6,250.50
Purchase professional and technical services	-	-	-	-	-
Tuition	271,433.77	-	-	-	271,433.77
General supplies	1,318.73	4,816.69	-	-	6,135.42
Textbooks	-	-	-	-	-
Total instruction	<u>279,003.00</u>	<u>58,567.91</u>	<u>-</u>	<u>-</u>	<u>337,570.91</u>
Support services:					
Other salaries	-	7,418.08	-	-	7,418.08
Personal services-employee benefits	-	6,806.51	-	-	6,806.51
Purchased prof. and educational services	-	37,986.50	43,711.79	1,917.57	83,615.86
Purchase professional and technical services	20,001.00	-	-	5,500.00	25,501.00
Purchased technical services	-	-	-	-	-
Purchased property services	-	-	-	-	-
Travel	-	-	-	-	-
Other purchased services (400-500)	-	-	-	-	-
Supplies and materials	3,600.00	-	-	-	3,600.00
Other objects	-	-	-	-	-
Total support services	<u>23,601.00</u>	<u>52,211.09</u>	<u>43,711.79</u>	<u>7,417.57</u>	<u>126,941.45</u>
Facilities acquisition and const. serv.:					
Building	-	-	-	-	-
Instructional equipment	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
Total facilities acquisition and const. serv.:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>302,604.00</u>	<u>110,779.00</u>	<u>43,711.79</u>	<u>7,417.57</u>	<u>464,512.36</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF HARRISON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2017

	IDEA				Totals
	Basic	Basic	Preschool	Preschool	
	Current Yr.	Prior Yr.	Current Yr.	Prior Yr.	
REVENUES:					
State sources	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	272,435.00	-	30,169.00	-	302,604.00
Total Revenues	272,435.00	-	30,169.00	-	302,604.00
EXPENDITURES:					
Instruction:					
Salaries of teachers					-
Other salaries for instruction					-
Professional education services	6,250.50				6,250.50
Purchase professional and technical services					-
Tuition	242,254.77		29,179.00		271,433.77
General supplies	1,318.73				1,318.73
Textbooks					-
Total instruction	249,824.00	-	29,179.00	-	279,003.00
Support services:					
Other salaries					-
Personal services-employee benefits					-
Purchased prof. and educational services					-
Purchase professional and technical services	19,011.00		990.00		20,001.00
Purchased technical services					-
Purchased property services					-
Travel					-
Other purchased services (400-500)					-
Supplies and materials	3,600.00				3,600.00
Total support services	22,611.00	-	990.00	-	23,601.00
Facilities acquisition and const. serv.:					
Instructional equipment					-
Non-instructional equipment					-
Total facilities acquisition and const. serv.:	-	-	-	-	-
Total Expenditures	272,435.00	-	30,169.00	-	302,604.00
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-	-

TOWNSHIP OF HARRISON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2017

E-1C

E.S.E.A. as amended by No Child Left Behind (N.C.L.B.)

	Title I Current Yr.	Title I Prior Yr.	Title IIA Current Yr.	Title IIA Prior Yr.	Title III Current Yr.	Title III Prior Yr.	Totals
REVENUES:							
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	51,843.00	-	24,959.00	-	33,977.00	-	110,779.00
Total Revenues	<u>51,843.00</u>	<u>-</u>	<u>24,959.00</u>	<u>-</u>	<u>33,977.00</u>	<u>-</u>	<u>110,779.00</u>
EXPENDITURES:							
Instruction:							
Salaries of teachers	29,555.91		11,594.00		12,601.31		53,751.22
Other salaries for instruction							-
Professional education services							-
Purchase professional and technical services							-
Tuition							-
General supplies					4,816.69		4,816.69
Textbooks							-
Total instruction	<u>29,555.91</u>	<u>-</u>	<u>11,594.00</u>	<u>-</u>	<u>17,418.00</u>	<u>-</u>	<u>58,567.91</u>
Support services:							
Other salaries	7,418.08						7,418.08
Personal services-employee benefits	2,828.51		3,014.00		964.00		6,806.51
Purchased prof. and educational services	12,040.50		10,351.00		15,595.00		37,986.50
Purchase professional and technical services							-
Purchased technical services							-
Purchased property services							-
Travel							-
Other purchased services (400-500)							-
Supplies and materials							-
Other objects							-
Total support services	<u>22,287.09</u>	<u>-</u>	<u>13,365.00</u>	<u>-</u>	<u>16,559.00</u>	<u>-</u>	<u>52,211.09</u>
Facilities acquisition and const. serv.:							
Building							-
Instructional equipment							-
Non-instructional equipment							-
Total facilities acquisition and const. serv.:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>51,843.00</u>	<u>-</u>	<u>24,959.00</u>	<u>-</u>	<u>33,977.00</u>	<u>-</u>	<u>110,779.00</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF HARRISON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2017

	Chapter 192 - Auxillary Services			Chapter 193 - Handicapped Services					Carried Forward (Exh. E-1A)	
	Comp. Education	E.S.L.	Transportation	Corrective Speech	Suppl. Instruction	Exam & Classification	Nonpublic Nursing	Nonpublic Technology		Nonpublic Textbook
REVENUES:										
State sources	\$ 9,853.80	\$ 822.15	\$ 1,691.58	\$ 10,690.65	\$ 156.94	\$ 6,660.00	\$ 7,200.00	\$ 2,025.67	\$ 4,611.00	\$ 43,711.79
Federal sources										-
Total Revenues	<u>9,853.80</u>	<u>822.15</u>	<u>1,691.58</u>	<u>10,690.65</u>	<u>156.94</u>	<u>6,660.00</u>	<u>7,200.00</u>	<u>2,025.67</u>	<u>4,611.00</u>	<u>43,711.79</u>
EXPENDITURES:										
Instruction:										
Salaries of teachers										-
Other salaries for instruction										-
Professional education services										-
Purchase professional and technical services										-
Tuition										-
General supplies										-
Textbooks										-
Total instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support services:										
Personal services-employee benefits										-
Purchased prof. and educational services	9,853.80	822.15	1,691.58	10,690.65	156.94	6,660.00	7,200.00	2,025.67	4,611.00	43,711.79
Purchase professional and technical services										-
Purchased technical services										-
Purchased property services										-
Travel										-
Other purchased services (400-500)										-
Supplies and materials										-
Total support services	<u>9,853.80</u>	<u>822.15</u>	<u>1,691.58</u>	<u>10,690.65</u>	<u>156.94</u>	<u>6,660.00</u>	<u>7,200.00</u>	<u>2,025.67</u>	<u>4,611.00</u>	<u>43,711.79</u>
Facilities acquisition and const. serv.:										
Instructional equipment										-
Non-instructional equipment										-
Total facilities acquisition and const. serv.:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>9,853.80</u>	<u>822.15</u>	<u>1,691.58</u>	<u>10,690.65</u>	<u>156.94</u>	<u>6,660.00</u>	<u>7,200.00</u>	<u>2,025.67</u>	<u>4,611.00</u>	<u>43,711.79</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF HARRISON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2017

E-1E

	Nonpublic Home Instruction	Nonpublic Security	Totals
REVENUES:			
State sources	\$ 1,917.57	\$ 5,500.00	\$ 7,417.57
Federal sources			-
Total Revenues	<u>1,917.57</u>	<u>5,500.00</u>	<u>7,417.57</u>
 EXPENDITURES:			
Instruction:			
Salaries of teachers			-
Other salaries for instruction			-
Professional education services			-
Purchase professional and technical services			-
Tuition			-
General supplies			-
Textbooks			-
Total instruction	<u>-</u>	<u>-</u>	<u>-</u>
Support services:			
Personal services-employee benefits			-
Purchased prof. and educational services	1,917.57		1,917.57
Purchase professional and technical services		5,500.00	5,500.00
Purchased technical services			-
Purchased property services			-
Travel			-
Other purchased services (400-500)			-
Supplies and materials			-
Total support services	<u>1,917.57</u>	<u>5,500.00</u>	<u>7,417.57</u>
Facilities acquisition and const. serv.:			
Buildings			-
Non-instructional equipment			-
Total facilities acquisition and const. serv.:	<u>-</u>	<u>-</u>	<u>-</u>
Due to Charter School			-
Total Expenditures	<u>1,917.57</u>	<u>5,500.00</u>	<u>7,417.57</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>

Capital Projects Fund
Detail Statements

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2017

Revenues and Other Financing Sources:

