

Board of Education
of the
Haddon Heights School District



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

HADDON HEIGHTS SCHOOL DISTRICT
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INTRODUCTORY SECTION



Haddon Heights Public Schools

Administrative Offices
316-A Seventh Avenue, Haddon Heights, NJ 08035 • (856) 547-1412 • Fax (856) 547-3868

Michael W. Adams
Superintendent

Mark J. Stratton
Business Administrator/Board Secretary

Ronald F. Corn
Director of Curriculum and Instruction

Jocqueline Renner
Director of Special Education

Honorable President and
Members of the Board of Education
Haddon Heights School District
Camden County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Haddon Heights School District for the fiscal year ended June 30, 2018 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 of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

This 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 School District is required to undergo an annual single audit, if applicable, in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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 questioned costs, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Haddon Heights School District is an independent reporting entity within the criteria adopted by the GASB as established NCGA Statement #3. All funds of the District are included in this report. The Haddon Heights Board of Education and all of its schools constitute the District's reporting entity.

The District provides a full range of educational services to grade levels K-12. These include regular and vocational as well as special education for educationally disabled students. The District completed the 2017/2018 school year with an enrollment of 1404 which is 108 students more than the previous year's enrollment. The following details the changes in student enrollment over the past four years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2014/15	1289	+0.31%
2015/16	1298	+0.70%
2016/17	1296	(-0.15%)
2017/18	1404	+8.33%

The District consists of four schools. They are Atlantic Avenue School, Seventh Avenue School, Glenview Avenue School and Haddon Heights Junior-Senior High School. The three elementary schools serve grades K-6 with the high school offering a comprehensive program in grades 7-12.

Haddon Heights is a receiving district for students from Barrington, Lawnside and Merchantville in grades 9-12. These students are received on a tuition basis with the tuition rate to be charged being determined by state formula.

2. ECONOMIC CONDITION AND OUTLOOK:

Haddon Heights is an established, suburban environment. There is virtually no room for expansion or development. Changes in school population are caused mostly by demographics affecting movement of families into town replacing residents whose children are grown. The sending districts of Lawnside, Barrington and Merchantville are similar in terms of population demographics. The tax base of Haddon Heights is predominantly residential.

3. MAJOR INITIATIVES:

- A. Haddon Heights strives for academic excellence for all students. Our elementary students continue to excel in state testing and exceed the state averages in every grade and nearly every grade in every elementary school. Likewise, the 7th and 8th grade students exceed the state average. In high school, we were below the state average. However, we continue to see incremental improvement. In order to achieve more growth, one of our major initiatives this year was to improve our articulation among the four districts. In 2018 all of the sending districts met regularly (every three months) to discuss curricular alignment and improve communication between teaching staff.

Assessment scores can be seen below in comparison to state average.

MATH						
	State Avg	District Avg	Glenview Ave	Atlantic Ave	Seventh Ave	Jr./Sr. High
3	751	767	756	775	769	
4	747	752	758	746	751	
5	747	759	753	769	755	
6	743	755	764	745	755	
7	741	744				744
8	728	737				737
ALG 1	743	733				733
GEOM	734	725				725
ALG 2	725	714				714

ELA						
	State Avg	District Avg	Glenview Ave	Atlantic Ave	Seventh Ave	Jr./Sr. High
3	749	765	762	764	770	
4	753	765	770	750	774	
5	756	772	768	775	773	
6	752	768	774	745	784	
7	756	760				760
8	757	764				764
9	749	747				747
10	743	743				743
11	736	723				723

- B. State Monitoring: The last time Haddon Heights Public Schools were monitored under NJQSAC process was the 2012-2013 school year. Based on those results the Haddon Heights School District was designated as a High Performing School District. The next monitoring under NJQSAC is scheduled for the winter of 2019.
- C. Graduation Rate – The Haddon Heights Class of 2018 had a graduation rate of 91.9%.
- D. College Placement – The Haddon Heights Class of 2018 had 90% of graduates plan to continue their education after graduation at either 4 year colleges, 2 year colleges or the military. 127 graduates will continue their education at 38 colleges/universities in 9 states. Our overall mean SAT scores are Verbal 536, Math 538. This average has increased and is the highest in many years.

- E. Curriculum – Curriculum development and revision continues to be a focus in our goal of academic excellence. Following is a small sampling of initiatives in this area:

Elementary Curriculum:

ELA Curriculum has been update to reflect the New Jersey Student Learning Standards. Teachers are utilizing Daily 5 strategies (small group learning centers, small group instruction, and conferencing). Teachers are also utilizing CAFÉ strategies as well (Comprehension, Accuracy, Fluency, and Expanding Vocabulary). The district implemented the Go Math program in grades K-8 including a structured approach to each lesson and an online component. We are utilizing a 1to1 Chromebook initiative. Students are utilizing these Chromebooks on a daily basis.

JR/SR High School Curriculum:

Haddon Heights Jr./Sr. High School continues to be proud of its tradition of excellent academic performance and high standards for all students. The high number of students who move on to post-secondary education and the military continues to be competitive nationally (**90% for the class of 2018**). Students and staff have access to current technology to assist teaching and learning. Smartboards are installed in every classroom and teachers are trained in the latest Smartboard application programs. Teachers are continuing the use of e-learning software platforms such as Google applications and Google Classroom, *Edmoto*, a social learning platform, and Remind 101. We are 1:1 Chromebook district. HHS offers fifteen honors and fifteen Advanced Placement classes. Five of those classes can be taken through Apex Learning, an online program. These courses include: AP Environmental Science, AP Microeconomics, AP Macroeconomics, AP Psychology, and AP Government and Politics. Students may choose from a wide variety of elective classes and extracurricular clubs and activities, allowing them to focus on their interests.

Professional Development: Because we want to include our teachers in decision making and being able to utilize their expertise, we continue to work with an Academic Enhancement Committee. The committee is comprised of teachers across grade levels and disciplines within the district. The teachers worked over the summer to prepare and present the district professional development in September. This year, the focus of our professional development was to provide a variety of instructional strategies and best practices for teachers to implement in their classrooms.

Technology: We expanded the professional development and the implementation of Google using Chromebooks. We continue to move toward a Google environment and we are increasing the level of technology usage with emphasis being placed on using the Google Classroom, Google Drive and Google Applications.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from theft, loss or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute assurances 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 (2) the valuation and costs and benefits requires estimates and judgments by management.

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

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriate budgets are adopted for the general fund, the special revenue fund and debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital project 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 reclassified as accounts payable. Those amounts to be re-appropriated are reported as assignments of fund balance at June 30, 2018.

6. ACCOUNTING SYSTEM AND REPORT:

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

7. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in the "Notes to Financial Statements," Note 2. The District has adopted a cash management plan which required 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 Act.

8. RISK MANAGEMENT:

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

9. OTHER INFORMATION:

Independent Audit - Some statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP was appointed by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and State Treasury Circular Letter 98-07 OMB. The auditor's report on the general purpose financial statements and combining the 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 Haddon Heights Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,

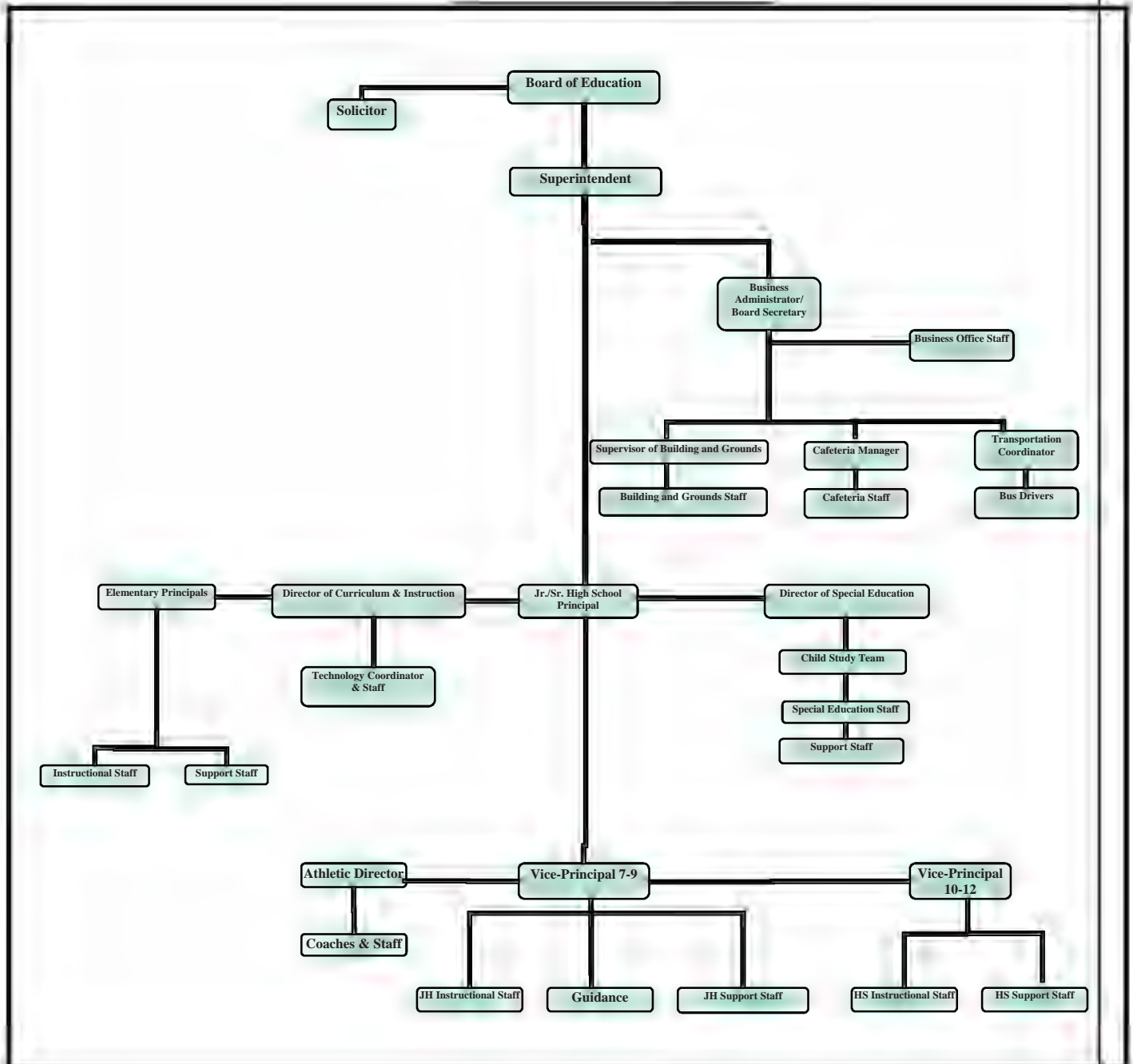


Michael W. Adams, Superintendent



Mark J. Stratton, Business Administrator

1110 ORGANIZATIONAL CHART



Adopted: 10 November 2009
 Revised : 28 July 2010
 Revised: 14 September 2010
 Revised: 12 June 2012



**ROSTER OF OFFICIALS
JUNE 30, 2018**

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Kimberly Stuart	President	2018
Jane Shissler	Vice-President	2019
Jamie Alexander		2021
Michael Cicalese		2019
Tina Gentile		2018
Lisa Long		2019
Amy Lynch		2021
Trish Sheilds		2018
Danielle McKelvey-Teti		2021
Holly McCauley		Barrington Representative
Donza Worlds		Lawnside Representative

OTHER OFFICIALS

Michael W. Adams, Superintendent

Mark J. Stratton, Board Secretary/Business Administrator

Mary Bakey, Treasurer

Joseph F. Betley, Esq., Solicitor

HADDON HEIGHTS SCHOOL DISTRICT

CONSULTANTS AND ADVISORS

Audit Firm

Bowman & Company LLP
601 White Horse Road
Voorhees, NJ 08043-2493

Attorney

Capehart and Scatchard
Laurel Corporate Center
8000 Midlantic Drive
Mount Laurel, NJ 08045

Official Depository

BB&T Bank
305 South White Horse Pike
Lawnside, NJ 08045

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Haddon Heights School District
Haddon Heights, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Haddon Heights School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2018, 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Haddon Heights School District, in the County of Camden, State of New Jersey, as of June 30, 2018, 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.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2018, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The adoption of this new accounting principle required the School District to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the School District. The related disclosures for the implementation of this new accounting pronouncement are included in note 10 in the notes to financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, schedule of the School District's pension contributions, and schedule of changes in the School District's total OPEB Liability and related ratios, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Haddon Heights 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 Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures 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 our 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 section and statistical section 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, we do not express an opinion or provide any assurance on them.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2019 on our consideration of the Haddon Heights School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Haddon Heights School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Haddon Heights School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Scott P. Barron
Certified Public Accountant
Public School Accountant No. CS 02459

Voorhees, New Jersey
February 26, 2019

**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
Haddon Heights School District
Haddon Heights, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement 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 Division of Administration and 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 Haddon Heights School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 26, 2019. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of a new accounting principle.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Haddon Heights 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 our 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, we do not express an opinion on the effectiveness of the Haddon Heights 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain a deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, as item *Finding No. 2018-001* that we consider to be a significant deficiency.

Compliance and Other Matters

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

The Haddon Heights School District's Response to Findings

The Haddon Heights School District's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 Division of Administration and Finance, Department of Education, State of New Jersey, 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.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Scott P. Barron
Certified Public Accountant
Public School Accountant No. CS 02459

Voorhees, New Jersey
February 26, 2019

REQUIRED SUPPLEMENTARY INFORMATION
PART I

**Haddon Heights School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

As management of the Board of Education of the Borough of Haddon Heights, 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, 2018. 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

- During the fiscal year ended June 30, 2018, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The notes to the financial statements provide a more thorough discussion of the implementation of this GASB Statement and the effects to the financial statements.
- The total assets and deferred outflows of resources of the School District were over its total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$6,263,182.38 (net position).
- Governmental activities have an unrestricted net position deficit of (\$5,513,430.71). The accounting treatments in the governmental funds for the net pension liability, compensated absences payable, accrued interest payable, the June state aid payments, and state statutes that prohibit 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 increased by \$276,922.17 from July 1, 2017 to June 30, 2018.
- Fund balance of the School District's governmental funds increased by \$187,936.99 resulting in an ending fund balance of \$1,637,432.30.
- Business-type activities have unrestricted net position of \$123,066.09, which may be used to meet the School District's ongoing obligations of the enterprise-related activities.

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) Government-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.

Government-Wide Financial Statements

The *government-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 government-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, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 government-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 reflect the Food Service Fund and the Before and After Care Program.

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 government-wide financial statements. However, unlike the government-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.

Fund Financial Statements (Cont'd)

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-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.

Government-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 and equipment. 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, 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 2019. 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 2019.

The assets and deferred outflows of resources of the government activities exceeded liabilities and deferred inflows of resources by \$6,263,182.38 with an unrestricted deficit balance of (\$5,513,430.71). The deficit in unrestricted net position is primarily due to the implementation of GASB 68 for pensions and the accounting treatment for compensated absences payable, accrued interest payable, the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

The net position of the government does not include internal balances.

A net investment of \$10,443,813.67 in land, improvements, buildings and equipment which provide the services to the School District's public school students, represents 162.98% of the School District's net position. Net position of the District has been restricted as follows:

Restricted For Future Debt Service Costs	\$	1.54
Restricted for Future Capital Projects		204,675.52
Restricted for Other Purposes		1,128,122.36
		<hr/>
Total	\$	<u>1,332,799.42</u>

**Haddon Heights School District
Comparative Summary of Net Position
As of June 30, 2018 and 2017**

Governmental Activities

Governmental activities increased the net position of the School District by \$273,418.72 during the current fiscal year.

	Governmental Activities		Business-Type Activities		Government-Wide	
	2018	2017	2018	2017	2018	2017
ASSETS:						
Current Assets	\$ 1,863,671.60	\$ 1,815,401.97	\$ 123,066.09	\$ 118,734.12	\$ 1,986,737.69	\$ 1,934,136.09
Capital Assets	19,801,480.35	20,282,016.60	56,689.53	57,518.05	19,858,169.88	20,339,534.65
Total assets	21,665,151.95	22,097,418.57	179,755.62	176,252.17	21,844,907.57	22,273,670.74
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred Loss on						
Defeasance of Debt	851,831.70	926,993.32			851,831.70	926,993.32
Related to Pensions	1,865,052.00	1,799,150.00			1,865,052.00	1,799,150.00
Total Deferred Outflows	2,716,883.70	2,726,143.32			2,716,883.70	2,726,143.32
LIABILITIES:						
Current Liabilities	617,111.01	755,152.87			617,111.01	755,152.87
Noncurrent Liabilities	15,862,201.26	17,299,308.36			15,862,201.26	17,299,308.36
Total liabilities	16,479,312.27	18,054,461.23			16,479,312.27	18,054,461.23
DEFERRED INFLOWS OF RESOURCES:						
Related to Pensions	1,639,541.00	779,337.00			1,639,541.00	779,337.00
NET POSITION	\$ 6,263,182.38	\$ 5,989,763.66	\$ 179,755.62	\$ 176,252.17	\$ 6,442,938.00	\$ 6,166,015.83
Net Position Consists of:						
Net Investment in						
Capital Assets	\$ 10,443,813.67	\$ 10,278,820.51	\$ 56,689.53	\$ 57,518.05	\$ 10,500,503.20	\$ 10,336,338.56
Restricted	1,332,799.42	1,126,348.43			1,332,799.42	1,126,348.43
Unrestricted (Deficit)	(5,513,430.71)	(5,415,405.28)	123,066.09	118,734.12	(5,390,364.62)	(5,296,671.16)
Net Position	\$ 6,263,182.38	\$ 5,989,763.66	\$ 179,755.62	\$ 176,252.17	\$ 6,442,938.00	\$ 6,166,015.83

Business-type Activities

Business-type activities increased the School District's net position by \$3,503.45. Expenses increased over the prior year by \$58,211.14 and program revenues increased over the prior year by \$28,714.18.

**Haddon Heights School District
Comparative Schedule of Changes in Net Position
For the Fiscal Years Ended June 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Government-Wide	
	2018	2017	2018	2017	2018	2017
REVENUES						
Charges for services	\$ 6,260,408.73	\$ 5,663,140.10	\$ 361,761.71	\$ 349,795.26	\$ 6,622,170.44	\$ 6,012,935.36
Operating grants and contributions	8,533,665.47	10,837,950.07	149,638.03	132,889.38	8,683,303.50	10,970,839.45
Property taxes	13,386,838.00	12,952,245.00			13,386,838.00	12,952,245.00
State aid - unrestricted	1,802,777.66	1,750,276.24			1,802,777.66	1,750,276.24
Other revenues	118,820.25	177,909.95	16.13	17.05	118,836.38	177,927.00
Total Revenues	30,102,510.11	31,381,521.36	511,415.87	482,701.69	30,613,925.98	31,864,223.05
EXPENSES						
Governmental Activities:						
Instruction	11,123,261.05	10,567,451.52			11,123,261.05	10,567,451.52
Tuition	352,976.66	418,713.66			352,976.66	418,713.66
Related services	2,110,443.28	2,110,911.26			2,110,443.28	2,110,911.26
Administrative services	1,694,296.35	1,649,446.81			1,694,296.35	1,649,446.81
Operations and maint.	1,594,297.90	1,528,409.33			1,594,297.90	1,528,409.33
Transportation	331,620.27	358,857.28			331,620.27	358,857.28
Unallocated benefits	11,571,274.51	13,646,080.05			11,571,274.51	13,646,080.05
Interest on debt	438,131.09	457,931.09			438,131.09	457,931.09
Unallocated Depreciation	612,790.28	598,189.58			612,790.28	598,189.58
Business-Type Activities:						
Before and After Care			88,156.75	69,154.91	88,156.75	69,154.91
Food Service			419,755.67	380,546.37	419,755.67	380,546.37
Total expenses	29,829,091.39	31,335,990.58	507,912.42	449,701.28	30,337,003.81	31,785,691.86
Increase (Decrease) in Net Position	273,418.72	45,530.78	3,503.45	33,000.41	276,922.17	78,531.19
Net Position, 7/1	5,989,763.66	5,944,232.88	176,252.17	143,251.76	6,166,015.83	6,087,484.64
Net Position, 6/30	<u>\$ 6,263,182.38</u>	<u>\$ 5,989,763.66</u>	<u>\$ 179,755.62</u>	<u>\$ 176,252.17</u>	<u>\$ 6,442,938.00</u>	<u>\$ 6,166,015.83</u>

This table provides an illustration of the impact of the School District's Net Position for the implementation of GASB 68.

