

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Township of Harding Board of Education
New Vernon, New Jersey**

For the Fiscal Year Ended June 30, 2018

Prepared by

**Township of Harding Board of Education
Finance Department**

BOARD OF EDUCATION
TOWNSHIP OF HARDING SCHOOL DISTRICT

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TOWNSHIP OF HARDING SCHOOL DISTRICT

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Introductory Section



HARDING TOWNSHIP

Board of Education

August 29, 2018

T.M. Vrabel & Associates, LLC
350 Main Road, Suite 104
Montville, New Jersey 07045

This representation letter is provided in connection with your audit of the financial statements of Township of Harding Board of Education, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows for the fiscal year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of August 29, 2018, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 22, 2017, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

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- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements [or in the schedule of findings and questioned costs].
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters [and all audit or relevant monitoring reports, if any, received from funding sources].
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Education or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements [and the schedules of expenditures of federal awards and state assistance].
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

- 17) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 18) We have made available to you all financial records and related data [and all audit or relevant monitoring reports, if any, received from funding sources].
- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 23) There are no violations or possible violations of laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 24) As part of your audit, you assisted with preparation of the financial statements and related notes, schedules of expenditures of federal awards and state assistance and trial balances. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes, schedules of expenditures of federal awards and state assistance and trial balances.
- 25) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 26) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 27) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 28) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
- 29) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 30) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 31) Investments are properly valued.
- 32) Provisions for uncollectible receivables have been properly identified and recorded.

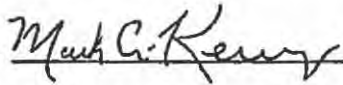
- 33) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 34) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 35) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 36) Special and extraordinary items are appropriately classified and reported.
- 37) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 38) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 39) The government meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.
- 40) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 41) With respect to the combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance:
 - a) We acknowledge our responsibility for presenting the aforementioned supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the aforementioned supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the aforementioned supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the aforementioned supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 42) With respect to federal award and state assistance programs:
 - a) We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* including requirements relating to preparation of the schedules of expenditures of federal awards (SEFA) and state assistance (SESA).
 - b) We acknowledge our responsibility for presenting the SEFA and SESA in accordance with the requirements of Uniform Guidance and New Jersey OMB Circular Letter 15-08, and we believe the SEFA and SESA, including its form and content, is fairly presented in accordance with Uniform Guidance and New Jersey OMB Circular Letter 15-08. The methods of measurement or

presentation of the SEFA and SESA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA and SESA.

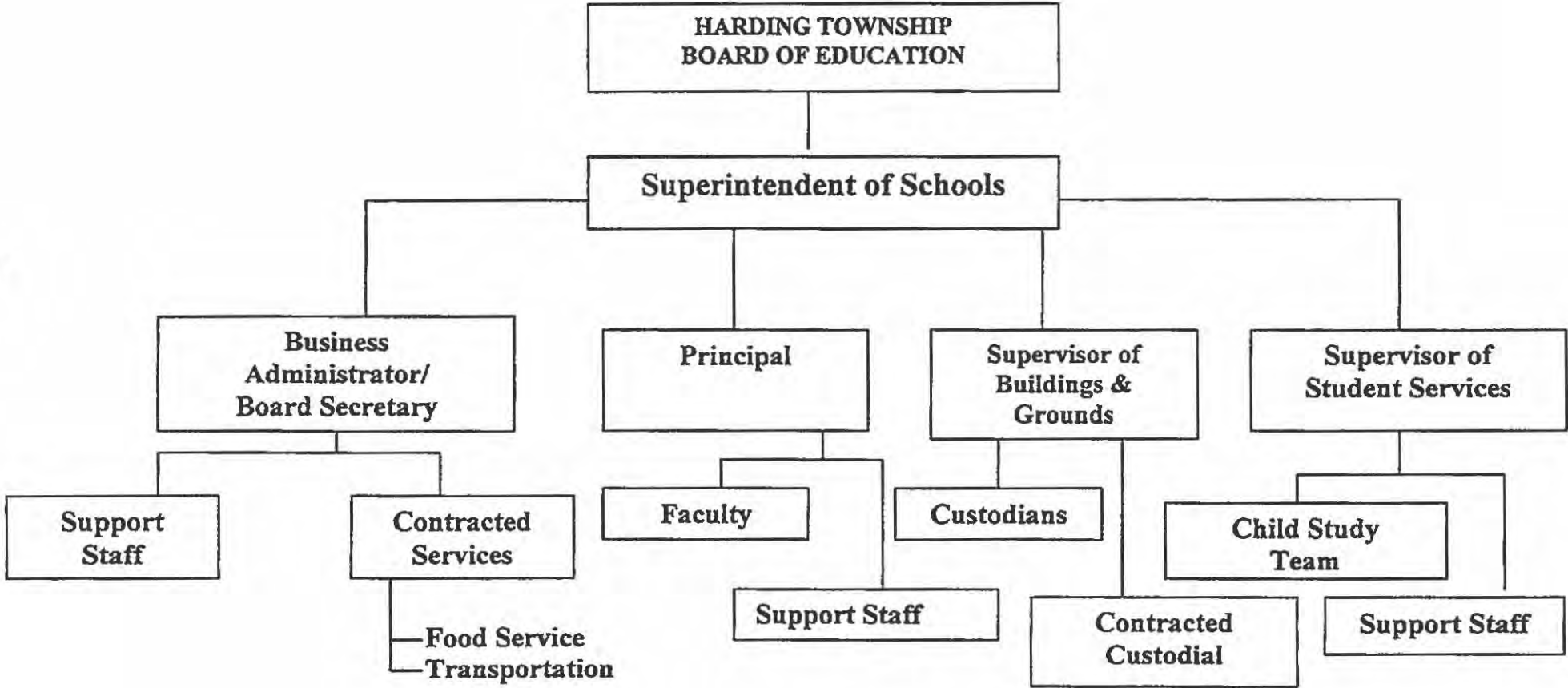
- c) If the SEFA and SESA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA and SESA no later than the date we issue the SEFA and SESA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to Uniform Guidance and New Jersey OMB Circular Letter 15-08 and included in the SEFA and SESA made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal and state programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal and state programs that provides reasonable assurance that we are managing our federal and state awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relevant to federal and state programs and related activities.
- h) We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *Uniform Guidance Compliance Supplement*, relating to federal awards and *New Jersey OMB Circular Letter 15-08 Compliance Supplement*, relating to state assistance and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal awards and state assistance.
- j) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).

- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal and state programs financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, have occurred subsequent to the date as of which compliance was audited.
- r) Federal and state programs financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal and state programs financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal or state agency or pass-through entity, as applicable.
- t) We have charged costs to federal awards and state assistance in accordance with applicable cost principles.
- u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by Uniform Guidance and New Jersey OMB Circular Letter 15-08 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- v) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- w) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by Uniform Guidance.
- x) We are responsible for preparing and implementing a corrective action plan for each audit finding.

Signature:  _____
 Title: Superintendent

Signature:  _____
 Title: Interim School Business Administrator

HARDING TOWNSHIP SCHOOL ORGANIZATIONAL CHART



TOWNSHIP OF HARDING BOARD OF EDUCATION

NEW VERNON, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2018

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Davor Gjivoje	President	2019
John Flynn	Vice President	2018
Richard Bruno	Member	2019
Kim Macaulay	Member	2020
Abi Singh	Member	2020

Other Officials

Matthew Spelker, Superintendent of Schools

Mark Kenney, Interim School Business Administrator/Board Secretary

Marc Zitomer, Board Attorney

TOWNSHIP OF HARDING
BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

June 30, 2018

Audit Firm

T.M. Vrabel & Assoc., LLC
350 Main Road, Suite 104
Montville, New Jersey 07045

Attorneys

Schenck, Price, Smith & King, LLP
220 Park Avenue, PO Box 991
Florham Park, New Jersey 07932

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

GAAP Software

CDK Systems, Inc.
444 Shades of Death Road
Great Meadows, New Jersey 07838

Official Depository

TD Bank
70 Morristown Road
Bernardsville, NJ 07924

Financial Section

Independent Auditor's Report



T. M. Vrabel & Associates, LLC
Accountants and Auditors

Timothy M. Vrabel, RMA, PSA
Chris C. Hwang, CPA



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Harding School District as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of 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 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.

350 Main Road, Suite 104
Montville, NJ 07045
973-953-7769, Fax: 973-625-8733
Email: tmvrabel@vc@optonline.net

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 the Township of Harding School District as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Page 14 through 20 and budgetary comparison information of schedules C-1 and C-2 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

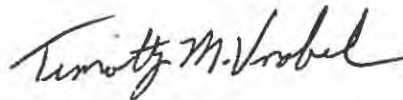
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Harding School District's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, statistical tables and the Schedules of Expenditures of Federal Awards and State Financial Assistance as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, long-term debt schedules and the Schedules of Expenditures of Federal Awards and State Financial Assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the Schedules of Expenditures of Federal Awards and State Financial Assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

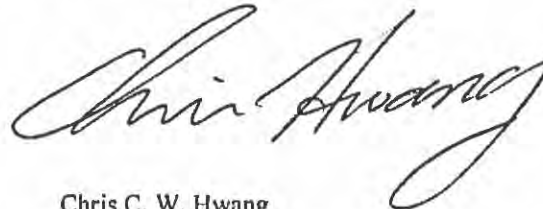
The introductory section and statistical tables have not been subjected to the auditing procedures and applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated August 29, 2018 on our consideration of the Township of Harding School District's internal control over financial reporting and on out tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Township of Harding School District's internal control over financial reporting and compliance.



Timothy M. Vrabel
Public School Accountant
License No. CS000698



Chris C. W. Hwang
Certified Public Accountant
License No. CC033704

Montville, New Jersey
August 29, 2018

**REQUIRED SUPPLEMENTARY INFORMATION -
PART I**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is our discussion and analysis of the Harding Township School District financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 23.

FINANCIAL HIGHLIGHTS

- Total assets decreased by \$194,000; total liabilities decreased by \$1,275,000. Net capital assets increased by \$518,000 and other net position decreased by \$173,000
- General revenues accounted for \$10,734,000 of revenue, or 77.7% of all revenue. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$3,088,000 or 22.3% of total revenues of \$13,822,000.
- The district had \$13,476,000 in expenses; only \$3,088,000 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$10,495,000 were adequate to provide for these programs.
- Total cost of all of the District's programs was \$12,411,000 in 2017-2018 compared to \$11,331,000 in 2016-2017 which represents a 9.5 percent increase from 2016-2017.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 23 and 24) provide information about the activities of the District as a whole and present a longer-term view on the District's finances. Fund financial statements start on page 27. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the District as a whole begins on page 16. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in them. You can think of the District's net position, the difference between assets and liabilities, as one way to measure the District's financial health, or *financial position*. Over time, *increases* or *decreases* in the District's net position are one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base, and the condition of the District's capital assets to assess the overall *health* of the District.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- **Governmental activities:** Most of the District's basic services are reported here, including general administration. Local taxes, tuition and state and federal aid finance most of these activities.
- **Business-type-activities:** The District has two proprietary funds as shown on pages 30 and 31.

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major funds begins on page 18. The fund financial statements begin on page 27 and provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental funds: most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation on page 29.

Proprietary funds: when the District charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for the Unemployment Compensation Trust, Scholarship Funds and Agency Funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 35 and 36. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

The District's *combined* net position changed from a year ago, *increasing* \$345,000. Looking at the net position and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental and business-type activities as of June 30.

Table 1
Net Position (in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	1,665	1,853	12	8	1,677	1,861
Long term receivables	-	-			-	-
Capital assets	<u>5,215</u>	<u>5,221</u>	<u>6</u>	<u>10</u>	<u>5,221</u>	<u>5,231</u>
Total assets	<u>6,880</u>	<u>7,074</u>	<u>18</u>	<u>18</u>	<u>6,898</u>	<u>7,092</u>
Deferred outflows of resources	<u>758</u>	<u>1,041</u>			<u>758</u>	<u>1,041</u>
Long-term debt outstanding	739	1,257			739	1,257
Aggregate net pension liability	2,122	2,748			2,122	2,748
Other liabilities	<u>109</u>	<u>241</u>	<u>8</u>	<u>7</u>	<u>117</u>	<u>248</u>
Total liabilities	<u>2,970</u>	<u>4,246</u>	<u>8</u>	<u>7</u>	<u>2,978</u>	<u>4,253</u>
Deferred in flows of resources	<u>457</u>	<u>4</u>			<u>457</u>	<u>4</u>
Net position:						
Net investment in capital assets	4,603	4,081	6	10	4,609	4,091
Restricted	1,202	1,308			1,202	1,308
Unrestricted (deficit)	<u>(1,594)</u>	<u>(1,524)</u>	<u>4</u>	<u>1</u>	<u>(1,590)</u>	<u>(1,523)</u>
Total net position	<u>4,211</u>	<u>3,865</u>	<u>10</u>	<u>11</u>	<u>4,221</u>	<u>3,876</u>

Net position of the District's governmental activities have increased by 8.2 percent. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased by \$70,000. Restricted net position, those restricted mainly for capital projects decreased by \$106,000. Both net position categories benefited from increased economic activity, which resulted in actual revenues exceeding budgeted revenues. The investment in capital assets, net of debt category increased by \$522,000.

Table 2
Changes in Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<u>Revenues</u>						
Program revenues:						
Charges for Services	9	11	83	83	92	94
Operating Grants and Contributions	3,079	1,094			3,079	1,094
General revenues:						
Property Taxes	10,495	10,363			10,495	10,363
Tuition	98	107			98	107
Federal and State Aid	59	44			59	44
N.J.S.D.A. Grants					-	-
Other General Revenues	82	35			82	35
Transfer	-	-	-	-	-	-
Total Revenues:	<u>13,822</u>	<u>11,654</u>	<u>83</u>	<u>83</u>	<u>13,905</u>	<u>11,737</u>
<u>Program expenses including indirect expenses</u>						
Instruction:						
Regular	4,191	3,425			4,191	3,425
Special	1,372	960			1,372	960
Other instruction	419	346			419	346
Support services:						
Tuition	2,881	2,650			2,881	2,650
Student and instruction related services	1,593	1,325			1,593	1,325
School administrative services	110	71			110	71
General and business administrative services	792	585			792	585
Plant operations and maintenance	1,083	914			1,083	914
Pupil transportation	1,003	881			1,003	881
Charter School	10	24			10	24
SDA Debt Service Assessment	3	3			3	3
Interest on long-term debt	19	37			19	37
Business-type activities:						
Food Services	-	-	95	95	95	95
Total Expenses	<u>13,476</u>	<u>11,221</u>	<u>95</u>	<u>95</u>	<u>13,571</u>	<u>11,316</u>
Increase (Decrease) in Net Position	<u>346</u>	<u>433</u>	<u>(12)</u>	<u>(12)</u>	<u>334</u>	<u>421</u>

THE DISTRICT'S FUNDS

Governmental Activities

Table 3

Information below compares revenues and expenditures for all governmental fund types for 2017-2018 and 2016-2017.

(\$000 omitted)

<u>Revenues by Source:</u>	<u>2017-2018</u>	<u>2016-2017</u>	<u>% Change</u>
Local Tax Levy	10,495	10,365	1.25%
Tuition Charges	98	107	-8.41%
Transportation Fees	9	10	-10.00%
Interest Earned to Investments	3	#DIV/0!	
Miscellaneous	102	71	43.66%
Total - Local Sources	10,707	10,553	1.46%
State Sources	1,504	949	58.48%
Federal Sources	137	153	-10.46%
Total Revenues	<u>12,348</u>	<u>11,655</u>	5.95%

(\$000 omitted)

<u>Expenditures by Function:</u>	<u>2017-2018</u>	<u>2016-2017</u>	<u>% Change</u>
Current:			
Regular Instruction	2,236	2,312	-3.29%
Special education	769	685	12.26%
Other instruction	231	238	-2.94%
Support Services and undistributed costs:			
Tuition	2,881	2,650	8.72%
Student and instruction related services	941	984	-4.37%
School administrative services	60	50	20.00%
General and Business administrative services	536	451	18.85%
Plant operations and maintenance	910	819	11.11%
Pupil transportation	956	854	11.94%
Employee Benefits	2,109	1,690	24.79%
Capital Outlay	295	79	273.42%
Charter School	10	24	-58.33%
Debt Service:			
Principal	450	450	0.00%
Interest on long-term debt	27	45	-40.00%
Total Expenditures	<u>12,411</u>	<u>11,331</u>	9.53%

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for the School District's operations. Property taxes made up 85.0% of revenues for government activities for the Harding Township School District for fiscal year 2018 and 88.9% for fiscal year 2017. Property tax revenues increased \$130,000, which is a 1.25% increase over the prior year. Federal, state and local grants accounted for another 13.3% of revenue.

Business-type Activities

The District's only Enterprise Fund is the Food Service Fund. The basic financial statements for the major funds are included in this report. Because the focus on business-type funds is a cost of service measurement or capital maintenance, we have included these funds in Table 4, which demonstrates return on ending assets and return on ending net position.

Table 4
(\$000 omitted)

	<u>Food Service Fund</u>
Total Assets	18
Net Position	10
Change in Net Position	-1
Return on Ending Total Assets	-5.56%
Return on Ending Net Position	-10.00%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets Table 5

Capital Assets at Year-end (Net of Depreciation, in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land Improvements	16	16			16	16
Buildings	8,925	8,737			8,925	8,737
Machinery and Equipment	723	696	34	34	757	730
Construction-in-progress	-	-	-	-	-	-
Subtotal	<u>9,664</u>	<u>9,449</u>	<u>34</u>	<u>34</u>	<u>9,698</u>	<u>9,483</u>
Accumulated Depreciation	<u>(4,449)</u>	<u>(4,229)</u>	<u>(28)</u>	<u>(24)</u>	<u>(4,477)</u>	<u>(4,253)</u>
Totals	<u><u>5,215</u></u>	<u><u>5,220</u></u>	<u><u>6</u></u>	<u><u>10</u></u>	<u><u>5,221</u></u>	<u><u>5,230</u></u>

The District's 2018-2019 capital budget anticipates a spending level of \$46,500. More detailed information about the District's capital assets is presented in Note III:C. to the basic financial statements.