State sources - SDA grant	\$ -
Bond proceeds and transfers	-
Total Revenues	-

Expenditures and Other Financing Uses:

Purchased professional and technical services	484,489.78
Land and improvements	-
Construction services	4,082,369.64
Equipment purchases	-
Total Expenditures	4,566,859.42

Excess (Deficiency) of revenues over (under) expenditures	\$ (4,566,859.42)
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TOWNSHIP OF HARRISON SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Harrison Township School Roof Replacement
From Inception and for the Year Ended June 30, 2017

	<u>Prior</u> <u>Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources:				
State sources - SDA grant	\$ -	\$ -	\$ -	\$ -
Bond proceeds and transfers	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	-	484,489.78	484,489.78	484,489.78
Land and improvements	-	-	-	-
Construction services	-	4,082,369.64	4,082,369.64	4,082,369.64
Equipment purchases	-	-	-	-
Total Expenditures	<u>-</u>	<u>4,566,859.42</u>	<u>4,566,859.42</u>	<u>4,566,859.42</u>
Excess (Deficiency) of revenues over (under) expenses	<u>\$ -</u>	<u>\$(4,566,859.42)</u>	<u>\$ (4,566,859.42)</u>	<u>\$(4,566,859.42)</u>

Additional Project Information:

DOE Project Number	2070-050-16-1000-Roofing
Grant Date/Letter of Notification	5/25/2016
Bond Authorization/Referendum Date	9/27/2016
Bonds Authorized	\$5,326,577
Bonds Issued	N/A
Original Project Authorized Cost	\$5,326,577
Additional Authorized Cost	\$0
Revised Authorized Cost	\$5,326,577
Percentage Increase Over	
Original Authorized Cost	0%
Percentage Completion	2%
Original Target Completion Date	9/1/2018
Revised Target Completion Date	N/A

Proprietary Funds

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Enterprise Funds
Statement of Net Position
as of June 30, 2017

	2017
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 45,249.47
Accounts receivable:	
State	148.42
Federal	6,138.57
Inventories	12,230.21
Total current assets	63,766.67
Fixed assets:	
Equipment	301,299.00
Less Accumulated depreciation	(291,935.00)
Total fixed assets	9,364.00
Total assets	73,130.67
 LIABILITIES	
Current liabilities:	
Accounts Payable	\$ 7,085.98
Unearned revenue	9,758.68
Total current liabilities	16,844.66
 NET POSITION	
Invested in capital assets net of related debt	9,364.00
Unrestricted	46,922.01
Total net position	\$ 56,286.01

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Enterprise Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
for the Fiscal Year ended June 30, 2017

	2017
OPERATING REVENUES:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	\$ 122,301.15
Total-daily sales-reimbursable programs	122,301.15
Daily sales non-reimbursable programs:	
Adult and AlaCarte meals	102,651.30
Total operating revenue	224,952.45
OPERATING EXPENSES:	
Salaries	131,187.75
Benefits	10,956.32
Supplies and materials	10,329.64
Depreciation	5,961.00
Management fee	24,096.04
Direct expenses	1,255.30
Repairs and maintenance	8,928.71
Cost of sales - reimbursable programs	104,849.76
Cost of sales - non-reimbursable programs	31,079.35
Total operating expenses	328,643.87
Operating income (loss)	(103,691.42)
Non-operating revenues:	
State sources:	
State school lunch program	2,906.34
Federal sources:	
National school lunch program	71,345.04
Milk	1,421.42
U.S.D.A. commodities	34,644.45
Total non-operating revenues	110,317.25
Net income (loss)	6,625.83
Net position - July 1	49,660.18
Net position - June 30	\$ 56,286.01

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
for the Fiscal Year ended June 30, 2017

	2017
Cash flows from operating activities:	
Cash receipts from customers	\$ 225,962.72
Cash payments to employees for services	(142,144.07)
Cash payments to suppliers for goods and services	(147,371.06)
Net cash used by operating activities	(63,552.41)
Cash flows from noncapital financing activities:	
Cash received from state and federal reimbursements	75,393.32
Net cash provided by noncapital financing activities	75,393.32
Cash flows from capital financing activities:	
Purchases of fixed assets	(5,771.00)
Net cash used by capital financing activities	(5,771.00)
Cash flows from investing activities:	
Interest on investments	—
Net cash provided by investing activities	—
Net increase (decrease) in cash and cash equivalents	6,069.91
Cash and cash equivalents, July 1	39,179.56
Cash and cash equivalents, June 30	\$ 45,249.47
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (103,691.42)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	5,961.00
Federal commodities	34,644.45
Change in assets and liabilities:	
(Increase)/decrease in accounts receivable	—
(Increase)/decrease in inventory	(1,476.71)
Increase/(decrease) in accounts payable	—
Increase/(decrease) in deferred revenue	1,010.27
Net cash used by operating activities	\$ (63,552.41)

Fiduciary Funds

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Net Assets
June 30, 2017

	<u>Agency</u>		<u>Trust Funds</u>		<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Unemployment Compensation Insurance</u>	<u>Flexible Spending Account</u>	
ASSETS:					
Cash and Cash Equivalents	\$ 42,191.68	\$ 29,174.98	\$ 127,565.18	\$ 8,890.33	\$ 207,822.17
Accounts Receivable	-	-	-	-	-
Total Assets	<u>\$ 42,191.68</u>	<u>\$ 29,174.98</u>	<u>\$ 127,565.18</u>	<u>\$ 8,890.33</u>	<u>\$ 207,822.17</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Payroll Deductions and Withholdings	\$ -	\$ 29,174.98	\$ -	\$ -	\$ 29,174.98
Accounts Payable			55.19		
Interfund Payable		-	-	6,000.00	6,000.00
Due to Student Groups	42,191.68	-	-	-	42,191.68
Total Liabilities	<u>42,191.68</u>	<u>29,174.98</u>	<u>55.19</u>	<u>6,000.00</u>	<u>77,366.66</u>
Fund Balances:					
Unreserved	-	-	127,509.99	2,890.33	130,400.32
Total Fund Balances	<u>-</u>	<u>-</u>	<u>127,509.99</u>	<u>2,890.33</u>	<u>130,400.32</u>
Total Liabilities and Fund Balances	<u>\$ 42,191.68</u>	<u>\$ 29,174.98</u>	<u>\$ 127,565.18</u>	<u>\$ 8,890.33</u>	<u>\$ 207,766.98</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Fiduciary Fund
Comparative Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2017

	<u>Trust Funds</u>		<u>Total</u>
	<u>Unemployment Compensation Insurance</u>	<u>Flexible Spending Account</u>	
REVENUES:			
Local Sources:			
Board Contribution	\$ -	\$ -	\$ -
Interest on Investments	427.93	-	427.93
Employee Contributions	33,424.34	21,240.00	54,664.34
Total Revenues	<u>33,852.27</u>	<u>21,240.00</u>	<u>55,092.27</u>
EXPENDITURES:			
Current Expense:			
Undistributed Expenditures:			
Flexible Spending Account Claims		18,755.31	18,755.31
Unemployment Claims	22,092.25		22,092.25
Total Expenditures	<u>22,092.25</u>	<u>18,755.31</u>	<u>40,847.56</u>
Excess (Deficiency) of Revenues over (under) Expenditures	11,760.02	2,484.69	14,244.71
Net Assets July 1	<u>115,749.97</u>	<u>405.64</u>	<u>116,155.61</u>
Net Assets June 30	<u>\$ 127,509.99</u>	<u>\$ 2,890.33</u>	<u>\$ 130,400.32</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For The Fiscal Year Ended June 30, 2017

	Balance June 30, 2016	Cash Receipts	Cash Disbursements	Cash Balance June 30, 2017	Accounts Receivable June 30, 2017	Reserve Balance June 30, 2017
School Fund	\$ 33,435.64	\$ 133,849.73	\$ 144,863.04	\$ 22,422.33	\$ -	\$ 22,422.33
Library Account	<u>25,140.87</u>	<u>23,503.10</u>	<u>28,874.62</u>	<u>19,769.35</u>	<u>-</u>	<u>19,769.35</u>
Total Liabilities	<u>\$ 58,576.51</u>	<u>\$ 157,352.83</u>	<u>\$ 173,737.66</u>	<u>\$ 42,191.68</u>	<u>\$ -</u>	<u>\$ 42,191.68</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For The Fiscal Year Ended June 30, 2017