	2018	2017
Deferred Outflow s		
Related to Pensions	\$ 1,865,052.00	\$ 1,799,150.00
Less: Net Pension Liability	(5,280,422.00)	(6,021,836.00)
Less: Deferred Inflow s		
Related to Pensions	(1,639,541.00)	(779,337.00)
	<u>\$ (5,054,911.00)</u>	<u>\$ (5,002,023.00)</u>

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, unassigned 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 \$1,637,433.84, an increase of \$187,937.49 in comparison with the prior year.

The unassigned fund balance for the School District at the end of the fiscal year represents the unassigned fund balance for the General Fund of \$294,672.89. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed, as follows: 1) restricted cash reserved for future capital outlay expenditures \$204,675.52, 2) restricted for tuition reserves \$200,000.00, 3) excess surplus restricted for utilization in the 2019-2020 budget \$489,782.56, 4) appropriated as a revenue source in the 2018-2019 budget \$438,340.00 and 5) restricted for future debt service expenditures \$1.54.

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

Revenue in the special revenue fund is generally recognized at the time that the outlays are identified; therefore no fund balances are normally generated.

General Fund Budgetary Highlights

During the course of fiscal year 2018 the District modified the General Fund Budget as need to ensure no line item was projected to be over-expended.

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$451,321.89, while total fund balance (budgetary basis) was \$1,794,081.30. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund amounted to \$23,275,217.85. Unassigned fund balance (budgetary basis) represents 1.94% of expenditures while total fund balance (budgetary basis) represents 7.71% 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, 2018, totaled \$19,858,169.88 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$481,364.77.

Major capital assets events during the current fiscal year included the following:

- Depreciation expense of \$679,979.21 was charged to governmental activities.
- Depreciation expense of \$9,750.71 was charged to business-type activities.

Haddon Heights School District Capital Asset (net of accumulated depreciation) June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Government-Wide	
	2018	2017	2018	2017	2018	2017
Land	\$ 4,162.00	\$ 4,162.00			\$ 4,162.00	\$ 4,162.00
Buildings & Improvements	19,303,938.52	19,690,296.91			19,303,938.52	19,690,296.91
Equipment	493,379.83	587,557.69	\$ 56,689.53	\$ 57,518.05	550,069.36	645,075.74
Net Capital Assets	<u>\$ 19,801,480.35</u>	<u>\$ 20,282,016.60</u>	<u>\$ 56,689.53</u>	<u>\$ 57,518.05</u>	<u>\$ 19,858,169.88</u>	<u>\$ 20,339,534.65</u>

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 6) of this report.

Long-Term Debt – For the fiscal year ended June 30, 2018, the School District had total bonded debt outstanding of \$9,635,000.00 backed by the full faith and credit of the School District. Additionally, the School District has long-term obligations for compensated absences liability of \$372,280.88.

The general obligation bonds of the School District decreased during the current fiscal year according to the normal schedule of payments.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the fiscal year 2018, the legal debt limit was \$32,711,778.96 and the legal debt margin was \$23,076,778.96.

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.

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 Haddon Heights School District Business Administrator, 316-A Seventh Avenue, Haddon Heights, New Jersey, 08035, telephone number (856) 547-1412.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

HADDON HEIGHTS SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,163,456.18	\$ 106,082.06	\$ 1,269,538.24
Receivables, net	495,538.36	8,664.85	504,203.21
Inventory		8,319.18	8,319.18
Restricted Assets:			
Restricted Cash and Cash Equivalents	1.54		1.54
Capital Reserve Account - Cash	204,675.52		204,675.52
Capital Assets, net (Note 6)	19,801,480.35	56,689.53	19,858,169.88
Total Assets	21,665,151.95	179,755.62	21,844,907.57
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Loss on Defeasance of Debt	851,831.70		851,831.70
Deferred Outflow Related to Pensions (Note 9)	1,865,052.00		1,865,052.00
Total Deferred Outflows of Resources	2,716,883.70		2,716,883.70
LIABILITIES:			
Accounts Payable	299,320.14		299,320.14
Accrued Interest	169,056.25		169,056.25
Payable to State Government	145,272.29		145,272.29
Payable to Local Government	120.00		120.00
Unearned Revenue	3,342.33		3,342.33
Noncurrent Liabilities (Note 7):			
Due within One Year	685,000.00		685,000.00
Due beyond One Year	15,177,201.26		15,177,201.26
Total Liabilities	16,479,312.27		16,479,312.27
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	1,639,541.00		1,639,541.00
NET POSITION:			
Net Investment in Capital Assets	10,443,813.67	56,689.53	10,500,503.20
Restricted for:			
Debt Service	1.54		1.54
Capital Projects	204,675.52		204,675.52
Other Purposes	1,128,122.36		1,128,122.36
Unrestricted (Deficit)	(5,513,430.71)	123,066.09	(5,390,364.62)
Total Net Position	\$ 6,263,182.38	\$ 179,755.62	\$ 6,442,938.00

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

HADDON HEIGHTS SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
Instruction:							
Regular	\$ 7,790,235.63	\$ 6,260,408.73	\$ 613,918.59	\$ (915,908.31)		\$ (915,908.31)	
Special Education	2,103,503.43			(2,103,503.43)		(2,103,503.43)	
Other Special Instruction	497,807.04			(497,807.04)		(497,807.04)	
Other Instruction	731,714.95			(731,714.95)		(731,714.95)	
Support Services:							
Tuition	352,976.66			(352,976.66)		(352,976.66)	
Student and Instruction Related Services	2,110,443.28		157,783.68	(1,952,659.60)		(1,952,659.60)	
School Administrative Services	784,267.74			(784,267.74)		(784,267.74)	
General and Business Administrative Services	910,028.61			(910,028.61)		(910,028.61)	
Plant Operations and Maintenance	1,594,297.90			(1,594,297.90)		(1,594,297.90)	
Pupil Transportation	331,620.27			(331,620.27)		(331,620.27)	
Unallocated Benefits	11,571,274.51		7,761,963.20	(3,809,311.31)		(3,809,311.31)	
Interest on Long-Term Debt	438,131.09			(438,131.09)		(438,131.09)	
Unallocated Depreciation	612,790.28			(612,790.28)		(612,790.28)	
Total Governmental Activities	29,829,091.39	6,260,408.73	8,533,665.47	(15,035,017.19)		(15,035,017.19)	
Business-Type Activities:							
Before and After Care Program	88,156.75	95,163.18			\$ 7,006.43	7,006.43	
Food Service	419,755.67	266,598.53	149,638.03		(3,519.11)	(3,519.11)	
Total Business-Type Activities	507,912.42	361,761.71	149,638.03		3,487.32	3,487.32	
Total Government	\$ 30,337,003.81	\$ 6,622,170.44	\$ 8,683,303.50	\$ -	(15,035,017.19)	3,487.32	(15,031,529.87)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net				12,358,625.00		12,358,625.00	
Property Taxes Levied for Debt Service				1,028,213.00		1,028,213.00	
Federal and State Aid not Restricted				1,802,777.66		1,802,777.66	
Miscellaneous Income				118,820.25	16.13	118,836.38	
Total General Revenues				15,308,435.91	16.13	15,308,452.04	
Change in Net Position				273,418.72	3,503.45	276,922.17	
Net Position -- July 1				5,989,763.66	176,252.17	6,166,015.83	
Net Position -- June 30				\$ 6,263,182.38	\$ 179,755.62	\$ 6,442,938.00	

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

FUND FINANCIAL STATEMENTS

HADDON HEIGHTS SCHOOL DISTRICT
 Governmental Funds
 Balance Sheet
 June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 1,163,456.18			\$ 1.54	\$ 1,163,457.72
Capital Reserve Account - Cash	204,675.52				204,675.52
Receivables, net:					
Interfunds Receivable:					
Special Revenue Fund	343,181.57				343,181.57
Receivables from Other Governments:					
Federal Government		\$ 414,911.19			414,911.19
State of New Jersey	78,742.17	1,885.00			80,627.17
Total Assets	\$ 1,790,055.44	\$ 416,796.19	\$ -	\$ 1.54	\$ 2,206,853.17
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 77,503.14				\$ 77,503.14
Interfunds Payable:					
General Fund		\$ 343,181.57			343,181.57
Payable to State Government	75,000.00	70,272.29			145,272.29
Payable to Local Governments - Tax Levy	120.00				120.00
Unearned Revenue		3,342.33			3,342.33
Total Liabilities	152,623.14	416,796.19			569,419.33
Fund Balances:					
Restricted:					
Debt Service				\$ 1.54	1.54
Capital Reserve	204,675.52				204,675.52
Tuition Reserve	200,000.00				200,000.00
Excess Surplus	489,782.56				489,782.56
Excess Surplus - Designated for Subsequent Year's Expenditures	438,339.80				438,339.80
Assigned:					
Other Purposes	9,961.33				9,961.33
Subsequent Year's Expenditure	0.20				0.20
Unassigned	294,672.89				294,672.89
Total Fund Balances	1,637,432.30			1.54	1,637,433.84
Total Liabilities and Fund Balances	\$ 1,790,055.44	\$ 416,796.19	\$ -	\$ 1.54	

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 \$29,893,729.65 and the accumulated depreciation is \$10,092,249.30.	19,801,480.35
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.	(10,581,779.26)
Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the new bonds.	851,831.70
Interest on long term debt is accrued on the Statement of Net Position regardless when due.	(169,056.25)
Net Pension Liability	(5,280,422.00)
Accounts Payable related to the April 1, 2019 Required PERS pension contribution that is not to be liquidated with current financial resources.	(221,817.00)
Deferred Outflows of Resources - Related to Pensions	1,865,052.00
Deferred Inflows of Resources - Related to Pensions	<u>(1,639,541.00)</u>
Net Position of Governmental Activities	\$ 6,263,182.38

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

HADDON HEIGHTS SCHOOL DISTRICT
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	\$ 12,358,625.00			\$ 1,028,213.00	\$ 13,386,838.00
Tuition Charges	6,260,408.73				6,260,408.73
Miscellaneous	118,820.25				118,820.25
State Sources	4,697,815.20	\$ 349,865.06			5,047,680.26
Federal Sources	27,485.66	421,837.21			449,322.87
Total Revenues	23,463,154.84	771,702.27		1,028,213.00	25,263,070.11
EXPENDITURES:					
Current:					
Regular Instruction	7,109,128.11	613,918.59			7,723,046.70
Special Education Instruction	2,103,503.43				2,103,503.43
Other Special Instruction	497,807.04				497,807.04
Other Instruction	731,714.95				731,714.95
Support Services and Undistributed Costs:					
Tuition	352,976.66				352,976.66
Student and Instruction Related Services	1,952,659.60	157,783.68			2,110,443.28
School Administrative Services	784,267.74				784,267.74
Other Administrative Services	910,028.61				910,028.61
Plant Operations and Maintenance	1,594,297.90				1,594,297.90
Pupil Transportation	331,620.27				331,620.27
Unallocated Benefits	3,719,749.38				3,719,749.38
TPAF Pension and Social Security	2,922,523.20				2,922,523.20
Debt Service:					
Principal				670,000.00	670,000.00
Interest and Other Charges	65,498.00			358,212.50	423,710.50
Capital Outlay	199,442.96				199,442.96
Total Expenditures	23,275,217.85	771,702.27		1,028,212.50	25,075,132.62
Excess (Deficiency) of Revenues over Expenditures	187,936.99			0.50	187,937.49
Fund Balance -- July 1	1,449,495.31			1.04	1,449,496.35
Fund Balance -- June 30	\$ 1,637,432.30	\$ -	\$ -	\$ 1.54	\$ 1,637,433.84

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

HADDON HEIGHTS 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, 2018

Total Net Change in Fund Balances - Governmental Funds	\$	187,937.49
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$	(679,979.21)
Capital Outlays	<u>199,442.96</u>	(480,536.25)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		670,000.00
<p>The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		(24,470.59)
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest is an addition in the reconciliation. (+)</p>		
		10,050.00
<p>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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		(24,997.93)
<p>Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.</p>		
		<u>(64,564.00)</u>
Change in Net Position of Governmental Activities	\$	<u>273,418.72</u>

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

HADDON HEIGHTS SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Net Position
 June 30, 2018

	Business-Type Activities-- Enterprise Funds		
	<u>Food Service</u>	<u>Before and After Care Program</u>	<u>Totals</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 34,657.30	\$ 71,424.76	\$ 106,082.06
Accounts Receivable:			
State	226.31		226.31
Federal	8,438.54		8,438.54
Inventories	8,319.18		8,319.18
Total Current Assets	<u>51,641.33</u>	<u>71,424.76</u>	<u>123,066.09</u>
Noncurrent Assets:			
Equipment	141,294.19		141,294.19
Less Accumulated Depreciation	(84,604.66)		(84,604.66)
Total Noncurrent Assets	<u>56,689.53</u>		<u>56,689.53</u>
Total Assets	<u>108,330.86</u>	<u>71,424.76</u>	<u>179,755.62</u>
LIABILITIES:			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION:			
Net Investment in Capital Assets	56,689.53		56,689.53
Unrestricted	51,641.33	71,424.76	123,066.09
Total Net Position	<u>\$ 108,330.86</u>	<u>\$ 71,424.76</u>	<u>\$ 179,755.62</u>

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

HADDON HEIGHTS SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2018

	Business-Type Activities-- Enterprise Funds		<u>Totals</u>
	<u>Food Service</u>	<u>Before and After Care Program</u>	
OPERATING REVENUES:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 132,816.67		\$ 132,816.67
Daily Sales - Non-Reimbursable Programs	125,517.03		125,517.03
Special Functions	5,233.95		5,233.95
Rebates	3,030.88		3,030.88
Tuition and Fees		\$ 95,163.18	95,163.18
Total Operating Revenues	<u>266,598.53</u>	<u>95,163.18</u>	<u>361,761.71</u>
OPERATING EXPENSES:			
Salaries	175,997.11	62,090.95	238,088.06
General Supplies	13,536.67	26,065.80	39,602.47
Depreciation	9,750.71		9,750.71
Miscellaneous	18,787.03		18,787.03
Repair	1,560.00		1,560.00
Management Fee	24,926.16		24,926.16
Cost of Sales - Reimbursable Programs	127,317.24		127,317.24
Cost of Sales - Non-Reimbursable Programs	47,880.75		47,880.75
Total Operating Expenses	<u>419,755.67</u>	<u>88,156.75</u>	<u>507,912.42</u>
Operating Income (Loss)	<u>(153,157.14)</u>	<u>7,006.43</u>	<u>(146,150.71)</u>
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	3,622.29		3,622.29
Federal Sources:			
National School Lunch Program	98,444.10		98,444.10
National School Breakfast Program	21,694.31		21,694.31
Food Distribution Program	25,877.33		25,877.33
Interest and Investment Revenue	16.13		16.13
Total Nonoperating Revenues	<u>149,654.16</u>		<u>149,654.16</u>
Change in Net Position	<u>(3,502.98)</u>	<u>7,006.43</u>	<u>3,503.45</u>
Net Position -- July 1	<u>111,833.84</u>	<u>64,418.33</u>	<u>176,252.17</u>
Net Position -- June 30	<u>\$ 108,330.86</u>	<u>\$ 71,424.76</u>	<u>\$ 179,755.62</u>

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

HADDON HEIGHTS SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2018

	Business-Type Activities-- Enterprise Funds		
	Food Service	Before and After Care Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 266,598.53	\$ 95,163.18	\$ 361,761.71
Payments to Employees	(175,997.11)	(62,090.95)	(238,088.06)
Payments to Vendors	(208,735.55)	(26,065.80)	(234,801.35)
Net Cash Provided by (used for) Operating Activities	<u>(118,134.13)</u>	<u>7,006.43</u>	<u>(111,127.70)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
State Sources	3,567.96		3,567.96
Federal Sources	118,263.96		118,263.96
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>121,831.92</u>		<u>121,831.92</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases of Capital Assets	(8,922.19)		(8,922.19)
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>(8,922.19)</u>		<u>(8,922.19)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends	16.13		16.13
Net Cash Provided by (used for) Investing Activities	<u>16.13</u>		<u>16.13</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,208.27)	7,006.43	1,798.16
Balances -- July 1	39,865.57	64,418.33	104,283.90
Balances -- June 30	<u>\$ 34,657.30</u>	<u>\$ 71,424.76</u>	<u>\$ 106,082.06</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)			
by Operating Activities:			
Operating Income (Loss)	\$ (153,157.14)	\$ 7,006.43	\$ (146,150.71)
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	9,750.71		9,750.71
Food Distribution Program	25,877.33		25,877.33
(Increase) Decrease in Inventories	(605.03)		(605.03)
Total Adjustments	<u>35,023.01</u>		<u>35,023.01</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (118,134.13)</u>	<u>\$ 7,006.43</u>	<u>\$ (111,127.70)</u>

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

HADDON HEIGHTS SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2018

	<u>Private-Purpose Trust Funds</u>		<u>Agency Funds</u>	
	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Student Activity</u>	<u>Payroll</u>
ASSETS:				
Cash and Cash Equivalents	\$ 119,956.49	\$ 93,141.08	\$ 139,849.37	\$ 341,073.60
Total Assets	<u>119,956.49</u>	<u>93,141.08</u>	<u>\$ 139,849.37</u>	<u>\$ 341,073.60</u>
LIABILITIES:				
Accounts Payable	99.12			
Payable to Student Groups			\$ 139,849.37	
Payroll Deductions and Withholdings				\$ 341,073.60
Total Liabilities	<u>99.12</u>		<u>\$ 139,849.37</u>	<u>\$ 341,073.60</u>
NET POSITION:				
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 119,857.37</u>	<u>\$ 93,141.08</u>		

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

HADDON HEIGHTS SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2018

	<u>Private-Purpose Trust Funds</u>	
	<u>Scholarship Fund</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Scholarship Donations	\$ 32,400.00	
Payroll Deductions		\$ 24,108.00
Total Contributions	<u>32,400.00</u>	<u>24,108.00</u>
DEDUCTIONS:		
Scholarships Awarded	36,700.00	
Bank Service Charges	13.78	119.60
Unemployment Claims		<u>9,042.61</u>
Total Deductions	<u>36,713.78</u>	<u>9,162.21</u>
Change in Net Position	(4,313.78)	14,945.79
Net Position -- July 1	<u>97,454.86</u>	<u>104,911.58</u>
Net Position -- June 30	<u>\$ 93,141.08</u>	<u>\$ 119,857.37</u>

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

HADDON HEIGHTS SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Haddon Heights School District (the "School District") have been prepared to conform 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 following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). 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 Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades K through 12 at its four schools. The School District has an approximate enrollment at June 30, 2018 of 1,404.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *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 financial statements include all funds of the School District over which the Board exercises operating control.

Component Units

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Component Units (Cont'd)**

Based upon the application of these criteria, the School District has no component units.

Government-wide and Fund Financial Statements

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Camden County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the School District. It 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, ad valorem tax revenues, 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 revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures 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, 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, or from the general fund by way of transfers from capital outlay or the capital reserve account.

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as nonoperating revenues and expenses.

The School District reports the following major proprietary funds:

Enterprise Funds -

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

Before and After Care Fund - This fund accounts for the financial activity related to providing daycare services for the School District students before and after school.

Additionally, the School District reports the following fund types: Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The School District maintains the following fiduciary funds:

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). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: student activity fund and payroll fund.

Private-Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. The School District maintains the following private-purpose trust funds:

Scholarship Fund - Revenues consist of donations and interest income. Expenditures represent scholarships which are awarded in accordance with the trust requirements.

New Jersey Unemployment Compensation Insurance Trust Fund - Revenues consist of contributions that have been included in the annual budget of the School District, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2013, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. 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. 6A: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.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. 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 revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. 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 fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. 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 the 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Encumbrances (Cont'd)**

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

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

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. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional 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 amount of their deposits to the governmental units.

Inventories

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

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

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

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**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, 2018. The School District had no prepaid expenses for the fiscal year ended June 30, 2018.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures 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

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position as accounts receivable.

Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land	10 - 20 Years
Buildings and Improvements	10 - 50 Years
Equipment	5 - 20 Years

The School District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Outflows and Deferred Inflows of Resources (Cont'd)**

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources: loss on refunding of debt, defined benefit pension plans, and postemployment benefit plans.

Unearned Revenue

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

Accrued Salaries and Wages

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2018, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

Compensated Absences

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is 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 School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in 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 governmental fund financial statements when due.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**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 the Public Employees' Retirement System ("PERS"), and additions to/deductions from TPAF's and PERS' fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

Bond Discounts / Premiums

Bond discounts / premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts / premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

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 laws 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.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted 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 (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Fund Balance (Cont'd)**

Committed - The committed 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. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. 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 (resolution) it employed to previously commit those amounts.