DEBT

At year – end the District had total debt of \$612,000 outstanding versus \$1,140,000 last year – a decrease of 46.3 percent – as shown in Table 6.

**Outstanding Debt, at year –end (in thousands)
Table 6**

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Serial Bonds	450	900
Loans		
Lease Purchase Agreement	162	240
Temporary Notes		
Authorized but not Issued	-	-
	<u>612</u>	<u>1,140</u>

An analysis of District Debt is presented in Note IV:B. to the basic financial statements.

BUDGETS

The significant variances between the originally adopted budget for the year 2017-2018 and the final budget were caused by the addition of Fund Balance and Maintenance Reserve funds. In addition, the State pension payments, which are paid by the State on behalf of employees are not budgeted, however they are counted as an expense in the audit.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator, Harding Township School District, New Vernon, New Jersey.

BASIC FINANCIAL STATEMENTS

Section A

DISTRICT – WIDE FINANCIAL STATEMENTS

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Statement of Net Position
June 30, 2018**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 594,495.41	\$ 9,985.36	\$ 604,480.77
Receivables, net	371,603.50		371,603.50
Inventory		1,613.01	1,613.01
Restricted assets:			
Cash and cash equivalents	20,952.50		20,952.50
Capital reserve account - cash	626,148.74		626,148.74
Maintenance reserve account - cash	51,401.54		51,401.54
Capital assets, net (Note III:C.):	<u>5,214,985.67</u>	<u>6,424.53</u>	<u>5,221,410.20</u>
Total Assets	<u>6,879,587.36</u>	<u>18,022.90</u>	<u>6,897,610.26</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>758,357.45</u>		<u>758,357.45</u>
Total Deferred Outflows of Resources	<u>758,357.45</u>		<u>758,357.45</u>
LIABILITIES			
Accounts payable	96,617.47	4,130.01	100,747.48
Bond interest payable	8,250.00		8,250.00
Unearned revenue	3,630.84	4,136.95	7,767.79
Long-term liabilities other than pensions (Note IV:B.):			
Due within one year	538,126.25		538,126.25
Due beyond one year	201,216.18		201,216.18
Aggregate net pension liability	<u>2,121,933.00</u>	<u>-</u>	<u>2,121,933.00</u>
Total liabilities	<u>2,969,773.74</u>	<u>8,266.96</u>	<u>2,978,040.70</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>457,309.00</u>		<u>457,309.00</u>
Total Deferred Inflows of Resources	<u>457,309.00</u>		<u>457,309.00</u>
NET POSITION			
Net investment in capital assets	4,602,781.93	6,424.53	4,609,206.46
Restricted for:			
Capital projects	631,336.24		631,336.24
Debt service	(8,893.43)		(8,893.43)
Other purposes	579,411.28		579,411.28
Unrestricted	<u>(1,593,773.95)</u>	<u>3,331.41</u>	<u>(1,590,442.54)</u>
Total Net Position	<u>\$ 4,210,862.07</u>	<u>\$ 9,755.94</u>	<u>\$ 4,220,618.01</u>

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

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Statement of Activities
For the Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 4,191,224.21	\$ -	\$ 1,228,275.89	\$ -	\$ (2,962,948.32)	\$ -	\$ (2,962,948.32)
Special education	1,372,066.33		471,484.76		(900,581.57)		(900,581.57)
Other instruction	419,348.29		123,676.91		(295,671.38)		(295,671.38)
Support services:							
Tuition	2,881,237.40		271,142.20		(2,610,095.20)		(2,610,095.20)
Student and instruction related services	1,592,770.36		424,121.76		(1,168,648.60)		(1,168,648.60)
School administrative services	109,886.27		29,977.21		(79,909.06)		(79,909.06)
General and business administrative services	791,993.52		156,683.00		(635,310.52)		(635,310.52)
Plant operations and maintenance	1,083,496.54		103,390.24		(980,106.30)		(980,106.30)
Pupil transportation	1,002,588.49	9,201.00	251,338.31		(742,049.18)		(742,049.18)
SDA Debt Service Assessment	2,784.00				(2,784.00)		(2,784.00)
Charter Schools	10,127.00				(10,127.00)		(10,127.00)
Interest on long-term debt	18,750.00		18,750.00		-		-
Total governmental activities	13,476,272.41	9,201.00	3,078,840.28		(10,388,231.13)		(10,388,231.13)
Business-type activities:							
Food Service	89,552.24	88,360.82				(1,191.42)	(1,191.42)
Total business-type activities	89,552.24	88,360.82	-	-	-	(1,191.42)	(1,191.42)
Total primary government	\$ 13,565,824.65	\$ 97,561.82	\$ 3,078,840.28	\$ -	\$ (10,388,231.13)	\$ (1,191.42)	\$ (10,389,422.55)
General revenues:							
Taxes:							
Property taxes, levied for general purposes				\$ 10,052,092.00	\$ -		\$ 10,052,092.00
Property taxes, levied for debt service principal				442,940.00			442,940.00
Federal and State aid not restricted				59,063.87			59,063.87
Tuition (other than special schools)				98,235.00			98,235.00
Investment Earnings				3,249.11			3,249.11
Miscellaneous Income				78,508.50			78,508.50
Total general revenues, special items, extraordinary items and transfers				10,734,088.48	-		10,734,088.48
Change in Net Assets				345,857.35	(1,191.42)		344,665.93
Net Assets—beginning, as restated				3,865,004.72	10,947.36		3,875,952.08
Net Assets—ending				\$ 4,210,862.07	\$ 9,755.94		\$ 4,220,618.01

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

Section B
FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Balance Sheet
Governmental Funds
June 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 672,195.89	\$ (77,057.05)	\$ 20,952.50	\$ (843.43)	\$ 615,447.91
Receivables from other governments	287,370.96	38,109.54			325,480.50
Other receivables	3,994.65	42,128.35			46,123.00
Restricted cash and cash equivalents	<u>677,550.28</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>677,550.28</u>
Total Assets	\$ 1,641,111.78	\$ 3,180.84	\$ 20,952.50	\$ (843.43)	\$ 1,664,601.89
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 80,852.47	\$ -	\$ 15,765.00	\$ -	\$ 96,617.47
Unearned revenue	<u>450.00</u>	<u>3,180.84</u>	<u>-</u>	<u>-</u>	<u>3,630.84</u>
Total Liabilities	<u>81,302.47</u>	<u>3,180.84</u>	<u>15,765.00</u>	<u>-</u>	<u>100,248.31</u>
Fund Balances:					
Restricted for:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	245,967.71				245,967.71
Reserve for Excess Surplus	282,042.03				282,042.03
Capital Reserve Account	626,148.74				626,148.74
Maintenance Reserve	51,401.54				51,401.54
Capital Projects			5,187.50		5,187.50
Debt Service				(843.43)	(843.43)
Assigned to:					
Designated for Subsequent Year's Expenditures	54,032.29				54,032.29
Unassigned	<u>300,217.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,217.00</u>
Total Fund Balances	<u>1,559,809.31</u>	<u>-</u>	<u>5,187.50</u>	<u>(843.43)</u>	<u>1,564,353.38</u>
Total Liabilities and Fund Balances	\$ 1,641,111.78	\$ 3,180.84	\$ 20,952.50	\$ (843.43)	

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

Adjustment to Debt Service Fund net position for the accrual of interest expense.	(8,250.00)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$9,664,175.06 and the accumulated depreciation is \$4,449,189.39.	5,214,985.87
Pension liabilities net of deferred outflows and inflows of resources	(1,820,884.55)
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 (see Note IV.B.)	<u>(739,342.43)</u>
Net position of governmental activities	\$ 4,210,862.07

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

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources:					
Local tax levy	\$ 10,052,092.00	\$ -	\$ -	\$ 442,940.00	\$ 10,495,032.00
Tuition charges	98,235.00				98,235.00
Transportation fees	9,201.00				9,201.00
Interest earned on investments	1,824.58				1,824.58
Interest earned on Capital Reserve Funds	1,824.55				1,824.55
Miscellaneous	78,508.50	22,710.74		-	101,219.24
Total - Local Sources	10,241,285.61	22,710.74		442,940.00	10,706,936.35
State sources	1,470,613.78			33,417.00	1,504,030.78
Federal sources	-	136,708.65		-	136,708.65
Total Revenues	11,711,899.37	159,419.39		476,357.00	12,347,675.76
EXPENDITURES					
Current:					
Regular instruction	2,184,310.22	71,508.88			2,235,819.10
Special education instruction	890,891.85	78,170.00			768,861.85
Other instruction	231,086.99				231,086.99
Support services and undistributed costs:					
Tuition	2,881,237.40				2,881,237.40
Student and instruction related services	939,798.33	1,340.51			941,138.84
School administrative services	60,384.05				60,384.05
General and business administrative services	535,596.87				535,596.87
Plant operations and maintenance	909,740.48				909,740.48
Pupil transportation	956,237.79				956,237.79
Unallocated benefits	2,101,048.63	8,400.00			2,109,448.63
Transfer to charter school	10,127.00				10,127.00
Capital outlay	107,888.35		187,462.50		295,150.85
Debt service:					
Principal				450,000.00	450,000.00
Interest and other charges	-	-		27,000.00	27,000.00
Total Expenditures	11,587,947.98	159,419.38	187,462.50	477,000.00	12,411,829.85
Excess (Deficiency) of revenues over expenditures	<u>123,951.41</u>	<u>-</u>	<u>(187,462.50)</u>	<u>(643.00)</u>	<u>(64,154.09)</u>
OTHER FINANCING SOURCES AND (USES)					
Transfers in			192,650.00		192,650.00
Transfers (out)	(192,650.00)		-		(192,650.00)
Total Other Financing Sources and (Uses)	(192,650.00)	-	192,650.00	-	-
Net change in fund balances	(68,698.59)	-	5,187.50	(643.00)	(64,154.09)
Fund Balance—July 1	1,628,507.90	-	-	(0.43)	1,628,507.47
Fund Balance—June 30	\$ 1,559,809.31	\$ -	\$ 5,187.50	\$ (643.43)	\$ 1,564,353.38

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

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**
**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2018**

Total net change in fund balances - governmental funds (from B-2)		(64,154.09)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<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 difference in accrued interest is an addition in the reconciliation. (+)</p>		
	Interest paid	27,000.00
	Interest accrued	<u>(18,750.00)</u>
		8,250.00
<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	(220,378.92)
	Capital outlays (exclusive of capital lease principal payments and SDA Debt Service Assessment)	<u>214,087.31</u>
		(6,289.61)
<p>Adjustment to Capital Assets in accordance with physical appraisal and dispositions</p>		
		-
<p>In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)</p>		
		-
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and unused sick pay) 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 in the reconciliation (+).</p>		
		(10,041.94)
<p>Governmental funds report district pension contributions as expenditures. In the statement of activities, however, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
	District pension contributions - PERS	87,088.45
	Cost of benefits earned net of employees contributions	<u>(197,273.00)</u>
		(110,186.55)
<p>long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
	Debt principal	450,000.00
	Lease - Purchase Agreement principal	78,279.54
<p>Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.</p>		
	Proceeds of long-term debt	
	Lease - Purchase Agreement canceled	
<p>Revenues in the statement of activities which do not provide current financial resources are not reported as revenues in the funds. (+)</p>		
		-
Change in net position of governmental activities		<u><u>\$ 345,857.35</u></u>

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

PROPRIETARY FUNDS

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Statement of Net Position
Proprietary Funds
June 30, 2018**

	Business-type Activities - Enterprise Funds	
	Food Service	Totals
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 9,985.36	\$ 9,985.36
Inventories	1,613.01	1,613.01
Total Current Assets	11,598.37	11,598.37
Noncurrent assets:		
Furniture, machinery and equipment	33,933.71	33,933.71
Less accumulated depreciation	(27,509.18)	(27,509.18)
Total Noncurrent Assets	6,424.53	6,424.53
Total Assets	18,022.90	18,022.90
LIABILITIES		
Current Liabilities:		
Accounts payable	4,130.01	4,130.01
Unearned revenue	4,136.95	4,136.95
Total Current Liabilities	8,266.96	8,266.96
NET POSITION		
Net investment in capital assets	6,424.53	6,424.53
Unrestricted	3,331.41	3,331.41
Total Net Position	\$ 9,755.94	\$ 9,755.94

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

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Food Service</u>	<u>Totals</u>
Operating Revenues:		
Charges for services:		
Daily sales - non-reimbursable programs	\$ 88,360.82	\$ 88,360.82
Total Operating Revenues	<u>88,360.82</u>	<u>88,360.82</u>
Operating Expenses:		
Cost of sales	43,008.57	43,008.57
Salaries	25,614.97	25,614.97
Employee benefits	6,410.36	6,410.36
Management Fee	7,426.00	7,426.00
General supplies	3,561.25	3,561.25
Depreciation	<u>3,531.09</u>	<u>3,531.09</u>
Total Operating Expenses	<u>89,552.24</u>	<u>89,552.24</u>
Operating Income (Loss)	<u>(1,191.42)</u>	<u>(1,191.42)</u>
Transfers in (out)	-	-
Change in net position	(1,191.42)	(1,191.42)
Total Net Position—Beginning	<u>10,947.36</u>	<u>10,947.36</u>
Total Net Position—Ending	<u>\$ 9,755.94</u>	<u>\$ 9,755.94</u>

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

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018**

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Food Service</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 89,001.75	\$ 89,001.75
Payments to employees	(25,614.97)	(25,614.97)
Payments for employee benefits	(6,410.36)	(6,410.36)
Payments to suppliers	<u>(53,099.05)</u>	<u>(53,099.05)</u>
Net cash provided by (used for) operating activities	<u>3,877.37</u>	<u>3,877.37</u>
Net increase (decrease) in cash and cash equivalents	3,877.37	3,877.37
Balances—beginning of year	<u>6,107.99</u>	<u>6,107.99</u>
Balances—end of year	<u>\$ 9,985.36</u>	<u>\$ 9,985.36</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (1,191.42)	\$ (1,191.42)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation and net amortization	3,531.09	3,531.09
(Increase) decrease in inventories	245.47	245.47
Increase (decrease) in accounts payable	651.30	651.30
Increase (decrease) in unearned revenue	<u>640.93</u>	<u>640.93</u>
Total adjustments	<u>5,068.79</u>	<u>5,068.79</u>
Net cash provided by (used for) operating activities	<u>\$ 3,877.37</u>	<u>\$ 3,877.37</u>

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

FIDUCIARY FUNDS

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>	Agency <u>Fund</u>
ASSETS			
Cash and cash equivalents	\$ 46,203.52	\$ 14,199.62	\$ 29,581.37
Total Assets	<u>\$ 46,203.52</u>	<u>\$ 14,199.62</u>	<u>\$ 29,581.37</u>
LIABILITIES			
I.R.S. Section 125 Benefits Payable			\$ 4,250.74
Payable to student groups			23,829.82
Payroll deductions and withholdings			<u>1,500.81</u>
Total Liabilities			<u>\$ 29,581.37</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	<u>\$ 46,203.52</u>		
Reserved for scholarships		<u>\$ 14,199.62</u>	

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

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Contributions:		
Plan member	\$ 7,350.15	\$ -
Board Contribution		
Other	-	2,000.00
Total Contributions	<u>7,350.15</u>	<u>2,000.00</u>
Investment earnings:		
Interest	-	27.61
Net investment earnings	<u>-</u>	<u>27.61</u>
Total Additions	<u>7,350.15</u>	<u>2,027.61</u>
DEDUCTIONS		
Unemployment claims	11,865.25	
Scholarships awarded	-	500.00
Total Deductions	<u>11,865.25</u>	<u>500.00</u>
Change in Net Position	(4,515.10)	1,527.61
Net Position—beginning	<u>50,718.62</u>	<u>12,672.01</u>
Net Position—ending	<u>\$ 46,203.52</u>	<u>\$ 14,199.62</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Board of Education (Board) of the Township of Harding School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

B. Reporting Entity

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

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary and one middle schools located in New Vernon. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basic Financial Statements- Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's food service program is classified as a business-type activity.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts-invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note I: Summary of Significant Accounting Policies (Continued)

C. Basic Financial Statements- Government-Wide Statements

The government-wide Statement of Activities reports both the gross and net costs of each of the District's functions and business-type activities. The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student and instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

- a. The District allocates indirect costs such as on-behalf TPAF Pension Contributions, on-behalf TPAF and PERS OPEB Contributions and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are excluded from the government-wide financial statements.

D. Basic Financial Statements- Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the GASB criteria are applied to proprietary funds.

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

The following fund types are used by the District:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund – The general fund is the general operating fund of the 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 noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution and, excluding equipment, with County Superintendent approval.

Special Revenue Fund – The Special Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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

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

Permanent Fund – A permanent fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal.

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws or other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is uncured for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds as needed.

Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The generally accepted accounted principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Funds – The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note I: Summary of Significant Accounting Policies (Continued)

D: Basic Financial Statements- Fund Financial Statements (Continued)

The District's Enterprise Fund is comprised of the Food Service Fund.

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

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (Unemployment Compensation, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

E. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement of focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when incurred.

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note I: Summary of Significant Accounting Policies (Continued)

E. Basis of Accounting (Continued)

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

3. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Program revenues, including tuition revenue, are reported as reductions to expenses in the Statement of Activities.

4. Expenditures:

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period of purchase.