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 4,193.81	\$ 13,751,923.79	\$ 13,726,942.72	\$ 29,174.88
Total Assets	<u>\$ 4,193.81</u>	<u>\$ 13,751,923.79</u>	<u>\$ 13,726,942.72</u>	<u>\$ 29,174.88</u>
LIABILITIES:				
Net Payroll		\$ 7,597,325.76	\$ 7,597,325.76	
Payroll Deductions and Withholdings	\$ 4,193.81	6,152,642.65	6,127,661.58	\$ 29,174.88
Interfund Payable	-	1,955.38	1,955.38	-
Total Liabilities	<u>\$ 4,193.81</u>	<u>\$ 13,751,923.79</u>	<u>\$ 13,726,942.72</u>	<u>\$ 29,174.88</u>

Long-Term Debt Schedules

TOWNSHIP OF HARRISON SCHOOL DISTRICT
General Long-Term Debt Account Group
Statement of Serial Bonds
June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2016	Issued	Retired	Balance June 30, 2017
			Date	Amount					
School District Bonds	2/1/03	\$ 2,857,000	2/1/18	\$ 220,000	3.875%	\$ 440,000		\$ 220,000	\$ 220,000
2015 Refunding Bonds	12/3/15	4,860,000	3/1/18	535,000	4.00%				
			3/1/19	560,000	4.00%				
			3/1/20	580,000	4.00%				
			3/1/21	625,000	4.00%				
			3/1/22	650,000	4.00%				
			3/1/23	675,000	4.00%				
			3/1/24	660,000	4.00%	4,805,000	520,000	4,285,000	
								-	
						<u>\$ 5,245,000</u>	<u>\$ -</u>	<u>\$ 740,000</u>	<u>\$ 4,505,000</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
 General Long-Term Debt Account Group
 Statement of Obligations Under Capital Leases
 June 30, 2017

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance June 30, 2016	Issued	Retired	Balance June 30, 2017
			Principal	Interest					
Various Equipment	7/10/13	4 Years	\$ 319,000.00	\$ 9,493.51	3.50%	\$ 130,000.00	\$ -	\$ 65,000.00	\$ 65,000.00
						<u>\$ 130,000.00</u>	<u>\$ -</u>	<u>\$ 65,000.00</u>	<u>\$ 65,000.00</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 639,000.00	\$ -	\$ 639,000.00	\$ 639,000.00	\$ -
State Sources:					
Debt Service Aid Type II	304,774.00	-	304,774.00	304,774.00	-
Total Revenues	943,774.00	-	943,774.00	943,774.00	-
EXPENDITURES:					
Regular Debt Service:					
Interest	203,775.00		203,775.00	203,775.00	-
Redemption of Principal	740,000.00		740,000.00	740,000.00	-
Total Regular Debt Service	943,775.00	-	943,775.00	943,775.00	-
Total Expenditures	943,775.00	-	943,775.00	943,775.00	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1.00)	-	(1.00)	(1.00)	-
Fund Balances, July 1	6,722.31	-	6,722.31	6,722.31	
Fund Balances, June 30	<u>\$ 6,721.31</u>	<u>\$ -</u>	<u>\$ 6,721.31</u>	<u>\$ 6,721.31</u>	<u>\$ -</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$ 1.00</u>	<u>-</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ -</u>

Statistical Section

Township of Harrison School District
Net Assets by Component,
Last Ten Fiscal Years
(accrual basis of accounting)
UNAUDITED

		Fiscal Year Ending June 30,									
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities											
	Invested in capital assets, net of related debt	\$ 5,749,570	\$ 5,912,879	\$ 6,547,527	\$ 6,973,441	\$ 7,664,319	\$ 8,125,309	\$ 8,420,527	\$ 9,080,503	\$ 9,189,757	\$ 9,559,773
	Restricted	829,718	1,240,010	780,642	912,041	1,225,768	1,203,904	1,442,289	1,394,118	1,638,168	(2,757,884)
	Unrestricted	9,768	(293,086)	(471,105)	(453,645)	(467,715)	(569,957)	(648,123)	(6,275,928)	(6,483,641)	(7,228,364)
	Total governmental activities net assets	<u>\$ 6,589,056</u>	<u>\$ 6,859,803</u>	<u>\$ 6,857,064</u>	<u>\$ 7,431,837</u>	<u>\$ 8,422,372</u>	<u>\$ 8,759,256</u>	<u>\$ 9,214,693</u>	<u>\$ 4,198,693</u>	<u>\$ 4,344,284</u>	<u>\$ (426,475)</u>
Business-type activities											
	Invested in capital assets, net of related debt	\$ 109,943	\$ 91,680	\$ 77,817	\$ 66,774	\$ 53,731	\$ 41,688	\$ 29,645	\$ 22,928	\$ 9,554	\$ 9,364
	Restricted	-	-	-	-	-	-	-	-	-	-
	Unrestricted	17,718	17,929	40,610	39,769	33,936	32,756	32,980	14,745	40,106	46,922
	Total business-type activities net assets	<u>\$ 127,661</u>	<u>\$ 109,609</u>	<u>\$ 118,427</u>	<u>\$ 106,543</u>	<u>\$ 87,667</u>	<u>\$ 74,444</u>	<u>\$ 62,625</u>	<u>\$ 37,673</u>	<u>\$ 49,660</u>	<u>\$ 56,286</u>
District-wide											
	Invested in capital assets, net of related debt	\$ 5,859,513	\$ 6,004,559	\$ 6,625,344	\$ 7,039,215	\$ 7,610,588	\$ 8,166,997	\$ 8,450,172	\$ 9,103,431	\$ 9,199,311	\$ 9,569,137
	Restricted	829,718	1,240,010	780,642	912,041	1,225,768	1,203,904	1,442,289	1,394,118	1,638,168	(2,757,884)
	Unrestricted	27,486	(275,157)	(430,495)	(413,876)	(501,651)	(537,201)	(615,143)	(6,261,183)	(6,443,535)	(7,181,442)
	Total district net assets	<u>\$ 6,716,717</u>	<u>\$ 6,969,412</u>	<u>\$ 6,975,491</u>	<u>\$ 7,537,380</u>	<u>\$ 8,334,705</u>	<u>\$ 8,833,700</u>	<u>\$ 9,277,318</u>	<u>\$ 4,236,366</u>	<u>\$ 4,393,944</u>	<u>\$ (370,189)</u>