Assigned - 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. *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. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Education.

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification 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 expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are 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.

Interfund Activity

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles****Recently Issued and Adopted Accounting Pronouncements**

The School District implemented the following GASB Statements for the fiscal year ended June 30, 2018:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The adoption of this Statement required the School District to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the School District. In addition, the School District was required to include additional note disclosures (see note 10) and required supplementary information related to postemployment benefits.

Statement No. 85, *Omnibus 2017*. This Statement addresses 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]). The adoption of this Statement had no impact on the basic financial statements of the School District.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements that will become effective for the School District for fiscal years ending after June 30, 2018:

Statement No. 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 Statement will become effective for the School District in the fiscal year ending June 30, 2020. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement will become effective for the School District in the fiscal year ending June 30, 2021. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is 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. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 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 agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2018, the School District's bank balances of \$2,200,810.15 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 1,652,331.91
Uninsured and Uncollateralized	<u>548,478.24</u>
Total	<u><u>\$ 2,200,810.15</u></u>

Note 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"). Upon submission of the LRFP to the Department, 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 fiscal year-end (June 1 to June 30) 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 by either 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.

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 204,470.96
Increased by:	
Interest Earnings	<u>204.56</u>
Ending Balance, June 30, 2018	<u><u>\$ 204,675.52</u></u>

The June 30, 2018 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 consisted of accounts (fees for services) and intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

<u>Description</u>	<u>Governmental Funds</u>			<u>Proprietary Funds</u>	
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Total</u>
Federal Awards		\$ 414,911.19	\$ 414,911.19	\$ 8,438.54	\$ 423,349.73
State Awards	\$ 78,742.17	1,885.00	80,627.17	226.31	80,853.48
	<u>\$ 78,742.17</u>	<u>\$ 416,796.19</u>	<u>\$ 495,538.36</u>	<u>\$ 8,664.85</u>	<u>\$ 504,203.21</u>

Note 5: INVENTORY

Inventory recorded at June 30, 2018 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 6,717.44
Supplies	<u>1,601.74</u>
	<u>\$ 8,319.18</u>

Note 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 is as follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 4,162.00			\$ 4,162.00
Construction in Progress				
Total Capital Assets, not being Depreciated	4,162.00			4,162.00
Capital Assets, being Depreciated:				
Buildings and Improvements	27,759,559.00	\$ 144,873.37		27,904,432.37
Equipment	1,930,565.69	54,569.59		1,985,135.28
Total Capital Assets, being Depreciated	29,690,124.69	199,442.96		29,889,567.65
Total Capital Assets, Cost	29,694,286.69	199,442.96		29,893,729.65
Less Accumulated Depreciation for:				
Buildings and Improvements	(8,069,262.09)	(531,231.76)		(8,600,493.85)
Equipment	(1,343,008.00)	(148,747.45)		(1,491,755.45)
Total Accumulated Depreciation	(9,412,270.09)	(679,979.21)		(10,092,249.30)
Total Capital Assets, being Depreciated, Net	20,277,854.60	(480,536.25)		19,797,318.35
Governmental Activities Capital Assets, Net	<u>\$ 20,282,016.60</u>	<u>\$ (480,536.25)</u>	<u>\$ -</u>	<u>\$ 19,801,480.35</u>
	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
Business-Type Activities:				
Capital Assets, being Depreciated:	\$ 141,272.00	\$ 8,922.19	\$ (8,900.00)	\$ 141,294.19
Equipment				
Less Accumulated Depreciation for:				
Equipment	(83,753.95)	(9,750.71)	8,900.00	(84,604.66)
Total Capital Assets, being Depreciated, Net	57,518.05	(828.52)		56,689.53
Business-Type Activities Capital Assets, Net	<u>\$ 57,518.05</u>	<u>\$ (828.52)</u>	<u>\$ -</u>	<u>\$ 56,689.53</u>

Depreciation expense was charged to functions / programs of the School District as follows:

Governmental Activities:	
Instruction	\$ 67,188.93
Unallocated	612,790.28
Total Depreciation Expense - Governmental Activities	<u>\$ 679,979.21</u>
Business-Type Activities:	
Food Service	\$ 9,750.71
Before and After Care	-
Total Depreciation Expense - Business-Type Activities	<u>\$ 9,750.71</u>

Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 10,305,000.00		\$ (670,000.00)	\$ 9,635,000.00	\$ 685,000.00
Plus Amounts:					
Premiums	625,189.41		(50,691.03)	574,498.38	
Total Bonds Payable	<u>10,930,189.41</u>	<u>-</u>	<u>(720,691.03)</u>	<u>10,209,498.38</u>	<u>685,000.00</u>
Other Liabilities:					
Compensated Absences	347,282.95	24,997.93		372,280.88	
Net Pension Liability	6,021,836.00	2,697,277.00	(3,438,691.00)	5,280,422.00	
Total Other Liabilities	<u>6,369,118.95</u>	<u>2,722,274.93</u>	<u>(3,438,691.00)</u>	<u>5,652,702.88</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 17,299,308.36</u>	<u>\$ 2,722,274.93</u>	<u>\$ (4,159,382.03)</u>	<u>\$ 15,862,201.26</u>	<u>\$ 685,000.00</u>

The bonds payable are generally liquidated by the debt service fund, while the compensated absences and net pension liability are liquidated by the general fund.

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

On November 9, 2012, the School District issued \$11,820,000.00 general obligation bonds at interest rates varying from 2.0% to 4.0% for various construction and renovation projects. The final maturity of these bonds is January 1, 2030. The bonds will be paid from property taxes.

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 685,000.00	\$ 338,112.50	\$ 1,023,112.50
2020	705,000.00	310,712.50	1,015,712.50
2021	725,000.00	282,512.50	1,007,512.50
2022	750,000.00	253,512.50	1,003,512.50
2023	780,000.00	223,512.50	1,003,512.50
2024-2028	4,235,000.00	689,700.00	4,924,700.00
2029-2030	1,755,000.00	85,475.00	1,840,475.00
Total	<u>\$ 9,635,000.00</u>	<u>\$ 2,183,537.50</u>	<u>\$ 11,818,537.50</u>

Bonds Authorized but not Issued - As of June 30, 2018, the School District had no authorizations to issue additional bonded debt.

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 15 for a description of the School District's policy.

Net Pension Liability - For details on the net pension liability, refer to note 9. The School District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

Note 8: OPERATING LEASES

At June 30, 2018, the School District had operating lease agreements in effect for copy machines and technology equipment. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2019	\$ 175,766.95
2020	41,232.24
2021	41,232.24
2022	3,436.02
2023	-
	<hr/>
	<u>\$ 261,667.45</u>

Rental payments under operating leases for the fiscal year ended June 30, 2018 were \$173,686.10.

Note 9: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, several School District employees participate in the Defined Contribution Retirement Program, 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, required supplementary information and detailed information about the PERS and TPAF plan's fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.nj.gov/treasury/pensions/gasb-notice.shtml>

General Information about the Pension Plans**Plan Descriptions**

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of 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 benefits, death, disability and medical benefits to certain 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.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, 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 pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund 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.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Vesting and Benefit Provisions

Teachers' Pension and Annuity Fund - 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.

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 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 tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more 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.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Public Employees' Retirement System - 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 the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

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

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set 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, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2017, 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 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*.

Note 9: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - The School District's contractually required contribution rate for the fiscal year ended June 30, 2018 was 10.27% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 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, 2017, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2018 was \$991,466.00, and was paid by April 1, 2018. School District employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$730,957.48.

Public Employees' Retirement System - The contribution policy is set 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, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. 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 366, P.L. 2001) was 10%. Employer contribution amounts are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2018 was 15.51% 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, 2017, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2018 was \$210,141.00, and was paid by April 1, 2018. School District employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$109,669.99.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. 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 contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2018, employee contributions totaled \$48,313.37, and the School District recognized pension expense, which equaled the required contributions, of \$26,352.99. There were no forfeitures during the fiscal year.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Teachers' Pension and Annuity Fund - At June 30, 2018, 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.

The State's proportionate share of net pension liability, attributable to the School District is as follows:

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	59,531,152.00
	<u>\$ 59,531,152.00</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. For the June 30, 2017 measurement date, the School District's proportion 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 and the State of New Jersey, actuarially determined. At June 30, 2017, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2017 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was .0882942281%, which was a decrease of .0014038889% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the School District recognized \$4,124,017.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

Public Employees' Retirement System - At June 30, 2018, the School District reported a liability of \$5,280,422.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The School District's proportion 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. For the June 30, 2017 measurement date, the School District's proportion was .0226837805%, which was an increase of .0023515085% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the School District recognized pension expense of \$274,703.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) - At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 124,336.00	-
Changes of Assumptions	1,063,823.00	\$ 1,059,923.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	35,956.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	419,120.00	579,618.00
School District Contributions Subsequent to the Measurement Date	221,817.00	-
	<u>\$ 1,865,052.00</u>	<u>\$ 1,639,541.00</u>

\$221,817.00, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2019	\$ 18,140.00
2020	81,415.00
2021	59,627.00
2022	(90,205.00)
2023	(65,283.00)
	<u>\$ 3,694.00</u>

Note 9: **PENSION PLANS (CONT'D)**

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

Public Employees' Retirement System (Cont'd) - 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	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
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	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
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
June 30, 2017	5.48	5.48

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.25%	2.25%
Salary Increases:		
2012-2021	Varies Based on Experience	-
Through 2026	-	1.65% - 4.15% Based on Age
Thereafter	Varies Based on Experience	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2012 - June 30, 2015	July 1, 2011 - June 30, 2014

For TPAF, 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.

For PERS, pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. Mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the 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 beneficiaries of former members 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. 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).

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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 rates of return for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rates used to measure the total pension liability at June 30, 2017 were 4.25% and 5.00% for TPAF and PERS, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 rates for TPAF and PERS 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 40% of the actuarially determined amount for TPAF and PERS and the local employers contributed 100% of the actuarially determined amount for PERS. 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 2036 for TPAF and 2040 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 for TPAF and 2040 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 9: PENSION PLANS (CONT'D)**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Teachers' Pension and Annuity Fund (TPAF) - 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, 2017, the pension plans measurement date, attributable to the School District is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.25%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	TPAF		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	70,724,876.00	59,531,152.00	50,309,714.00
	<u>\$ 70,724,876.00</u>	<u>\$ 59,531,152.00</u>	<u>\$ 50,309,714.00</u>

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2017, the plans measurement date, calculated using a discount rate of 5.00%, 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% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
School District's Proportionate Share of the Net Pension Liability	\$ 6,550,721.00	\$ 5,280,422.00	\$ 4,222,104.00

Pension Plan Fiduciary Net Position

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 respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS's respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, 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. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/gasb-notice.shtml>.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

Plan Description and Benefits Provided - The State Health Benefit Local Education Retired Employees Plan (the "OPEB Plan") is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 - *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the "Division") and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publically available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

Employees Covered by Benefit Terms - At June 30, 2018, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
	<hr/>
	366,078
	<hr/> <hr/>

Total Non-Employer OPEB Liability

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2018 was \$51,756,877.00. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total Non-Employer OPEB Liability.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

The total Non-Employer OPEB Liability was measured as of June 30, 2017, and was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total Non-Employer OPEB Liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. For the June 30, 2017 measurement date, the State's proportionate share of the Non-Employer OPEB Plan Liability associated with the School District was .0964896152%, which was a decrease of .0005466129% from its proportion measured as of June 30, 2016.

Actuarial Assumptions and Other Inputs - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2016 used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases -

	<u>TPAF/ABP (1)</u>	<u>PERS (2)</u>	<u>PFRS (2)</u>
Through 2026	1.55% - 4.55%	2.15% - 4.15%	2.10% - 8.98%
Thereafter	2.00% - 5.45%	3.15% - 5.15%	3.10% - 9.98%

(1) - Based on years of service

(2) - Based on age

Inflation Rate - 2.50%.

Mortality Rates - Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Experience Studies - The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 - June 30, 2013, and July 1, 2011 - June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions - For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate - The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

Changes in the Total Non-Employer OPEB Liability - The below table summarizes the State's proportionate share of the change in the Total Non-Employer OPEB Liability associated with the School District:

Balance at June 30, 2017		\$ 56,117,782.00
Changes for the Year:		
Service Cost	\$ 2,027,082.00	
Interest Cost	1,640,790.00	
Changes in Assumptions	(6,874,121.00)	
Gross Benefit Payments	(1,198,799.00)	
Member Contributions	44,143.00	
Net Changes		(4,360,905.00)
Balance at June 30, 2018		\$ 51,756,877.00

There were no changes in benefit terms between the June 30, 2016 measurement date and the June 30, 2017 measurement date.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% for the June 30, 2016 measurement date to 3.58% for the June 30, 2017 measurement date.

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate - The State's proportionate share of the total Non-Employer OPEB Liability as of June 30, 2017, associated with the School District, using a discount rate of 3.58%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	\$ 61,439,147.06	\$ 51,756,877.00	\$ 44,076,808.36

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates - The State's proportionate share of the total Non-Employer OPEB Liability as of June 30, 2017, associated with the School District, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	\$ 42,565,027.99	\$ 51,756,877.00	\$ 63,963,544.33

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Non-Employer OPEB Liability - For the fiscal year ended June 30, 2018, the School District recognized \$2,920,864.00 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB Expense, associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 2017 measurement date.

In accordance with GASBS No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District. However, at June 30, 2018, the State's proportionate share of the total Non-Employer OPEB Liability's deferred outflows of resources and deferred inflows of resources, associated with School District, from the following sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Proportion	\$ -	\$ 249,788.00
Changes of Assumptions or Other Inputs	-	6,121,078.00
	<u>\$ -</u>	<u>\$ 6,370,866.00</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability, associated with the School District, will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2019	\$ (746,002.90)
2020	(746,002.90)
2021	(746,002.90)
2022	(746,002.90)
2023	(746,002.90)
Thereafter	(2,640,851.49)
	<u>\$ (6,370,866.00)</u>

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2018, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$1,308,230.00, \$31,748.00, \$865,463.00, and \$2,219.00, respectively.

Note 12: RISK MANAGEMENT

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

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School 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 School District is billed quarterly for amounts due to the State.

New Jersey Unemployment Compensation Insurance (Cont'd) - The following is a summary of the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>School</u> <u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Income</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending</u> <u>Balance</u>
2018		\$ 24,108.00		\$ 9,162.21	\$ 119,857.37
2017		22,928.85		8,570.90	104,911.58
2016	\$ 50,000.00	23,363.02	\$ 18.56	20,066.57	90,553.63

Joint Insurance Fund - The School District is a member of the Burlington County Municipal Insurance Joint Insurance Fund. The Fund provides its members with the following coverage:

Property, Inland Marine and Automobile Physical Damages
Workers' Compensation including Employer's Liability
Crime
General and Automobile Liability
Pollution Legal Liability
Educator's Legal Liability
Property Including Boiler and Machinery
Violent Malicious Acts
Disaster Management Services
Cyber Liability

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The School District's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the School Pool for Excess Liability Limits Joint Insurance Fund, which is an insurance pool formed by all the other joint insurance funds.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2017, which can be obtained from:

Burlington County Municipal Joint Insurance Fund
P.O. Box 449
Marlton, New Jersey 08053

Note 13: DEFERRED COMPENSATION

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

Lincoln Investment Planning, Inc.
Fidelity Investments
First Investors
Midland National Life Insurance Company
Waddell & Reed Financial, Inc.
Syracusa Benefits
AXA Equitable
Vanguard

Note 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 who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to three personal days which may be carried forward to subsequent years. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2018, the liability for compensated absences reported on the government-wide statement of net position and on the proprietary fund statement of net position was \$372,280.88 and \$-0, respectively.

Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2018 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 343,181.57	
Special Revenue		\$ 343,181.57
	<u>\$ 343,181.57</u>	<u>\$ 343,181.57</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2019, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 16: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amount, if any, to be immaterial.

Note 17: CONCENTRATIONS

The School District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 18: 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: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

General Fund

For Tuition - In accordance with N.J.A.C. 6A:23A-3.1(f)(8), the School District has restricted fund balance in the amount of \$200,000.00 in a legal reserve for tuition adjustments. This restricted fund balance represents foreseeable future tuition adjustments up to a maximum of 10% of the estimated tuition cost of the respective contract year. As of June 30, 2018, \$100,000.00 and \$100,000.00 have been restricted for the contract years 2016-2017 and 2017-2018, respectively.

For 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 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, 2018 is \$489,782.56. Additionally, \$438,339.80 of excess fund balance generated during 2016-2017 has been restricted and designated for utilization in the 2018-2019 budget.

For Capital Reserve Account - As of June 30, 2018, the balance in the capital reserve account is \$204,675.52. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

Debt Service Fund - In accordance with N.J.A.C. 6A:23A-8.6, a district board of education shall appropriate annually all debt service fund balances in the budget certified for taxes unless expressly authorized and documented by the voters in a bond referendum. As a result, the School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2019 \$1.54 of debt service fund balance at June 30, 2018.

Note 18: FUND BALANCES (CONT'D)**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

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2019 \$0.20 of general fund balance at June 30, 2018.

Other Purposes - As of June 30, 2018, the School District had \$9,961.33 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

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, 2018, \$294,672.89 of general fund balance was unassigned.

Note 19: 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.

The Borough of Haddon Heights has entered into various property tax abatement agreements with properties having aggregate assessed valuations of \$12,723,500.00. Based on the School District's 2018 certified tax rate of \$1.651, abated taxes totaled \$210,064.99.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

HADDON HEIGHTS SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 12,358,625.00		\$ 12,358,625.00	\$ 12,358,625.00	
Tuition	6,143,826.00		6,143,826.00	6,260,408.73	\$ 116,582.73
Interest Earned on Capital Reserve Funds				204.56	204.56
Unrestricted Miscellaneous Revenues	75,000.00		75,000.00	118,615.69	43,615.69
Total - Local Sources	18,577,451.00		18,577,451.00	18,737,853.98	160,402.98
State Sources:					
Extraordinary Aid				33,248.00	33,248.00
Special Education Aid	500,273.00		500,273.00	500,273.00	
Equalization Aid	446,874.00		446,874.00	446,874.00	
Security Aid	66,157.00		66,157.00	66,157.00	
Transportation Aid	104,187.00		104,187.00	104,187.00	
School Choice Aid	428,434.00		428,434.00	428,434.00	
PARCC Readiness Aid	8,930.00		8,930.00	8,930.00	
Per Pupil Growth Aid	8,930.00		8,930.00	8,930.00	
Professional Learning Community Aid	9,030.00		9,030.00	9,030.00	
Adjustment Aid	192,447.00	\$ (35,305.00)	157,142.00	157,142.00	
Other State Aid - Nonpublic Transportation Aid				11,020.00	11,020.00
Other State Aid - Lead Testing Reimbursement				5,642.00	5,642.00
On-Behalf Contributions-					
T.P.A.F. Post-Retirement Medical				865,463.00	865,463.00
Teacher's Pension and Annuity Fund				1,308,230.00	1,308,230.00
T.P.A.F. LTDI				2,219.00	2,219.00
T.P.A.F. Non-contributory Insurance				31,748.00	31,748.00
Reimbursed T.P.A.F. Social Security Contributions				714,863.20	714,863.20
Total - State Sources	1,765,262.00	(35,305.00)	1,729,957.00	4,702,390.20	2,972,433.20
Federal Sources:					
SEMI -- Medicaid Initiative	21,593.00		21,593.00	27,485.66	5,892.66
Total - Federal Sources	21,593.00		21,593.00	27,485.66	5,892.66
Total Revenues	20,364,306.00	(35,305.00)	20,329,001.00	23,467,729.84	3,138,728.84

(Continued)

HADDON HEIGHTS SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 121,006.00	\$ 18,039.10	\$ 139,045.10	\$ 120,283.55	\$ 18,761.55
Grades 1-5	1,707,937.00	31,582.01	1,739,519.01	1,735,633.24	3,885.77
Grades 6-8	1,107,195.00	22,240.37	1,129,435.37	1,128,977.44	457.93
Grades 9-12	3,678,191.00	(146,626.15)	3,531,564.85	3,530,991.85	573.00
Regular Programs - Home Instruction:					
Salaries of Teachers	20,000.00	2,147.56	22,147.56	22,147.56	
Other Purchased Services	25,000.00	(13,099.12)	11,900.88	11,900.88	
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	20,230.00	8,548.56	28,778.56	24,128.95	4,649.61
Purchased Technical Services	56,441.00	(14,947.56)	41,493.44	40,412.74	1,080.70
Other Purchased Services (400-500 Series)	102,685.00	126,104.55	228,789.55	219,496.07	9,293.48
General Supplies	248,228.00	(4,336.53)	243,891.47	198,735.67	45,155.80
Textbooks	34,757.00	(6,628.73)	28,128.27	23,988.43	4,139.84
Total Regular Programs	<u>7,121,670.00</u>	<u>23,024.06</u>	<u>7,144,694.06</u>	<u>7,056,696.38</u>	<u>87,997.68</u>
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	186,367.00	76,504.61	262,871.61	261,904.20	967.41
Other Salaries for Instruction	173,358.00	17,239.12	190,597.12	186,685.36	3,911.76
General Supplies	12,700.00	0.07	12,700.07	276.62	12,423.45
Total Multiple Disabilities	<u>372,425.00</u>	<u>93,743.80</u>	<u>466,168.80</u>	<u>448,866.18</u>	<u>17,302.62</u>