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note I: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control

The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPS, the voters have an opportunity to approve or reject the budget at the regular election held in November.

Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2.2(f). All budget amendments must be approved by School Board resolution. Appropriation of additional fund balance in the amount of \$191,633.00 and appropriation of Maintenance Reserve in the amount of \$128,305.66 were made during the year ended June 30, 2018. The Board of Education approved the following material budgetary appropriation transfers during the school year:

<u>Account Name</u>	<u>Amount</u>
Regular Programs - Instruction	
Grades 1-5 – Salaries of Teachers	\$ 24,546.05
Regular Programs – Undistributed Instruction	
Other Salaries for Instruction	13,650.01
Textbooks	(27,400.00)
Resource Room/Resource Center:	
Salaries of Teachers	37,486.99
Basic Skills/Remedial - Instruction	
Salaries of Teachers	(17,162.81)
School-Spon. Cocurricular Actvts. – Inst.	
Salaries	17,162.81
Undistributed Expenditures – Instruction:	
Tuition to Private Schools for the Disabled – Within State	195,000.00
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	33,789.96
Undist. Expend.-Child Study Team	
Salaries of Other Professional Staff	64,949.22
Purchased Professional – Educational Services	(52,721.49)
Undist. Expend. – Supp. Serv. – General Admin.	
Legal Services	(16,300.00)
Communications/Telephone	20,500.00
Supplies and Materials	(12,098.87)
Undist. Expend. – Central Services	
Salaries	13,042.52
Undist. Expend. – Allowable Maint. For School Facilities	
Salaries	28,453.30
Cleaning, Repair and Maintenance Services	89,852.36
Undist. Expend. – Custodial Services	
Energy (Natural Gas)	(18,000.00)
Energy (Electricity)	(44,000.00)
Undist. Expend. – Student Transportation Services	
Contracted Services – Aid in Lieu of Payments	64,000.00
Contracted Services (Between Home and School) - Vendors	(80,021.08)
Contracted Services (Special Education Students) - Vendors	58,481.00

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note I: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control(Continued)

UNALLOCATED BENEFITS

Unemployment Compensation	(13,800.00)
Health Benefits	(120,639.95)
Tuition Reimbursement	12,800.00
Other Employee Benefits	14,500.00

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 legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is as follows.

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note I: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control (Continued)

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 11,715,231.37	\$ 159,419.39
Difference - budget to GAAP:		
The last two State aid payments are 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 in accordance with GASB 33.	(3,332.00)	-
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 11,711,899.37</u>	<u>\$ 159,419.39</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 11,587,947.96	\$ 159,419.39
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 11,587,947.96</u>	<u>\$ 159,419.39</u>

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including 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. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. 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. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

2. Short – term Interfund Receivables/Payables

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

3. Inventories

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight – line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years
Other Infrastructure	10-50 years

Land and Construction in Progress are not depreciated.

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

4. Capital Assets (Continued)

GASB No. 34 requires the District to report and depreciate new infrastructure assets effective with the beginning of the current year. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006.

5. Compensated Absences

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

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations. (See Note XII)

6. Unearned Revenue

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

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

7. Long – term Obligations

Long – term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long – term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations.

8. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

9. Net Position

Net Position represents the difference between assets and liabilities in the District-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the District-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

10. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

11 Allocation of Costs

In the government-wide statement of activities, the District has allocated unallocated benefits to various programs based on the original budgetary expenditures by program.

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note I: Summary of Significant Accounting Policies (Continued)

H. Recent Accounting Pronouncements Not Yet Effective

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for fiscal periods beginning after December 15, 2019, could have significant effects on the entity's financial reporting and the provisions of this statement could require significant modifications to disclosure requirements.

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note II: Reconciliation of Government Wide and Fund Financial Statements

Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Position

"Total fund balances" of the District's governmental funds in B-I differs from "net position" of governmental activities reported in the statement of net position in A-I. This difference primarily results from the long - term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets.

Balance Sheet/Statement of Net Position

<u>Assets</u>	Total Governmental Funds	Long - term Assets Liabilities (1)	Reclassifications and Eliminations	Statement of Net Position Totals
Cash and cash equivalents	\$ 615,447.91	\$ -	\$ (20,952.50)	\$ 594,495.41
Receivables, net			371,603.50	371,603.50
Receivables from Other Governments	325,480.50		(325,480.50)	-
Other Receivables	46,123.00		(46,123.00)	-
Restricted assets:				
Cash and cash equivalents			20,952.50	20,952.50
Capital Reserve Account - cash	626,148.74			626,148.74
Maintenance Reserve Account - cash	51,401.54			51,401.54
Capital Assets, net	-	5,214,985.67	-	5,214,985.67
Total Assets	<u>1,664,601.69</u>	<u>5,214,985.67</u>	<u>-</u>	<u>6,879,587.36</u>
<u>Deferred Outflows of Resources</u>				
Deferred outflows related to pensions		758,357.45		758,357.45
Total Deferred Outflows of Resources	<u>-</u>	<u>758,357.45</u>	<u>-</u>	<u>758,357.45</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,664,601.69</u>	<u>\$ 5,973,343.12</u>	<u>\$ -</u>	<u>\$ 7,637,944.81</u>
<u>Liabilities</u>				
Accounts Payable	\$ 96,617.47	\$ -	\$ -	\$ 96,617.47
Bond Interest Payable			8,250.00	8,250.00
Unearned Revenue	3,630.84			3,630.84
Noncurrent Liabilities	-	2,734,136.74	127,138.69	2,861,275.43
Total Liabilities	<u>100,248.31</u>	<u>2,734,136.74</u>	<u>135,388.69</u>	<u>2,969,773.74</u>
<u>Deferred Inflows of Resources</u>				
Deferred inflows related to pensions		457,309.00		457,309.00
Total Deferred Inflows of Resources	<u>-</u>	<u>457,309.00</u>	<u>-</u>	<u>457,309.00</u>
Total Liabilities and Deferred Inflows of Resources	<u>100,248.31</u>	<u>3,191,445.74</u>	<u>135,388.69</u>	<u>3,427,082.74</u>
<u>Fund Balances/Net Position</u>				
<u>Net Position</u>				
Net investment in capital assets		4,602,781.93		4,602,781.93
Restricted for:				
Capital projects	631,336.24			631,336.24
Debt Service	(643.43)		(8,250.00)	(8,893.43)
Other purposes	579,411.28			579,411.28
Unrestricted	354,249.29	(1,820,884.55)	(127,138.69)	(1,593,773.95)
Total Fund Balances/Net Position	<u>1,564,353.38</u>	<u>2,781,897.38</u>	<u>(135,388.69)</u>	<u>4,210,862.07</u>
Total Liabilities, Deferred Inflows or Resources and Fund Balances/Net Position	<u>\$ 1,664,601.69</u>	<u>\$ 5,516,034.12</u>	<u>\$ -</u>	<u>\$ 7,637,944.81</u>

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note II: Reconciliation of Government Wide and Fund Financial Statements (Continued)

Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Position (Continued)

1. When Capital Assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the District as a whole.

Cost of capital assets	\$	9,664,175.06
Accumulated depreciation		<u>(4,449,189.39)</u>
	\$	<u>5,214,985.67</u>

Long - term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long - term are reported in the statement of net position.

Net PERS Pension Liability	\$	2,121,933.00
Deferred outflows related to pensions		(758,357.45)
Deferred inflows related to pensions		<u>457,309.00</u>
	\$	<u>1,820,884.55</u>

Serial Bonds	\$	450,000.00
Lease/Purchase Agreements		162,203.74
Compensated Absences		<u>127,138.69</u>
	\$	<u>739,342.43</u>

Adjustment to Debt Service Fund net position for the accrual of interest expense.	\$	<u>(8,250.00)</u>
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note II: Reconciliation of Government Wide and Fund Financial Statements (Continued)

Explanation of Differences between Governmental Funds Operating Statement of Activities

The "net change in fund balances" for governmental funds in B-2 differs from the "change in net position" for governmental activities reported in the statement of activities in A-2. The difference arise primarily for the long - term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities

	Total Governmental Funds	Long - term Revenue, Expenses (2)	Capital Related Items (3)	Long - term Debt Transactions (4)	Reclassifications and Eliminations (5)	Statement of Activities Totals
Revenues and Other Sources						
Local Tax Levy	\$ 10,495,032.00	\$ -	\$ -	\$ -	\$ -	\$ 10,495,032.00
Tuition Charges	98,235.00					98,235.00
Transportation Fees	9,201.00					9,201.00
Interest Earned on Investments	3,249.11					3,249.11
Miscellaneous	101,219.24					101,219.24
State Sources	1,504,030.76				1,474,454.00	2,978,484.76
Federal Sources	136,708.65					136,708.65
Total	12,347,675.76	-	-	-	1,474,454.00	13,822,129.76
Expenditures						
Current:						
Regular instruction	\$ 2,235,819.10	\$ -	\$ 175,565.50	\$ 101,679.84	\$ 1,678,159.77	\$ 4,191,224.21
Special education	768,861.85		10,080.93	34,566.12	558,557.43	1,372,066.33
Other instruction	231,086.99		1,538.64	6,872.76	179,829.90	419,348.29
Support Services and undistributed costs:						
Tuition	2,881,237.40					2,881,237.40
Student and instruction related services	941,138.84		4,581.76	32,313.24	614,736.52	1,592,770.36
School administrative services	60,384.05		4,032.36	1,882.10	43,587.76	109,886.27
General and business administrative services	535,596.87		10,080.93	18,493.98	227,821.74	791,993.52
Plant operations and maintenance	909,740.48		14,476.80	8,946.78	150,332.48	1,083,496.54
Pupil transportation	956,237.79			2,560.12	43,790.58	1,002,588.49
Unallocated Benefits	2,109,448.63				(2,109,448.63)	-
Transfer to Charter school	10,127.00					10,127.00
Capital Outlay	295,150.85		(214,087.31)	(78,279.54)		2,784.00
Debt Service:						
Principal	450,000.00			(450,000.00)		-
Interest	27,000.00	(8,250.00)				18,750.00
Total	12,411,829.85	(8,250.00)	6,289.61	(320,964.60)	1,387,367.35	13,476,272.41
Net Change for the Year	\$ (64,154.09)	\$ 8,250.00	\$ (6,289.61)	\$ 320,964.60	\$ 87,086.45	\$ 345,857.35

2. 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 accrued interest is an addition in the reconciliations. (+)

\$ 8,250.00

3. 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 which capital outlays exceeded depreciation in the period.

Depreciation expense \$ (220,376.92)
Capital outlays (exclusive of capital lease payments and SDA Debt Service Assessment) 214,087.31
\$ (6,289.61)

3 Adjustment to Capital Assets in accordance with physical appraisal and dispositions

\$ -

3 In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)

\$ -

4. 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 (+).

\$ (10,041.94)

Governmental funds report district pension contributions as expenditures. In the statement of activities, however, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Cost of benefits earned net of employee contributions (197,273.00)

Repayment of debt and capital lease principal is an expenditure in the government funds, but the payment reduces long - term liabilities in the statement of net assets and is not reported in the statement of activities.

Debt principal 450,000.00
Lease - Purchase Agreement principal 78,279.54
\$ 320,964.60

4. Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities, issuing debt increases long - term liabilities in the statement of net assets.

Proceeds of long - term debt \$ -
Lease - Purchase Agreement canceled \$ -
\$ -

5. Allocate Benefits expenditures and eliminate PERS contribution (87,086.45)

5 GASB 68 and 75 adjustments: Replace OPEB on-behalf payments and revenues with Pension and OPEB Expenses and Revenues (\$1,474,454.00)

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note III: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At June 30, 2018 the Township of Harding School District's cash and cash equivalent's amounted to \$1,661,760.44. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$1,411,760.44 was covered by a collateral pool maintained by the banks as required by GUDPA .

At June 30, 2018 the Township of Harding School District had no participation in the State of New Jersey Cash Management.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Township of Harding School District will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of June 30, 2018, none of the Township of Harding School District's cash and cash equivalents of \$1,661,760.44 was exposed to custodial credit risk.

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

A. Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 18A:20-37) permit the Township of Harding School District to purchase the following types of securities:

a. When authorized by resolution adopted by a majority vote of all its members the board of education of any school district may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the school district;

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the school district or bonds or other obligations of local unit or units within which the school district is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by school district;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or

(8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

The Township of Harding School District had no investments as described in Note I:G.1 at June 30, 2018.

B. Interfund Receivables and Payables

As of June 30, 2018, the Township of Harding School District had no interfund receivables and payables.

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Total Capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Land Improvements	16,255.00			16,255.00
Buildings and Improvements	8,737,488.83	187,462.50		8,924,951.33
Machinery and Equipment	696,343.92	26,624.81	-	722,968.73
Totals at historical cost	<u>9,450,087.75</u>	<u>214,087.31</u>	<u>-</u>	<u>9,664,175.06</u>
Less accumulated depreciation for:				
Land Improvements	(12,597.63)	(812.75)		(13,410.38)
Buildings and Improvements	(3,195,298.80)	(168,447.34)		(3,363,746.14)
Machinery and Equipment	(1,020,916.04)	(51,116.83)	-	(1,072,032.87)
Total accumulated depreciation	<u>(4,228,812.47)</u>	<u>(220,376.92)</u> (1)	<u>-</u>	<u>(4,449,189.39)</u>
Net capital assets being depreciated	<u>5,221,275.28</u>	<u>(6,289.61)</u>	<u>-</u>	<u>5,214,985.67</u>
Governmental activities capital assets, net	<u>\$ 5,221,275.28</u>	<u>\$ (6,289.61)</u>	<u>\$ -</u>	<u>\$ 5,214,985.67</u>
Business - type activities:				
Equipment	\$ 33,933.71	\$ -	\$ -	\$ 33,933.71
Less accumulated depreciation	<u>(23,978.09)</u>	<u>(3,531.09)</u>	<u>-</u>	<u>(27,509.18)</u>
Business - type activities capital assets, net	<u>\$ 9,955.62</u>	<u>\$ (3,531.09)</u>	<u>\$ -</u>	<u>\$ 6,424.53</u>

(1) Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 175,565.50
Special Education	10,080.93
Other Instruction (Athletic and Media)	1,558.64
Student and Instruction Related Services	4,581.76
School Administrative Services	4,032.36
General and Business Administrative Services	10,080.93
Plant Operations and Maintenance	14,476.80
Pupil Transportation	<u>-</u>
	<u>\$ 220,376.92</u>

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note IV: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

A. Operating Leases

The District has commitments to lease copiers, technology equipment and a security system under operating leases which expire in 2023. Total operating lease payments made during the year ended June 30, 2018 were \$67,729.05. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2019	\$ 83,162.97
June 30, 2020	83,162.97
June 30, 2021	66,292.97
June 30, 2022	54,242.97
June 30, 2023	<u>54,242.97</u>
Total future minimum lease payments	<u>\$ 341,104.85</u>

B. Long - Term Liabilities

Long - Term liability activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Long - Term debt:					
Serial Bonds	\$ 900,000.00	\$ -	\$ (450,000.00)	\$ 450,000.00	\$ 450,000.00
Total debt payable	<u>900,000.00</u>	<u>-</u>	<u>(450,000.00)</u>	<u>450,000.00</u>	<u>450,000.00</u>
Other liabilities:					
Compensated absences	117,096.75	10,041.94	-	127,138.69	7,980.00
Lease Purchase Agreements	240,483.28	-	(78,279.54)	162,203.74	80,146.25
Total other liabilities	<u>357,580.03</u>	<u>10,041.94</u>	<u>(78,279.54)</u>	<u>289,342.43</u>	<u>88,126.25</u>
Governmental activities					
long - term liabilities	<u>\$ 1,257,580.03</u>	<u>\$ 10,041.94</u>	<u>\$ (528,279.54)</u>	<u>\$ 739,342.43</u>	<u>\$ 538,126.25</u>

(1) Paid by debt service fund

(2) Paid by general fund

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note IV: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

1. Bonds Payable

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

Serial Bonds outstanding as of June 30, 2018 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
School of 2005	Various	7/15	2018	\$ 4,600,000.00	\$ 450,000.00

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	<u>\$450,000.00</u>	<u>\$9,000.00</u>	<u>\$459,000.00</u>
	<u>\$450,000.00</u>	<u>\$9,000.00</u>	<u>\$459,000.00</u>

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note IV: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

C. Long – Term Liabilities (Continued)

2. Temporary Notes

There were no Temporary Notes outstanding as of June 30, 2018.

3. Bonds Authorized But Not Issued

There were no authorized but not issued bonds as of June 30, 2018.

4. Capital Leases Payable

There were no Capital Leases Payable as of June 30, 2018.

Note V: Detailed Disclosure Regarding Fund Equity

A. Reserved – Legally Restricted Appropriations

In accordance with N.J.A.C.6A:23A-14.2, the Board has reserved fund balances in the amount of \$51,401.54 as of June 30, 2018. These are funds anticipated to be required for maintenance of school facilities in the future.

B. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L.2004, C.73 (S1701), the designation for Reserved Fund Balance—Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve 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 \$528,009.74. The reserved fund balance of \$245,967.71 has been appropriated in the fiscal year 2018-2019 and \$282,042.03 will be appropriated in the fiscal year 2019-2020.

C. Capital Reserve Account

A capital reserve account was established by the Township of Harding School District Board of Education by inclusion of \$1.00 on October 10, 2000 and \$140,000.00 on June 30, 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A: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.