Source: District Records

Township of Harrison School District
Changes in Net Assets, Last Ten Fiscal Years
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction	\$ 8,022,009	\$ 8,640,298	\$ 8,804,095	\$ 8,763,531	\$ 8,800,012	\$ 8,995,888	\$ 8,825,503	\$ 9,051,338	\$ 9,008,770	\$ 9,493,873
Tuition	489,501	319,971	393,437	171,604	344,528	791,656	838,439	602,957	431,413	26,915
Related Services	1,267,723	1,401,257	1,476,008	1,449,200	1,470,419	1,249,386	1,445,071	1,443,478	1,596,051	1,819,320
Administrative Services	855,800	994,334	976,686	967,606	1,009,579	1,005,260	1,029,728	995,175	1,072,632	1,110,126
Central Services	427,266	436,478	536,243	465,712	542,095	502,429	500,940	597,866	313,029	576,657
Operations and Maintenance	1,455,836	1,849,626	1,634,741	1,925,158	1,721,179	1,532,140	1,840,416	1,821,400	2,059,732	6,385,707
Transportation	1,073,179	1,207,806	1,194,427	1,240,324	1,245,599	1,269,498	1,295,279	1,312,316	1,314,412	1,238,285
Transfer to Charter Schools										9,089
Interest on long-term debt	534,605	500,679	464,867	422,769	389,431	388,582	303,635	278,452	354,418	141,210
Unallocated Employee Benefits	3,491,204	3,431,018	3,739,237	3,725,178	4,038,267	4,559,061	4,409,465	4,775,979	5,327,054	6,134,889
Other	82,588	83,866	42,080	45,071	58,645	40,797	41,507	42,607	25,176	42,860
Total governmental activities expenses	17,699,711	18,865,333	19,261,821	19,176,153	19,619,754	20,334,697	20,529,983	20,921,568	21,502,687	26,978,931
Business-type activities:										
Food service	378,658	388,163	397,958	401,642	402,396	385,360	384,256	387,888	333,441	328,644
Total business-type activities expense	378,658	388,163	397,958	401,642	402,396	385,360	384,256	387,888	333,441	328,644
Total district expenses	\$ 18,078,369	\$ 19,253,496	\$ 19,659,779	\$ 19,577,795	\$ 20,022,150	\$ 20,720,057	\$ 20,914,239	\$ 21,309,456	\$ 21,836,128	\$ 27,307,575
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition	\$ 145,859	\$ 169,808	\$ 135,969	\$ 180,662	\$ 273,106	\$ 294,094	\$ 293,151	\$ 230,216	\$ 122,489	\$ 195,845
General Revenues:										
Property Taxes	10,664,312	10,850,177	10,882,910	11,444,280	11,404,387	11,510,685	11,849,143	12,025,743	12,431,209	12,563,880
Unrestricted State Aid	5,055,883	5,737,796	5,736,719	5,634,896	6,165,435	6,255,971	6,783,692	6,535,903	6,096,241	6,211,573
Other Revenues	149,837	139,000	209,119	205,577	240,113	103,308	107,260	130,241	162,290	173,781
Operating grants and contributions	2,227,631	2,139,299	2,294,364	2,285,511	2,439,581	2,696,023	1,952,174	2,513,865	2,836,049	3,063,093
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	18,243,522	19,036,080	19,259,081	19,750,926	20,522,622	20,860,081	20,985,420	21,435,968	21,648,278	22,208,172
Business-type activities:										
Charges for services										
Food service	283,102	296,497	309,082	305,584	285,755	269,958	277,153	259,726	242,634	224,953
Operating grants and contributions	74,613	70,614	97,694	83,174	98,765	102,179	95,284	103,210	102,794	110,317
Other	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	357,715	367,111	406,776	388,758	384,520	372,137	372,437	362,936	345,428	335,270
Total district program revenues	\$ 18,601,237	\$ 19,403,191	\$ 19,665,857	\$ 20,139,684	\$ 20,907,142	\$ 21,232,218	\$ 21,357,857	\$ 21,798,904	\$ 21,993,706	\$ 22,543,442
Net (Expense)/Revenue and Change in Net Assets										
Governmental activities	\$ 543,811	\$ 270,747	\$ (2,740)	\$ 574,773	\$ 902,868	\$ 525,384	\$ 455,437	\$ 514,400	\$ 145,591	\$ (4,770,759)
Business-type activities	(20,943)	(21,052)	8,818	(12,884)	(17,876)	(13,223)	(11,819)	(24,952)	11,987	6,626
Total district-wide net expense	\$ 522,868	\$ 249,695	\$ 6,078	\$ 561,889	\$ 884,992	\$ 512,161	\$ 443,618	\$ 489,448	\$ 157,578	\$ (4,764,133)

Source: District Records

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 974,272	\$ 1,406,882	\$ 935,303	\$ 1,053,546	\$ 1,225,766	\$ 1,203,904	\$ 1,442,288	\$ 1,240,238	\$ 1,631,446	\$ 1,802,254
Unreserved	143,198	(91,145)	(251,146)	(183,381)	(106,835)	(138,903)	(167,041)	(203,661)	(231,615)	(192,902)
Total General Fund	<u>\$1,117,470</u>	<u>\$1,315,737</u>	<u>\$ 684,157</u>	<u>\$ 870,165</u>	<u>\$ 1,118,931</u>	<u>\$ 1,065,001</u>	<u>\$ 1,275,247</u>	<u>\$ 1,036,577</u>	<u>\$ 1,399,831</u>	<u>\$ 1,609,352</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1
Unreserved, reported in:										
Special revenue fund										
Capital projects fund								153,879		(4,566,859)
Debt service fund	35,089			1	1			1	6,722	6,720
Permanent fund										
Total all other governmental funds	<u>\$ 35,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,880</u>	<u>\$ 6,722</u>	<u>\$ (4,560,138)</u>

Source: District Records

Township of Harrison School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
UNAUDITED

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 10,664,312	\$ 10,850,177	\$ 10,882,910	\$ 11,444,280	\$ 11,404,387	\$ 11,510,685	\$ 11,849,143	\$ 12,025,743	\$ 12,431,209	\$ 12,563,880
Tuition charges	145,859	169,808	135,969	180,662	273,106	294,094	293,151	230,216	122,489	195,845
Transportation fees	23,070	52,670	119,895	120,865	151,000	67,125	61,175	82,369	77,940	106,015
Interest earnings	84,478	46,326	44,202	24,850	20,776	7,434	4,768	4,515	338	492
Miscellaneous	42,290	40,004	45,021	59,862	68,336	28,749	41,317	43,357	84,013	67,273
State sources	6,895,499	7,580,311	6,636,896	7,343,948	7,862,333	8,518,751	8,298,167	7,184,184	8,475,024	8,861,283
Federal sources	388,014	396,784	1,394,188	576,460	762,469	433,243	437,699	440,665	457,266	413,383
Total revenue	18,243,522	19,136,080	19,259,081	19,750,927	20,542,407	20,860,081	20,985,420	20,011,049	21,648,279	22,208,171
Expenditures										
Instruction										
Regular Instruction	5,361,821	5,599,845	5,833,265	5,377,721	5,495,392	5,718,012	5,660,663	6,031,499	5,776,684	5,940,027
Special education instruction	1,525,215	1,692,263	1,569,759	1,656,239	1,693,231	1,721,568	1,694,663	1,606,319	1,714,531	2,046,570
Other special instruction	549,973	711,461	811,964	808,528	1,026,813	985,162	821,389	831,400	882,177	913,386
Support Services:										
Tuition	489,501	319,971	393,437	461,648	625,035	791,656	838,439	602,957	431,413	26,915
Student & instruction related services	1,267,723	1,401,256	1,476,008	1,449,200	1,261,394	1,249,386	1,445,071	1,374,392	1,596,051	1,819,320
General administrative services	332,500	364,463	352,781	324,479	349,348	329,821	355,214	320,810	408,569	451,444
School Administrative services	439,151	542,926	539,747	552,984	575,745	593,847	591,500	589,149	578,635	572,961
Business administrative services	427,266	436,479	536,244	465,712	542,095	502,429	500,940	597,866	313,029	576,657
Plant operations and maintenance	1,539,208	1,701,309	1,658,805	1,762,844	1,655,427	1,512,779	1,675,540	1,666,576	1,978,557	1,690,839
Pupil transportation	1,073,179	1,055,887	1,194,427	1,240,324	1,245,599	1,269,498	1,295,279	1,312,316	1,314,412	1,238,284
Unallocated employee benefits	3,491,204	3,431,018	3,739,237	3,725,178	4,029,012	4,559,061	4,409,465	3,650,719	5,167,141	5,338,934
Capital outlay	210,000	707,174	327,909	269,070	326,730	217,684	369,722	430,860	283,380	4,997,309
Transfer to Charter Schools										9,089
Debt service:										
Principal	962,000	960,000	980,000	1,030,000	1,045,000	1,100,000	1,115,000	715,000	795,000	740,000
Interest and other charges	549,300	513,350	477,078	440,991	403,035	363,110	321,289	287,387	286,735	203,775
Total expenditures	18,218,041	19,437,402	19,890,661	19,564,918	20,273,856	20,914,013	21,094,174	20,017,250	21,526,314	26,565,510
Excess (Deficiency) of revenues over (under) expenditures	25,481	(301,322)	(631,580)	186,009	268,551	(53,932)	(108,754)	(6,201)	121,965	(4,357,339)
Other Financing sources (uses)										
Capital leases (non-budgeted)	-	464,500	464,500	-	-	-	319,000	-	-	-
Proceeds of Refunding Bonds	-	-	-	-	-	-	-	-	5,310,797	-
Payment to Refunded Bond Escrow Ag	-	-	-	-	-	-	-	-	(5,216,666)	-
Transfers in	-	-	-	-	-	-	-	-	92,327	-
Transfers out	-	-	-	-	-	-	-	(219,970)	(92,327)	-
Total other financing sources (uses)	-	464,500	464,500	-	-	-	319,000	(219,970)	94,131	-
Net change in fund balances	\$ 25,481	\$ 163,178	\$ (167,080)	\$ 186,009	\$ 268,551	\$ (53,932)	\$ 210,246	\$ (226,171)	\$ 216,096	\$ (4,357,339)
Debt service as a percentage of noncapital expenditures										
	8.4%	7.9%	7.4%	7.6%	7.3%	7.1%	6.9%	5.1%	5.1%	4.4%