(Continued)

HADDON HEIGHTS SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Special Education - Instruction (Cont'd):					
Resource Room / Resource Center:					
Salaries of Teachers	\$ 1,283,772.00	\$ (84,324.69)	\$ 1,199,447.31	\$ 1,198,206.05	\$ 1,241.26
Other Salaries for Instruction	153,984.00	88,268.38	242,252.38	237,854.94	4,397.44
General Supplies	13,000.00	(1,477.22)	11,522.78	1,384.89	10,137.89
Total Resource Room / Resource Center	<u>1,450,756.00</u>	<u>2,466.47</u>	<u>1,453,222.47</u>	<u>1,437,445.88</u>	<u>15,776.59</u>
Preschool Disabilities - Part Time:					
Salaries of Teachers	86,896.00	53,263.00	140,159.00	139,772.50	386.50
Other Salaries for Instruction	41,688.00	35,871.59	77,559.59	76,418.87	1,140.72
General Supplies	1,000.00		1,000.00	1,000.00	
Total Preschool Disabilities - Part Time	<u>129,584.00</u>	<u>89,134.59</u>	<u>218,718.59</u>	<u>217,191.37</u>	<u>1,527.22</u>
Total Special Education - Instruction	<u>1,952,765.00</u>	<u>185,344.86</u>	<u>2,138,109.86</u>	<u>2,103,503.43</u>	<u>34,606.43</u>
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	503,947.00	(9,489.96)	494,457.04	494,457.04	
Total Basic Skills / Remedial - Instruction	<u>503,947.00</u>	<u>(9,489.96)</u>	<u>494,457.04</u>	<u>494,457.04</u>	
Bilingual Education - Instruction:					
Salaries of Teachers	5,000.00		5,000.00	3,350.00	1,650.00
Total Bilingual Education - Instruction	<u>5,000.00</u>		<u>5,000.00</u>	<u>3,350.00</u>	<u>1,650.00</u>
School Sponsored Cocurricular Activities - Instruction:					
Salaries	99,825.00		99,825.00	98,619.98	1,205.02
Transfers to cover deficit (agency funds)	6,400.00	(5,844.26)	555.74		555.74
Total School Sponsored Cocurricular Activities - Instruction	<u>106,225.00</u>	<u>(5,844.26)</u>	<u>100,380.74</u>	<u>98,619.98</u>	<u>1,760.76</u>

(Continued)

HADDON HEIGHTS SCHOOL DISTRICT
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	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
School Sponsored Athletics - Instruction:					
Salaries	\$ 386,091.00	\$ (12,407.00)	\$ 373,684.00	\$ 373,637.25	\$ 46.75
Supplies and Materials	53,400.00		53,400.00	53,146.46	253.54
Other Objects	183,400.00	17,439.26	200,839.26	200,839.26	
Total School Sponsored Athletics - Instruction	<u>622,891.00</u>	<u>5,032.26</u>	<u>627,923.26</u>	<u>627,622.97</u>	<u>300.29</u>
Other Instructional Programs - Instruction:					
Salaries	4,500.00	972.00	5,472.00	5,472.00	
Total Other Instructional Programs - Instruction	<u>4,500.00</u>	<u>972.00</u>	<u>5,472.00</u>	<u>5,472.00</u>	
Total Instruction	<u>10,316,998.00</u>	<u>199,038.96</u>	<u>10,516,036.96</u>	<u>10,389,721.80</u>	<u>126,315.16</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within State - Regular	34,000.00	(6,080.29)	27,919.71	21,874.31	6045.4
Tuition to Other LEA's Within State - Special	37,000.00	20,554.50	57,554.50	56,764.60	789.90
Tuition to County Voc. School District - Regular	14,000.00	445.50	14,445.50	13,085.55	1,359.95
Tuition to CSSD and Regional Day Schools	96,000.00	(15,115.44)	80,884.56	80,884.56	
Tuition to Private Schools for the Disabled - Within State	330,964.00	(99,123.46)	231,840.54	180,367.64	51,472.90
Total Undistributed Expenditures - Instruction	<u>511,964.00</u>	<u>(99,319.19)</u>	<u>412,644.81</u>	<u>352,976.66</u>	<u>59,668.15</u>

(Continued)

HADDON HEIGHTS SCHOOL DISTRICT
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 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Attendance and Social Work:					
Salaries	\$ 88,001.00	\$ 1,585.00	\$ 89,586.00	\$ 89,573.76	\$ 12.24
Supplies and Materials	5,100.00	499.07	5,599.07	5,599.07	
Total Undistributed Expenditures - Attendance and Social Work	93,101.00	2,084.07	95,185.07	95,172.83	12.24
Undistributed Expenditures - Health Services:					
Salaries	435,193.00	5,154.98	440,347.98	440,195.37	152.61
Supplies and Materials	5,822.00	6,920.78	12,742.78	12,651.51	91.27
Other Objects	900.00	(576.53)	323.47	323.47	
Total Undistributed Expenditures - Health Services	441,915.00	11,499.23	453,414.23	453,170.35	243.88
Undistributed Expenditures - Speech, OT, PT, & Related Services:					
Salaries	140,658.00	2,449.80	143,107.80	142,857.80	250.00
Supplies and Materials	2,000.00		2,000.00	1,153.49	846.51
Total Undistributed Expenditures - Speech, OT, PT, & Related Services	142,658.00	2,449.80	145,107.80	144,011.29	1,096.51
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	336,329.00	14,431.08	350,760.08	350,760.08	
Salaries of Secretarial and Clerical Assistants	47,233.00	(1,265.42)	45,967.58	45,967.58	
Purchased Professional and Educational Services	12,500.00	(6,742.13)	5,757.87	5,487.87	270.00
Other Purchased Services	6,350.00		6,350.00	6,085.38	264.62
Supplies and Materials	5,800.00	2,423.68	8,223.68	8,105.75	117.93
Total Undistributed Expenditures - Guidance	408,212.00	8,847.21	417,059.21	416,406.66	652.55

(Continued)

HADDON HEIGHTS SCHOOL DISTRICT
 General Fund
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 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	\$ 465,889.00	\$ (12,086.64)	\$ 453,802.36	\$ 453,802.36	
Salaries of Secretarial and Clerical Assistants	34,552.00		34,552.00	34,051.92	\$ 500.08
Purchased Professional - Educational Services	135,000.00	(5,542.36)	129,457.64	129,267.80	189.84
Miscellaneous Purchased Services	3,500.00	177.79	3,677.79	3,428.00	249.79
Supplies and Materials	5,000.00	(3,065.61)	1,934.39	653.63	1,280.76
Total Undistributed Expenditures - Other Support Services - Students - Special	<u>643,941.00</u>	<u>(20,516.82)</u>	<u>623,424.18</u>	<u>621,203.71</u>	<u>2,220.47</u>
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	102,974.00	13,645.47	116,619.47	116,619.47	
Salaries of Secretarial and Clerical Assistants	5,128.00	(0.07)	5,127.93	5,127.69	0.24
Total Undistributed Expenditures - Improvement of Instruction Services	<u>108,102.00</u>	<u>13,645.40</u>	<u>121,747.40</u>	<u>121,747.16</u>	<u>0.24</u>
Undistributed Expenditures - Educational Media Services / School Library:					
Salaries	65,950.00	2,000.00	67,950.00	66,120.92	1,829.08
Purchased Professional and Technical Services	2,840.00		2,840.00	700.00	2,140.00
Supplies and Materials	18,500.00	(1,058.35)	17,441.65	14,892.35	2,549.30
Total Undistributed Expenditures - Educational Media Services / School Library	<u>87,290.00</u>	<u>941.65</u>	<u>88,231.65</u>	<u>81,713.27</u>	<u>6,518.38</u>
Undistributed Expenditures - Instructional Staff Training Services:					
Salaries of Other Professional Staff	11,230.00	1,727.76	12,957.76	12,957.69	0.07
Travel	23,668.00	(7,000.00)	16,668.00	6,276.64	10,391.36
Total Undistributed Expenditures - Instructional Staff Training Services	<u>34,898.00</u>	<u>(5,272.24)</u>	<u>29,625.76</u>	<u>19,234.33</u>	<u>10,391.43</u>

(Continued)

HADDON HEIGHTS SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - General Administration:					
Salaries	\$ 227,514.00	\$ (7,326.91)	\$ 220,187.09	\$ 212,372.33	\$ 7,814.76
Legal Services	60,000.00	3,592.00	63,592.00	46,834.50	16,757.50
Audit Fees	29,000.00		29,000.00	28,500.00	500.00
Architectural/Engineering Services	10,000.00	(2,432.55)	7,567.45	957.85	6,609.60
Other Purchased Professional Services	51,450.00	11,882.55	63,332.55	63,332.55	
Communications / Telephone	77,450.00	1,000.00	78,450.00	70,577.39	7,872.61
Miscellaneous Purchased Services	58,250.00	11,498.61	69,748.61	69,509.27	239.34
Supplies and Materials	7,500.00	3,750.00	11,250.00	10,874.34	375.66
Miscellaneous Expenditures	10,250.00	(1,249.61)	9,000.39	8,841.36	159.03
BOE Membership Dues and Fees	11,000.00	(971.80)	10,028.20	10,028.20	
Total Undistributed Expenditures - Support Services - General Administration	542,414.00	19,742.29	562,156.29	521,827.79	40,328.50
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals	563,132.00	(29,627.28)	533,504.72	526,529.07	6,975.65
Salaries of Secretarial and Clerical Assistants	204,351.00	751.12	205,102.12	204,959.65	142.47
Other Purchased Services	35,900.00	(485.00)	35,415.00	30,769.73	4,645.27
Supplies and Materials	31,890.00	(5,024.47)	26,865.53	13,807.29	13,058.24
Other Objects	7,500.00	702.00	8,202.00	8,202.00	
Total Undistributed Expenditures - Support Services - School Administration	842,773.00	(33,683.63)	809,089.37	784,267.74	24,821.63

(Continued)

HADDON HEIGHTS SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - Central Services:					
Salaries of Other Professional Staff	\$ 143,182.00	\$ 2,334.38	\$ 145,516.38	\$ 145,516.38	
Salaries of Secretarial and Clerical Assistants	146,906.00		146,906.00	146,706.47	\$ 199.53
Purchased Technical Services	20,650.00	(2,334.38)	18,315.62	6,001.12	12,314.50
Miscellaneous Purchased Services	5,200.00	(179.59)	5,020.41	4,012.25	1,008.16
Travel	1,200.00	179.59	1,379.59	1,379.59	
Supplies and Materials	2,000.00		2,000.00	42.97	1,957.03
Miscellaneous Expenditures	2,000.00	(0.04)	1,999.96	1,125.00	874.96
Total Undistributed Expenditures - Support Services - Central Services	321,138.00	(0.04)	321,137.96	304,783.78	16,354.18
Undistributed Expenditures - Support Services - Administrative Information Technology:					
Salaries		83,417.04	83,417.04	83,417.04	
Total Undistributed Expenditures - Support Services - Administrative Information Technology		83,417.04	83,417.04	83,417.04	
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	131,010.00	1,282.26	132,292.26	131,987.72	304.54
Cleaning, Repair and Maintenance Services	65,000.00	100,673.58	165,673.58	152,296.82	13,376.76
General Supplies	38,000.00	18,668.52	56,668.52	56,568.52	100.00
Total Undistributed Expenditures - Required Maintenance for School Facilities	234,010.00	120,624.36	354,634.36	340,853.06	13,781.30

(Continued)

HADDON HEIGHTS SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Custodial Services					
Salaries	\$ 590,003.00	\$ 3,630.94	\$ 593,633.94	\$ 592,745.20	\$ 888.74
Cleaning, Repair and Maintenance Services	8,500.00	3,706.74	12,206.74	12,072.74	134.00
Other Purchased Property Services	72,500.00	(4,553.25)	67,946.75	51,833.69	16,113.06
Insurance	53,500.00	40.00	53,540.00	53,540.00	
Miscellaneous Purchased Services	16,000.00	2,300.00	18,300.00	18,236.51	63.49
General Supplies	45,000.00	(14,500.33)	30,499.67	26,119.16	4,380.51
Energy (Natural Gas)	114,000.00	(14,406.36)	99,593.64	82,791.41	16,802.23
Miscellaneous Expenditures	5,000.00		5,000.00	4,453.05	546.95
Energy (Natural Gas)	337,000.00	(68,484.00)	268,516.00	234,367.11	34,148.89
	<u>1,241,503.00</u>	<u>(92,266.26)</u>	<u>1,149,236.74</u>	<u>1,076,158.87</u>	<u>73,077.87</u>
Total Undistributed Expenditures - Operation and Maintenance of Plant Services					
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	105,420.00	(19,000.00)	86,420.00	79,284.05	7,135.95
Cleaning, Repair and Maintenance Services	11,000.00	(2,000.00)	9,000.00	7,474.44	1,525.56
General Supplies	21,000.00	2,000.00	23,000.00	22,880.98	119.02
	<u>137,420.00</u>	<u>(19,000.00)</u>	<u>118,420.00</u>	<u>109,639.47</u>	<u>8,780.53</u>
Total Undistributed Expenditures - Care & Upkeep of Grounds					
Undistributed Expenditures - Security					
Salaries	35,900.00		35,900.00	28,326.44	7,573.56
Purchased Professional and Technical Services	40,000.00		40,000.00	39,320.06	679.94
	<u>75,900.00</u>		<u>75,900.00</u>	<u>67,646.50</u>	<u>8,253.50</u>
Total Undistributed Expenditures - Security					

(Continued)

HADDON HEIGHTS SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transportation (Bet. Home & Sch) - Spec. Ed.	\$ 36,900.00	\$ (6,182.95)	\$ 30,717.05	\$ 30,717.05	
Salaries for Pupil Transportation (Other than Bet. Home & Sch)	25,000.00	(501.20)	24,498.80	20,127.00	\$ 4,371.80
Salaries for Pupil Transportation (Bet. Home & Sch) - Nonpublic	16,500.00		16,500.00	16,500.00	
Management Fee - ESC & CTSA Trans. Program	9,000.00		9,000.00	8,290.35	709.65
Cleaning, Repair, & Maintenance Services	18,000.00		18,000.00	17,594.27	405.73
Lease Purchase - School Bus	45,000.00	(45,000.00)			
Contracted Services - (Other than Between Home and School) - Vendors	12,000.00	4,489.32	16,489.32	16,489.32	
Contracted Services (Special Education Students) - Jt. Agrmnts					
Contracted Services (Special Education Students) - ESCs & CTSA	182,000.00	(12,287.17)	169,712.83	169,712.83	
General Supplies	15,000.00		15,000.00	15,000.00	
Miscellaneous Expenditures	1,500.00		1,500.00	689.45	810.55
Contracted Services - Aid in Lieu of Payments	28,000.00	9,000.00	37,000.00	36,500.00	500.00
Total Undistributed Expenditures - Student Transportation Services	388,900.00	(50,482.00)	338,418.00	331,620.27	6,797.73
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	295,000.00	9,068.56	304,068.56	302,363.97	1,704.59
Other Retirement Contributions - PERS	275,000.00	(26,539.33)	248,460.67	245,460.67	3,000.00
Unemployment Compensation	10,358.00	(10,358.00)			
Workers Compensation	127,000.00	588.00	127,588.00	127,588.00	
Health Benefits	3,159,000.00	(127,302.98)	3,031,697.02	3,025,080.24	6,616.78
Tuition Reimbursement	20,000.00	(5,908.20)	14,091.80	14,091.80	
Other Employee Benefits	6,000.00	(1,500.00)	4,500.00	4,500.00	
Unused Sick Payment to Terminated/Retired Staff	5,000.00	(2,500.00)	2,500.00	664.70	1,835.30
Total Unallocated Benefits	3,897,358.00	(164,451.95)	3,732,906.05	3,719,749.38	13,156.67

(Continued)

HADDON HEIGHTS SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ <u>(Unfavorable)</u>
EXPENDITURES (CONT'D):					
On-behalf Contributions -					
T.P.A.F. Post-Retirement Medical				\$ 865,463.00	\$ (865,463.00)
Teacher's Pension and Annuity Fund				1,308,230.00	(1,308,230.00)
T.P.A.F. LTDI				2,219.00	(2,219.00)
T.P.A.F. Non-contributory Insurance				31,748.00	(31,748.00)
Reimbursed T.P.A.F. Social Security Contributions				714,863.20	(714,863.20)
Total On-behalf Contributions				<u>2,922,523.20</u>	<u>(2,922,523.20)</u>
Total Undistributed Expenditures	<u>\$ 10,153,497.00</u>	<u>\$ (221,741.08)</u>	<u>\$ 9,931,755.92</u>	<u>12,568,123.36</u>	<u>(2,636,367.44)</u>
Total Current Expense	<u>20,470,495.00</u>	<u>(22,702.12)</u>	<u>20,447,792.88</u>	<u>22,957,845.16</u>	<u>(2,510,052.28)</u>
Capital Outlay:					
Equipment:					
Grades 9-12	50,000.00		50,000.00	39,949.69	10,050.31
Total Equipment	<u>50,000.00</u>		<u>50,000.00</u>	<u>39,949.69</u>	<u>10,050.31</u>
Facilities Acquisition and Construction Services:					
Construction Services	200,000.00	11,925.00	211,925.00	211,925.00	
Assessment for Debt Service on SDA Funding	65,498.00		65,498.00	65,498.00	
Total Facilities Acquisition and Construction Services	<u>265,498.00</u>	<u>11,925.00</u>	<u>277,423.00</u>	<u>277,423.00</u>	
Total Capital Outlay	<u>315,498.00</u>	<u>11,925.00</u>	<u>327,423.00</u>	<u>317,372.69</u>	<u>10,050.31</u>

(Continued)

HADDON HEIGHTS SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Total Expenditures	\$ 20,785,993.00	\$ (10,777.12)	\$ 20,775,215.88	\$ 23,275,217.85	\$ (2,500,001.97)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(421,687.00)	(24,527.88)	(446,214.88)	192,511.99	638,726.87
Fund Balances, July 1	1,601,569.31		1,601,569.31	1,601,569.31	
Fund Balances, June 30	\$ 1,179,882.31	\$ -	\$ 1,155,354.43	\$ 1,794,081.30	\$ 638,726.87
Recapitulation:					
Restricted Fund Balances:					
Capital Reserve				\$ 204,675.52	
Tuition Reserve - Current Year				100,000.00	
Tuition Reserve - Prior Year				100,000.00	
Excess Surplus - Current Year				489,782.56	
Excess Surplus - Designated for Subsequent Year's Expenditures				438,339.80	
Assigned Fund Balance:					
Year-End Encumbrances				9,961.33	
Designated for Subsequent Year's Expenditures				0.20	
Unassigned Fund Balance				451,321.89	
				1,794,081.30	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(156,649.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,637,432.30	

HADDON HEIGHTS SCHOOL DISTRICT
Special Revenue Fund
Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
State Sources:					
Nonpublic Aid	\$ 420,137.35		\$ 420,137.35	\$ 349,865.06	\$ (70,272.29)
Total - State Sources	<u>420,137.35</u>		<u>420,137.35</u>	<u>349,865.06</u>	<u>(70,272.29)</u>
Federal Sources:					
ESEA Consolidated					
Title I	116,772.00		116,772.00	18,916.40	(97,855.60)
Title II - Part A	31,429.00		31,429.00	25,837.49	(5,591.51)
Title IV	10,000.00		10,000.00		(10,000.00)
I.D.E.A., Part B	337,460.00		337,460.00	333,630.30	(3,829.70)
I.D.E.A., Part B - Preschool	11,247.00		11,247.00	10,527.00	(720.00)
Temporary Emergency Impact Aid		\$ 26,000.00	26,000.00	26,000.00	
Total - Federal Sources	<u>506,908.00</u>	<u>26,000.00</u>	<u>532,908.00</u>	<u>414,911.19</u>	<u>(117,996.81)</u>
Total Revenues	<u>927,045.35</u>	<u>26,000.00</u>	<u>953,045.35</u>	<u>764,776.25</u>	<u>(188,269.10)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	49,562.00		49,562.00	13,466.88	36,095.12
Purchased Professional -Educational Services	2,152.00		2,152.00		2,152.00
Other Purchased Services	582,477.12		582,477.12	512,718.73	69,758.39
General Supplies	41,444.01	26,000.00	67,444.01	49,897.33	17,546.68
Textbooks	31,915.01		31,915.01	30,909.63	1,005.38
Total Instruction	<u>707,550.14</u>	<u>26,000.00</u>	<u>733,550.14</u>	<u>606,992.57</u>	<u>126,557.57</u>