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note V: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

C. Capital Reserve Account (Continued)

2000-2001	Budget (Unreserved Fund Balance)	\$140,001.00
For the period 2001-2014		
	Budget (Tax Levy)	1,304,000.00
	Investment Income	33,960.78
	Resolution (Unreserved Fund Balance)	730,000.00
	Budgetary Expenditures	(1,826,027.39)
2014-2015	Resolution (Unreserved Fund Balance)	200,000.00
2014-2015	Transfer to Capital Projects Fund	(205,595.00)
2015-2016	Resolution (Unreserved Fund Balance)	125,000.00
2015-2016	Budgetary Expenditures	(83,360.00)
2016-2017	Investment Income	35.10
2016-2017	Resolution (Unreserved Fund Balance)	300,000.00
2016-2017	Transfer from Capital Projects Fund	18,400.00
2016-2017	Budgetary Expenditures	(79,240.30)
2017-2018	Investment Income	1,624.55
2017-2018	Resolution (Unreserved Fund Balance)	160,000.00
2017-2018	Transfer to Capital Projects Fund	<u>(192,650.00)</u>
Balance June 30, 2018		<u>\$626,148.74</u>

The June 30, 2018 LRFPP balance of local support costs of uncompleted capital projects at June 30, 2018 is \$657,175.00. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

BOARD OF EDUCATION
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note VI: Pension Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost sharing plan with special funding situations as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The PERS is considered a cost sharing multiple-employer defined benefit plan. The DCRP is considered a cost sharing multiple-employer defined contribution plan.

The Public Employees' Retirement System (PERS) was established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered 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 PERS.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members before age 62 with 25 or more years of service credit 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.

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note VI: Pension Plans (Continued)

The Teachers' Pension and Annuity Fund (TPAF) was established in 1955, under the provisions of N.J.S.A. 18:66, to provide coverage including post-retirement health care to substantially all full-time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 for post-retirement health care coverage.

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:

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

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

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15C-1 et seq.). The DCRP is a cost sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq..

According to the state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note VI: Pension Plans (Continued)

Contribution Requirements

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the employer. The employer's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2016, the employer's pension contribution was less than the actuarial determined amount.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2016, the State's pension contribution was less than the actuarial determined amount.

The District's total payroll for the year ended June 30, 2018 was \$4,330,365.59 and covered payroll was \$3,004,563.00 for TPAF, \$626,146.00 for PERS and \$107,515.00 for DCRP. Contributions to the TPAF, PERS and the DCRP for the last three years made by the employees, Township of Harding and the State were as follows:

		<u>TPAF</u>	<u>Percent of Covered Payroll</u>	<u>PERS</u>	<u>Percent of Covered Payroll</u>	<u>DCRP</u>	<u>Percent of Covered Payroll</u>
Employees	6/30/16	\$202,741.26	7.22 %	\$45,061.72	7.36 %	\$4,641.16	5.43 %
	6/30/17	217,612.64	7.35 %	44,964.99	7.53%	4,446.45	5.50 %
	6/30/18	222,781.41	7.41 %	48,003.52	7.67 %	5,913.47	5.50 %
District	6/30/16	N/A	N/A %	69,307.00	11.32 %	\$2,531.74	2.96 %
	6/30/17	N/A	N/A %	83,756.00	14.03 %	2,428.27	3.00%
	6/30/18	N/A	N/A %	87,086.45	13.91 %	3,225.46	3.00 %
State of NJ	6/30/16	\$209,605.00	7.46 %	N/A	N/A %	N/A	N/A %
	6/30/17	310,563.00	10.49 %	N/A	N/A %	N/A	N/A %
	6/30/18	438,971.00	14.61 %	N/A	N/A %	N/A	N/A %

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$201,430.76 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount and the State of New Jersey's Contribution to the TPAF and PERS for OPEB have been included in the basic financial statements and the budgetary comparison schedule – General Fund as a revenue and expenditure in accordance with GASB 24.

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note VII: Public Employees Retirement System

Summary of Significant Accounting Policies

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

At June 30, 2018, the District reported a liability of \$2,121,933.00 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 that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was 0.0091154598%, which was a decrease of 1.74% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$197,962.00. At June 30, 2018, the 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>
Difference between expected and actual experience	\$ 49,964	
Changes of assumptions	427,496	425,929
Net difference between projected and actual earnings on pension plan investments	14,449	
Changes in proportion and differences between District contributions and proportionate share of contributions	179,362	31,380
District contributions subsequent to the measurement date	<u>87,086</u>	
Total	<u>\$758,357</u>	<u>\$457,309</u>

\$87,086.45 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2018	\$ 49,952
2019	75,379
2020	45,676
2021	(60,749)
2022	<u>(44,278)</u>
Total	<u>\$ 65,980</u>

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note VII: Public Employees Retirement System (Continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.00%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disability Mortality Tables (setback 3 years for males and setforward 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<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 estate	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%

BOARD OF EDUCATION
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note VII: Public Employees Retirement System (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.00%) or 1-percentage point higher (6.00%) than the current rate:

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
District's proportionate share of the net pension liability	\$2,632,470	2,121,933	1,696,698

Note VIII: Teachers Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the District	<u>18,615,964</u>
Total	<u>\$ 18,615,964</u>

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note VIII: Teachers Pension and Annuity Fund (TPAF) (Continued)

The net pension liability was measured as of June 30, 2017 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the District's proportion was 0.00%, which was a decrease of 0.00% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State (for the District) recognized pension expense of \$1,289,620 and revenue of \$1,289,620 for support provided by the State. At June 30, 2018, the State (for the District) reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ 121,350	\$ 31,741
Changes of assumptions	3,680,336	3,214,485
Net difference between projected and actual earnings on pension plan investments	84,008	
Changes in proportion and differences between State contributions associated with the District and proportionate share of contributions	39,367	13,806
State's contribution associated with the District subsequent to the measurement date	<u>438,971</u>	
Total	<u>\$4,364,033</u>	<u>\$3,260,032</u>

\$438,971 reported as deferred outflows of resources related to pensions resulting from State contributions associated with the District subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2018	\$ 204,412
2019	324,602
2020	271,413
2021	152,176
2022	172,524
Thereafter	<u>(473,344)</u>
Total	<u>\$ 651,783</u>

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note VIII: Teachers Pension and Annuity Fund (TPAF)(Continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return:	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

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 real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

<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 estate	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%

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note VIII: Teachers Pension and Annuity Fund (TPAF)(Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.25%) or 1-percentage point higher (5.25%) than the current rate:

	1% Decrease <u>(3.25%)</u>	Current Discount Rate <u>(4.25%)</u>	1% Increase <u>(5.25%)</u>
District's proportionate share of the net pension liability	\$22,116,324	18,615,964	15,732,351

Note IX: Health Benefit and Post-Retirement Medical Benefits

P.L. 2011, c.78 effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Health Benefits Program Fund (HBPF)- Local Education Retired (including Prescription Drug Program Fund)- The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage.

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note IX: Health Benefit and Post-Retirement Medical Benefits (Continued)

P.L. 1987, c.384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, respectively, to fund post-retirement medical benefits for those employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired stated employees and retired educational employees. As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits and the state contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in fiscal year 2016.

Summary of Significant Accounting Policies

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the State Health Benefits Local Education Retired Employees Plan (OPEB), information about OPEB's fiduciary net position and additions to/deductions from OPEB's fiduciary net position have been determined on the same basis as they are reported by OPEB. For this purpose, OPEB recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

At June 30, 2018, the District reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	<u>11,309,889</u>
Total	<u>\$11,309,889</u>

The net OPEB liability was measured as of June 30, 2017 and the total OPEB liability to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the District's proportion was 0.00%, which was a decrease of 0.00% from its proportion measured as of June 30, 2016.

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note IX: Health Benefit and Post-Retirement Medical Benefits (Continued)

For the year ended June 30, 2017, the State (for the District) recognized OPEB expense of \$907,327 and revenue of \$907,327 for support provided by the State. At June 30, 2017, the State (for the District) reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$	\$
Changes of assumptions		(1,337,575)
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion	8,157	
State contributions subsequent to the measurement date	<u>283,522</u>	
Total	<u>\$ 291,679</u>	<u>\$ (1,337,575)</u>

Actuarial Assumptions

The collective total OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.5%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:		
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.14% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

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.

The actuarial assumptions used the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note IX: Health Benefit and Post-Retirement Medical Benefits (Continued)

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.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the District's proportionate share of the new OPEB liability calculated using the discount rate of 3.58%, as well as what the District's proportional share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.58%) or 1-percentage point higher (4.58%) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
District's proportionate share of the net pension liability	\$13,424,838	\$11,309,889	\$9,631,501

Health Care Trend

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.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
District's proportionate share of the net OPEB liability	\$9,301,253	\$11,309,889	\$13,977,326

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note X: Deferred Compensation Plan

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

Equitable
Lincoln Investment

All amounts of compensation deferred under this plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property of the Borough of Township of Harding School District (without being restricted to the provisions of benefits under the Plan) subject only to the claims of the Township of Harding School District's general creditors. Participants' right under the plan are equivalent to those of general creditors of the Township of Harding School District in an amount equal to the fair market value of the deferred account for each participant.

The maximum amount of deferred compensation for any participant for any taxable year shall not exceed the lesser of \$18,500.00 or 100 percent of the participant's includible compensation for the taxable year except as provided by the limited catch-up provision which may effect a participant's last three taxable years ending before a participant attains normal retirement age as defined by plan.

During the year ended June 30, 2017 and 2018, the employees' contributions to the plan were \$173,310.51 and \$200,207.57 respectively.

Note XI: Risk Management

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

The following table is a summary of district contributions, employee contributions, reimbursements to the state for benefits paid and the ending balance of the district's trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	-	\$ 10,270.59	\$ 3,629.31	\$ 52,315.88
2016-2017	-	6,804.79	8,402.05	50,718.62
2017-2018	-	7,350.15	11,865.25	46,203.52

The Township of Harding 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.

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note XI: Risk Management (Continued)

The District is a member of the School Alliance Insurance Fund (the "Fund"). The Fund is both an insured and self-administered group of school districts established for the purpose of providing certain low-cost Workers' Compensation, Property Damage, Employer's Liability, Automobile and Equipment Liability, School Board Legal Liability and Boiler and Machinery insurance coverage for member school districts in order to keep local property taxes at a minimum. The District pays an annual assessment to the Fund and should it be determined that payments received by the Fund are deficient, additional assessments may be levied. Additionally, the Fund maintains a contract of excess insurance with a commercial reinsurer to secure the payment of benefits.

The District continues to carry commercial insurance coverage for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note XII: Compensated Absences

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after 10 years of service.

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, no liability existed for compensated absences in the Food Service Fund.

Note XIII: Contingent Liabilities

The Township of Harding School District is a defendant in several lawsuits, none of which is unusual for a Board of Education of its size. Additional liabilities, if not covered by insurance, should not be material in amount.

Note XV: Subsequent Events

The Township of Harding School District has evaluated subsequent events through August 29, 2018, the date which the financial statements were available to be issued and no additional items were noted for disclosure or adjustment.

**REQUIRED SUPPLEMENTARY INFORMATION -
PART II**

Section C
BUDGETARY COMPARISON SCHEDULES

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2018**

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 10,052,092.00	\$ -	\$ 10,052,092.00	\$ 10,052,092.00	\$ -
Tuition	89,665.00	-	89,665.00	98,235.00	8,570.00
Transportation Fees	10,000.00	-	10,000.00	9,201.00	(799.00)
Interest Earned on Investments	-	-	-	1,624.58	1,624.58
Interest Earned on Capital Reserve Funds	1.00	-	1.00	1,824.55	1,823.55
Miscellaneous	12,325.00	-	12,325.00	78,508.50	66,183.50
Total - Local Sources	<u>10,164,083.00</u>	<u>-</u>	<u>10,164,083.00</u>	<u>10,241,285.61</u>	<u>77,202.61</u>
State Sources:					
Categorical Transportation Aid	178,993.00	-	178,993.00	178,993.00	-
Categorical Special Education Aid	17,437.00	-	17,437.00	50,721.00	33,284.00
Categorical Security Aid	31,824.00	-	31,824.00	31,824.00	-
Per Pupil Growth	4,270.00	-	4,270.00	4,270.00	-
PARCC Readiness	4,270.00	-	4,270.00	4,270.00	-
Professional Learning Community Aid	4,040.00	-	4,040.00	4,040.00	-
Extraordinary Aid	200,000.00	-	200,000.00	232,886.00	32,886.00
Non-Public Transportation Aid	-	-	-	44,257.00	44,257.00
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	438,971.00	438,971.00
TPAF Pension PRM (On-Behalf - Non-Budgeted)	-	-	-	283,522.00	283,522.00
TPAF Pension LTI (On-Behalf - Non-Budgeted)	-	-	-	759.00	759.00
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	201,430.78	201,430.78
Total State Sources	<u>438,834.00</u>	<u>-</u>	<u>438,834.00</u>	<u>1,473,945.78</u>	<u>1,035,111.78</u>
Total Revenue	<u>10,602,917.00</u>	<u>-</u>	<u>10,602,917.00</u>	<u>11,715,231.37</u>	<u>1,112,314.37</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	105-100-101 \$ 81,528.00	\$ (3,429.94)	\$ 58,098.08	\$ 58,098.08	\$ -
Kindergarten - Salaries of Teachers	110-100-101 118,588.00	(2,784.89)	115,803.01	115,803.01	-
Grades 1-5 - Salaries of Teachers	120-100-101 1,008,133.00	24,548.05	1,030,679.05	1,030,679.05	-
Grades 6-8 - Salaries of Teachers	130-100-101 795,457.00	10,109.83	795,566.83	795,566.83	-
Regular Programs - Home Instruction:					
Purchased Professional-Educational Services	150-100-320 1,000.00	1,000.00	2,000.00	1,172.00	828.00
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	190-100-108 35,000.00	13,650.01	48,650.01	48,650.01	-
Purchased Professional-Educational Services	190-100-320 15,600.00	-	15,600.00	14,315.00	1,285.00
General Supplies	190-100-810 91,489.00	(337.30)	91,151.70	90,914.80	236.90
Textbooks	190-100-840 35,000.00	(27,400.00)	7,600.00	7,220.79	379.21
Other Objects	190-100-800 3,000.00	(1,000.00)	2,000.00	1,890.87	109.13
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>2,152,795.00</u>	<u>14,353.48</u>	<u>2,167,148.48</u>	<u>2,164,310.22</u>	<u>2,838.24</u>
SPECIAL EDUCATION - INSTRUCTION					
Multiple Disabilities:					
Salaries of Teachers	212-100-101 63,171.00	-	63,171.00	60,664.59	2,506.41
Other Salaries for Instruction	212-100-108 48,729.00	-	48,729.00	48,490.08	238.92
General Supplies	212-100-810 1,920.00	-	1,920.00	357.03	1,562.97
Total Multiple Disabilities	<u>111,820.00</u>	<u>-</u>	<u>111,820.00</u>	<u>107,511.70</u>	<u>4,308.30</u>
Resource Room/Resource Center:					
Salaries of Teachers	213-100-101 325,818.00	37,488.99	363,302.99	363,302.99	-
Other Salaries for Instruction	213-100-108 213,455.00	1,437.82	214,892.82	214,892.82	-
Other Purchased Services (400-500 series)	213-100-500 3,000.00	(1,437.82)	1,562.18	-	1,562.18
General Supplies	213-100-810 2,339.00	2,700.00	5,039.00	4,984.34	54.66
Total Resource Room/Resource Center	<u>544,612.00</u>	<u>40,188.99</u>	<u>584,798.99</u>	<u>583,180.15</u>	<u>1,618.84</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>656,432.00</u>	<u>40,188.99</u>	<u>696,618.99</u>	<u>690,691.85</u>	<u>5,925.14</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	230-100-101 90,089.00	(17,162.81)	72,926.19	71,535.00	1,391.19
General Supplies	230-100-810 11,210.00	(2,700.00)	8,510.00	3,108.77	5,401.23
Total Basic Skills/Remedial - Instruction	<u>101,299.00</u>	<u>(19,862.81)</u>	<u>81,436.19</u>	<u>74,643.77</u>	<u>6,792.42</u>
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	401-100-100 87,541.00	17,162.81	84,703.81	84,703.81	-
Supplies and Materials	401-100-600 2,000.00	-	2,000.00	1,489.17	510.83
Total School-Spon. Cocurricular Actvts. - Inst.	<u>89,541.00</u>	<u>17,162.81</u>	<u>86,703.81</u>	<u>86,192.98</u>	<u>510.83</u>
School-Spon. Athletics - Instruction					
Salaries	402-100-100 55,380.00	-	55,380.00	54,589.00	811.00
Supplies and Materials	402-100-800 7,250.00	-	7,250.00	2,519.60	4,730.40
Other Objects	402-100-800 1,095.00	-	1,095.00	620.00	275.00
Transfers to Cover Deficit (Agency Funds)	402-100-930 5,620.00	(5,593.82)	26.18	-	26.18
Total School-Spon. Athletics - Instruction	<u>69,345.00</u>	<u>(5,593.82)</u>	<u>63,751.18</u>	<u>57,708.60</u>	<u>6,042.58</u>