Township of Harrison School District
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
UNAUDITED

<u>Description</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Insurance Refunds			\$ 15,148	\$ 1,080						
Interest on Investments	\$ 14,428	\$ 8,595	4,278	4,080	\$ 6,624	\$ 18,487	\$ 22,211	\$ 40,608	\$ 46,280	\$ 84,368
Sale of Equipment	3,492	1,545	50	3,963	382	2,887	1,020			
Recycling	-	67								
Use of Facilities - Rentals	20,998	18,562	17,304	12,684	13,569	13,793	16,187	16,528	19,295	22,311
FEMA Reimbursement	-	5,107					16,224			
Prior Year Refunds	13,833	13,958	10,214	15,034	11,177	33,555	11,209	24,395	4,100	870
Tuition Refunds	-	14,482					3,594	989		3,888
Energy Curtailment Rebates	9,002	19,163								
Photocopies	-	-		121				254	81	
Seminar Fees	800									
E-Rate Rebates	2,735									
Soda Machine	172	240	503	488	470	608	619	507	740	1,158
Cancellation of Old Outstanding Checks	1,731	2,272	27	4,965	89		2,876	54		2,147
Forfeited FSA Funds	-	-	31							
Sale of Used Textbooks	-	-		2,982						
Lost/Damaged Book Fines	82	21	80		84					
	<u>\$ 67,273</u>	<u>\$ 84,012</u>	<u>\$ 47,635</u>	<u>\$ 45,397</u>	<u>\$ 32,395</u>	<u>\$ 69,330</u>	<u>\$ 73,940</u>	<u>\$ 83,335</u>	<u>\$ 70,496</u>	<u>\$ 114,742</u>

Source: District Records

Township of Harrison School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
UNAUDITED

Year Ended Dec. 31,	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)
2008	\$ 27,451,400	\$ 706,145,500	\$ 19,247,600	\$ 3,046,700	\$ 41,229,100	-	\$ 4,531,500	\$ 801,651,800	0	\$ 2,338,529	\$ 803,990,329	\$ 1.349	\$ 1,509,866,503
2009	27,824,900	728,280,000	18,219,200	2,152,600	42,036,700	-	4,531,500	823,044,900	0	2,362,052	825,406,952	1.318	1,541,193,020
2010 ^c	36,974,600	1,147,615,700	32,252,500	2,054,900	92,451,900	-	7,297,300	1,318,646,900	0	4,538,574	1,323,185,474	0.865	1,514,985,628
2011	32,150,900	1,162,559,600	32,733,200	2,866,800	84,819,400	-	7,297,300	1,322,427,200	0	3,683,324	1,326,110,524	0.860	1,618,787,260
2012	28,662,100	1,175,818,900	31,758,500	2,866,900	89,881,800	-	7,297,300	1,336,285,500	0	3,724,475	1,340,009,975	0.859	1,417,698,351
2013	25,357,800	1,187,245,000	31,111,900	2,874,300	92,675,600	-	7,297,300	1,346,561,900	0	3,369,388	1,349,931,288	0.877	1,378,206,992
2014	25,368,500	1,208,175,300	31,077,500	2,864,300	92,196,500	-	7,297,300	1,366,979,400	0	2,975,643	1,369,955,043	0.878	1,396,971,866
2015	24,430,700	1,229,510,600	29,569,200	2,845,900	95,725,500	\$ 321,700	7,297,300	1,389,700,900	0	2,969,606	1,392,670,506	0.893	1,445,719,021
2016	22,055,200	1,250,162,100	30,003,500	2,828,500	96,665,400	321,700	1,073,300	1,403,109,700	0	2,882,389	1,405,992,089	0.894	1,477,037,598
2017 ^c	22,815,000	1,352,280,900	28,876,800	2,820,400	118,532,700	322,300	-	1,525,648,100	0	3,060,097	1,528,708,197	0.841	1,517,540,518

Source: Gloucester County Board of Taxation Abstract of Ratables

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

c Revaluation in 2010 and 2017

Township of Harrison School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
UNAUDITED

Fiscal Year Ended June 30,	Harrison Township Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct	Clearview Regional School	Gloucester County	Fire District	Harrison Township	
2008	\$ 1.241	\$ 0.108	\$ 1.349	\$ 1.032	\$ 1.113	\$ 0.150	\$ 0.381	\$ 4.025
2009	1.213	0.105	1.318	1.030	1.102	0.150	0.393	3.993
2010 ^c	0.787	0.078	0.865	0.642	0.675	0.097	0.332	2.611
2011	0.788	0.072	0.860	0.646	0.629	0.098	0.347	2.580
2012	0.787	0.072	0.859	0.644	0.627	0.097	0.407	2.634
2013	0.807	0.070	0.877	0.668	0.661	0.097	0.425	2.728
2014	0.829	0.049	0.878	0.679	0.676	0.083	0.471	2.787
2015	0.845	0.048	0.893	0.696	0.730	0.082	0.504	2.905
2016	0.848	0.045	0.893	0.732	0.759	0.083	0.523	2.990
2017 ^c	0.801	0.040	0.841	0.706	0.717	0.076	0.485	2.825

Source: District Records and County Tax Assessor

Note:

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

- (a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.
- c Revaluation in 2010 and 2017

**Township of Harrison School District
Principal Property Tax Payers,
Current Year and Ten Years Ago
UNAUDITED**

Taxpayer	2008		2017 c	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Mullica Hill Plaza Associates	\$ 8,786,600	1.09%		
Mullica West LTD	4,095,000	0.50%		
Mantec Associates	3,105,200	0.38%	\$ 5,655,000	0.37%
Mullica Hill Self-Storage, LLC	1,640,900	0.20%		
Orleans at Harrison, LLC	1,442,400	0.18%		
Mullica Hill Self-Storage II, LLC	1,431,200	0.18%		
Mullica Hill Commons, LLC	1,172,500	0.14%	3,541,600	0.23%
Mullica Assoc.C/O EPROPERTYTAX, Inc.	990,400	0.12%		
Levco Enterprises, LLC	971,500	0.12%		
Kritikson, Douglas E.	875,800	0.10%		
Mullica Realty, LLC	-		25,000,000	1.63%
Inspira Medical Center Woodbury, Inc.	-		11,496,700	0.75%
Madison/Canuso Richwood Village LLC	-		7,239,500	0.47%
I Storage, LLC	-		5,787,100	0.38%
Woodland Four, LLC	-		5,273,000	0.34%
Verizon New Jersey C/O Duff & Phelp	-		3,060,097	0.20%
CVS	-		2,700,000	0.17%
WAWA, Inc.	-		2,442,900	0.16%
Total	<u>\$ 24,511,500</u>	<u>3.01%</u>	<u>\$ 72,195,897</u>	<u>4.70%</u>

c = Revaluation in 2017

Source: County Tax Assessor

**Township of Harrison School District
Property Tax Levies and Collections,
Last Ten Fiscal Years
UNAUDITED**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 10,664,312	\$ 10,664,312	100.00%	-
2009	10,850,177	10,850,177	100.00%	-
2010	10,882,910	10,882,910	100.00%	-
2011	11,444,280	11,444,280	100.00%	-
2012	11,404,387	11,404,387	100.00%	-
2013	11,510,685	11,510,685	100.00%	-
2014	11,849,143	11,849,143	100.00%	-
2015	12,025,743	12,025,743	100.00%	-
2016	12,431,209	12,431,209	100.00%	-
2017	12,563,880	12,563,880	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 the amount voted upon or certified prior to the end of the school year.