(Continued)

HADDON HEIGHTS SCHOOL DISTRICT
Special Revenue Fund
Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES:					
Support Services:					
Salaries of Other Professional Staff	\$ 23,598.00		\$ 23,598.00	\$ 23,598.00	
Personal Services - Employee Benefits	6,050.00		6,050.00		\$ 6,050.00
Purchased Professional - Educational Services	105,825.00		105,825.00	85,044.13	20,780.87
Travel	17,075.99		17,075.99	3,775.99	13,300.00
Supplies and Materials	<u>66,946.22</u>		<u>66,946.22</u>	<u>45,365.56</u>	<u>21,580.66</u>
Total Support Services	<u>219,495.21</u>		<u>219,495.21</u>	<u>157,783.68</u>	<u>61,711.53</u>
Total Expenditures	<u>927,045.35</u>	<u>\$ 26,000.00</u>	<u>953,045.35</u>	<u>764,776.25</u>	<u>188,269.10</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

HADDON HEIGHTS SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 For the Fiscal Year Ended June 30, 2018

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 23,467,729.84	\$ 764,776.25
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		6,926.02
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	152,074.00	
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	<u>(156,649.00)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 23,463,154.84</u>	<u>\$ 771,702.27</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 23,275,217.85	\$ 764,776.25
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.		<u>6,926.02</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 23,275,217.85</u>	<u>\$ 771,702.27</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

HADDON HEIGHTS SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Five Plan Years

	Measurement Date Ending June 30,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0226837805%	0.0203322720%	0.0219353290%	0.0248757385%	0.0263448415%
School District's Proportionate Share of the Net Pension Liability	\$ 5,280,422.00	\$ 6,021,836.00	\$ 4,924,042.00	\$ 4,657,419.00	\$ 5,035,023.00
School District's Covered Payroll (Plan Measurement Period)	\$ 1,646,540.00	\$ 1,457,844.00	\$ 1,592,488.00	\$ 1,804,976.00	\$ 1,898,340.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	320.70%	413.06%	309.20%	258.03%	265.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

HADDON HEIGHTS SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Contributions
 Public Employees' Retirement System (PERS)
 Last Five Fiscal Years

	Fiscal Year Ended June 30,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 221,817.00	\$ 210,141.00	\$ 180,629.00	\$ 188,585.00	\$ 205,072.00
Contributions in Relation to the Contractually Required Contribution	<u>(221,817.00)</u>	<u>(210,141.00)</u>	<u>(180,629.00)</u>	<u>(188,585.00)</u>	<u>(205,072.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll (Fiscal Year)	\$ 1,429,807.00	\$ 1,510,516.00	\$ 1,464,978.00	\$ 1,348,517.00	\$ 1,540,898.00
Contributions as a Percentage of School District's Covered Payroll	15.51%	13.91%	12.33%	13.98%	13.31%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.
 However, until a full 10-year trend is compiled, this presentation will only include information
 for those years for which information is available.

HADDON HEIGHTS SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Teachers' Pension and Annuity Fund (TPAF)
 Last Five Plan Years

	Measurement Date Ending June 30,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>59,531,152.00</u>	<u>70,562,250.00</u>	<u>58,629,858.00</u>	<u>51,999,863.00</u>	<u>50,735,812.00</u>
	<u><u>\$ 59,531,152.00</u></u>	<u><u>\$ 70,562,250.00</u></u>	<u><u>\$ 58,629,858.00</u></u>	<u><u>\$ 51,999,863.00</u></u>	<u><u>\$ 50,735,812.00</u></u>
School District's Covered Payroll (Plan Measurement Period)	\$ 10,779,784.00	\$ 10,635,848.00	\$ 10,707,756.00	\$ 11,028,244.00	\$ 11,179,716.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	552.25%	663.44%	547.55%	471.52%	453.82%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.
 However, until a full 10-year trend is compiled, this presentation will only include information
 for those years for which information is available.

HADDON HEIGHTS SCHOOL DISTRICT
Required Supplementary Information
Schedule of School District's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years

This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

HADDON HEIGHTS SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2018

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 4.25% and the long-term expected rate of return changed to 7.00%. For 2016, the discount rate changed to 3.22% and the long-term expected rate of return changed to 7.65% from 7.90%. Further, the demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012 - June 30, 2015 experience study. For 2015, the discount rate changed to 4.13%. For 2014, the discount rate was at 4.68%.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

**REQUIRED SUPPLEMENTARY INFORMATION
PART IV**

HADDON HEIGHTS SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Changes in the School District's Total OPEB Liability and Related Ratios
 Last Plan Year

	Measurement Date Ending <u>June 30,</u> <u>2017</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District	
Changes for the Year:	
Service Cost	\$ 2,027,082.00
Interest Cost	1,640,790.00
Changes in Assumptions	(6,874,121.00)
Gross Benefit Payments	(1,198,799.00)
Member Contributions	<u>44,143.00</u>
Net Change in Total Non-Employer OPEB Liability	(4,360,905.00)
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	<u>56,117,782.00</u>
Total Non-Employer OPEB Liability - End of Fiscal Year	<u><u>\$ 51,756,877.00</u></u>
School District's Covered Payroll (Plan Measurement Period)	<u><u>\$ 3,167,454.00</u></u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	1634.02%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

HADDON HEIGHTS SCHOOL DISTRICT
Notes to Required Supplementary Information - Part IV
For the Fiscal Year Ended June 30, 2018

Changes of Benefit Terms - None

Changes of Assumptions - The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

HADDON HEIGHTS SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	<u>ESEA Consolidated</u>								<u>Total Brought Forward</u>	
	<u>Total</u>	<u>Title I Part A</u>	<u>Title II Part A</u>	<u>IDEA Part B Basic</u>	<u>IDEA Part B Preschool</u>	<u>Temporary Emergency Impact Aid</u>	<u>Nopublic Technology</u>	<u>Nonpublic Textbooks</u>		
REVENUES:										
Federal Sources	\$ 414,911.19	\$ 18,916.40	\$ 25,837.49	\$ 333,630.30	\$ 10,527.00	\$ 26,000.00				
State Sources	349,865.06						\$ 19,830.37	\$ 30,909.63	\$ 299,125.06	
Total Revenues	<u>764,776.25</u>	<u>18,916.40</u>	<u>25,837.49</u>	<u>333,630.30</u>	<u>10,527.00</u>	<u>26,000.00</u>	<u>19,830.37</u>	<u>30,909.63</u>	<u>299,125.06</u>	
EXPENDITURES:										
Instruction:										
Salaries of Teachers	13,466.88	12,512.88		954.00						
Other Purchased Services	512,718.73			235,829.00			19,830.37		257,059.36	
General Supplies	49,897.33	663.35		12,706.98	10,527.00	26,000.00				
Textbooks	30,909.63							30,909.63		
Total Instruction	<u>606,992.57</u>	<u>13,176.23</u>		<u>249,489.98</u>	<u>10,527.00</u>	<u>26,000.00</u>	<u>19,830.37</u>	<u>30,909.63</u>	<u>257,059.36</u>	
Support Services:										
Salaries of Other Professional Staff	23,598.00		20,098.00	3,500.00						
Purchased Professional - Educational Services	85,044.13	3,124.80	4,873.00	77,046.33						
Travel	3,775.99		182.00	3,593.99						
Supplies and Materials	45,365.56	2,615.37	684.49						42,065.70	
Total Support Services	<u>157,783.68</u>	<u>5,740.17</u>	<u>25,837.49</u>	<u>84,140.32</u>					<u>42,065.70</u>	
Total Expenditures	<u>764,776.25</u>	<u>18,916.40</u>	<u>25,837.49</u>	<u>333,630.30</u>	<u>10,527.00</u>	<u>26,000.00</u>	<u>19,830.37</u>	<u>30,909.63</u>	<u>299,125.06</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	

(Continued)

HADDON HEIGHTS SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2018

	<u>Total Carried Forward</u>	<u>Nonpublic Home Instruction</u>	<u>Nonpublic Compensatory</u>	<u>Nonpublic ESL</u>	<u>Nonpublic Transportation</u>	<u>Nonpublic Supplemental Instruction</u>	<u>Nonpublic Exam/ Classification</u>	<u>Nonpublic Speech</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Security</u>
REVENUES:										
State Sources	\$ 299,125.06	\$ 1,885.00	\$ 111,345.06	\$ 903.30	\$ 7,688.30	\$ 26,244.99	\$ 38,215.68	\$ 21,695.04	\$ 49,081.99	\$ 42,065.70
Total Revenues	<u>299,125.06</u>	<u>1,885.00</u>	<u>111,345.06</u>	<u>903.30</u>	<u>7,688.30</u>	<u>26,244.99</u>	<u>38,215.68</u>	<u>21,695.04</u>	<u>49,081.99</u>	<u>42,065.70</u>
EXPENDITURES:										
Instruction:										
Other Purchased Services	<u>257,059.36</u>	<u>1,885.00</u>	<u>111,345.06</u>	<u>903.30</u>	<u>7,688.30</u>	<u>26,244.99</u>	<u>38,215.68</u>	<u>21,695.04</u>	<u>49,081.99</u>	<u> </u>
Total Instruction	<u>257,059.36</u>	<u>1,885.00</u>	<u>111,345.06</u>	<u>903.30</u>	<u>7,688.30</u>	<u>26,244.99</u>	<u>38,215.68</u>	<u>21,695.04</u>	<u>49,081.99</u>	<u> </u>
Support Services:										
Supplies and Materials	<u>42,065.70</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>42,065.70</u>
Total Support Services	<u>42,065.70</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>42,065.70</u>
Total Expenditures	<u>299,125.06</u>	<u>1,885.00</u>	<u>111,345.06</u>	<u>903.30</u>	<u>7,688.30</u>	<u>26,244.99</u>	<u>38,215.68</u>	<u>21,695.04</u>	<u>49,081.99</u>	<u>42,065.70</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

PROPRIETARY FUNDS

HADDON HEIGHTS SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Net Position
 June 30, 2018

	Business-Type Activities-- Enterprise Funds		
	<u>Food Service</u>	<u>Before and After Care Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 34,657.30	\$ 71,424.76	\$ 106,082.06
Accounts Receivable:			
State	226.31		226.31
Federal	8,438.54		8,438.54
Inventories	8,319.18		8,319.18
Total Current Assets	<u>51,641.33</u>	<u>71,424.76</u>	<u>123,066.09</u>
Noncurrent Assets:			
Equipment	141,294.19		141,294.19
Less Accumulated Depreciation	(84,604.66)		(84,604.66)
Total Noncurrent Assets	<u>56,689.53</u>		<u>56,689.53</u>
Total Assets	<u>108,330.86</u>	<u>71,424.76</u>	<u>179,755.62</u>
LIABILITIES:			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION:			
Net Investment in Capital Assets	56,689.53	-	56,689.53
Unrestricted	51,641.33	71,424.76	123,066.09
Total Net Position	<u>\$ 108,330.86</u>	<u>\$ 71,424.76</u>	<u>\$ 179,755.62</u>

HADDON HEIGHTS SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2018

	Business-Type Activities-- Enterprise Funds		
	<u>Food Service</u>	<u>Before and After Care Program</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 132,816.67		\$ 132,816.67
Daily Sales - Non-Reimbursable Programs	125,517.03		125,517.03
Special Functions	5,233.95		5,233.95
Rebates	3,030.88		3,030.88
Tuition and Fees		\$ 95,163.18	95,163.18
Total Operating Revenues	266,598.53	95,163.18	361,761.71
OPERATING EXPENSES:			
Salaries	175,997.11	62,090.95	238,088.06
General Supplies	13,536.67	26,065.80	39,602.47
Depreciation	9,750.71		9,750.71
Miscellaneous	18,787.03		18,787.03
Repair	1,560.00		1,560.00
Management Fee	24,926.16		24,926.16
Cost of Sales - Reimbursable Programs	127,317.24		127,317.24
Cost of Sales - Non-Reimbursable Programs	47,880.75		47,880.75
Total Operating Expenses	419,755.67	88,156.75	507,912.42
Operating Income / (Loss)	(153,157.14)	7,006.43	(146,150.71)
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	3,622.29		3,622.29
Federal Sources:			
National School Lunch Program	98,444.10		98,444.10
School Breakfast Program	21,694.31		21,694.31
Food Distribution Program	25,877.33		25,877.33
Interest and Investment Revenue	16.13		16.13
Total Nonoperating Revenues	149,654.16		149,654.16
Change in Net Position	(3,502.98)	7,006.43	3,503.45
Net Position -- July 1	111,833.84	64,418.33	176,252.17
Net Position -- June 30	\$ 108,330.86	\$ 71,424.76	\$ 179,755.62

HADDON HEIGHTS SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities-- Enterprise Funds		
	<u>Food Service</u>	<u>Before and After Care Program</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 266,598.53	\$ 95,163.18	\$ 361,761.71
Payments to Employees	(175,997.11)	(62,090.95)	(238,088.06)
Payments to Vendors	(208,735.55)	(26,065.80)	(234,801.35)
Net Cash Provided by (used for) Operating Activities	<u>(118,134.13)</u>	<u>7,006.43</u>	<u>(111,127.70)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State Sources	3,567.96		3,567.96
Federal Sources	118,263.96		118,263.96
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>121,831.92</u>		<u>121,831.92</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of Capital Assets	(8,922.19)		(8,922.19)
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>(8,922.19)</u>	<u>-</u>	<u>(8,922.19)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Revenue	16.13		16.13
Net Cash Provided by (used for) Investing Activities	<u>16.13</u>		<u>16.13</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,208.27)	7,006.43	1,798.16
Cash and Cash Equivalents -- July 1	39,865.57	64,418.33	104,283.90
Cash and Equivalents -- June 30	<u>\$ 34,657.30</u>	<u>\$ 71,424.76</u>	<u>\$ 106,082.06</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (153,157.14)	\$ 7,006.43	\$ (146,150.71)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	9,750.71		9,750.71
Food Distribution Program	25,877.33		25,877.33
(Increase) Decrease in Inventories	(605.03)		(605.03)
Total Adjustments	<u>35,023.01</u>		<u>35,023.01</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (118,134.13)</u>	<u>\$ 7,006.43</u>	<u>\$ (111,127.70)</u>

FIDUCIARY FUNDS

HADDON HEIGHTS SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2018

	<u>Private-Purpose Trust Funds</u>		<u>Agency Funds</u>		<u>Total</u>
	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:					
Cash and Cash Equivalents	\$ 119,956.49	\$ 93,141.08	\$ 139,849.37	\$ 341,073.60	\$ 694,020.54
Total Assets	<u>119,956.49</u>	<u>93,141.08</u>	<u>\$ 139,849.37</u>	<u>\$ 341,073.60</u>	<u>694,020.54</u>
LIABILITIES:					
Accounts Payable	99.12				99.12
Payable to Student Groups			\$ 139,849.37		139,849.37
Payroll Deductions and Withholdings				\$ 341,073.60	341,073.60
Total Liabilities	<u>99.12</u>		<u>\$ 139,849.37</u>	<u>\$ 341,073.60</u>	<u>481,022.09</u>
NET POSITION:					
Held in Trust for Unemployment Claims and Other Purposes	<u>119,857.37</u>	<u>93,141.08</u>			<u>212,998.45</u>
Total Net Position	<u>\$ 119,857.37</u>	<u>\$ 93,141.08</u>			<u>\$ 212,998.45</u>

HADDON HEIGHTS SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2018

	<u>Private-Purpose Trust Funds</u>		
	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Total</u>
ADDITIONS:			
Scholarship Donations		\$ 32,400.00	\$ 32,400.00
Payroll Deductions	\$ 24,108.00		24,108.00
Total Contributions	<u>24,108.00</u>	<u>32,400.00</u>	<u>56,508.00</u>
DEDUCTIONS:			
Unemployment Claims	9,042.61		9,042.61
Bank Service Charges	119.60	13.78	133.38
Scholarships Awarded		<u>36,700.00</u>	<u>36,700.00</u>
Total Deductions	<u>9,162.21</u>	<u>36,713.78</u>	<u>45,875.99</u>
Change in Net Position	14,945.79	(4,313.78)	10,632.01
Net Position -- July 1	<u>104,911.58</u>	<u>97,454.86</u>	<u>202,366.44</u>
Net Position -- June 30	<u>\$ 119,857.37</u>	<u>\$ 93,141.08</u>	<u>\$ 212,998.45</u>

HADDON HEIGHTS SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
High School	\$ 94,542.33	\$ 351,307.78	\$ 344,269.64	\$ 101,580.47
Atlantic Avenue School	7,280.38	7,871.35	9,550.29	5,601.44
Seventh Avenue School	4,538.24	7,078.54	6,579.49	5,037.29
Glenview Avenue School	8,917.40	23,564.49	26,651.48	5,830.41
Extra-Curricular Non-Athletic District	2,752.18	55,107.09	51,023.17	6,836.10
Athletics	10,295.35	41,282.49	37,702.34	13,875.50
	<u>1,364.47</u>	<u>5,856.40</u>	<u>6,132.71</u>	<u>1,088.16</u>
Total All Schools	<u>\$ 129,690.35</u>	<u>\$ 492,068.14</u>	<u>\$ 481,909.12</u>	<u>\$ 139,849.37</u>

HADDON HEIGHTS SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2018

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 134,597.45	\$ 15,104,417.71	\$ 14,897,941.56	\$ 341,073.60
Total Assets	<u>\$ 134,597.45</u>	<u>\$ 15,104,417.71</u>	<u>\$ 14,897,941.56</u>	<u>\$ 341,073.60</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 134,597.45	\$ 6,707,003.87	\$ 6,500,527.72	\$ 341,073.60
Net Payroll		8,373,305.84	8,373,305.84	
Interfund Accounts Payable:				
Due Unemployment Fund		24,108.00	24,108.00	
Total Liabilities	<u>\$ 134,597.45</u>	<u>\$ 15,104,417.71</u>	<u>\$ 14,897,941.56</u>	<u>\$ 341,073.60</u>

LONG-TERM DEBT

HADDON HEIGHTS SCHOOL DISTRICT
 Statement of Serial Bonds
 For the Fiscal Year Ended June 30, 2018

	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2017	Issued	Retired	Balance June 30, 2018
			Date	Amount					
Refunding Bonds, Series 2012	11/09/12	\$ 11,820,000.00	01/01/19	\$ 685,000.00	4.00%				
			01/01/20	705,000.00	4.00%				
			01/01/21	725,000.00	4.00%				
			01/01/22	750,000.00	4.00%				
			01/01/23	780,000.00	4.50%				
			01/01/24	815,000.00	3.00%				
			01/01/25	835,000.00	3.00%				
			01/01/26	855,000.00	3.00%				
			01/01/27	865,000.00	3.25%				
			01/01/28	865,000.00	3.25%				
			01/01/29	880,000.00	3.25%				
			01/01/30	875,000.00	3.25%				
						<u>\$ 10,305,000.00</u>		<u>\$ 670,000.00</u>	<u>\$ 9,635,000.00</u>
						<u>\$ 10,305,000.00</u>	<u>\$ -</u>	<u>\$ 670,000.00</u>	<u>\$ 9,635,000.00</u>

HADDON HEIGHTS SCHOOL DISTRICT
 Debt Service Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,028,213.00	_____	\$ 1,028,213.00	\$ 1,028,213.00	_____
Total Revenues	<u>1,028,213.00</u>	_____	<u>1,028,213.00</u>	<u>1,028,213.00</u>	_____
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	670,000.00	_____	670,000.00	670,000.00	
Interest on Bonds	<u>358,213.00</u>	_____	<u>358,213.00</u>	<u>358,212.50</u>	\$ 0.50
Total Regular Debt Service	<u>1,028,213.00</u>	_____	<u>1,028,213.00</u>	<u>1,028,212.50</u>	0.50
Total Expenditures	<u>1,028,213.00</u>	_____	<u>1,028,213.00</u>	<u>1,028,212.50</u>	0.50
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	0.50	0.50
Fund Balance, July 1	<u>1.04</u>	_____	<u>1.04</u>	<u>1.04</u>	_____
Fund Balance, June 30	<u>\$ 1.04</u>	<u>\$ -</u>	<u>\$ 1.04</u>	<u>\$ 1.54</u>	<u>\$ 0.50</u>

STATISTICAL SECTION

FINANCIAL TRENDS INFORMATION

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance.