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2018**

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Summer School - Instruction						
Salaries of Teachers	422-100-101	\$ 8,000.00	\$ -	\$ 8,000.00	\$ 3,732.64	\$ 2,267.36
Other Salaries for Instruction	422-100-108	4,100.00	2,100.00	6,200.00	6,111.00	89.00
Purchased Professional and Technical Services	422-100-300	3,000.00	-	3,000.00	2,500.00	500.00
Total Summer School - Instruction		<u>13,100.00</u>	<u>2,100.00</u>	<u>15,200.00</u>	<u>12,343.64</u>	<u>2,856.36</u>
Total Instruction		<u>3,062,810.00</u>	<u>48,348.63</u>	<u>3,111,158.63</u>	<u>3,086,089.08</u>	<u>25,069.57</u>
Undistributed Expenditures - Instruction:						
Tuition to Other LEAs Within the State - Regular	000-100-561	1,600,000.00	-	1,600,000.00	1,600,000.00	-
Tuition to Other LEAs Within the State - Special	000-100-562	292,484.00	8,100.00	300,584.00	300,466.08	87.94
Tuition to County Voc. School Dist. - Regular	000-100-563	27,848.00	(10,000.00)	17,848.00	14,337.70	3,508.30
Tuition to Private Schools for the Disabled - Within State	000-100-568	398,200.00	195,500.00	593,700.00	584,956.83	8,743.17
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	000-100-567	411,895.00	33,789.98	445,484.98	381,478.81	64,008.15
Tuition - Other	000-100-569	4,000.00	(4,000.00)	-	-	-
Total Undistributed Expenditures - Instruction:		<u>2,734,205.00</u>	<u>223,389.98</u>	<u>2,957,594.98</u>	<u>2,881,237.40</u>	<u>76,357.58</u>
Undistributed Expend. - Attend. & Social Work						
Salaries	000-211-100	47,187.00	6,164.28	53,351.28	53,351.28	-
Purchased Professional and Technical Services	000-211-300	3,100.00	1,335.72	4,435.72	3,288.75	1,146.97
Total Undistributed Expend. - Attend. & Social Work		<u>50,287.00</u>	<u>7,500.00</u>	<u>57,787.00</u>	<u>56,640.03</u>	<u>1,146.97</u>
Undist. Expend. - Health Services						
Salaries	000-213-100	85,178.00	(2,073.30)	83,102.70	50,835.12	32,267.58
Purchased Professional and Technical Services	000-213-300	2,300.00	-	2,300.00	732.00	1,568.00
Supplies and Materials	000-213-600	2,185.00	-	2,185.00	1,207.34	977.66
Total Undistributed Expenditures - Health Services		<u>89,663.00</u>	<u>(2,073.30)</u>	<u>87,589.70</u>	<u>52,774.46</u>	<u>34,813.24</u>
Undist. Expend. - Speech,OT,PT & Related Services						
Salaries of Other Professional Staff	000-218-100	88,687.00	(1,384.00)	87,303.00	86,834.88	488.12
Purchased Professional - Educational Services	000-218-320	55,000.00	(4,800.00)	50,200.00	42,038.50	8,160.50
Supplies and Materials	000-218-600	215.00	600.00	815.00	792.12	22.88
Total Undist. Expend. - Speech,OT,PT & Related Services		<u>143,882.00</u>	<u>(5,584.00)</u>	<u>138,298.00</u>	<u>129,668.50</u>	<u>8,651.50</u>
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.						
Purchased Professional - Educational Services	000-217-320	5,000.00	5,000.00	10,000.00	1,872.00	8,128.00
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.		<u>5,000.00</u>	<u>5,000.00</u>	<u>10,000.00</u>	<u>1,872.00</u>	<u>8,128.00</u>
Undist. Expend. - Guidance						
Salaries of Other Professional Staff	000-218-104	83,171.00	564.00	83,735.00	83,735.00	-
Supplies and Materials	000-218-600	230.00	-	230.00	157.87	72.13
Total Undist. Expend. - Guidance		<u>83,401.00</u>	<u>564.00</u>	<u>83,965.00</u>	<u>83,892.87</u>	<u>72.13</u>
Undist. Expend. - Child Study Team						
Salaries of Other Professional Staff	000-219-104	182,088.00	84,949.22	247,037.22	247,037.22	-
Salaries of Secretarial and Clerical Assistants	000-219-105	48,588.00	(8,029.00)	42,560.00	42,556.20	0.80
Purchased Professional - Educational Services	000-219-320	115,500.00	(52,721.49)	62,778.51	49,088.74	13,709.77
Supplies and Materials	000-219-600	12,811.00	(5,713.19)	7,097.81	7,097.81	-
Other Objects	000-219-800	8,200.00	110.87	8,310.87	6,310.87	-
Total Undist. Expend. - Child Study Team		<u>385,188.00</u>	<u>596.41</u>	<u>385,784.41</u>	<u>352,073.84</u>	<u>13,710.57</u>
Undist. Expend. - Improvement of Inst. Serv.						
Salaries of Other Professional Staff	000-221-104	89,883.00	437.00	90,300.00	90,300.00	-
Salaries of Secr and Clerical Assiat.	000-221-105	31,607.00	8,054.58	39,661.58	39,681.58	-
Other Salaries	000-221-110	23,733.00	(3,491.58)	20,241.44	19,533.00	708.44
Purchased Prof. Educational Services	000-221-320	3,000.00	-	3,000.00	3,000.00	-
Total Undist. Expend. - Improvement of Inst. Serv.		<u>148,203.00</u>	<u>5,000.00</u>	<u>153,203.00</u>	<u>152,494.58</u>	<u>708.44</u>
Undist. Expend. - Edu. Media Serv./Sch. Library						
Salaries	000-222-100	60,090.00	345.00	60,435.00	60,435.00	-
Purchased Professional and Technical Services	000-222-300	62,509.00	(5,345.00)	57,164.00	42,348.32	14,815.68
Supplies and Materials	000-222-600	16,515.00	-	16,515.00	5,157.88	11,357.14
Total Undist. Expend. - Edu. Media Serv./Sch. Library		<u>139,114.00</u>	<u>(5,000.00)</u>	<u>134,114.00</u>	<u>107,941.18</u>	<u>26,172.82</u>
Undist. Expend. - Instructional Staff Training Serv.						
Purchased Professional - Educational Service	000-223-320	33,000.00	-	33,000.00	13,448.63	19,551.37
Other Purchased Services (400-500 series)	000-223-500	10,000.00	1,000.00	11,000.00	8,704.28	2,295.74
Supplies and Materials	000-223-600	8,000.00	(1,000.00)	7,000.00	290.00	6,710.00
Total Undist. Expend. - Instructional Staff Training Serv.		<u>51,000.00</u>	<u>-</u>	<u>51,000.00</u>	<u>22,442.89</u>	<u>28,557.11</u>

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2018**

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. - General Admin.						
Salaries	000-230-100	\$ 182,846.00	\$ -	\$ 182,846.00	\$ 178,118.88	\$ 4,727.12
Legal Services	000-230-331	30,000.00	(16,300.00)	13,700.00	13,361.84	338.16
Audit Fees	000-230-332	17,500.00	-	17,500.00	17,300.00	200.00
Architectural/Engineering Services	000-230-334	5,000.00	-	5,000.00	-	5,000.00
Other Purchased Professional Services	000-230-339	5,000.00	-	5,000.00	4,485.00	515.00
Communications/Telephone	000-230-530	35,390.00	20,500.00	55,890.00	55,273.38	616.62
BOE Other Purchased Services	000-230-585	4,000.00	-	4,000.00	3,839.09	360.91
Other Purchased Services (400-500 series)	000-230-590	18,000.00	3,000.00	18,000.00	16,647.00	2,353.00
Supplies and Materials	000-230-800	17,345.00	(12,098.87)	5,246.13	2,338.72	2,907.41
Judgments Against the School District	000-230-820	70,000.00	-	70,000.00	70,000.00	-
Miscellaneous Expenditures	000-230-890	3,000.00	8,998.87	12,998.87	12,998.45	0.42
BOE Membership Fees/Dues	000-230-895	5,275.00	200.00	5,475.00	5,399.65	75.35
Total Undist. Expend. - Supp. Serv. - General Admin.		391,158.00	5,300.00	396,458.00	377,579.89	18,878.11
Undist. Expend. - Support Serv. - School Admin.						
Salaries of Principals/Assistant Principals	000-240-103	38,513.00	187.00	38,700.00	38,700.00	-
Salaries of Secretarial and Clerical Assistants	000-240-105	12,850.00	2,000.00	14,850.00	14,782.22	67.78
Supplies and Materials	000-240-800	8,687.00	(187.00)	8,500.00	4,121.62	2,378.38
Other Objects	000-240-800	6,991.00	(2,000.00)	4,991.00	2,779.81	2,211.19
Total Undist. Expend. - Support Serv. - School Admin.		65,041.00	-	65,041.00	60,384.05	4,656.95
Undist. Expend. - Central Services						
Salaries	000-251-100	90,378.00	13,042.52	103,418.52	103,418.52	-
Purchased Technical Services	000-251-340	7,000.00	2,000.00	9,000.00	8,908.16	91.84
Supplies and Materials	000-251-800	6,110.00	(3,769.22)	2,340.78	2,340.78	-
Interest on Lease Purchase Agreements	000-251-832	5,735.00	1,700.00	7,435.00	7,398.85	36.15
Other Objects	000-251-890	500.00	800.00	1,300.00	1,154.29	145.71
Total Undist. Expend. - Central Services		109,721.00	13,773.30	123,494.30	123,220.60	273.70
Undist. Expend. - Admin. Info. Technology						
Purchased Professional Services	000-252-330	36,840.00	-	36,840.00	30,920.79	5,919.21
Supplies and Materials	000-252-800	4,000.00	-	4,000.00	3,875.58	124.41
Total Undist. Expend. - Admin. Info. Technology		40,840.00	-	40,840.00	34,796.38	6,043.62
Undist. Expend. - Allowable Maint. For School Facilities						
Salaries	000-261-100	47,759.00	28,453.30	76,212.30	72,712.42	3,499.88
Cleaning, Repair and Maintenance Services	000-261-420	129,000.00	89,852.38	218,852.38	132,354.19	86,498.17
Lead Testing of Drinking Water	000-261-421	15,000.00	(4,500.00)	10,500.00	10,500.00	-
General Supplies	000-261-810	8,000.00	6,500.00	12,500.00	3,580.56	8,919.44
Total Undist. Expend. - Allowable Maint. For School Facilities		197,759.00	120,305.68	318,064.68	208,647.17	109,417.49
Undist. Expend. - Custodial Services						
Salaries	000-262-100	140,160.00	900.00	141,060.00	111,745.88	29,314.32
Purchased Professional and Technical Services	000-262-300	50,877.00	(3,000.00)	47,877.00	42,304.22	5,572.78
Cleaning, Repair and Maintenance Services	000-262-420	242,730.00	800.00	243,330.00	239,013.48	4,316.52
Other Purchased Property Services	000-262-490	87,730.00	-	87,730.00	88,084.95	1,665.05
Insurance	000-262-520	41,000.00	(2,000.00)	39,000.00	37,089.00	1,911.00
General Supplies	000-262-810	38,800.00	8,000.00	46,800.00	45,097.09	1,702.91
Energy (Natural Gas)	000-262-821	80,000.00	(18,000.00)	42,000.00	38,218.98	3,781.04
Energy (Electricity)	000-262-822	146,000.00	(44,000.00)	102,000.00	101,980.39	39.81
Other Objects	000-262-800	1,500.00	-	1,500.00	1,077.18	422.82
Total Undist. Expend. - Custodial Services		788,567.00	(57,500.00)	731,067.00	682,550.95	48,546.05
Undist. Expend. - Care and Upkeep of Grounds						
Cleaning, Repair and Maintenance Services	000-263-420	22,800.00	2,000.00	24,800.00	18,192.38	6,407.64
General Supplies	000-263-810	10,800.00	(2,000.00)	8,800.00	350.00	8,450.00
Total Undist. Expend. - Care and Upkeep of Grounds		33,400.00	-	33,400.00	18,542.38	14,857.64
Undist. Expend. - Student Transportation Serv.						
Salaries for Pupil Trans. (Between Home & School) - Regular	000-270-180	53,404.00	327.08	53,731.08	53,731.08	-
Management Fees - ESC & CTSA Transportation Programs	000-270-350	15,000.00	6,413.00	21,413.00	21,412.18	0.82
Other Purchased Professional and Technical Services	000-270-390	3,182.00	1,000.00	4,182.00	3,722.25	459.75
Contracted Services - Aid in Lieu of Payments	000-270-503	115,000.00	84,000.00	179,000.00	173,982.64	5,017.36
Contracted Services (Between Home and School) - Vendors	000-270-511	485,000.00	(80,021.08)	404,978.92	403,867.55	1,311.37
Contracted Services (Other than Between Home and School) - Vendors	000-270-512	25,000.00	5,800.00	30,800.00	30,752.70	47.30
Contracted Services (Special Education Students) - Vendors	000-270-514	210,489.00	58,481.00	268,970.00	268,869.39	100.61
Total Undist. Expend. - Student Transportation Serv.		907,075.00	58,000.00	965,075.00	958,237.79	6,837.21

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2018**

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS						
Group Insurance	000-291-210	\$ 12,000.00	\$ -	\$ 12,000.00	\$ 11,730.07	\$ 269.93
Social Security Contributions	000-291-220	110,000.00	4,138.95	114,138.95	114,129.58	10.39
Other Retirement Contributions - PERS	000-291-241	85,000.00	2,100.00	87,100.00	87,086.45	13.55
Other Retirement Contributions - DCRP	000-291-249	2,000.00	-	2,000.00	424.68	
Unemployment Compensation	000-291-250	15,000.00	(13,800.00)	1,200.00		1,200.00
Workmen's Compensation	000-291-260	45,000.00	3,200.00	48,200.00	48,110.00	90.00
Health Benefits	000-291-270	1,006,821.00	(120,838.95)	885,981.05	941,711.62	44,289.43
Tuition Reimbursement	000-291-280	45,000.00	12,800.00	57,800.00	55,193.20	2,606.80
Other Employee Benefits	000-291-290	7,000.00	14,500.00	21,500.00	17,980.31	3,519.69
TOTAL UNALLOCATED BENEFITS		<u>1,325,621.00</u>	<u>(95,700.00)</u>	<u>1,229,921.00</u>	<u>1,176,365.87</u>	<u>53,555.13</u>
TPAF Pension (On-Behalf - Non-Budgeted)					438,971.00	(438,971.00)
TPAF Pension PRM (On-Behalf - Non-Budgeted)					283,522.00	(283,522.00)
TPAF Pension LTDI (On-Behalf - Non-Budgeted)					759.00	(759.00)
TPAF Social Security (Reimbursed - Non-Budgeted)					201,430.78	(201,430.78)
TOTAL ON-BEHALF CONTRIBUTIONS					<u>924,682.78</u>	<u>(924,682.78)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS		<u>1,325,621.00</u>	<u>(95,700.00)</u>	<u>1,229,921.00</u>	<u>2,101,048.63</u>	<u>(871,127.63)</u>
TOTAL UNDISTRIBUTED EXPENDITURES		<u>7,849,151.00</u>	<u>271,592.03</u>	<u>7,920,743.03</u>	<u>8,384,043.55</u>	<u>(463,300.52)</u>
TOTAL GENERAL CURRENT EXPENSE		<u>10,711,981.00</u>	<u>319,938.68</u>	<u>11,031,899.68</u>	<u>11,470,132.61</u>	<u>(438,232.95)</u>
CAPITAL OUTLAY						
Equipment						
Regular Programs - Instruction:						
Grades 1-5	120-100-730	\$ 6,500.00	\$ -	\$ 6,500.00	\$ -	\$ 6,500.00
Grades 6-8	130-100-730	21,706.00	-	21,706.00		21,706.00
Undistributed Expenditures:						
Operation of Plant Services	000-280-730	78,161.00	-	78,161.00	28,624.81	51,536.19
Total Equipment		<u>106,367.00</u>	<u>-</u>	<u>106,367.00</u>	<u>28,624.81</u>	<u>79,742.19</u>
Facilities Acquisition and Construction Services						
Lease Purchase Agreements - Principal	000-400-721	78,280.00	-	78,280.00	78,279.54	0.46
Assessment for Debt Service on SDA Funding	000-400-898	2,784.00	-	2,784.00	2,784.00	-
Total Facilities Acquisition and Construction Services		<u>81,064.00</u>	<u>-</u>	<u>81,064.00</u>	<u>81,063.54</u>	<u>0.46</u>
TOTAL CAPITAL OUTLAY		<u>187,431.00</u>	<u>-</u>	<u>187,431.00</u>	<u>107,688.35</u>	<u>79,742.65</u>
Transfer of Funds to Charter Schools	000-100-56X	24,338.00	-	24,338.00	10,127.00	14,211.00
TOTAL EXPENDITURES		<u>10,923,730.00</u>	<u>319,938.68</u>	<u>11,243,668.68</u>	<u>11,587,847.98</u>	<u>(344,279.30)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>(320,813.00)</u>	<u>(319,938.68)</u>	<u>(640,751.68)</u>	<u>127,283.41</u>	<u>768,035.07</u>
Other Financing Sources (Uses):						
Operating Transfer Out:						
Transfer to Capital Projects Fund			-		(192,850.00)	(192,850.00)
Total Other Financing Sources (Uses)			<u>-</u>		<u>(192,850.00)</u>	<u>(192,850.00)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)		<u>(320,813.00)</u>	<u>(319,938.68)</u>	<u>(640,751.68)</u>	<u>(65,366.59)</u>	<u>575,385.07</u>
Fund Balance, July 1		<u>1,652,103.90</u>	<u>-</u>	<u>1,652,103.90</u>	<u>1,652,103.90</u>	<u>-</u>
Fund Balance, June 30		<u>\$ 1,331,290.90</u>	<u>\$ (319,938.68)</u>	<u>\$ 1,011,352.24</u>	<u>\$ 1,586,737.31</u>	<u>\$ 575,385.07</u>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses):						
Increase in Capital Reserve		\$ 1.00	-	\$ 1.00	\$ 71,624.55	\$ 71,623.55
Increase in Maintenance Reserve			-		128,305.68	128,305.68
Withdrawal from Capital Reserve					(192,850.00)	(192,850.00)
Decrease in Maintenance Reserve			(128,305.68)	(128,305.68)	(128,305.68)	-
Budgeted Fund Balance		<u>(320,814.00)</u>	<u>(191,833.00)</u>	<u>(512,447.00)</u>	<u>55,658.88</u>	<u>568,105.88</u>
Total		<u>\$ (320,813.00)</u>	<u>\$ (319,938.68)</u>	<u>\$ (640,751.68)</u>	<u>\$ (65,366.59)</u>	<u>\$ 575,385.07</u>
Analysis of Fund Balance June 30, 2018:						
Restricted Fund Balance:						
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures					\$ 245,667.71	
Reserve for Excess Surplus					282,042.03	
Capital Reserve Account					626,148.74	
Maintenance Reserve					51,401.54	
Assigned Fund Balance:						
Designated for Subsequent Year's Expenditures					54,032.29	
Unassigned Fund Balance					<u>327,145.00</u>	
					<u>\$ 1,586,737.31</u>	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:						
Fund Balance June 30, 2018					\$ 1,586,737.31	
Last Two Current Year State Aid Payments Not Realized on GAAP Basis					<u>(28,928.00)</u>	
					<u>\$ 1,559,809.31</u>	