Township of Harrison School District
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2008	\$ 13,240,000	-	\$ 579,925	-	-	\$ 13,819,925	2.69%	1,113	
2009	12,280,000	-	757,209	-	-	13,037,209	2.53%	1,036	
2010	11,300,000	-	479,500	-	-	11,779,500	2.28%	945	
2011	10,270,000	-	289,500	-	-	10,559,500	1.95%	841	
2012	9,225,000	-	145,500	-	-	9,370,500	1.68%	743	
2013	8,125,000	-	-	-	-	8,125,000	1.42%	639	
2014	7,010,000	-	319,000	-	-	7,329,000	1.22%	568	
2015	6,295,000	-	195,000	-	-	6,490,000	1.02%	500	
2016	5,245,000	-	130,000	-	-	5,375,000	b	414	
2017	4,505,000	-	65,000	\$ 3,000,000	-	7,570,000	b	b	

Source: School District Financial Reports

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

- a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b Not Available

Township of Harrison School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	\$ 13,240,000	-	\$ 13,240,000	1.65%	\$ 1,066
2009	12,280,000	-	12,280,000	1.49%	976
2010 ^c	11,300,000	-	11,300,000	0.85%	907
2011	10,270,000	-	10,270,000	0.77%	818
2012	9,225,000	-	9,225,000	0.69%	731
2013	8,125,000	-	8,125,000	0.60%	639
2014	7,010,000	-	7,010,000	0.51%	544
2015	6,295,000	-	6,295,000	0.45%	485
2016	5,245,000	-	5,245,000	0.37%	404
2017 ^c	4,505,000	-	4,505,000	0.29%	^b

Source: School District Financial Reports

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

a See Exhibit J-7 for property tax data.

b Not Available

c Revaluation in 2010 and 2017

Township of Harrison School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2017
UNAUDITED

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Harrison Township	\$ 39,473,283	100.000%	\$ 39,473,283
Other debt			
Clearview Regional School District	15,923,000	52.16%	8,305,436
Gloucester County	247,990,608	5.69%	<u>13,341,571</u>
Subtotal, overlapping debt			61,120,290
Harrison Township School District Direct Debt			<u>7,505,000</u>
Total direct and overlapping debt			<u><u>\$ 68,625,290</u></u>

Sources Harrison Township Treasurer's Office, Clearview Regional School District, Gloucester County Finance Office

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 Harrison Township. 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.

**Township of Harrison School District
Legal Debt Margin Information,
Last Ten Fiscal Years
UNAUDITED**

Legal Debt Margin Calculation for Fiscal Year 2017

		Equalized valuation basis	
	2016	\$	1,498,888,687
	2015		1,459,923,206
	2014		<u>1,417,734,287</u>
	[A]	\$	<u>4,376,546,180</u>
Average equalized valuation of taxable property		[A/3]	\$ 1,458,848,727
Debt Limit (2 1/2% of average equalized valuation)		[B]	36,471,218 ^a
Net bonded school debt		[C]	<u>7,505,000</u>
Legal debt margin		[B-C]	<u>\$ 28,966,218</u>

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 31,126,122	\$ 35,003,590	\$ 36,793,166	\$ 36,805,661	\$ 35,977,357	\$ 34,957,506	\$ 34,433,373	\$ 34,600,999	\$ 35,411,007	\$ 36,471,218
Total net debt applicable to limit	<u>13,240,000</u>	<u>12,280,000</u>	<u>11,300,000</u>	<u>10,270,000</u>	<u>9,225,000</u>	<u>8,125,000</u>	<u>7,010,000</u>	<u>6,295,000</u>	<u>5,245,000</u>	<u>7,505,000</u>
Legal debt margin	<u>\$ 17,886,122</u>	<u>\$ 22,723,590</u>	<u>\$ 25,493,166</u>	<u>\$ 26,535,661</u>	<u>\$ 26,752,357</u>	<u>\$ 26,832,506</u>	<u>\$ 27,423,373</u>	<u>\$ 28,305,999</u>	<u>\$ 30,166,007</u>	<u>\$ 28,966,218</u>
Total net debt applicable to the limit as a percentage of debt limit	42.54%	35.08%	30.71%	27.90%	25.64%	23.24%	20.36%	18.19%	14.81%	20.58%

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

^a Limit set by NJSA 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts

**Township of Harrison School District
Demographic and Economic Statistics
Last Ten Fiscal Years
UNAUDITED**

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income ^b</u>	<u>Unemployment Rate ^c</u>
2006	11,812	\$ 449,222,172	\$ 38,031	4.40%
2007	12,224	478,080,640	39,110	4.00%
2008	12,415	512,813,990	41,306	5.20%
2009	12,587	515,953,717	40,991	7.60%
2010	12,462	517,322,544	41,512	8.10%
2011	12,549	542,556,015	43,235	7.90%
2012	12,616	558,787,872	44,292	8.10%
2013	12,722	572,629,942	45,011	6.40%
2014	12,892	600,805,876	46,603	5.60%
2015	12,984	633,606,216	48,799	4.80%
2016	12,982	d	d	3.80%

Source:

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

^b Per Capita information provided by U.S. Department of Commerce, Bureau of Economic Analysis

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

^d Not Available

**Township of Harrison School District
Principal Employers,
Current Year and Ten Years Ago
*UNAUDITED***

<u>Employer</u>	<u>2017</u>			<u>2008</u>	
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Inspira Health	1,825	1	N/A	N/A	N/A
Kennedy Health Alliance	1,675	2	N/A	N/A	N/A
Washington Township School District	1,607	3	N/A	N/A	N/A
Rowan University	1,483	4	N/A	N/A	N/A
County of Gloucester	1,384	5	N/A	N/A	N/A
Missa Bay, LLC	950	6	N/A	N/A	N/A
Monroe Township School District	804	7	N/A	N/A	N/A
U.S. Foodservices	725	8	N/A	N/A	N/A
ExxonMobil Research & Engineering	540	9	N/A	N/A	N/A
LaBrea Bakery	525	10	N/A	N/A	N/A
	11,518				

Source: Gloucester County Department of Economic Development and Employer Directly

Note - The information provided is for the County of Gloucester, information at the municipal level is not readily available.

N/A - Information not available

Township of Harrison School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years
UNAUDITED

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	86	88	88	84.6	83.3	83.3	82.2	83.0	82.3	82.3
Special education	35	35	35	39.3	39.6	39.6	39.2	38.9	40.7	39.4
Other special education	13	14	17	20.2	20.7	20.7	18.6	18.8	19.2	19.2
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	16	18	18	17.1	17.0	17.0	16.0	16.8	17.7	19.7
General administrative services	2	2	2	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	7	8	8	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Business administrative services	5	5	5	5.8	6.3	6.3	6.6	6.6	6.6	6.6
Plant operations and maintenance	23	24	24	24.3	24.8	25.8	24.6	24.0	24.3	24.0
Pupil transportation	23	24	24	22.9	21.8	21.8	21.3	22.4	21.3	19.4
Total	<u>210</u>	<u>218</u>	<u>221</u>	<u>224.2</u>	<u>223.5</u>	<u>224.5</u>	<u>218.5</u>	<u>220.5</u>	<u>222.1</u>	<u>220.6</u>

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Source: District Personnel Records

**Township of Harrison School District
Operating Statistics
Last Ten Fiscal Years
UNAUDITED**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil^b</u>	<u>Percentage Change</u>	<u>Teaching Staff^c</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE) d</u>	<u>Average Daily Attendance (ADA) d</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2007	1,483	15,593,617	10,515	8.05%	131	1:11.3	1,461.9	1,406.7	2.78%	96.22%
2008	1,551	16,496,741	10,636	1.15%	134	1:11.5	1,461.9	1,479.0	0.00%	96.33%
2009	1,554	17,256,878	11,105	4.41%	137	1:11.3	1,535.4	1,454.7	5.03%	96.15%
2010	1,546	18,105,674	11,711	5.46%	140	1:11.0	1,546.6	1,483.2	0.73%	95.90%
2011	1,502	17,824,857	11,867	1.33%	144	1:10.4	1,494.1	1,439.8	-3.39%	96.37%
2012	1,488	18,499,091	12,432	4.76%	144	1:10.3	1,482.3	1,426.3	-0.79%	96.22%
2013	1,454	19,233,219	13,228	6.40%	144	1:10.1	1,441.9	1,380.5	-2.73%	95.74%
2014	1,468	19,288,163	13,139	-0.67%	140	1:9.5	1,473.3	1,417.5	2.18%	96.21%
2015	1,500	19,694,245	13,129	-0.07%	140	1:10.7	1,493.5	1,431.0	1.37%	95.82%
2016	1,469	20,161,199	13,724	4.53%	142	1:10.3	1,460.2	1,398.7	-2.23%	95.79%
2017	1,445	20,624,426	14,273	4.00%	141	1:10.2	1,431.6	1,375.7	-1.96%	96.10%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- b Operating Expenditures divided by enrollment. Note: this will not match any other prior calculations.
- c Teaching staff includes only full-time equivalents of certificated staff.
- d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Township of Harrison School District
School Building Information
Last Ten Fiscal Years
UNAUDITED