HADDON HEIGHTS SCHOOL DISTRICT
 Net Position by Component
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015*	2014	2013**	2012	2011	2010	2009
Governmental Activities:										
Net Investment in Capital Assets	\$ 10,443,813.67	\$ 10,278,820.51	\$ 10,259,088.89	\$ 10,424,882.09	\$ 9,598,334.16	\$ 9,528,337.13	\$ 9,232,303.00	\$ 9,153,182.00	\$ 9,099,308.00	\$ 9,130,657.00
Restricted	1,332,799.42	1,126,348.43	937,804.77	733,372.02	779,945.01	1,087,635.23	1,805,359.00	2,253,935.00	2,324,389.00	1,837,415.00
Unrestricted (Deficit)	(5,513,430.71)	(5,415,405.28)	(5,252,660.78)	(5,337,414.59)	(25,927.65)	(30,024.33)	(315,697.00)	(138,963.00)	(332,076.00)	(309,007.00)
Total Governmental Activities Net Assets	\$ 6,263,182.38	\$ 5,989,763.66	\$ 5,944,232.88	\$ 5,820,839.52	\$ 10,352,351.52	\$ 10,585,948.03	\$ 10,721,965.00	\$ 11,268,154.00	\$ 11,091,621.00	\$ 10,659,065.00
Business-type Activities:										
Net Investment in Capital Assets	\$ 56,689.53	\$ 57,518.05	\$ 66,525.24	\$ 84,557.84	\$ 1,348.35	\$ 2,280.34	\$ 3,304.00	\$ 4,419.00	\$ 5,534.00	\$ 6,887.00
Restricted	123,066.09	118,734.12	76,726.52	84,557.84	77,411.05	28,613.47	15,291.00	40,692.00	44,641.00	22,554.00
Total Business-type Activities Net Assets	\$ 179,755.62	\$ 176,252.17	\$ 143,251.76	\$ 84,557.84	\$ 78,759.40	\$ 30,893.81	\$ 18,595.00	\$ 45,111.00	\$ 50,175.00	\$ 29,441.00
Government-wide:										
Net Investment in Capital Assets	\$ 10,500,503.20	\$ 10,336,338.56	\$ 10,325,614.13	\$ 10,424,882.09	\$ 9,599,682.51	\$ 9,530,617.47	\$ 9,235,607.00	\$ 9,157,601.00	\$ 9,104,842.00	\$ 9,137,544.00
Restricted	1,332,799.42	1,126,348.43	937,804.77	733,372.02	779,945.01	1,087,635.23	1,805,359.00	2,253,935.00	2,324,389.00	1,837,415.00
Unrestricted (Deficit)	(5,390,364.62)	(5,296,671.16)	(5,175,934.26)	(5,252,856.75)	51,483.40	(1,410.86)	(300,406.00)	(98,271.00)	(287,435.00)	(286,453.00)
Total Government-wide Net Position	\$ 6,442,938.00	\$ 6,166,015.83	\$ 6,087,484.64	\$ 5,905,397.36	\$ 10,431,110.92	\$ 10,616,841.84	\$ 10,740,560.00	\$ 11,313,265.00	\$ 11,141,796.00	\$ 10,688,506.00

*Amounts for the year 2015 include the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

**In accordance with GASB 65, effective for the fiscal year ended June 30, 2013, the method to expense debt issuance costs was changed.

Source: Comprehensive Annual Financial Report Exhibit A-1

HADDON HEIGHTS SCHOOL DISTRICT
 Changes in Net Position
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015*	2014	2013**	2012	2011	2010	2009
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 7,790,235.63	\$ 7,535,772.54	\$ 7,393,334.32	\$ 7,226,470.67	\$ 7,174,997.68	\$ 7,050,704.97	\$ 6,348,578.00	\$ 7,016,943.00	\$ 6,534,308.00	\$ 7,062,092.00
Special Education	2,103,503.43	1,871,236.86	1,856,596.31	1,751,182.31	1,772,468.98	1,669,188.98	2,292,178.00	1,637,479.00	2,365,330.00	1,496,208.00
Other Special Instruction	497,807.04	473,482.66	491,975.58	438,634.55	494,377.64	501,874.01				
Other Instruction	731,714.95	686,959.46	663,970.05	650,963.50	613,960.00	649,899.87	1,131,522.00	1,078,914.00	1,079,270.00	1,063,020.00
Support Services:										
Tuition	352,976.66	418,713.66	453,570.24	508,925.13	396,738.93	718,359.14	906,731.00	672,569.00	696,444.00	722,839.00
Student and Instruction Related Services	2,110,443.28	2,110,911.26	2,021,616.93	1,998,425.74	1,906,214.60	1,931,784.52	1,986,480.00	2,122,438.00	2,222,222.00	2,000,692.00
School Administrative Services	784,267.74	802,844.15	780,990.74	724,186.19	734,213.27	761,102.66	910,419.00	866,562.00	853,327.00	848,691.00
General and Business Administrative Services	910,028.61	846,602.66	779,845.36	747,271.87	779,237.12	665,180.03	690,571.00	804,465.00	724,357.00	769,412.00
Plant Operations and Maintenance	1,594,297.90	1,528,409.33	1,493,621.48	1,413,739.77	1,601,364.47	1,592,791.21	1,735,792.00	1,853,222.00	2,026,025.00	2,040,992.00
Pupil Transportation	331,620.27	358,857.28	291,293.36	385,957.93	313,191.30	286,244.97	283,421.00	278,835.00	224,359.00	319,488.00
Unallocated Benefits	11,571,274.51	10,364,626.05	8,449,120.17	8,044,491.58	4,866,149.57	5,229,292.50	4,869,162.00	4,706,912.00	4,280,924.00	4,189,919.00
Interest on Long-term Debt	438,131.09	457,931.09	477,281.09	499,443.59	524,093.59	397,781.02	573,969.00	678,579.00	642,884.00	776,363.00
Unallocated Depreciation	612,790.28	598,189.58	738,266.02	590,058.00	518,782.41	524,394.00	532,785.00	527,157.00	531,646.00	525,233.00
Total Governmental Activities Expenses	29,829,091.39	28,054,536.58	25,891,481.65	24,979,750.83	21,695,789.56	21,978,597.88	22,261,608.00	22,244,075.00	22,181,096.00	21,814,949.00
Business-type Activities:										
Before and After Care Program	88,156.75	69,154.91	99,576.36	83,191.53	59,824.92					
Food Service	419,755.67	380,546.37	347,396.39	329,853.97	340,395.49	337,544.71	344,071.00	319,337.00	330,208.00	325,484.00
Total Business-type Activities Expense	507,912.42	449,701.28	446,972.75	413,045.50	400,220.41	337,544.71	344,071.00	319,337.00	330,208.00	325,484.00
Total Government Expenses	\$ 30,337,003.81	\$ 28,504,237.86	\$ 26,338,454.40	\$ 25,392,796.33	\$ 22,096,009.97	\$ 22,316,142.59	\$ 22,605,679.00	\$ 22,563,412.00	\$ 22,511,304.00	\$ 22,140,433.00

(Continued)

HADDON HEIGHTS SCHOOL DISTRICT
 Changes in Net Position
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015*	2014	2013**	2012	2011	2010	2009
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 6,260,408.73	\$ 5,663,140.10	\$ 5,614,675.80	\$ 5,170,339.20	\$ 5,648,498.30	\$ 5,960,041.96	\$ 6,841,943.00	\$ 8,203,004.00	\$ 8,016,589.00	\$ 6,928,773.00
Operating Grants and Contributions	8,533,665.47	7,556,496.07	5,888,756.50	5,551,409.56	2,489,456.68	2,808,483.71	2,380,315.00	2,362,468.00	2,493,938.00	2,021,227.00
Capital Grants and Contributions								37,487.00	19,157.00	17,113.00
Total Governmental Activities Program Revenues	<u>14,794,074.20</u>	<u>13,219,636.17</u>	<u>11,503,432.30</u>	<u>10,721,748.76</u>	<u>8,137,954.98</u>	<u>8,768,525.67</u>	<u>9,222,258.00</u>	<u>10,602,959.00</u>	<u>10,529,684.00</u>	<u>8,967,113.00</u>
Business-type activities:										
Charges for services										
Before and After Care Program	95,163.18	89,039.91	84,364.90	87,062.90	73,231.20					
Food service	266,598.53	260,755.35	236,287.07	218,100.02	224,429.48	242,623.01	222,526.00	224,193.00	252,531.00	260,137.00
Operating Grants and Contributions	149,638.03	132,889.38	109,470.75	113,669.51	107,945.14	107,192.99	94,845.00	89,797.00	98,066.00	78,560.00
Total Business-type Activities Program Revenues	<u>511,399.74</u>	<u>482,684.64</u>	<u>430,122.72</u>	<u>418,832.43</u>	<u>405,605.82</u>	<u>349,816.00</u>	<u>317,371.00</u>	<u>313,990.00</u>	<u>350,597.00</u>	<u>338,697.00</u>
Total Government Program Revenues	<u>\$ 15,305,473.94</u>	<u>\$ 13,702,320.81</u>	<u>\$ 11,933,555.02</u>	<u>\$ 11,140,581.19</u>	<u>\$ 8,543,560.80</u>	<u>\$ 9,118,341.67</u>	<u>\$ 9,539,629.00</u>	<u>\$ 10,916,949.00</u>	<u>\$ 10,880,281.00</u>	<u>\$ 9,305,810.00</u>
Net (Expense)/Revenue:										
Governmental Activities	\$ (15,035,017.19)	\$ (14,834,900.41)	\$ (14,388,049.35)	\$ (14,258,002.07)	\$ (13,557,834.58)	\$ (13,210,072.21)	\$ (13,039,350.00)	\$ (11,641,116.00)	\$ (11,651,412.00)	\$ (12,847,836.00)
Business-type Activities	<u>3,487.32</u>	<u>32,983.36</u>	<u>(16,850.03)</u>	<u>5,786.93</u>	<u>5,385.41</u>	<u>12,271.29</u>	<u>(26,700.00)</u>	<u>(5,347.00)</u>	<u>20,389.00</u>	<u>13,213.00</u>
Total District-wide Net Expense	<u>\$ (15,031,529.87)</u>	<u>\$ (14,801,917.05)</u>	<u>\$ (14,404,899.38)</u>	<u>\$ (14,252,215.14)</u>	<u>\$ (13,552,449.17)</u>	<u>\$ (13,197,800.92)</u>	<u>\$ (13,066,050.00)</u>	<u>\$ (11,646,463.00)</u>	<u>\$ (11,631,023.00)</u>	<u>\$ (12,834,623.00)</u>

(Continued)

HADDON HEIGHTS SCHOOL DISTRICT
 Changes in Net Position
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015*	2014	2013**	2012	2011	2010	2009
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 12,358,625.00	\$ 11,924,533.00	\$ 11,690,719.00	\$ 11,413,282.00	\$ 10,919,705.00	\$ 10,567,033.00	\$ 10,028,768.00	\$ 9,821,086.00	\$ 9,574,359.00	\$ 10,636,263.00
Taxes Levied for Debt Service	1,028,213.00	1,027,712.00	1,036,913.00	891,922.00	949,244.00	1,072,246.00	1,054,483.00	1,070,942.00	1,037,718.00	1,217,979.00
Federal and State Aid not Restricted	1,802,777.66	1,750,276.24	1,736,355.22	1,657,602.98	1,362,983.98	1,343,314.00	1,307,573.00	854,896.00	1,247,441.00	1,728,931.00
Federal and State Aid Restricted						947.84				
Investment Earnings							903.00	202.00	2,074.00	20,092.00
Miscellaneous Income	118,820.25	177,909.95	102,894.88	114,944.90	92,305.09	176,745.32	14,467.00	70,523.00	222,376.00	45,292.00
Cancellation of Prior Year Contracts Payable							86,967.00			
Transfers			(75,532.43)							
Total Governmental Activities	15,308,435.91	14,880,431.19	14,491,349.67	14,077,751.88	13,324,238.07	13,160,286.16	12,493,161.00	11,817,649.00	12,083,968.00	13,648,557.00
Business-type Activities:										
Investment Earnings							184.00	283.00	345.00	330.00
Miscellaneous Income	16.13	17.05	11.52	11.51	13.04	27.52				
Transfers			75,532.43		42,467.14					
Total Business-type Activities	16.13	17.05	75,543.95	11.51	42,480.18	27.52	184.00	283.00	345.00	330.00
Total Government-wide	\$ 15,308,452.04	\$ 14,880,448.24	\$ 14,566,893.62	\$ 14,077,763.39	\$ 13,366,718.25	\$ 13,160,313.68	\$ 12,493,345.00	\$ 11,817,932.00	\$ 12,084,313.00	\$ 13,648,887.00
Change in Net Position:										
Governmental Activities	\$ 273,418.72	\$ 45,530.78	\$ 103,300.32	\$ (180,250.19)	\$ (233,596.51)	\$ (49,786.05)	\$ (546,189.00)	\$ 176,533.00	\$ 432,556.00	\$ 800,721.00
Business-type Activities	3,503.45	33,000.41	58,693.92	5,798.44	47,865.59	12,298.81	(26,516.00)	(5,064.00)	20,734.00	13,543.00
Total Government	\$ 276,922.17	\$ 78,531.19	\$ 161,994.24	\$ (174,451.75)	\$ (185,730.92)	\$ (37,487.24)	\$ (572,705.00)	\$ 171,469.00	\$ 453,290.00	\$ 814,264.00

*Amounts for the year 2015 include the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

**In accordance with GASB 65, effective for the fiscal year ended June 30, 2013, the method to expense debt issuance costs was changed.

Source: Comprehensive Annual Financial Report Exhibit A-2

HADDON HEIGHTS SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Restricted	\$ 1,332,797.88	\$ 1,126,347.39	\$ 618,111.77	\$ 401,359.71	\$ 370,847.22	\$ 203,656.44	\$ 203,104.00	\$ 292,185.00	\$ 1,116,878.00	\$ 1,071,364.00
Assigned	9,961.53	62,678.25	353,253.14	334,325.92	486,023.35	875,000.00	1,400,000.00	1,814,878.00	1,071,364.00	541,477.00
Unassigned	294,672.89	260,469.67	255,704.46	256,761.83	299,399.47	318,594.68	191,653.00	354,491.00	305,585.00	314,842.00
Total General Fund	\$ 1,637,432.30	\$ 1,449,495.31	\$ 1,227,069.37	\$ 992,447.46	\$ 1,156,270.04	\$ 1,397,251.12	\$ 1,794,757.00	\$ 2,461,554.00	\$ 2,493,827.00	\$ 1,927,683.00
All Other Governmental Funds:										
Restricted:										
Capital Projects Fund							\$ 77,796.00	\$ 77,796.00	\$ 77,798.00	\$ 109,935.00
Debt Service Fund	\$ 1.54	\$ 1.04	\$ 1.54	\$ 1.04	\$ 145,116.54	\$ 232,085.04	124,459.00	69,076.00	58,349.00	114,639.00
Total All Other Governmental Funds	\$ 1.54	\$ 1.04	\$ 1.54	\$ 1.04	\$ 145,116.54	\$ 232,085.04	\$ 202,255.00	\$ 146,872.00	\$ 136,147.00	\$ 224,574.00

Source: District Records

HADDON HEIGHTS SCHOOL DISTRICT
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Tax Levy	\$ 13,386,838.00	\$ 12,952,245.00	\$ 12,727,632.00	\$ 12,305,204.00	\$ 11,868,949.00	\$ 11,639,279.00	\$ 11,083,251.00	\$ 10,892,028.00	\$ 10,612,077.00	\$ 11,854,242.00
Tuition Charges	6,260,408.73	5,663,140.10	5,614,675.80	5,170,339.20	5,648,498.30	5,960,041.96				
Other Local Revenue							6,857,313.00	8,273,729.00	8,241,039.00	6,994,157.00
Miscellaneous	118,820.25	177,909.95	102,894.88	114,944.90	92,305.09	176,745.32				
State Sources	5,047,680.26	4,587,688.04	4,300,190.96	3,985,965.70	3,441,858.86	3,723,108.66	3,261,246.00	2,700,934.00	3,043,213.00	3,420,025.00
Federal Sources	449,322.87	410,449.27	463,197.76	424,965.84	410,581.80	429,636.89	426,642.00	553,917.00	717,323.00	347,246.00
Total Revenue	25,263,070.11	23,791,432.36	23,208,591.40	22,001,419.64	21,462,193.05	21,928,811.83	21,628,452.00	22,420,608.00	22,613,652.00	22,615,670.00
Expenditures:										
Instruction										
Regular Instruction	7,723,046.70	7,478,734.33	7,317,493.43	7,180,439.67	7,117,647.71	6,989,525.97	6,288,766.00	7,114,163.00	6,465,221.00	6,991,566.00
Special Education Instruction	2,103,503.43	1,871,236.86	1,856,596.31	1,751,182.31	1,772,468.98	1,669,188.98	2,292,178.00	1,637,479.00	2,365,330.00	1,496,208.00
Other Special Instruction	497,807.04	473,482.66	491,975.58	438,634.55	494,377.64	501,874.01				
Other Instruction	731,714.95	686,959.46	663,970.05	650,963.50	613,960.00	649,899.87	1,131,522.00	1,078,914.00	1,079,270.00	1,063,020.00
Support Services:										
Tuition	352,976.66	418,713.66	453,570.24	508,925.13	396,738.93	718,359.14	906,731.00	672,569.00	696,444.00	722,839.00
Student and Instruction Related Services	2,110,443.28	2,110,911.26	2,021,616.93	1,998,425.74	1,906,214.60	1,931,784.52	1,986,480.00	2,122,438.00	2,222,222.00	2,000,692.00
School Administrative Services	784,267.74	802,844.15	780,990.74	724,186.19	734,213.27	761,102.66	910,419.00	866,562.00	853,327.00	848,691.00
Other Administrative Services	910,028.61	846,602.66	779,845.36	747,271.87	779,237.12	665,180.03	690,571.00	804,465.00	723,890.00	767,484.00
Plant Operations and Maintenance	1,594,297.90	1,528,409.33	1,493,621.48	1,413,739.77	1,601,364.47	1,592,791.21	1,696,055.00	1,853,222.00	1,810,980.00	1,928,739.00
Pupil Transportation	331,620.27	358,857.28	291,293.36	385,957.93	313,191.30	286,244.97	283,421.00	278,835.00	224,359.00	319,488.00
Unallocated Benefits/On-Behalf Contributions	6,642,272.58	5,849,614.77	5,632,361.32	5,219,749.23	4,878,418.11	5,197,685.49	4,869,162.00	4,706,912.00	4,280,924.00	4,189,919.00
Capital Outlay	199,442.96	49,430.00	153,721.69	253,844.33	146,098.00	289,418.86	181,115.00	204,459.00	283,098.00	601,136.00
Debt Service:										
Principal	670,000.00	650,000.00	640,000.00	615,000.00	590,000.00	674,000.00	510,000.00	497,000.00	482,000.00	446,703.00
Interest and Other Charges	423,710.50	443,210.50	396,912.50	422,037.50	446,212.50	369,432.04	580,413.00	605,138.00	648,870.00	781,882.00
Total Expenditures	25,075,132.62	23,569,006.92	22,973,968.99	22,310,357.72	21,790,142.63	22,296,487.75	22,326,833.00	22,442,156.00	22,135,935.00	22,158,367.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	187,937.49	222,425.44	234,622.41	(308,938.08)	(327,949.58)	(367,675.92)	(698,381.00)	(21,548.00)	477,717.00	457,303.00
Other Financing Sources (Uses):										
Cancelation of Prior Year Contracts Payable							85,967.00			
Transfers In						77,796.00		37,487.00	31,507.00	
Transfers Out						(77,796.00)		(37,487.00)	(31,507.00)	
Total Other Financing Sources (Uses)							85,967.00			
Net Change in Fund Balances	\$ 187,937.49	\$ 222,425.44	\$ 234,622.41	\$ (308,938.08)	\$ (327,949.58)	\$ (367,675.92)	\$ (612,414.00)	\$ (21,548.00)	\$ 477,717.00	\$ 457,303.00
Debt Service as a Percentage of Noncapital Expenditures	4.40%	4.65%	4.54%	4.70%	4.79%	4.74%	4.92%	4.96%	5.17%	5.70%