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Budgetary Comparison Schedule
Special Revenue Fund
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 Final to Actual</u>
REVENUES:					
State Sources	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	131,750.00	10,764.00	142,514.00	136,708.65	5,805.35
Local Sources	-	22,710.74	22,710.74	22,710.74	-
Total Revenues	\$ 131,750.00	\$ 33,474.74	\$ 165,224.74	\$ 159,419.39	\$ 5,805.35
EXPENDITURES:					
Instruction					
Personal Services - Salaries	\$ 37,800.00	\$ 12,275.76	\$ 50,075.76	\$ 50,075.76	\$ -
Purchased Professional and Technical Services		5,000.00	5,000.00	7,214.00	(2,214.00)
Other Purchased Services (400-500 series)	62,100.00	16,070.00	78,170.00	78,170.00	-
General Supplies	31,850.00	(10,906.00)	20,944.00	12,924.65	8,019.35
Other Objects	-	1,294.47	1,294.47	1,294.47	-
Total Instruction	131,750.00	23,734.23	155,484.23	149,678.88	5,805.35
Support Services					
Personal Services - Employee Benefits		8,400.00	8,400.00	8,400.00	-
Other Objects		1,340.51	1,340.51	1,340.51	-
Total Support Services	-	9,740.51	9,740.51	9,740.51	-
Total Expenditures	131,750.00	33,474.74	165,224.74	159,419.39	5,805.35
Total Outflows	\$ 131,750.00	\$ 33,474.74	\$ 165,224.74	\$ 159,419.39	\$ 5,805.35

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION –
PART II**

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
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>Exhibit</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1&C-2]	\$ 11,715,231.37	\$ 159,419.39
Difference - budget to GAAP:			
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 in accordance with GASB 33.		(3,332.00)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 11,711,899.37</u>	<u>\$ 159,419.39</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1&C-2]	\$ 11,587,947.96	\$ 159,419.39
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	\$ -		
Net transfers (outflows) to general fund	-	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 11,587,947.96</u>	<u>\$ 159,419.39</u>

**REQUIRED SUPPLEMENTARY INFORMATION -
PART III**

Section L

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS
(GASB 68)**

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**
Schedule of the District's Proportionate Share of the Net Pension Liability- PERS

	Fiscal Year Ending June 30,				
	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0091154598%	0.0092770514%	0.0080614675%	0.0077925915%	0.0078282149%
District's proportionate share of the net pension liability	\$ 2,121,933.00	\$ 2,747,597.00	\$ 1,809,638.00	\$ 1,458,986.00	\$ 1,496,127.00
District's covered employee payroll	\$ 628,146.00	\$ 597,139.00	\$ 612,139.00	\$ 597,092.00	\$ 562,526.00
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	338.89%	460.13%	295.63%	244.35%	265.97%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	40.14%	47.92%	52.08%	48.72%

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

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Schedule of District Contributions- PERS**

	Fiscal Year Ending June 30,				
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 87,086.45	\$ 83,756.00	\$ 69,307.00	\$ 64,241.00	\$ 58,984.00
Contributions in relation to the contractually required contribution	<u>(87,086.45)</u>	<u>(83,756.00)</u>	<u>(69,307.00)</u>	<u>(64,241.00)</u>	<u>(58,984.00)</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 628,146.00	\$ 597,139.00	\$ 612,139.00	\$ 597,092.00	\$ 582,526.00
Contributions as a percentage of covered employee payroll	13.91%	14.03%	11.32%	10.76%	10.49%

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

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Schedule of the District's Proportionate Share of the Net Pension Liability- TPAF**

	Fiscal Year Ending June 30,				
	2018	2017	2016	2015	2014
District's proportion of the State's net pension liability	0.0276104538%	0.0261796731%	0.0262009638%	0.0258121298%	0.0276596372%
District's proportionate share of the State's net pension liability	\$ 18,615,964.00	\$ 20,594,598.00	\$ 16,580,128.00	\$ 13,795,743.29	\$ 14,080,041.52
District's covered employee payroll	\$ 3,004,563.00	\$ 2,961,884.00	\$ 2,809,679.00	\$ 2,768,240.00	\$ 2,681,703.00
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	618.59%	695.33%	589.40%	498.36%	525.04%
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 does not contain ten years of information as GASB No. 68 was implemented during fiscal year ended June 30, 2015.

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

A. Benefit Changes

There were none.

B. Changes of Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017 in accordance with Paragraph 44 of GASB Statement No. 67.

TEACHERS' PENSION AND ANNUITY FUND

A. Benefit Changes

There were none.

B. Changes of Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017 in accordance with Paragraph 44 of GASB Statement No. 67.

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**
Schedule of Changes in the Total OPEB Liability and Related Ratios

	Fiscal Year Ending June 30,				
	2018	2017	2016	2015	2014
Total OPEB liability					
Service cost	\$ 704,872.00	\$ -	\$ -	\$ -	\$ -
Interest	383,741.00				
Changes of benefit terms	-				
Differences between expected and actual experience	-				
Changes of assumptions or other inputs	(1,889,640.00)				
Member contributions	9,646.00				
Gross benefit payments	<u>(261,961.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in total OPEB liability	(873,542.00)	-	-	-	-
Total OPEB liability - beginning	<u>12,183,431.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total OPEB liability - ending	<u>\$ 11,309,889.00</u>	<u>\$ 12,183,431.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 3,630,709.00	\$ 3,559,003.00	\$ -	\$ -	\$ -
Total OPEB liability as a percentage of covered - employee payroll	311.51%	342.33%			

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

BOARD OF EDUCATION
TOWNSHIP OF HARDING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018

LOCAL EDUCATION

A. Benefit Changes

There were none.

B. Changes of Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017 in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

Section D

SCHOOL LEVEL SCHEDULES

Section E
SPECIAL REVENUE FUND

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Special Revenue Fund**
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	<u>Total</u>	<u>State Aid</u>	<u>Federal Aid</u>	<u>Local Aid</u>
REVENUES				
State Sources	\$ -	\$ -	\$ -	\$ -
Federal Sources	136,708.65	-	136,708.65	-
Local Sources	<u>22,710.74</u>	<u>-</u>	<u>-</u>	<u>22,710.74</u>
Total Revenues	\$ 159,419.39	\$ -	\$ 136,708.65	\$ 22,710.74
EXPENDITURES:				
Instruction:				
Personal Services - Salaries	100-100 \$ 50,075.76	\$ -	\$ 30,000.00	\$ 20,075.76
Purchased Professional and Technical Services	100-300 7,214.00	-	7,214.00	-
Other Purchased Services (400-500 series)	100-500 78,170.00	-	78,170.00	-
General Supplies	100-610 12,924.65	-	12,924.65	-
Other Objects	100-800 <u>1,294.47</u>	-	<u>-</u>	<u>1,294.47</u>
Total Instruction	<u>149,678.88</u>	-	<u>128,308.65</u>	<u>21,370.23</u>
Support Services:				
Personal Services - Employee Benefits	200-200 8,400.00	-	8,400.00	-
Other Objects	200-800 <u>1,340.51</u>	-	<u>-</u>	<u>1,340.51</u>
Total Support Services	<u>9,740.51</u>	-	<u>8,400.00</u>	<u>1,340.51</u>
Total Expenditures	\$ 159,419.39	\$ -	\$ 136,708.65	\$ 22,710.74

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Special Revenue Fund
Combining Schedule of Federal Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018**

		<u>Total</u>	<u>E.S.E.A.</u>			<u>I.D.E.A. Part B</u>	
			<u>Title I</u>	<u>Title II</u>	<u>Title IV</u>	<u>Basic</u>	<u>Preschool</u>
REVENUES							
Federal Sources		\$ 136,708.65	\$ 42,949.65	\$ 8,375.00	\$ 7,214.00	\$ 75,530.00	\$ 2,640.00
Total Federal Revenues		<u>\$ 136,708.65</u>	<u>\$ 42,949.65</u>	<u>\$ 8,375.00</u>	<u>\$ 7,214.00</u>	<u>\$ 75,530.00</u>	<u>\$ 2,640.00</u>
EXPENDITURES:							
Instruction:							
Personal Services - Salaries	100-100	\$ 30,000.00	\$ 30,000.00	\$ -	\$ -	\$ -	\$ -
Purchased Professional and Technical Services	100-300	7,214.00			7,214.00		
Other Purchased Services (400-500 series)	100-500	78,170.00				75,530.00	2,640.00
General Supplies	100-610	12,924.65	4,549.65	8,375.00	-	-	-
Total Instruction		<u>128,308.65</u>	<u>34,549.65</u>	<u>8,375.00</u>	<u>7,214.00</u>	<u>75,530.00</u>	<u>2,640.00</u>
Support Services:							
Personal Services - Employee Benefits	200-200	8,400.00	8,400.00				
Total Support Services		<u>8,400.00</u>	<u>8,400.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures		<u>\$ 136,708.65</u>	<u>\$ 42,949.65</u>	<u>\$ 8,375.00</u>	<u>\$ 7,214.00</u>	<u>\$ 75,530.00</u>	<u>\$ 2,640.00</u>

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Special Revenue Fund**

**Combining Schedule of Local Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018**

		<u>Total</u>	<u>HTRA</u>	<u>Harding Hawks</u>	<u>PTO</u>	<u>Education Foundation Donation</u>
REVENUES						
Local Sources		\$ 22,710.74	\$ 20,075.76	\$ 1,340.51	\$ 1,090.17	\$ 204.30
Total Local Revenues		<u>\$ 22,710.74</u>	<u>\$ 20,075.76</u>	<u>\$ 1,340.51</u>	<u>\$ 1,090.17</u>	<u>\$ 204.30</u>
EXPENDITURES:						
Instruction:						
Personal Services - Salaries	100-100	\$ 20,075.76	\$ 20,075.76	\$ -	\$ -	\$ -
Other Objects	100-800	1,294.47	-		1,090.17	204.30
Total Instruction		<u>21,370.23</u>	<u>20,075.76</u>		<u>1,090.17</u>	<u>204.30</u>
Support Services:						
Other Objects	200-800	1,340.51		1,340.51		
Total Support Services		<u>1,340.51</u>	-	<u>1,340.51</u>	-	-
Total Expenditures		<u>\$ 22,710.74</u>	<u>\$ 20,075.76</u>	<u>\$ 1,340.51</u>	<u>\$ 1,090.17</u>	<u>\$ 204.30</u>

Section F
CAPITAL PROJECTS FUND

**BOARD OF EDUCATION
 TOWNSHIP OF HARDING
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Year Ended June 30, 2018**

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Appropriations 6/30/18</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Middle School Air Conditioning	1/30/18	\$ 192,850.00	\$ -	\$ 187,462.50	\$ 5,187.50
Totals		\$ 192,850.00	\$ -	\$ 187,462.50	\$ 5,187.50

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2018

REVENUES AND OTHER FINANCING SOURCES

State Sources - SDA Grant	\$ -
Bond Proceeds	-
Lease Purchase Agreement	-
Transfer from capital reserve	192,650.00
Transfer from capital outlay	-
Total Revenues	<u>192,650.00</u>

EXPENDITURES AND OTHER FINANCING USES

Equipment (73X)	-
Salaries (100)	-
Legal Services (331)	-
Other Purchased Professional and Technical Services (390)	29,812.50
Construction Services (450)	157,650.00
General Supplies (610)	-
Land and Improvements (710)	-
Lease Purchase Agreements - Principal (721)	-
Buildings other than Lease Purchase Agreements - Principal (722)	-
Other Objects (800)	-
Total Expenditures	<u>187,462.50</u>

Excess (deficiency) of revenues over (under) expenditures 5,187.50

Fund Balance - July 1 -

Fund Balance - June 30 \$ 5,187.50

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Middle School Air Conditioning
From Inception and for the Year Ended June 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant	\$ -	\$ -	\$ -	\$ -
Bond Proceeds			-	
Contribution from private sources			-	
Transfer from capital reserve		192,650.00	192,650.00	192,650.00
Transfer from capital outlay	-	-	-	-
Total Revenues	<u>-</u>	<u>192,650.00</u>	<u>192,650.00</u>	<u>192,650.00</u>
EXPENDITURES AND OTHER FINANCING USES				
Equipment (73X)			-	
Salaries (100)			-	
Legal Services (331)			-	
Other Purchased Professional and Technical Services (390)		29,812.50	29,812.50	35,000.00
Construction Services (450)		157,650.00	157,650.00	157,650.00
General Supplies (610)			-	
Land and Improvements (710)			-	
Lease Purchase Agreements - Principal (721)			-	
Buildings other than Lease Purchase Agreements - Principal (722)			-	
Other Objects (800)	-	-	-	-
Total Expenditures	<u>-</u>	<u>187,462.50</u>	<u>187,462.50</u>	<u>192,650.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>5,187.50</u>	<u>5,187.50</u>	<u>-</u>
ADDITIONAL PROJECT INFORMATION				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 192,650.00			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 192,650.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completed	97.31%			
Original Target Completion Date	9/1/18			
Revised Target Completion Date	9/1/18			

Section G
PROPRIETARY FUNDS

ENTERPRISE FUND

INTERNAL SERVICE FUND

Section H
FIDUCIARY FUND

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2018**

<u>Schools</u>	<u>Balance June 30, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2018</u>
Elementary School	\$ 37,403.93	\$ 62,027.98	\$ 75,602.09	\$ 23,829.82
	<u>\$ 37,403.93</u>	<u>\$ 62,027.98</u>	<u>\$ 75,602.09</u>	<u>\$ 23,829.82</u>

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2018**

	<u>Balance June 30, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2018</u>
Payroll Deductions and Withholdings	\$ -	\$ 2,073,723.39	\$ 2,072,222.58	\$ 1,500.81
Net Salaries and Wages	-	2,689,924.67	2,689,924.67	-
I.R.S. Section 125 Benefits Payable	<u>6,724.66</u>	<u>5,780.00</u>	<u>8,253.92</u>	<u>4,250.74</u>
	<u>\$ 6,724.66</u>	<u>\$ 4,769,428.06</u>	<u>\$ 4,770,401.17</u>	<u>\$ 5,751.55</u>

Section I
LONG - TERM DEBT

BOARD OF EDUCATION
TOWNSHIP OF HARDING
Long - Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2018

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities of Bonds Outstanding June 30, 2018</u>		<u>Interest Rate</u>	<u>Balance June 30, 2017</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Bonds of 2005	08/01/05	\$ 4,600,000.00	7/15/2018	\$ 450,000.00	4.00%	\$ 900,000.00	\$ 450,000.00	\$ 450,000.00
						<u>-</u>	<u>-</u>	<u>-</u>
						<u>\$ 900,000.00</u>	<u>\$ 450,000.00</u>	<u>\$ 450,000.00</u>

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Long - Term Debt
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2018**

<u>Purpose</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2017</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2018</u>
Bathroom Renovations	\$ 400,000.00	\$ 240,483.28	\$ -	\$ 78,279.54	\$ 162,203.74
		<u>\$ 240,483.28</u>	<u>\$ -</u>	<u>\$ 78,279.54</u>	<u>\$ 162,203.74</u>

**BOARD OF EDUCATION
TOWNSHIP OF HARDING
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2018**

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 442,940.00	\$ -	\$ 442,940.00	\$ 442,940.00	\$ -
	<u>442,940.00</u>		<u>442,940.00</u>	<u>442,940.00</u>	-
State Sources:					
Debt Service Aid Type II	34,060.00	-	34,060.00	33,417.00	(643.00)
Total - State Sources	<u>34,060.00</u>	-	<u>34,060.00</u>	<u>33,417.00</u>	<u>(643.00)</u>
Total Revenues	<u>477,000.00</u>	-	<u>477,000.00</u>	<u>476,357.00</u>	<u>(643.00)</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	27,000.00	-	27,000.00	27,000.00	-
Redemption of Principal	450,000.00	-	450,000.00	450,000.00	-
Total Regular Debt Service	<u>477,000.00</u>	-	<u>477,000.00</u>	<u>477,000.00</u>	-
Total Expenditures	<u>477,000.00</u>	-	<u>477,000.00</u>	<u>477,000.00</u>	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(643.00)	(643.00)
Fund Balance, July 1	<u>(0.43)</u>	-	<u>(0.43)</u>	<u>(0.43)</u>	-
Fund Balance, June 30	<u>\$ (0.43)</u>	<u>\$ -</u>	<u>\$ (0.43)</u>	<u>\$ (643.43)</u>	<u>\$ (643.00)</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures:					
Budgeted Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (643.00)</u>	<u>\$ (643.00)</u>

STATISTICAL SECTION (UNAUDITED)

GASB requires that ten years of statistical data be presented. Pursuant to State of New Jersey Department of Education requirements issued for the fiscal year ended June 30, 1994, only two years statistical data needed to be presented. Additional year's data will be included each year thereafter until ten years of data is presented.