District Building	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Elementary</u>										
Harrison Township Elementary School (1950)										
Square Feet	97,903	97,903	97,903	97,903	97,903	97,903	97,903	97,903	97,903	97,903
Capacity (students)	835	835	835	835	835	835	835	835	835	835
Enrollment	891	888	863	842	857	825	830	836	792	807
Pleasant Valley School (2001)										
Square Feet	87,901	87,901	87,901	87,901	87,901	87,901	87,901	87,901	87,901	87,901
Capacity (students)	763	763	763	763	763	763	763	763	763	763
Enrollment	660	666	683	671	662	629	638	664	677	638

Number of Schools at June 30, 2017

 Elementary = 2

Source: District records

**Township of Harrison School District
 Schedule of Required Maintenance
 Last Ten Fiscal Years
 UNAUDITED**

Undistributed Expenditures - Required Maintenance of School Facilities
 11-000-261-XXX

<u>Fiscal Year Ended June 30,</u>	<u>Harrison Township Elementary School</u>	<u>Pleasant Valley School</u>
2008	\$ 125,745	\$ 62,459
2009	184,781	109,968
2010	187,217	88,610
2011	326,197	83,933
2012	238,361	91,315
2013	134,536	78,026
2014	149,218	121,178
2015	127,699	118,867
2016	213,950	73,656
2017	144,424	126,968
	<u>\$ 1,832,128</u>	<u>\$ 954,980</u>

Source: District records

Township of Harrison School District
Insurance Schedule
June 30, 2017
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property -Blanket Building & Contents	\$ 38,630,124	\$ 1,000
Comprehensive General Liability	1,000,000	
Aggregate	3,000,000	
Comprehensive Automobile Liability	1,000,000	500/1,000
Crime	100,000	500
Data Processing	2,800,000	500
Commercial Umbrella Liability	9,000,000	
Workmen's Compensation	2,000,000	
School Board Legal Liability		
Directors and Office	6,000,000	10,000
Student Accident Insurance:		
Basic	1,000,000	-
Catastrophic	5,000,000	25,000
Surety Bonds:		
Board Secretary	220,000	N/A

Source: District Records

Single Audit Section

INVERSO & STEWART, LLC
Certified Public Accountants

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(856) 983-2244
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-Member of-
American Institute of CPAs
New Jersey Society of CPAs

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

I have audited Harrison Township School District (School District), in the County of Gloucester, State of New Jersey's compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2017. The School District's major state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the School District's major state programs based on my audit of the types of compliance requirements referred to above. I conducted my 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and State of New Jersey Circular 15-08-OMB require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major State Program

In my opinion, the Harrison Township School District, in the County of Gloucester, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

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

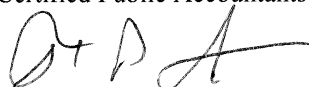
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

INVERSO & STEWART, LLC

Certified Public Accountants



Robert P. Inverso

Certified Public Accountant

Public School Accountant No. CS001095

Marlton, New Jersey
October 12, 2017

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	FAIN Number	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at June 30, 2016			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2017		
						Accounts Receivable	Deferred Revenue	Due to Grantor						Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education																
<u>Special Revenue Fund:</u>																
<u>No Child Left Behind(N.C.L.B.)</u>																
Title I	S010A160030	84.010A	NCLB-2070-17	\$ 63,324.00	7/1/16 - 6/30/17	\$ -	\$ -	\$ -	\$ 465.00	\$ 49,014.00	\$ (51,843.00)	\$ -	\$ -	\$ (2,829.00)	\$ -	\$ -
Title I - Prior Year	S010A150030	84.010A	NCLB-2070-16	72,325.00	7/1/15 - 6/30/16	-	-	-	(465.00)	-	-	-	-	-	-	-
Title II - Part A	S367A160029	84.367A	NCLB-2070-17	24,959.00	7/1/16 - 6/30/17	-	-	-	-	24,959.00	(24,959.00)	-	-	-	-	-
Title II - Part A - Prior Year	S367A150029	84.367A	NCLB-2070-16	28,754.00	7/1/15 - 6/30/16	(5,146.00)	-	-	-	5,146.00	-	-	-	-	-	-
Title III - (Consortium)	S365A160030	84.365A	NCLB-2070-17	35,458.00	7/1/16 - 6/30/17	-	-	-	7,416.00	30,369.00	(33,977.00)	-	-	(3,608.00)	-	-
Title III - Prior Year	S365A150030	84.365A	NCLB-2070-16	28,595.00	7/1/15 - 6/30/16	(1,365.91)	-	-	(7,416.00)	1,366.00	-	(0.09)	-	-	-	-
<u>Individuals With Disabilities Act (I.D.E.A.)</u>																
Part B - Basic - Current Year	H027A160100	84.027	IDEA-2070-17	293,309.00	7/1/16 - 6/30/17	-	-	-	60.00	265,703.00	(272,435.00)	-	-	(6,732.00)	-	-
Part B - Basic - Prior Year	H027A150100	84.027	IDEA-2070-16	309,946.00	7/1/15 - 6/30/16	(1,951.00)	-	-	(60.00)	1,951.00	-	-	-	-	-	-
Part B - Preschool - Current Year	H173A160114	84.173	IDEA-2070-17	31,466.00	7/1/16 - 6/30/17	-	-	-	2,287.00	29,179.00	(30,169.00)	-	-	(990.00)	-	-
Part B - Preschool - Prior Year	H173A150114	84.173	IDEA-2070-16	31,874.00	7/1/15 - 6/30/16	-	-	-	(2,287.00)	-	-	-	-	-	-	-
Total Special Revenue Fund						(8,462.91)	-	-	-	407,687.00	(413,393.00)	(0.09)	-	(14,159.00)	-	-
U.S. Department of Agriculture																
<u>Enterprise Fund:</u>																
Food Distribution Program	171NJ304N1099	10.550	N/A	34,644.45	9/1/16 - 8/31/17	-	-	-	-	34,644.45	(34,644.45)	-	-	-	-	-
Special Milk Program	171NJ304N1099	10.556	N/A	1,421.42	9/1/16 - 8/31/17	-	-	-	-	1,345.85	(1,421.42)	-	-	(75.57)	-	-
National School Lunch Program	171NJ304N1099	10.555	N/A	71,345.04	9/1/16 - 8/31/17	-	-	-	-	67,718.96	(71,345.04)	-	-	(3,626.08)	-	-
National School Lunch Program	16161NJ304N1099	10.555	N/A	68,499.66	9/1/15 - 8/31/16	(3,413.76)	-	-	-	3,413.66	-	0.10	-	-	-	-
National School Lunch Program	16161NJ304N1099	10.555	N/A	75,204.40	9/1/14 - 8/31/15	(2,437.02)	-	-	-	-	-	0.10	-	(2,436.92)	-	-
Total Enterprise Fund						(5,850.78)	-	-	-	107,122.92	(107,410.91)	0.20	-	(6,138.57)	-	-
Total Federal Awards						\$ (14,313.69)	\$ -	\$ -	\$ -	\$ 514,809.92	\$ (520,793.91)	\$ 0.11	\$ -	\$ (20,297.57)	\$ -	\$ -