Source: District Records

HADDON HEIGHTS SCHOOL DISTRICT
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	<u>2018</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>
Interest	\$ 1,441.69	\$ 1,346.19	\$ 1,534.98	\$ 1,598.40	\$ 1,892.18	\$ 5,753.45	\$ 11,086.00	\$ 16,068.00	\$ 27,217.00	\$ 61,954.00
Prior Year Refunds	32,182.84	65,322.19	29,836.18	23,360.35	17,366.52	96,598.44	4,324.00	47,693.00	69,061.00	3,430.00
Activity Fees	62,597.00	62,142.50	56,014.00	48,199.34	49,420.00	59,642.78				
Settlement									125,000.00	
Miscellaneous	<u>22,394.16</u>	<u>48,894.71</u>	<u>15,305.56</u>	<u>41,582.86</u>	<u>23,424.34</u>	<u>14,750.65</u>		<u>6,964.00</u>	<u>3,172.00</u>	
Total Miscellaneous Revenues	<u>\$ 118,615.69</u>	<u>\$ 177,705.59</u>	<u>\$ 102,690.72</u>	<u>\$ 114,740.95</u>	<u>\$ 92,103.04</u>	<u>\$ 176,745.32</u>	<u>\$ 15,410.00</u>	<u>\$ 70,725.00</u>	<u>\$ 224,450.00</u>	<u>\$ 65,384.00</u>

Source: District Records

REVENUE CAPACITY INFORMATION

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

HADDON HEIGHTS SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Years
Unaudited

Year Ended Dec. 31	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2018	\$ 521,300.00	\$ 743,699,000.00	None	\$ 80,548,400.00	\$ 517,600.00	\$ 6,440,300.00	\$ 831,726,600.00	\$ 842,737.00	\$ 832,569,337.00	\$ 93,136,500.00	\$ 832,674,329.00	\$ 1.651
2017	1,257,500.00	738,047,400.00	None	80,496,000.00	517,600.00	6,440,300.00	826,758,800.00	847,722.00	827,606,522.00	93,003,600.00	820,881,797.00	1.591
2016	1,919,800.00	732,906,700.00	None	80,213,200.00	517,600.00	6,440,300.00	821,997,600.00	842,591.00	822,840,191.00	92,077,900.00	818,751,085.00	1.560
2015	1,994,700.00	729,880,000.00	None	80,770,500.00	517,600.00	6,459,300.00	819,622,100.00	836,245.00	820,458,345.00	92,077,900.00	800,496,688.00	1.537
2014	981,600.00	730,310,000.00	None	79,978,000.00	517,600.00	6,459,300.00	818,246,500.00	819,831.00	819,066,331.00	95,143,600.00	798,085,992.00	1.465
2013	1,174,500.00	731,186,000.00	None	80,188,800.00	517,600.00	6,445,100.00	819,512,000.00	991,229.00	820,503,229.00	95,118,600.00	794,125,735.00	1.433
2012	1,581,400.00	730,944,100.00	None	80,731,600.00	517,600.00	6,445,100.00	820,219,800.00	1,016,981.00	821,236,781.00	94,707,300.00	800,609,974.00	1.384
2011	1,659,700.00	730,546,500.00	None	81,102,700.00	517,600.00	6,285,800.00	820,112,300.00	1,051,913.00	821,164,213.00	95,507,700.00	802,994,315.00	1.339
2010	2,415,100.00	728,656,700.00	None	81,469,300.00	517,600.00	6,152,900.00	819,211,600.00	1,332,502.00	820,544,102.00	94,724,800.00	807,881,871.00	1.311
2009	3,204,900.00	725,568,400.00	None	82,776,000.00	517,600.00	7,541,600.00	819,608,500.00	989,017.00	820,597,517.00	91,970,400.00	805,984,355.00	1.369

(1) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(2) School Tax Rates are per \$100.00 of Assessed Valuation

Source: Camden County Board of Taxation

HADDON HEIGHTS SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Last Ten Years
 (Rate per \$100 of Assessed Value)
Unaudited

Year Ended <u>Dec. 31</u>	District Direct Rate			Overlapping Rates			Total Direct and Overlapping <u>Tax Rate</u>
	<u>Basic Rate</u>	General Obligation Debt <u>Service</u>	Total Direct School <u>Tax Rate</u>	Borough of <u>Haddon Heights</u>	<u>Library</u>	Camden <u>County</u>	
2018	\$ 1.527	\$ 0.123	\$ 1.651	\$ 0.696	\$ 0.033	\$ 0.841	\$ 3.221
2017	1.467	0.124	1.591	0.680	0.033	0.832	3.136
2016	1.435	0.125	1.560	0.665	0.033	0.829	3.088
2015	1.420	0.118	1.537	0.647	0.032	0.808	3.024
2014	1.353	0.113	1.465	0.647	0.032	0.784	2.928
2013	1.310	0.123	1.433	0.627	0.032	0.759	2.851
2012	1.254	0.130	1.384	0.568	0.032	0.708	2.692
2011	1.209	0.130	1.339	0.559	0.032	0.656	2.586
2010	1.181	0.130	1.311	0.630		0.602	2.543
2009	1.243	0.126	1.369	0.616		0.568	2.553

Source: Municipal Tax Collector

HADDON HEIGHTS SCHOOL DISTRICT
Principal Property Tax Payers
Current Year and Nine Years Ago
Unaudited

<u>Taxpayer</u>	2018			2009		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
500 Grove Associates	\$ 3,750,000.00	1	0.45%	\$ 4,071,000.00	1	0.50%
515 Grove Street Associates	2,670,300.00	2	0.32%	3,216,100.00	2	0.39%
J B Investments	2,372,200.00	3	0.28%	2,372,200.00	3	0.29%
Cor V Properties	1,875,200.00	4	0.23%	1,804,400.00	5	0.22%
Haddon Savings Bank	1,692,800.00	5	0.20%	1,692,800.00	6	0.21%
Costel White Horse LLC	1,598,000.00	6	0.19%	1,598,000.00	7	0.19%
17 White Horse LLC	1,405,000.00	7	0.17%	N/A	N/A	N/A
Noodle Station LLC	1,320,000.00	8	0.16%	N/A	N/A	N/A
SAS WHP, LP	1,200,000.00	9	0.14%	N/A	N/A	N/A
ARC CBHDHN 001, LLC	1,145,100.00	10	0.14%	N/A	N/A	N/A
Haddon Heights Senior Housing	N/A	N/A	N/A	1,388,700.00	9	0.17%
Medical Heights Associates	N/A	N/A	N/A	2,036,300.00	4	0.25%
401 Haddon Heights LLC	N/A	N/A	N/A	1,597,700.00	8	0.19%
SAS WHP, LP	N/A	N/A	N/A	1,352,600.00	10	0.16%
Total	\$ 19,028,600.00		2.29%	\$ 21,129,800.00		2.57%

Source: Municipal Tax Assessor

HADDON HEIGHTS SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2018	\$ 13,386,838.00	\$ 13,386,838.00	100.00%	
2017	12,952,245.00	12,952,245.00	100.00%	
2016	12,727,632.00	12,727,632.00	100.00%	
2015	12,305,204.00	12,305,204.00	100.00%	
2014	11,868,949.00	11,868,949.00	100.00%	
2013	11,639,279.00	11,639,279.00	100.00%	
2012	11,083,251.00	11,083,251.00	100.00%	
2011	10,892,028.00	10,892,028.00	100.00%	
2010	10,612,077.00	10,612,077.00	100.00%	
2009	11,854,242.00	11,854,242.00	100.00%	

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

Source: District Records

DEBT CAPACITY INFORMATION

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of its outstanding debt and its debt capacity.

HADDON HEIGHTS SCHOOL DISTRICT
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	<u>Total District</u>	Percentage of Personal <u>Income (2)</u>	<u>Per Capita (3)</u>
	<u>General Obligation Bonds (1)</u>	<u>Capital Leases</u>	<u>Capital Leases</u>			
2018	\$ 9,635,000.00			\$ 9,635,000.00	Unavailable	Unavailable
2017	10,305,000.00			10,305,000.00	Unavailable	\$ 1,358.07
2016	10,955,000.00			10,955,000.00	2.94%	1,452.15
2015	11,595,000.00			11,595,000.00	3.21%	1,543.12
2014	12,210,000.00			12,210,000.00	3.53%	1,655.59
2013	12,800,000.00			12,800,000.00	3.78%	1,723.21
2012	13,058,000.00			13,058,000.00	3.81%	1,715.67
2011	13,568,000.00			13,568,000.00	4.17%	1,798.28
2010	14,065,000.00			14,065,000.00	4.50%	1,878.84
2009	14,547,000.00	\$ 14,918.00		14,561,918.00	4.61%	1,897.81

Sources:

- (1) District Records
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita personal income data provided by the NJ Dept of Labor and Workforce Development

HADDON HEIGHTS SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable (2)	Per Capita (3)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding (1)		
2018	\$ 9,635,000.00	-	\$ 9,635,000.00	1.16%	Unavailable
2017	10,305,000.00	-	10,305,000.00	1.25%	\$ 1,358.07
2016	10,955,000.00	-	10,955,000.00	1.33%	1,452.15
2015	11,595,000.00	-	11,595,000.00	1.41%	1,543.12
2014	12,210,000.00	-	12,210,000.00	1.49%	1,655.59
2013	12,800,000.00	-	12,800,000.00	1.56%	1,723.21
2012	13,058,000.00	-	13,058,000.00	1.59%	1,715.67
2011	13,568,000.00	-	13,568,000.00	1.65%	1,798.28
2010	14,065,000.00	-	14,065,000.00	1.71%	1,878.84
2009	14,547,000.00	-	14,547,000.00	1.77%	1,895.87

Sources:

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita calculation based upon population information provided by the NJ Dept of Labor and Workforce Development

HADDON HEIGHTS SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2017
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Haddon Heights</u>
Municipal Debt: (1)				
Haddon Heights School District	\$ 10,305,000.00	\$ 10,305,000.00		
Borough of Haddon Heights	<u>5,575,070.00</u>	<u>52,800.00</u>	<u>\$ 5,522,270.00</u>	<u>\$ 5,522,270.00</u>
	<u>15,880,070.00</u>	<u>10,357,800.00</u>	<u>5,522,270.00</u>	<u>5,522,270.00</u>
Overlapping Debt Apportioned to the Municipality:				
County of Camden: (2)				
General:				
Bonds	48,085,225.00	8,342,385.00 (3)	39,742,840.00	862,419.63 (5)
Notes	35,461,125.00		35,461,125.00	769,506.41 (5)
Loan Agreement	314,966,900.00		314,966,900.00	6,834,781.73 (5)
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>276,594,254.00</u>	<u>276,594,254.00 (4)</u>		
	<u>675,107,504.00</u>	<u>284,936,639.00</u>	<u>390,170,865.00</u>	<u>8,466,707.77</u>
	<u>\$ 690,987,574.00</u>	<u>\$ 295,294,439.00</u>	<u>\$ 395,693,135.00</u>	<u>\$ 13,988,977.77</u>

Sources:

- (1) 2017 Annual Debt Statement
- (2) County's 2017 Audit Report
- (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
- (4) Deductible in accordance with N.J.S. 40:37A-80.
- (5) Such debt is allocated as a proportion of the Borough's share of the total 2017 Equalized Value, which is 2.17%.
The source for this computation was the 2017 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

HADDON HEIGHTS SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized valuation basis (1)
	2017 \$ 825,438,099.00
	2016 813,859,010.00
	2015 <u>814,086,313.00</u>
	[A] \$ <u>817,794,474.00</u>
Debt limit (4% of average equalization value) (2)	[B] \$ 32,711,778.96
Total Net Debt Applicable to Limit	[C] <u>9,635,000.00</u>
Legal Debt Margin	[B-C] \$ <u>23,076,778.96</u>

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt limit	\$ 32,711,778.96	\$ 32,330,100.97	\$ 32,104,755.32	\$ 31,812,627.72	\$ 31,825,459.20	\$ 31,856,802.20	\$ 32,030,386.00	\$ 32,132,563.00	\$ 32,142,945.00	\$ 31,437,021.00
Total net debt applicable to limit (3)	<u>9,635,000.00</u>	<u>10,305,000.00</u>	<u>10,955,000.00</u>	<u>11,595,000.00</u>	<u>12,210,000.00</u>	<u>12,800,000.00</u>	<u>13,058,000.00</u>	<u>13,568,000.00</u>	<u>14,065,000.00</u>	<u>14,547,000.00</u>
Legal debt margin	<u>\$ 23,076,778.96</u>	<u>\$ 22,025,100.97</u>	<u>\$ 21,149,755.32</u>	<u>\$ 20,217,627.72</u>	<u>\$ 19,615,459.20</u>	<u>\$ 19,056,802.20</u>	<u>\$ 18,972,386.00</u>	<u>\$ 18,564,563.00</u>	<u>\$ 18,077,945.00</u>	<u>\$ 16,890,021.00</u>
Total net debt applicable to the limit as a percentage of debt limit	29.45%	31.87%	34.12%	36.45%	38.37%	40.18%	40.77%	42.23%	43.76%	46.27%

Sources:
 (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
 (2) Limit set by NJSA 18A:24-19 for a K through 12 District.
 (3) District Records

DEMOGRAPHIC AND ECONOMIC INFORMATION

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

HADDON HEIGHTS SCHOOL DISTRICT
 Demographic and Economic Statistics
 Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2018	Unavailable	Unavailable	Unavailable	Unavailable
2017	7,588	Unavailable	Unavailable	2.90%
2016	7,544	\$ 372,613,248.00	\$ 49,392.00	3.30%
2015	7,514	361,303,176.00	48,084.00	4.00%
2014	7,375	345,784,250.00	46,886.00	4.60%
2013	7,428	338,300,832.00	45,544.00	4.70%
2012	7,611	342,974,493.00	45,063.00	7.30%
2011	7,545	325,181,955.00	43,099.00	7.20%
2010	7,486	312,398,266.00	41,731.00	7.30%
2009	7,673	315,874,391.00	41,167.00	7.00%

Sources:

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita personal income data provided by the NJ Dept of Labor and Workforce Development
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

HADDON HEIGHTS SCHOOL DISTRICT
 Principal Non-Governmental Employers
 Current Year and Nine Years Ago
Unaudited

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
	(1)		(1)	(1)		(1)
	(1)		(1)	(1)		(1)
	(1)		(1)	(1)		(1)
	(1)		(1)	(1)		(1)
	(1)		(1)	(1)		(1)
	(1)		(1)	(1)		(1)
	(1)		(1)	(1)		(1)
	(1)		(1)	(1)		(1)
	(1)		(1)	(1)		(1)
	(1)		(1)	(1)		(1)
	(1)		(1)	(1)		(1)
	<u>-</u>		<u>-</u>			<u>-</u>
	<u>-</u>		<u>-</u>			<u>-</u>

(1) Unavailable

OPERATING INFORMATION

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

HADDON HEIGHTS SCHOOL DISTRICT
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
Unaudited

Function/Program	Fiscal Year Ended June 30,									
	<u>2018</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>
Instruction										
Regular	107	107	106	102	103	104	105	106	106	105
Special education	51	40	39	41	34	18	20	20	33	36
Support Services:										
Student & instruction related services	18	18	16	17	17	17	17	17	18	18
General administrative services	2	2	2	2	2	2	2	2	4	5
School administrative services	12	12	12	12	11	11	11	11	11	11
Business administrative services	4	4	4	4	4	4	4	4	4	4
Plant operations and maintenance	18	19	19	19	21	22	24	24	27	27
Pupil transportation	4	4	4	4	4	4	4	5	6	5
Total	<u>216</u>	<u>206</u>	<u>202</u>	<u>201</u>	<u>195</u>	<u>196</u>	<u>199</u>	<u>200</u>	<u>217</u>	<u>220</u>

Source: District Records

HADDON HEIGHTS SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio District	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2018	1,404	\$ 23,781,979.16	\$ 16,938.73	0.78%	130	1:10.8	1,414.27	1,358.91	5.25%	96.09%
2017	1,345	22,426,366.42	16,673.88	-0.80%	128	1:10.5	1,343.77	1,293.33	3.68%	96.25%
2016	1,296	21,783,334.80	16,808.13	3.07%	129	1:10.0	1,296.09	1,245.52	0.55%	96.10%
2015	1,289	21,019,475.89	16,306.81	1.68%	124	1:10.4	1,288.99	1,229.14	1.77%	95.36%
2014	1,285	20,607,832.13	16,037.22	1.29%	126	1:10.2	1,266.51	1,195.21	-2.34%	94.37%
2013	1,324	20,963,636.85	15,833.56	0.77%	122	1:10.9	1,296.90	1,236.00	-0.51%	95.30%
2012	1,340	21,055,305.00	15,712.91	1.46%	129	1:10.4	1,303.50	1,236.00	-1.43%	94.82%
2011	1,338	20,721,967.00	15,487.27	7.34%	119	1:11.2	1,322.40	1,246.60	-4.77%	94.27%
2010	1,409	20,328,646.00	14,427.71	-5.41%	129	1:10.9	1,388.60	1,313.10	3.52%	94.56%
2009	1,350	20,591,119.00	15,252.68	1.29%	124	1:10.9	1,341.40	1,265.40	3.84%	94.33%

Source: District records

HADDON HEIGHTS SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
Unaudited

	<u>2018</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>
District Building										
High School										
Junior/Senior High School (1923)										
Square Feet	157,627	157,627	157,627	157,627	157,627	157,627	157,627	157,627	157,627	157,627
Capacity (students)	1,102	1,102	1,102	1,102	1,102	1,102	1,102	1,102	1,102	1,102
Enrollment	848	800	740	755	739	810	829	831	900	883
Elementary										
Glenview Avenue Elementary (1964)										
Square Feet	47,167	47,167	47,167	47,167	47,167	47,167	47,167	47,167	47,167	47,167
Capacity (students)	236	236	236	236	236	236	236	236	236	236
Enrollment	273	254	265	247	234	213	209	192	209	193
Atlantic Avenue Elementary (1964)										
Square Feet	30,416	30,416	30,416	30,416	30,416	30,416	30,416	30,416	30,416	30,416
Capacity (students)	157	157	157	157	157	157	157	157	157	157
Enrollment	152	153	154	153	160	175	165	174	167	150
Seventh Avenue Elementary (1907)										
Square Feet	36,225	36,225	36,225	36,225	36,225	36,225	36,225	36,225	36,225	36,225
Capacity (students)	138	138	138	138	138	138	138	138	138	138
Enrollment	131	138	137	133	128	126	129	130	133	124

Number of Schools at June 30, 2018

 High School = 1

 Elementary = 3

Source: District Records

HADDON HEIGHTS SCHOOL DISTRICT
 Schedule of Required Maintenance
 Last Ten Fiscal Years
Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES (11-000-261-XXX)

* School Facilities	Project # (s)	Fiscal Year Ended June 30,									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Junior/Senior High School		\$ 316,469.16	\$ 202,800.15	\$ 178,938.55	\$ 120,946.69	\$ 214,778.30	\$ 225,694.49	\$ 218,572.00	\$ 208,379.00	\$ 202,663.00	\$ 330,377.00
Glenview Avenue Elementary		10,591.55	14,496.66	9,198.15	8,657.11	25,167.42	26,271.71	47,269.00	41,011.00	46,421.00	42,197.00
Atlantic Avenue Elementary		6,876.35	10,806.70	5,774.59	6,019.66	10,961.35	25,018.10	30,153.00	28,675.00	29,869.00	35,202.00
Seventh Avenue Elementary		6,916.00	15,509.39	7,120.47	10,841.53	8,102.00	22,590.57	38,202.00	38,339.00	35,859.00	36,704.00
Total School Facilities		<u>340,853.06</u>	<u>243,612.90</u>	<u>201,031.76</u>	<u>146,464.99</u>	<u>259,009.07</u>	<u>299,574.87</u>	<u>334,196.00</u>	<u>316,404.00</u>	<u>314,812.00</u>	<u>444,480.00</u>
Other Facilities											
Grand Total		<u>\$ 340,853.06</u>	<u>\$ 243,612.90</u>	<u>\$ 201,031.76</u>	<u>\$ 146,464.99</u>	<u>\$ 259,009.07</u>	<u>\$ 299,574.87</u>	<u>\$ 334,196.00</u>	<u>\$ 316,404.00</u>	<u>\$ 314,812.00</u>	<u>\$ 444,480.00</u>

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

Source: District Records

HADDON HEIGHTS SCHOOL DISTRICT
Insurance Schedule
June 30, 2018
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Building and Contents (All Locations)		
Limits of liability per occurrence	\$ 175,000,000.00	\$ 500.00
General and automotive liability	20,000,000.00	
Boiler and machinery	125,000,000.00	1,000.00
Crime coverage	500,000.00	500.00
Educator's Legal Liability	20,000,000.00	
Pollution Legal Liability	3,000,000.00	25,000.00
Cyber Liability	1,000,000.00	25,000.00
Violent Malicious Acts	1,000,000.00	15,000.00
Disaster Management Services	2,000,000.00	15,000.00
Workers Compensation Coverage	Statutory	
 Bonds		
Board Secretary	220,000.00	
Treasurer of School Funds	88,000.00	

Source: District Records

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Haddon Heights School District
Haddon Heights, New Jersey

Report on Compliance for Each Major State Program

We have audited the Haddon Heights School District's, in the County of Camden, State of New Jersey, 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, 2018. 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

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

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

Opinion on Each Major State Program

In our opinion, the Haddon Heights School District, in the County of Camden, 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, 2018.