STATISTICAL SECTION (Unaudited)

Financial Trends

J-1	Net Position by Component
J-2	Changes in Net Position
J-3	Fund Balances - Governmental Funds
J-4	Changes in Fund Balances - Governmental Funds
J-5	General Fund - Other Local Revenue by Source

Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property
J-7	Direct and Overlapping Property Tax Rates
J-8	Principal Property Taxpayers
J-9	Property Tax Levies and Collections

Debt Capacity

J-10	Ratios of Outstanding Debt by Type
J-11	Ratios of Net General Bonded Debt Outstanding
J-12	Direct and Overlapping Governmental Activities Debt as of June 30
J-13	Legal Debt Margin Information

Demographic and Economic Information

J-14	Demographic and Economic Statistics
J-15	Principal Employers

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program
J-17	Operating Statistics
J-18	School Building Information
J-19	Schedule of Required Maintenance for School Facilities
J-20	Insurance Schedule

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**

**Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited**

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	\$ 4,602,781.93	\$ 4,080,792.00	\$ 3,768,300.89	\$ 3,459,205.66	\$ 2,866,780.93	\$ 2,227,548.78	\$ 1,871,505.81	\$ 1,501,359.01	\$ 1,294,769.41	\$ 867,339.08
Restricted	1,201,854.09	1,308,327.21	970,000.48	1,003,731.61	915,287.16	1,067,241.78	741,384.76	554,189.32	890,877.73	328,283.63
Unrestricted	(1,593,773.95)	(1,524,114.49)	(1,305,982.58)	(1,301,901.45)	131,001.49	127,728.55	105,530.62	142,959.28	66,359.01	180,221.92
Total governmental activities net position	\$ 4,210,862.07	\$ 3,865,004.72	\$ 3,432,318.79	\$ 3,161,035.62	\$ 3,913,069.58	\$ 3,422,519.11	\$ 2,718,421.19	\$ 2,198,507.59	\$ 2,252,006.15	\$ 1,375,844.63
Business-type activities										
Net investment in capital assets	\$ 6,424.53	\$ 9,955.62	\$ 13,486.71	\$ 17,017.80	\$ 20,975.31	\$ 3,191.12	\$ 4,042.70	\$ 1,705.71	\$ 2,132.14	\$ 2,558.57
Restricted										
Unrestricted	3,331.41	991.74	(813.34)	372.46	524.05	30,073.78	38,334.60	31,124.70	40,074.35	43,254.41
Total business-type activities net position	\$ 9,755.94	\$ 10,947.36	\$ 12,673.37	\$ 17,390.26	\$ 21,499.36	\$ 33,264.90	\$ 42,377.30	\$ 32,830.41	\$ 42,206.49	\$ 45,812.98
District-wide										
Net investment in capital assets	\$ 4,609,206.46	\$ 4,090,747.62	\$ 3,781,787.60	\$ 3,476,223.46	\$ 2,887,756.24	\$ 2,230,739.90	\$ 1,875,548.51	\$ 1,503,064.72	\$ 1,296,901.55	\$ 869,897.65
Restricted	1,201,854.09	1,308,327.21	970,000.48	1,003,731.61	915,287.16	1,067,241.78	741,384.76	554,189.32	890,877.73	328,283.63
Unrestricted	(1,590,442.54)	(1,523,122.75)	(1,306,795.92)	(1,301,528.99)	131,525.54	157,802.33	143,865.22	174,083.96	106,433.38	223,476.33
Total district net position	\$ 4,220,618.01	\$ 3,875,952.08	\$ 3,444,992.16	\$ 3,178,426.08	\$ 3,934,568.94	\$ 3,455,784.01	\$ 2,760,798.49	\$ 2,231,338.00	\$ 2,294,212.64	\$ 1,421,657.61

Source: District records

BOARD OF EDUCATION
TOWNSHIP OF HARDING

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities										
Instruction										
Regular	\$ 4,191,224.21	\$ 3,425,408.49	\$ 3,135,338.32	\$ 3,125,144.91	\$ 3,054,186.20	\$ 2,993,937.33	\$ 2,965,759.73	\$ 2,820,817.93	\$ 2,969,251.53	\$ 2,968,370.27
Special education	1,372,066.33	960,343.05	974,182.71	848,841.27	846,675.32	812,858.18	829,708.28	779,171.74	680,706.52	429,782.28
Other instruction	419,348.29	345,875.55	281,988.66	260,383.80	263,225.34	258,586.06	250,753.46	252,753.51	243,064.49	172,084.48
Support Services:										
Tuition	2,881,237.40	2,850,469.05	2,675,458.25	2,526,382.36	2,501,358.21	2,443,832.81	2,342,817.28	2,195,327.57	2,249,816.87	2,200,572.93
Student and instruction related services	1,592,770.38	1,324,795.11	1,209,862.99	1,176,842.10	1,227,459.08	1,168,742.21	1,171,472.37	1,221,000.38	1,303,013.78	1,110,194.74
School administrative services	109,886.27	71,370.19	56,113.25	64,335.12	38,581.95	34,445.28	36,325.77	37,989.32	33,034.31	24,985.28
General and business administrative services	781,993.52	584,717.58	615,060.79	591,534.80	513,557.48	577,572.49	580,094.37	548,711.92	662,109.09	483,356.77
Plant operations and maintenance	1,083,496.54	913,902.40	1,037,107.11	818,771.40	888,347.90	808,815.07	862,244.84	828,424.86	806,832.71	901,533.31
Pupil transportation	1,002,588.49	881,041.37	859,123.62	941,335.58	879,728.73	798,555.28	845,267.40	856,345.67	846,042.37	846,765.86
Charter Schools	10,127.00	24,338.00	26,172.00						32,724.00	14,898.00
SDA Debt Service Assessment	2,784.00	2,784.00	2,784.00	2,784.00	2,784.00	2,784.00	2,029.00			
Interest on long-term debt	18,750.00	38,750.00	54,733.33	72,527.09	94,745.83	116,050.00	132,775.00	147,704.17	161,134.37	177,521.88
Total governmental activities expenses	13,478,272.41	11,221,794.78	11,027,943.03	10,426,682.41	10,310,630.02	10,016,178.71	10,004,347.46	9,788,047.05	10,087,730.04	9,330,085.76
Business-type activities:										
Food service	89,552.24	84,972.77	91,715.25	89,098.54	110,387.49	129,241.16	113,897.10	132,471.10	127,636.69	110,459.40
Total business-type activities expense	89,552.24	84,972.77	91,715.25	89,098.54	110,387.49	129,241.16	113,897.10	132,471.10	127,636.69	110,459.40
Total district-wide expenses	13,565,824.65	11,306,767.58	11,119,658.28	10,515,990.95	10,421,017.51	10,145,419.87	10,118,244.56	9,920,518.15	10,215,366.73	9,440,545.16
Program Revenues										
Governmental activities:										
Charges for services:										
Pupil transportation	9,201.00	9,739.00	10,667.50	11,187.50	9,090.50	10,353.00	11,306.58	12,978.50	12,586.00	11,756.00
Interest on long-term debt		1,404.00	18,832.33	34,845.08	58,573.63	77,224.00	94,242.00	109,589.17	118,304.37	133,028.88
Operating grants and contributions	3,078,840.28	1,083,636.93	1,050,635.64	1,081,443.08	1,129,723.92	1,161,235.48	1,101,747.58	811,571.34	1,187,090.21	1,173,035.69
Total governmental activities program revenues	3,088,041.28	1,104,981.93	1,080,335.67	1,127,475.67	1,195,388.25	1,248,812.48	1,207,296.16	834,139.01	1,315,980.58	1,317,820.47

BOARD OF EDUCATION
TOWNSHIP OF HARDING

Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Business-type activities:										
Charges for services										
Food service	\$ 88,360.82	\$ 83,246.76	\$ 82,998.36	\$ 84,989.44	\$ 98,621.95	\$ 120,128.76	\$ 123,414.59	\$ 122,942.32	\$ 123,827.15	\$ 121,580.23
Operating grants and contributions										
Total business-type activities program revenues	88,360.82	83,246.76	82,998.36	84,989.44	98,621.95	120,128.76	123,414.59	122,942.32	123,827.15	121,580.23
Total district-wide program revenues	3,176,402.10	1,188,228.69	1,163,334.03	1,212,465.11	1,294,010.20	1,368,941.24	1,330,710.75	1,057,081.33	1,439,807.73	1,439,400.70
Net (Expense)/Revenue										
Governmental activities	(10,388,231.13)	(10,116,812.86)	(9,947,607.36)	(9,299,416.74)	(9,115,241.77)	(8,767,366.23)	(8,797,051.30)	(8,853,908.04)	(8,771,749.46)	(8,012,265.29)
Business-type activities	(1,191.42)	(1,726.01)	(6,716.89)	(4,109.10)	(11,765.54)	(9,112.40)	9,517.49	(9,526.78)	(3,809.54)	11,120.83
Total district-wide net expense	(10,389,422.55)	(10,118,538.87)	(9,956,324.25)	(9,303,525.84)	(9,127,007.31)	(8,776,478.63)	(8,787,533.81)	(8,863,436.82)	(8,775,559.00)	(8,001,144.46)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	10,052,092.00	9,905,421.00	9,601,885.00	9,254,883.00	9,019,961.00	8,886,653.00	8,730,459.00	8,562,491.00	8,561,493.00	9,201,696.00
Property taxes, levied for debt service principal	442,940.00	458,250.00	447,935.67	455,197.91	439,854.17	427,699.00	406,875.00	386,095.83	372,528.63	352,116.62
Federal and State aid not restricted	59,063.87	44,118.26	41,518.00	40,672.89	32,958.45	32,792.99	32,038.47	15,300.63	53,722.71	82,168.58
Tuition (other than special schools)	98,235.00	107,116.50	104,141.50	81,707.00	131,804.00	73,705.00	77,865.00	11,600.00	38,250.00	42,600.00
Investment earnings	3,249.11	113.22					867.51	3,658.00	5,680.81	5,160.95
Miscellaneous income	78,508.50	34,479.81	27,410.16	43,360.18	125,554.96	50,814.40	56,932.39	120,422.06	43,035.79	50,436.94
N.J. Economic Development Authority Grants				108,705.00	(144,340.34)				274,042.00	-
Lease- Purchase Agreement Payable Canceled							137,802.27			
Lease- Purchase Agreement Receivable Canceled							(125,674.74)			
Lease-Purchase Agreement Proceeds									299,158.00	-
Proceeds of long-term debt (Refunding Bonds)										-
Transfers			(4,000.00)							
Total governmental activities	10,734,088.48	10,549,498.79	10,218,890.33	9,984,525.98	9,605,792.24	9,471,464.39	9,316,964.90	9,099,567.52	9,647,910.94	8,734,179.07
Business-type activities:										
Investment earnings	-	-	-	-	-	-	29.40	152.70	203.05	39.28
Transfers			4,000.00							
Total business-type activities	-	-	4,000.00	-	-	-	29.40	152.70	203.05	39.28
Total district-wide general revenues	10,734,088.48	10,549,498.79	10,222,890.33	9,984,525.98	9,605,792.24	9,471,464.39	9,316,994.30	9,099,720.22	9,648,113.99	8,734,218.35
Change in Net Position										
Governmental activities	345,857.35	432,685.93	271,282.97	685,109.24	490,550.47	704,098.16	519,913.60	245,658.48	876,161.48	721,913.78
Business-type activities	(1,191.42)	(1,726.01)	(4,716.89)	(4,109.10)	(11,765.54)	(9,112.40)	9,546.89	(9,876.08)	(3,606.49)	11,160.11
Total district-wide change in net position	\$ 344,665.93	\$ 430,959.92	\$ 266,566.08	\$ 681,000.14	\$ 478,784.93	\$ 694,985.76	\$ 529,460.49	\$ 236,283.40	\$ 872,554.99	\$ 733,073.89

Source: District records

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**
**Fund Balances - Governmental Funds,
Last Ten Fiscal Years**
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Restricted	\$ 1,205,560.02	\$ 1,324,827.64	\$ 961,177.12	\$ 875,575.40	\$ 842,662.10	\$ 990,182.66	\$ 672,024.64	\$ 366,029.46	\$ -	\$ -
Assigned	54,032.29	49,128.28	49,846.80	189,398.29	157,066.38			0.36		
Unassigned	300,217.00	254,552.00	276,045.00	261,590.00	274,727.00	269,328.20	264,645.60	283,322.20		
Reserved									512,548.34	409,220.27
Unreserved									242,052.49	311,825.00
Total general fund	\$ 1,559,809.31	\$ 1,628,507.90	\$ 1,287,068.92	\$ 1,326,563.69	\$ 1,274,455.48	\$ 1,259,510.86	\$ 936,670.24	\$ 649,352.02	\$ 754,600.83	\$ 721,045.27
All Other Governmental Funds										
Restricted, reported in:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects fund	5,187.50		18,400.00			129,927.80	129,927.80	255,602.54		
Debt service fund	(643.43)	(0.43)	(0.43)	130.57	130.57	0.07	1.07	1.07		
Reserved										
Unreserved, reported in:				18,400.00					451,867.86	130.50
Capital projects fund									1.07	0.57
Debt service fund										
Total all other governmental funds	\$ 4,544.07	\$ (0.43)	\$ 18,399.57	\$ 18,530.57	\$ 130.57	\$ 129,927.87	\$ 129,928.87	\$ 255,603.61	\$ 451,868.93	\$ 131.07
Total Fund Balances	\$ 1,564,353.38	\$ 1,628,507.47	\$ 1,305,468.49	\$ 1,345,094.26	\$ 1,274,586.05	\$ 1,389,438.73	\$ 1,066,599.11	\$ 904,955.63	\$ 1,206,469.76	\$ 721,176.34

BOARD OF EDUCATION
TOWNSHIP OF HARDING

Changes in Fund Balances - Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Tax levy	\$ 10,495,032.00	\$ 10,365,075.00	\$ 10,068,653.00	\$ 9,744,926.00	\$ 9,516,389.00	\$ 9,391,576.00	\$ 9,231,576.00	\$ 9,058,176.00	\$ 9,050,326.00	\$ 8,686,843.50
Tuition charges	98,235.00	107,116.50	104,141.50	81,707.00	131,804.00	73,705.00	77,865.00	11,600.00	38,250.00	42,600.00
Transportation fees	9,201.00	9,739.00	10,667.50	11,187.50	9,090.50	10,353.00	11,306.58	12,978.50	12,586.00	11,756.00
Interest earnings	3,249.11	113.22					867.51	3,658.00	5,680.81	5,160.95
Miscellaneous	101,219.24	70,751.83	60,223.92	124,517.12	200,994.62	56,061.24	182,554.19	157,737.67	172,361.56	151,065.91
State sources	1,504,030.76	948,833.28	948,880.08	912,119.08	976,381.68	1,057,519.63	876,550.25	643,008.36	890,722.15	1,021,732.43
Federal sources	136,708.65	152,851.89	110,660.00	128,839.97	110,861.03	131,062.00	131,814.00	146,548.00	220,765.00	132,840.75
Total revenues	12,347,675.76	11,654,480.72	11,303,226.00	11,003,296.65	10,945,520.83	10,720,276.87	10,512,333.53	10,033,706.53	10,390,691.52	10,051,999.54
Expenditures										
Instruction										
Regular instruction	2,235,819.10	2,311,700.33	2,241,825.82	2,261,607.60	2,144,485.97	2,042,740.88	2,021,960.70	1,958,514.04	2,168,413.85	2,036,397.68
Special education instruction	768,861.85	684,566.11	718,445.51	829,924.87	624,724.22	584,289.71	591,707.43	564,151.97	498,139.25	331,276.25
Other instruction	231,086.99	238,503.65	204,740.29	191,071.09	180,439.29	181,952.62	179,097.69	177,960.30	175,691.19	135,617.46
Support Services:										
Tuition	2,881,237.40	2,650,469.05	2,675,456.25	2,528,382.36	2,501,358.21	2,443,832.81	2,342,817.26	2,195,327.57	2,249,816.87	2,200,572.93
Student and instruction related services	941,138.84	983,538.73	931,957.87	915,577.60	932,296.45	901,216.28	860,866.93	927,757.65	1,017,380.52	935,390.40
School administrative services	60,394.05	49,552.15	42,405.42	45,739.62	24,146.70	24,901.39	24,821.51	27,573.75	27,169.81	22,631.88
General and business administrative services	535,596.87	451,466.71	494,816.43	491,995.39	399,400.35	435,166.58	418,991.19	458,392.66	500,253.63	396,318.55
Plant operations and maintenance	909,740.48	818,700.12	964,814.97	741,942.98	796,207.80	728,067.91	769,025.51	851,451.29	817,544.00	855,866.37
Pupil transportation	956,237.79	854,224.25	943,890.43	822,870.12	866,072.28	789,201.10	819,742.30	821,766.08	828,155.04	829,816.19
Employee benefits	2,109,448.63	1,690,142.34	1,505,882.36	1,430,482.89	1,491,033.37	1,596,733.34	1,638,185.99	1,517,357.04	1,392,158.70	1,262,735.01
Transfer to Charter School	10,127.00	24,338.00	26,172.00						32,724.00	14,898.00
Capital outlay	295,150.85	79,240.30	485,844.42	358,173.92	411,278.55	125,584.43	18,328.80	301,168.31	237,489.64	239,111.60
Debt service:										
Principal	450,000.00	450,000.00	440,000.00	445,000.00	430,000.00	420,000.00	400,000.00	380,000.00	365,000.00	345,000.00
Interest and other charges	27,000.00	45,000.00	82,800.00	82,725.00	104,600.00	123,750.00	139,650.00	153,800.00	168,662.50	184,637.50
Total expenditures	12,411,829.85	11,331,441.74	11,738,851.77	11,041,493.44	10,916,033.17	10,397,437.01	10,225,015.31	10,335,220.66	10,478,598.10	9,790,269.83
Excess (Deficiency) of revenues over (under) expenditures	(64,154.09)	323,038.98	(435,625.77)	(38,196.79)	29,487.66	322,839.86	287,318.22	(301,514.13)	(87,906.58)	261,729.71