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2017

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	Balance at June 30, 2016			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2017		
				Accounts Receivable	Deferred Revenue	Due to Grantor at						Accounts Receivable	Deferred Revenue	Due to Grantor at
State Department of Education														
General Fund														
Equalization Aid	17-495-034-5120-078	\$5,034,332.00	7/1/16 - 6/30/17	\$ -	\$ -	\$ -	\$ -	\$ 4,541,632.00	\$ (5,034,332.00)	\$ -	\$ -	\$ (492,700.00)	\$ -	\$ -
Equalization Aid	16-495-034-5120-078	5,031,432.00	7/1/15 - 6/30/16	(492,063.00)				492,063.00						
Additional Nonpublic Transportation Aid	17-495-034-5120-014	17,535.00	7/1/16 - 6/30/17						(17,535.00)			(17,535.00)		
Additional Nonpublic Transportation Aid	16-495-034-5120-014	9,121.00	7/1/15 - 6/30/16	(9,121.00)				9,121.00					(18,448.00)	
Transportation Aid	17-495-034-5120-014	188,491.00	7/1/16 - 6/30/17					170,043.00	(188,491.00)				(78,324.00)	
Transportation Aid	16-495-034-5120-014	174,772.00	7/1/15 - 6/30/16	(17,092.00)				17,092.00						(10,492.00)
Special Education Aid	17-495-034-5120-089	800,303.00	7/1/16 - 6/30/17					721,979.00	(800,303.00)					
Special Education Aid	16-495-034-5120-089	788,766.00	7/1/15 - 6/30/16	(77,140.00)				77,140.00						
Security Aid	17-495-034-5120-084	107,201.00	7/1/16 - 6/30/17					96,709.00	(107,201.00)					
Security Aid	16-495-034-5120-084	106,673.00	7/1/15 - 6/30/16	(10,432.00)				10,432.00						
PARCC Readiness Aid	17-495-034-5120-098	13,560.00	7/1/16 - 6/30/17					12,233.00	(13,560.00)					
PARCC Readiness Aid	16-495-034-5120-098	13,560.00	7/1/15 - 6/30/16	(1,326.00)				1,326.00						
Per Pupil Growth Aid	17-495-034-5120-097	13,560.00	7/1/16 - 6/30/17					12,233.00	(13,560.00)					
Per Pupil Growth Aid	16-495-034-5120-097	13,560.00	7/1/15 - 6/30/16	(1,326.00)				1,326.00						
Professional Learning Community Aid	17-495-034-5120-101	13,580.00	7/1/16 - 6/30/17					12,251.00	(13,580.00)					
Extraordinary Aid	17-495-034-5120-044	27,579.00	7/1/16 - 6/30/17						(27,579.00)					
Extraordinary Aid	16-495-034-5120-044	20,021.00	7/1/15 - 6/30/16	(20,021.00)				20,021.00						
On Behalf TPAF Pension Contributions	17-495-034-5094-002	899,263.00	7/1/16 - 6/30/17					899,263.00	(899,263.00)					
On Behalf TPAF Post Retirement Medical	17-495-034-5094-001	749,291.00	7/1/16 - 6/30/17					749,291.00	(749,291.00)					
On Behalf TPAF LTDI	17-495-034-5094-004	805.00	7/1/16 - 6/30/17					805.00	(805.00)					
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	644,447.28	7/1/16 - 6/30/17					613,576.72	(644,447.28)			(30,870.56)		
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	595,883.45	7/1/15 - 6/30/16	(30,095.90)				30,095.90						
Total General Fund				(658,616.90)				8,488,632.62	(8,509,947.28)			(679,931.56)		
Special Revenue Fund														
N.J. Nonpublic Aid:														
Textbook Aid	17-100-034-5120-064	4,611.00	7/1/16 - 6/30/17					4,611.00	(4,611.00)					\$ -
Textbook Aid	16-100-034-5120-064	5,124.00	7/1/15 - 6/30/16			\$ 510.62				\$ (0.06)	\$ (510.56)			
Nursing Aid	17-100-034-5120-070	7,200.00	7/1/16 - 6/30/17					7,200.00	(7,200.00)					
Home Instruction	17-100-034-5120-067	1,917.57	7/1/16 - 6/30/17						(1,917.57)			(1,917.57)		
Home Instruction	16-100-034-5120-067	6,690.30	7/1/15 - 6/30/16	(6,690.30)				6,690.00		0.30				
Technology Aid	17-100-034-5120-373	2,080.00	7/1/16 - 6/30/17					2,080.00	(2,025.67)					54.33
Technology Aid	16-100-034-5120-373	2,132.00	7/1/15 - 6/30/16			34.10						(34.10)		
Security Aid	17-100-034-5120-509	5,500.00	7/1/16 - 6/30/17					5,500.00	(5,500.00)					
Auxiliary Services:														
Compensatory Education	17-100-034-5120-067	11,645.00	7/1/16 - 6/30/17					11,645.00	(9,853.80)					1,791.20
Compensatory Education	16-100-034-5120-067	10,998.00	7/1/15 - 6/30/16			1,692.00					(1,692.00)			
Transportation	17-100-034-5120-067	1,748.00	7/1/16 - 6/30/17					1,748.00	(1,691.58)					56.42
Transportation	16-100-034-5120-067	2,065.00	7/1/15 - 6/30/16			310.60					(310.60)			
ESL	17-100-034-5120-067	914.00	7/1/16 - 6/30/17					914.00	(822.15)					91.85
ESL	16-100-034-5120-067	1,726.00	7/1/15 - 6/30/16			863.30					(863.30)			
Handicapped Services:														
Examination & Classification	17-100-034-5120-066	6,660.00	7/1/16 - 6/30/17					6,660.00	(6,660.00)					
Examination & Classification	16-100-034-5120-066	6,819.00	7/1/15 - 6/30/16			2,900.69					(2,900.69)			
Corrective Speech	17-100-034-5120-066	10,779.00	7/1/16 - 6/30/17					10,779.00	(10,690.65)					88.35
Corrective Speech	16-100-034-5120-066	11,872.00	7/1/15 - 6/30/16			168.00					(168.00)			
Supplemental Instruction	17-100-034-5120-066	785.00	7/1/16 - 6/30/17					785.00	(156.94)					628.06
Supplemental Instruction	16-100-034-5120-066	5,941.00	7/1/15 - 6/30/16			5,272.75					(5,272.75)			
Total Special Revenue Fund				(6,690.30)		11,752.06		58,612.00	(51,129.36)	0.24	(11,752.00)	(1,917.57)		2,710.21
Debt Service Fund														
Debt Service Aid Type II	17-495-034-5120-017	304,774.00	7/1/16 - 6/30/17					304,774.00	(304,774.00)					
State Department of Agriculture														
Enterprise Fund														
State School Lunch Program	17-100-010-3360-067	2,906.34	7/1/16 - 6/30/17					2,757.92	(2,906.34)				(148.42)	
State School Lunch Program	16-100-010-3360-067	3,199.72	7/1/15 - 6/30/16	(156.93)				156.93						
State School Lunch Program	15-100-010-3360-067	3,637.86	7/1/14 - 6/30/15	(124.57)						124.57				
Total Enterprise Fund				(281.50)				2,914.85	(2,906.34)	124.57			(148.42)	
Total State Financial Assistance				\$ (665,588.70)	\$ -	\$ 11,752.06	\$ -	\$ 8,854,933.47	\$ (8,868,756.98)	\$ 124.81	\$ (11,752.00)	\$ (681,997.55)	\$ -	\$ 2,710.21
Less: State Financial Assistance Not Subject to New Jersey OMB Circular 15-08														
On-Behalf TPAF Contribution - Pension (Non-Budgeted)														
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted)														
On-Behalf TPAF Contribution - LTDI (Non-Budgeted)														
Total State Financial Assistance Subject to New Jersey OMB Circular 15-08														

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

**Township of Harrison School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2017**

I. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Harrison Township School District ("School District"). The School District is defined in Note 1 to the School District's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using 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 School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The school district has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when the 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more of the June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payments in the current budget year, consistent with *N.J.S.A. 18A:22-44.2*.

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is (\$4,568) in the general fund and \$-0- in the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 8,505,379	\$ 8,505,379
Special Revenue Fund	\$ 413,383	51,129	464,512
Debt Service Fund		304,774	304,774
Food Service Fund	107,411	2,906	110,317
Total Awards & Financial Assistance	<u>\$ 520,794</u>	<u>\$ 8,864,188</u>	<u>\$ 9,384,982</u>

**Township of Harrison School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2017**

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

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 School District for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the State for the School District's share of social security contributions for TPAF members for the year ended June 30, 2017.

6. MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

7. ADJUSTMENTS

Amounts reported in the column entitled "Adjustments" represent the following:

	<u>Federal</u>	<u>State</u>
Prior Year Receivable Adjustments	\$ <u>.11</u>	\$ <u>124.81</u>

HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section 1 -- Summary of Auditor's Results (Cont'd)

State Awards Section

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

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

1) Material weakness(es) identified? yes X no

2) Significant deficiencies identified that are not considered to be material weakness? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 15-08 as applicable? yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>17-495-034-5120-078</u>	State Aid Public Cluster: <u>Equalization Aid</u>
<u>17-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>17-495-034-5120-084</u>	<u>Security Aid</u>
<u>17-495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>17-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u> </u>	<u> </u>

**HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section 2 -- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

No findings identified.

**HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section 3 -- Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Circular 15-08-OMB.

FEDERAL AWARDS:

A federal single audit was not required.

STATE AWARDS:

A state single audit was not required.

**HARRISON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

This section identifies the status of prior year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

There were no prior year audit findings.