Report on Internal Control Over Compliance

Management of the Haddon Heights School District, in the County of Camden, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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, we do not express an opinion on the effectiveness of the 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.

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Scott P. Barron
Certified Public Accountant
Public School Accountant No. CS 02459

Voorhees, New Jersey
February 26, 2019

HADDON HEIGHTS SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2018

Federal Grant / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Federal FAIN Number	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period From To	
Enterprise Fund:						
U.S. Department of Agriculture						
Passed-through State Department of Agriculture:						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution):						
National School Lunch Program	10.555	181NJ304N1099	N/A	\$ 26,036.78	7-1-17	6-30-18
Cash Assistance:						
School Breakfast Program	10.553	171NJ304N1099	N/A	15,730.49	7-1-16	6-30-17
School Breakfast Program	10.553	181NJ304N1099	N/A	21,694.31	7-1-17	6-30-18
National School Lunch Program	10.555	171NJ304N1099	N/A	94,665.44	7-1-16	6-30-17
National School Lunch Program	10.555	181NJ304N1099	N/A	98,444.10	7-1-17	6-30-18
Total Enterprise Fund & Total Child Nutrition Cluster						
Special Revenue Fund:						
U.S. Department of Education:						
Passed-through State Department of Education:						
NCLB/ESSA:						
Title I, Part A	84.010A	S010A170030	NCLB188017	104,112.00	7-1-16	6-30-17
Title I, Part A	84.010A	S010A180030	NCLB188018	101,203.00	7-1-17	6-30-18
Total Title I, Part A						
Title II, Part A, Improving Teacher Quality	84.367A	S367A170029	NCLB188017	26,524.00	7-1-16	6-30-17
Title II, Part A, Improving Teacher Quality	84.367A	S367A180029	NCLB188018	17,884.00	7-1-17	6-30-18
Total Title II, Part A						
Temporary Emergency Impact Aid	84.938C	S938C18005	N/A	26,000.00	7-1-17	6-30-18
I.D.E.I.A., Part B:						
Special Education Cluster:						
Basic	84.027	H027A170100	IDEA188017	329,746.00	7-1-16	6-30-17
Basic	84.027	H027A180100	IDEA188018	331,444.00	7-1-17	6-30-18
Preschool	84.173	H173A180114	IDEA188018	11,247.00	7-1-17	6-30-18
Total I.D.E.I.A. Part B Special Education Cluster						
Total Special Revenue Fund						
General Fund:						
U.S. Department of Health and Human Services:						
Passed-through the State Department of Education:						
Medical Assistance Program (Medicaid)	93.778	1805NJMAP	N/A	27,485.66	7-1-17	6-30-18
Total Medical Assistance Program (Medicaid) Cluster and Total General Fund						
Total Federal Financial Assistance						

(A) See Note 5 to the Schedules of Expenditures of Federal Awards and State Financial Assistance.

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

These funds were not audited in accordance with the Uniform Guidance since the total of all grant award expenditures was less than \$750,000.00

Balance June 30, 2017	Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures			Passed - Through to Subrecipients	Adjustments (A)	Repayment of Prior Years' Balance	Balance at June 30, 2018		
			Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor
\$ 3,428.56		\$ 26,036.78	\$ (25,877.33)		\$ (25,877.33)					\$ 3,588.01	
(1,244.97)		1,244.97									
(5,319.12)		19,474.14	(21,694.31)		(21,694.31)			\$ (2,220.17)			
		5,319.12									
		92,225.73	(98,444.10)		(98,444.10)				(6,218.37)		
(3,135.53)		144,300.74	(146,015.74)		(146,015.74)				(8,438.54)	3,588.01	
(1,055.72)	\$(15,569.00)	1,055.72									
	15,569.00		(18,916.40)		(18,916.40)				(18,916.40)		
(1,055.72)		1,055.72	(18,916.40)		(18,916.40)				(18,916.40)		
	(13,545.00)										
	13,545.00		(25,837.49)		(25,837.49)				(25,837.49)		
			(25,837.49)		(25,837.49)				(25,837.49)		
-			(26,000.00)		(26,000.00)				(26,000.00)		
(4,126.59)	(6,016.00)	4,126.59									
	6,016.00		(333,630.30)		(333,630.30)				(333,630.30)		
			(10,527.00)		(10,527.00)				(10,527.00)		
(4,126.59)		4,126.59	(344,157.30)		(344,157.30)				(344,157.30)		
(5,182.31)		5,182.31	(414,911.19)		(414,911.19)				(414,911.19)		
		27,485.66	(27,485.66)		(27,485.66)						
		27,485.66	(27,485.66)		(27,485.66)						
\$ (8,317.84)	\$ -	\$ 176,968.71	\$ (588,412.59)	\$ -	\$ (588,412.59)	\$ -	\$ -	\$ -	\$ (423,349.73)	\$ 3,588.01	\$ -

HADDON HEIGHTS SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2018

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Local Match	Grant Period		Balance at June 30, 2017		Carryover/ (Walkover) Amount	Cash Received	Adjustments (A)
				From	To	Unearned Revenue/ (Accounts Receivable)	Due to Grantor			
General Fund:										
New Jersey Department of Education:										
State Aid - Public Cluster:										
Equalization Aid	17-495-034-5120-078	\$ 446,874.00		7-1-16	6-30-17	\$ (39,629.00)			\$ 39,629.00	
Equalization Aid	18-495-034-5120-078	446,874.00		7-1-17	6-30-18				406,410.00	
Special Education Categorical Aid	17-495-034-5120-089	500,273.00		7-1-16	6-30-17	(44,364.00)			44,364.00	
Special Education Categorical Aid	18-495-034-5120-089	500,273.00		7-1-17	6-30-18				454,973.00	
Security Aid	17-495-034-5120-084	66,157.00		7-1-16	6-30-17	(5,867.00)			5,867.00	
Security Aid	18-495-034-5120-084	66,157.00		7-1-17	6-30-18				60,168.00	
School Choice Aid	17-495-034-5120-068	378,030.00		7-1-16	6-30-17	(33,524.00)			33,524.00	
School Choice Aid	18-495-034-5120-068	428,434.00		7-1-17	6-30-18				389,639.00	
PARCC Readiness Aid	17-495-034-5120-098	8,930.00		7-1-16	6-30-17	(792.00)			792.00	
PARCC Readiness Aid	18-495-034-5120-098	8,930.00		7-1-17	6-30-18				8,121.00	
Per Pupil Growth Aid	17-495-034-5120-097	8,930.00		7-1-16	6-30-17	(792.00)			792.00	
Per Pupil Growth Aid	18-495-034-5120-097	8,930.00		7-1-17	6-30-18				8,121.00	
Professional Learning Community Aid	17-495-034-5120-101	9,030.00		7-1-16	6-30-17	(801.00)			801.00	
Professional Learning Community Aid	18-495-034-5120-101	9,030.00		7-1-17	6-30-18				8,212.00	
Adjustment Aid	17-495-034-5120-085	192,447.00		7-1-16	6-30-17	(17,066.00)			17,066.00	
Adjustment Aid	18-495-034-5120-085	157,142.00		7-1-17	6-30-18				142,913.00	
Total State Aid - Public Cluster						(142,835.00)			1,621,390.00	
Transportation Aid	17-495-034-5120-014	104,187.00		7-1-16	6-30-17	(9,239.00)			9,239.00	
Transportation Aid	18-495-034-5120-014	104,187.00		7-1-17	6-30-18				94,753.00	
Other State Aid - Extraordinary Aid	17-100-034-5120-044	20,585.00		7-1-16	6-30-17	(20,585.00)			20,585.00	
Other State Aid - Extraordinary Aid	18-100-034-5120-044	33,248.00		7-1-17	6-30-18					
Other State Aid - Non-Public Transportation Aid	17-495-034-5120-014	6,090.00		7-1-16	6-30-17	(6,090.00)			6,090.00	
Other State Aid - Non-Public Transportation Aid	18-495-034-5120-014	11,020.00		7-1-17	6-30-18					
Other State Aid - Lead Testing Reimbursement	18-495-034-5120-104	5,642.00		7-1-17	6-30-18				5,642.00	
Reimbursed T.P.A.F. Social Security	17-495-034-5095-003	687,147.36		7-1-16	6-30-17	(33,295.26)			33,295.26	
Reimbursed T.P.A.F. Social Security	18-495-034-5095-003	714,863.20		7-1-17	6-30-18				680,389.03	
Total General Fund						(212,044.26)			2,471,383.29	
Special Revenue Fund:										
New Jersey Department of Education:										
NJ Nonpublic Aid:										
Textbook Aid	17-100-034-5120-064	29,685.00		7-1-16	6-30-17	\$ 111.39				
Textbook Aid	18-100-034-5120-064	27,719.00		7-1-17	6-30-18				27,719.00	\$ 4,196.01
Nursing Aid	17-100-034-5120-070	46,440.00		7-1-16	6-30-17		18.02			
Nursing Aid	18-100-034-5120-070	49,082.00		7-1-17	6-30-18				49,082.00	
Technology Initiative Aid	17-100-034-5120-373	13,390.00		7-1-16	6-30-17		6,773.63			
Technology Initiative Aid	18-100-034-5120-373	18,722.00		7-1-17	6-30-18				18,722.00	1,551.12
Security Aid	17-100-034-5120-509	25,800.00		7-1-16	6-30-17		1,744.98			
Security Aid	18-100-034-5120-509	37,950.00		7-1-17	6-30-18				37,950.00	4,521.22
Auxiliary Services:										
Compensatory Education	17-100-034-5120-067	193,493.00		7-1-16	6-30-17		56,883.50			
Compensatory Education	18-100-034-5120-067	145,278.00		7-1-17	6-30-18				145,278.00	
Transportation	17-100-034-5120-067	13,028.00		7-1-16	6-30-17		8,403.72			
Transportation	18-100-034-5120-067	13,523.00		7-1-17	6-30-18				13,523.00	
English as a Second Language	17-100-034-5120-067	6,851.00		7-1-16	6-30-17		6,120.20			
English as a Second Language	18-100-034-5120-067	6,504.00		7-1-17	6-30-18				6,504.00	
Homebound Instruction	17-100-034-5120-067	4,449.88		7-1-16	6-30-17	(4,449.88)			4,449.88	
Homebound Instruction	18-100-034-5120-067	1,885.00		7-1-17	6-30-18					
Handicapped Services:										
Supplemental Instruction	17-100-034-5120-066	38,450.00		7-1-16	6-30-17		10,985.50			
Supplemental Instruction	18-100-034-5120-066	34,098.00		7-1-17	6-30-18				34,098.00	
Examination & Classification	17-100-034-5120-066	59,611.00		7-1-16	6-30-17		21,970.22			
Examination & Classification	18-100-034-5120-066	43,860.00		7-1-17	6-30-18				43,860.00	
Corrective Speech	17-100-034-5120-066	35,340.00		7-1-16	6-30-17		12,545.70			
Corrective Speech	18-100-034-5120-066	31,248.00		7-1-17	6-30-18				31,248.00	
Total Special Revenue Fund						(4,449.88)	125,556.86		412,433.88	10,268.35
Enterprise Fund:										
New Jersey Department of Agriculture:										
State School Lunch Program	17-100-010-3350-023	3,084.63		7-1-16	6-30-17	(171.98)			171.98	
State School Lunch Program	18-100-010-3350-023	3,622.29		7-1-17	6-30-18				3,395.98	
Total Enterprise Fund						(171.98)			3,567.96	
Total State Financial Assistance subject to Major Program Determination for State Single Audit						(216,666.12)	125,556.86		2,887,385.13	10,268.35
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:										
General Fund (Non-Cash Assistance):										
New Jersey Department of the Treasury:										
On-behalf TPAF Pension Contribution:										
T.P.A.F. Post-Retirement Medical	18-495-034-5094-001	865,463.00		7-1-17	6-30-18				865,463.00	
Teacher's Pension and Annuity Fund	18-495-034-5094-002	1,308,230.00		7-1-17	6-30-18				1,308,230.00	
T.P.A.F. LTDI	18-495-034-5094-004	2,219.00		7-1-17	6-30-18				2,219.00	
T.P.A.F. Non-Contributory Insurance	18-495-034-5094-004	31,748.00		7-1-17	6-30-18				31,748.00	
Total General Fund (Non-Cash Assistance)									2,207,660.00	
Total State Financial Assistance						\$ (216,666.12)	\$ 125,556.86	\$ -	\$ 5,095,045.13	\$ 10,268.35

(A) See Note 5 to the Schedules of Expenditures of Federal Awards and State Financial Assistance.

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

Exhibit K-4
(Schedule B)

Total Budgetary Expenditures	Passed- Through Subrecipients	Repayment of Prior Year Balances	Balance at June 30, 2018			Memo	
			Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2018	Cumulative Total Expenditures
\$ (446,874.00)			\$ (40,464.00)			\$ (40,464.00)	\$ (446,874.00)
(500,273.00)			(45,300.00)			(45,300.00)	(500,273.00)
(66,157.00)			(5,991.00)			(5,991.00)	(66,157.00)
(428,434.00)			(38,795.00)			(38,795.00)	(428,434.00)
(8,930.00)			(809.00)			(809.00)	(8,930.00)
(8,930.00)			(809.00)			(809.00)	(8,930.00)
(9,030.00)			(818.00)			(818.00)	(9,030.00)
<u>(157,142.00)</u>			<u>(14,229.00)</u>			<u>(14,229.00)</u>	<u>(157,142.00)</u>
<u>(1,625,770.00)</u>			<u>(147,215.00)</u>			<u>(147,215.00)</u>	<u>(1,625,770.00)</u>
(104,187.00)			(9,434.00)			(9,434.00)	(104,187.00)
(33,248.00)			(33,248.00)				(33,248.00)
(11,020.00)			(11,020.00)				(11,020.00)
(5,642.00)							(5,642.00)
<u>(714,863.20)</u>			<u>(34,474.17)</u>				<u>(714,863.20)</u>
<u>(2,494,730.20)</u>			<u>(235,391.17)</u>			<u>(156,649.00)</u>	<u>(2,494,730.20)</u>
(30,909.63)		\$ 111.39			\$ 1,005.38		(30,909.63)
(49,081.99)		18.02			0.01		(49,081.99)
(19,830.37)		6,773.63			442.75		(19,830.37)
(42,065.70)		1,744.98			405.52		(42,065.70)
(111,345.06)		56,883.50			33,932.94		(111,345.06)
(7,688.30)		8,403.72			5,834.70		(7,688.30)
(903.30)		6,120.20			5,600.70		(903.30)
(1,885.00)			(1,885.00)				(1,885.00)
(26,244.99)		10,985.50			7,853.01		(26,244.99)
(38,215.68)		21,970.22			5,644.32		(38,215.68)
(21,695.04)		12,545.70			9,552.96		(21,695.04)
<u>(349,865.06)</u>		<u>125,556.86</u>	<u>(1,885.00)</u>		<u>70,272.29</u>		<u>(349,865.06)</u>
<u>(3,622.29)</u>			<u>(226.31)</u>				<u>(3,622.29)</u>
<u>(3,622.29)</u>			<u>(226.31)</u>				<u>(3,622.29)</u>
<u>(2,848,217.55)</u>		<u>125,556.86</u>	<u>(237,502.48)</u>		<u>70,272.29</u>	<u>(156,649.00)</u>	<u>(2,848,217.55)</u>
(865,463.00)							(865,463.00)
(1,308,230.00)							(1,308,230.00)
(2,219.00)							(2,219.00)
<u>(31,748.00)</u>							<u>(31,748.00)</u>
<u>(2,207,660.00)</u>							<u>(2,207,660.00)</u>
<u>\$ (5,055,877.55)</u>	<u>\$ -</u>	<u>\$ 125,556.86</u>	<u>\$ (237,502.48)</u>	<u>\$ -</u>	<u>\$ 70,272.29</u>	<u>\$ (156,649.00)</u>	<u>\$ (5,055,877.55)</u>

HADDON HEIGHTS SCHOOL DISTRICT

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2018

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (“the schedules”) include federal and state award activity of the Haddon Heights School District (hereafter referred to as the “School District”). The School District is defined in note 1 to the School District’s basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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. Because these schedules present only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules are presented using the budgetary basis of accounting, with the following exception: programs recorded in the enterprise funds 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. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) 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*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 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 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 June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the 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.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$(4,575.00) for the general fund and \$6,926.02 for 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.

Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 27,485.66	\$ 4,697,815.20	\$ 4,725,300.86
Special Revenue	421,837.21	347,980.06	769,817.27
Food Service	<u>146,015.74</u>	<u>3,622.29</u>	<u>149,638.03</u>
Total Awards and Financial Assistance	<u>\$ 595,338.61</u>	<u>\$ 5,049,417.55</u>	<u>\$ 5,644,756.16</u>

Note 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.

Note 5: ADJUSTMENTS

Amounts reported in the column entitled "adjustments" represent favorable differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in fiscal year 2016-2017.

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2018, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

Note 7: MAJOR PROGRAMS

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

HADDON HEIGHTS SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified
Internal control over financial reporting:
Material weakness(es) identified? yes X no
Significant deficiency(ies) identified? X yes none reported
Noncompliance material to financial statements noted? yes X no

Federal Awards

Not Applicable

Internal control over major programs:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes none reported
Type of auditor's report issued on compliance for major programs
Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)? yes no

Identification of major programs:

Table with 3 columns: CFDA Number(s), FAIN Number(s), Name of Federal Program or Cluster. Multiple empty rows for data entry.

Dollar threshold used to determine Type A programs \$

Auditee qualified as low-risk auditee? yes no

HADDON HEIGHTS SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2018

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

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? _____ yes no

Significant deficiency(ies) identified? _____ yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB? _____ yes no

Identification of major programs:

GMIS Number(s)

Name of State Program

_____	State Aid Public Cluster: _____
18-495-034-5120-068	School Choice Aid _____
18-495-034-5120-078	Equalization Aid _____
18-495-034-5120-084	Security Aid _____
18-495-034-5120-085	Adjustment Aid _____
18-495-034-5120-089	Special Education Aid _____
18-495-034-5120-097	Per Pupil Growth Aid _____
18-495-034-5120-098	PARCC Readiness Aid _____
18-495-034-5120-101	Professional Learning Community Aid _____

Dollar threshold used to determine Type A programs \$ _____ 750,000.00

Auditee qualified as low-risk auditee? yes _____ no

HADDON HEIGHTS SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

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 Division of Administration and Finance, Department of Education, State of New Jersey.

Finding No. 2018-001

Criteria or Specific Requirement

NJSA 43:15A-7.1 and 18A:66-32 require prompt enrollment of employees into the applicable pension retirement system.

Condition

District employees were not always enrolled into the applicable pension retirement system in a timely manner.

Context

Our test of pension eligible employees disclosed several employees who were not enrolled into the pension system within a reasonable period of time. In addition, the District was assessed penalties by the State Division of Pensions for several employees whose enrollments were delayed beyond one year.

Effect

Non-compliance with NJSA 43:15A-7.1 and 18A:66-32 and penalties assessed by the State Division of Pensions.

Cause

Internal control weakness over the enrollment process of employees into the applicable pension retirement system.

Recommendation

That the system of internal controls over the enrollment process of employees into the applicable pension retirement system be evaluated and improvements implemented to ensure employees are enrolled timely.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

HADDON HEIGHTS SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 3- Schedule of Federal Award 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 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).

Not Applicable.

HADDON HEIGHTS SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 4- Schedule of 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 State programs, as required by State of New Jersey Circular 15-08-OMB.

None.

HADDON HEIGHTS 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 awards and state financial assistance that are required to be reported in accordance with *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 State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

Not Applicable.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