BOARD OF EDUCATION
TOWNSHIP OF HARDING

Changes in Fund Balances - Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Other Financing sources (uses)										
Lease - Purchase Agreement Receivable Canceled							(125,674.74)		299,158.00	
Capital leases (non-budgeted)			400,000.00							
N.J. Economic Development Authority grants				108,705.00	(144,340.34)				274,042.00	
Transfers in	192,650.00	18,400.00		205,595.00	78,048.62				99,000.00	
Transfers out	(192,650.00)	(18,400.00)	(4,000.00)	(205,595.00)	(78,048.62)				(99,000.00)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>396,000.00</u>	<u>108,705.00</u>	<u>(144,340.34)</u>	<u>-</u>	<u>(125,674.74)</u>	<u>-</u>	<u>573,200.00</u>	<u>-</u>
Net change in fund balances	<u>\$ (64,154.09)</u>	<u>\$ 323,038.98</u>	<u>\$ (39,625.77)</u>	<u>\$ 70,508.21</u>	<u>\$ (114,852.68)</u>	<u>\$ 322,839.86</u>	<u>\$ 161,643.48</u>	<u>\$ (301,514.13)</u>	<u>\$ 485,293.42</u>	<u>\$ 261,729.71</u>
Debt service as a percentage of noncapital expenditures	4.08%	4.40%	4.47%	4.94%	5.09%	5.29%	5.29%	5.32%	5.21%	5.55%

Source: District records

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**

**General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited**

<u>Fiscal Year Ended June 30,</u>	<u>Total</u>	<u>Tuition</u>	<u>Transportation</u>	<u>Interest</u>	<u>Rentals</u>	<u>Miscellaneous</u>	<u>Prior Year Refunds</u>	<u>Health Benefit Contrib.</u>	<u>A/P Canceled</u>	<u>Donations</u>
2009	\$ 109,953.89	\$ 42,600.00	\$ 11,756.00	\$ 5,160.95	\$ 6,400.00	\$ 26,943.05	\$ 16,893.89	\$ -	\$ -	\$ 200.00
2010	99,552.60	38,250.00	12,586.00	5,680.81	7,630.00	20,207.42	15,198.37			
2011	148,658.56	11,600.00	12,978.50	3,658.00	7,550.00	17,814.02	7,138.62	39,333.78	48,585.64	-
2012	146,971.48	77,865.00	11,306.58	867.51	7,550.00	23,017.12	6,771.41		19,593.86	
2013	119,947.19	73,705.00	10,353.00		7,550.00	25,750.89	2,588.30			
2014	222,080.95	131,804.00	9,090.50		7,550.00	24,666.78	44,452.00		4,517.67	
2015	136,254.68	81,707.00	11,187.50		9,065.48	28,977.85	5,316.85			
2016	142,219.16	104,141.50	10,667.50		8,800.00	17,726.16	884.00			
2017	151,447.53	107,116.50	9,739.00	112.22	7,550.00	25,381.61	1,493.70		54.50	
2018	180,201.30	98,235.00	9,201.00	3,249.11	7,975.00	54,206.75	7,334.44			

Source: District records

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**

**Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2009	\$ 61,096,500	\$ 1,688,028,763	\$ 179,052,408	\$ 81,848,500	\$ 9,641,900	\$ 2,019,668,071	\$ 1,342,389	\$ 2,021,010,460	\$ 2,779,231,972	0.443
2010	55,466,900	1,713,322,463	189,196,708	81,191,800	9,641,900	2,048,819,771	1,456,376	2,050,276,147	2,621,182,008	0.442
2011	72,120,300	1,718,803,163	182,382,608	80,748,300	9,641,900	2,063,696,271	1,313,643	2,065,009,914	2,671,283,728	0.443
2012	58,364,700	1,704,572,063	194,794,608	75,609,300	9,641,900	2,042,982,571	1,297,620	2,044,280,191	2,529,852,947	0.456
2013	55,799,900	1,704,511,863	196,170,108	75,386,700	9,641,900	2,041,510,471	1,412,239	2,042,922,710	2,371,925,234	0.463
2014	51,237,200	1,692,182,663	198,236,808	75,177,900	9,641,900	2,026,476,471	1,412,239	2,027,888,710	2,238,929,449	0.465
2015	42,045,500	1,696,272,400	197,536,230	74,364,900	9,641,900	2,019,860,930	1,285,161	2,021,146,091	2,204,026,844	0.499
2016	39,543,500	1,677,707,600	204,654,960	74,364,900	9,641,900	2,005,912,860	1,226,908	2,007,139,768	2,250,635,013	0.509
2017	40,884,100	1,673,685,600	206,700,060	74,364,900	9,641,900	2,005,276,560	1,272,419	2,006,548,979	2,200,008,090	0.521
2018	41,318,600	1,661,376,700	211,551,160	74,374,900	9,641,900	1,998,263,260	1,258,030	1,999,521,290	2,217,959,161	0.520

Source: Municipal Tax Assessor

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
Unaudited**

Fiscal Year Ended December 31,	School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	County	
2009	0.417	0.026	0.443	0.302	0.313	1.058
2010	0.416	0.026	0.442	0.296	0.293	1.031
2011	0.417	0.026	0.443	0.301	0.307	1.051
2012	0.430	0.026	0.456	0.306	0.303	1.065
2013	0.436	0.027	0.463	0.317	0.293	1.073
2014	0.439	0.026	0.465	0.298	0.280	1.043
2015	0.473	0.026	0.499	0.308	0.273	1.080
2016	0.484	0.025	0.509	0.313	0.284	1.106
2017	0.496	0.025	0.521	0.318	0.285	1.124
2018	0.496	0.024	0.520	0.323	0.287	1.130

Source: Municipal Tax Collector

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**

**Principal Property Taxpayers
Current Year and Ten Years Ago
Unaudited**

<u>Fiscal Year Ended June 30,</u>	<u>2018</u>		<u>2008</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
1300 Mt. Kemble Associates, LLC	\$ 16,888,100	0.82%	\$ -	
Lincoln Morristown RE LLC	12,500,000	0.61%		
Grano, Joseph J., Jr. & Kathleen	11,404,000	0.55%		
Algonquin Gas Transmission Company	8,223,800	0.40%	Not Available	
Tungare, Sandeep R & Vidhya S	6,343,400	0.31%		
Lees Hill Road, LLC	5,949,200	0.29%		
Michael Picozzi III	5,258,500	0.25%		
Janet Simon & Hidden Pond Farm	5,245,100	0.25%		
Gelbert, Barbara, TR. Andrew Gelbert	5,233,500	0.25%		
Pearson, J. Michael/Christine S.	5,113,400	0.25%		
Total	<u>\$ 82,159,000</u>	<u>3.98%</u>	<u>\$ -</u>	<u>0.00%</u>

Source: Municipal Tax Assessor

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**

**Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 20,987,667.26	\$ 20,698,692.50	98.62%	\$ 241,119.00	\$ 20,939,811.50	99.77%
2009	21,602,687.31	21,425,869.49	99.18%	148,590.30	21,574,459.79	99.86%
2010	21,209,126.45	21,140,465.00	99.67%	41,024.50	21,181,489.50	99.86%
2011	21,761,595.83	21,619,658.59	99.34%	102,998	21,722,656.23	99.82%
2012	21,855,587.08	21,648,805.05	99.05%	178,846	21,827,651.49	99.87%
2013	22,048,171.09	21,832,156.35	99.02%	134,933	21,967,089.32	99.63%
2014	21,220,053.81	21,140,759.57	99.62%	78,841	21,219,600.71	99.99%
2015	21,860,713.69	21,712,634.79	99.32%	83,882	21,796,516.87	99.70%
2016	22,319,380.55	22,101,467.50	99.02%	188,251	22,289,718.17	99.86%
2017	22,665,778.45	22,402,467.01	98.83%		22,402,467.01	98.83%

Source: Municipal Tax Collector

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2009	\$ 4,230,000	\$ -	\$ -	\$ -	\$ -	\$ 4,230,000	1.24%	1,273	
2010	3,865,000					3,865,000	0.92%	1,006	
2011	3,485,000					3,485,000	0.81%	902	
2012	3,085,000		52,752			3,137,752	0.71%	809	
2013	2,665,000		35,826			2,700,826	0.60%	697	
2014	2,235,000		18,251			2,253,251	0.53%	583	
2015	1,790,000					1,790,000	0.47%	463	
2016	1,350,000					1,350,000	0.35%	349	
2017	900,000		240,483			1,140,483	0.27%	294	
2018	450,000		162,204			612,204	0.14%	158	

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**

**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 4,230,000	\$ -	\$ 4,230,000	0.21%	1,273
2010	3,865,000		3,865,000	0.19%	1,006
2011	3,485,000		3,485,000	0.17%	902
2012	3,085,000		3,085,000	0.15%	795
2013	2,665,000		2,665,000	0.13%	688
2014	2,235,000		2,235,000	0.11%	578
2015	1,790,000		1,790,000	0.09%	463
2016	1,350,000		1,350,000	0.07%	349

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**

**Direct and Overlapping Governmental Activities Debt
As of December 31,2017
Unaudited**

Net Direct Debt of School District as of December 31,2017		\$	1,350,000.00
Net Overlapping Debt of School District:			
Township of Harding (100%)	5,345,000.00		
County of Morris - Township's share (2.359%) of \$ 217,187,521.	<u>5,123,453.62</u>		
			<u>10,468,453.62</u>
Total Direct and Overlapping Bonded Debt as of December 31,2017		\$	<u>11,818,453.62</u>

Source: Township of Harding Chief Financial Officer and Morris County Treasurer's Office.

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**

**Legal Debt Margin Information
Last Nine Fiscal Years
Unaudited**

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized valuation basis	
2015	2,263,149,501
2016	2,197,538,190
2017	<u>2,222,651,918</u>
	<u>\$ 6,683,339,609</u>
 Average equalized valuation of taxable property	 <u>\$ 2,227,779,870</u>
 Debt limit (3% of average equalization value)	 66,833,396
Total Net Debt Applicable to Limit	<u>450,000</u>
Legal debt margin	<u>\$ 66,383,396</u>

	Fiscal Year				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 72,919,675	\$ 68,301,011	\$ 67,342,708	\$ 66,582,259	\$ 66,833,396
Total net debt applicable to limit	<u>2,235,000</u>	<u>1,790,000</u>	<u>1,350,000</u>	<u>900,000</u>	<u>450,000</u>
Legal debt margin	<u>\$ 70,684,675</u>	<u>\$ 68,511,011</u>	<u>\$ 65,992,708</u>	<u>\$ 65,682,259</u>	<u>\$ 66,383,396</u>
Total net debt applicable to the limit as a percentage of debt limit	3.07%	2.62%	2.00%	1.35%	0.67%

	Fiscal Year				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 79,331,332	\$ 76,010,330	\$ 79,761,818	\$ 77,803,477	\$ 75,703,408
Total net debt applicable to limit	<u>4,230,000</u>	<u>3,865,000</u>	<u>3,485,000</u>	<u>3,085,000</u>	<u>2,665,000</u>
Legal debt margin	<u>\$ 75,101,332</u>	<u>\$ 72,145,330</u>	<u>\$ 76,276,818</u>	<u>\$ 74,718,477</u>	<u>\$ 73,038,408</u>
Total net debt applicable to the limit as a percentage of debt limit	5.33%	5.08%	4.37%	3.97%	3.52%

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

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**

**Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited**

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2009	3,322	\$ 340,386,448	\$ 102,464	5.3%
2010	3,842	420,349,378	109,409 (Actual)	4.1%
2011	3,862	430,988,309	111,597	4.1%
2012	3,880	441,657,000	113,829	5.4%
2013	3,873	449,677,400	116,106	5.2%
2014	3,866	426,555,110	110,335	4.9%
2015	3,866	377,298,404	97,594 (Est.)	3.7%
2016	3,868	390,393,372	100,929 (Est.)	3.3%
2017	3,873	428,934,750	110,750 (Est.)	3.0%
2018	3,873 (Est.)	441,802,793	114,073 (Est.)	

Sources:

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

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

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

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

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**

**Principal Employers
Current Year and Ten Years Ago
Unaudited**

<u>Employer</u>	<u>2018</u>			<u>2008</u>		
	<u>Approximate Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>	<u>ApproximateE mployees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>
		Not Available			Not Available	
	<u>0</u>		<u>0.00%</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>

Source: _____

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**

**Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited**

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	30.4	31.3	30.3	28.9	27.8	29	29.9	30.7	30	29
Special education	10.8	9.9	13.6	13.6	13.5	13	14	15.3	18	18
Other instruction										
School sponsored/other instructional										
Support Services:										
Tuition										
Student and instruction related services	9.3	10.3	9.3	9.7	9.7	9.5	9.9	10.2	10	9
School administrative services	0.2	0.2	0.2	0.2	0.2	0.2	0.03	0.4	0.4	1
General and business administrative services	1.6	1.5	1.5	1.5	1.6	1.6	1.5	1.5	1.5	1.5
Central Services	1.5	1.5	1.5	1.2	0.8	0.8	0.8	0.8	0.8	1
Administrative information technology										
Plant operations and maintenance	4.7	5.1	3.5	3.4	5.1	5.1	4.5	3.6	3.6	5
Pupil transportation	1	1	1	1	0.8	0.8	0.8	0.8	0.8	0.8
Special Schools										
Food Service										
Child Care										
Total	59.5	60.8	60.9	59.5	59.5	60	61.43	63.3	65.1	65.3

Source: District Personnel Records

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**

**Operating Statistics
Last Ten Fiscal Years
Unaudited**

Fiscal Year	Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio			Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School					
2009	311.0	\$ 7,621,521	\$ 24,506	-1.31%	38	1:17.8	1:15.3		314.8	302.3	-2.14%	96.03%
2010	312.0	8,257,446	26,466	8.00%	38	1:16.5	1:14.3		312.0	298.3	-0.89%	95.61%
2011	313.0	8,003,127	25,569	-3.39%	39	1:18.1	1:17.0		311.4	297.9	-0.19%	95.68%
2012	336.0	8,121,255	24,170	-5.47%	46	1:07.4	1:07.1		337.6	322.7	8.41%	95.59%
2013	319.0	9,728,103	30,496	26.17%	44	1:07.0	1:06.7		320.5	305.1	-5.07%	95.20%
2014	315.0	9,970,155	31,651	3.79%	44	1:06.8	1:06.5		322.1	309.2	0.50%	96.00%
2015	313.0	10,157,595	32,452	2.53%	44	1:06.8	1:06.4		304.7	292.4	-5.40%	95.96%
2016	307.0	10,750,207	35,017	7.90%	46	1:06.8	1:06:03		306.1	292.6	0.47%	95.58%
2017	316.0	10,757,201	34,042	-2.78%	48	1:06.2	1:08.8		315.0	297.3	2.89%	94.38%
2018	308.0	11,200,708	36,366	6.83%	47	1:11.8	1:10.1		308.0	287.3	-2.24%	93.28%

Source: District records

Note: Enrollment based on annual October district count.

(1) Exclusive of tuition paid to Borough of Madison Board of Education.

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**

**School Building Information
Last Ten Fiscal Years
Unaudited**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>District Building</u>										
<u>Elementary (1958)</u>										
Square Feet	61,738	61,738	61,738	61,738	61,738	61,738	61,738	61,738	61,738	61,738
Capacity (students)	336	336	336	336	336	336	336	336	336	336
Enrollment	161	176	178	226	216	224	224	212	205	186
<u>Middle School (1927)</u>										
Square Feet	18,441	18,441	18,441	18,441	18,441	18,441	18,441	18,441	18,441	18,441
Capacity (students)	184	184	184	184	184	184	184	184	184	184
Enrollment	150	136	141	110	103	91	89	95	111	122
<u>Other</u>										
<u>Storage Building (1988)</u>										
Square Feet	800	800	800	800	800	800	800	800	800	800

Number of Schools at June 30, 2018

Elementary = 1

Middle School = 1

Other = 1

Source: District Facilities Office

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

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**
General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited

Undistributed Expenditures—Required
Maintenance for School Facilities
11-000-251-xxx

*School Facility	Pending Projects (w/DOE Project #)	Gross Gross Building Area (SF)	Ten Year	\$ 208,647	\$ 129,237	\$ 357,381	\$ 174,344	\$ 157,833	\$ 139,216	\$ 122,802	\$ 207,316	\$143,220	\$ 146,506
			Total	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Harding Township Elementary School	2010-050-09-1002 2010-050-09-1003	61,738	\$ 1,375,608	\$ 160,658	\$ 99,513	\$ 275,183	\$ 134,245	\$ 121,532	\$ 107,196	\$ 94,558	\$ 159,833	\$ 110,280	\$ 112,810
Harding Township Middle School	2010-050-04-00HA 2010-050-04-00KW 2010-050-09-1001	18,441	410,896	47,989	29,725	82,188	40,099	36,302	32,020	28,245	47,683	32,941	33,696
Total School Facilities		<u>80,179</u>	<u>\$ 1,786,503</u>	<u>\$ 208,647</u>	<u>\$ 129,237</u>	<u>\$ 357,381</u>	<u>\$ 174,344</u>	<u>\$ 157,833</u>	<u>\$ 139,216</u>	<u>\$ 122,802</u>	<u>\$ 207,316</u>	<u>\$143,220</u>	<u>\$ 146,506</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

**BOARD OF EDUCATION
TOWNSHIP OF HARDING**

**Insurance Schedule
As of June 30, 2018
Unaudited**

<u>Policy Type</u>	<u>Coverage</u>	<u>Deductible</u>
<u>School Alliance Insurance Fund:</u>		
Property Damage (Buildings, Contents, Automobile)	\$ 250,000,000	\$ 2,500
Boiler and Machinery	100,000,000	1,000
Blanket Dishonesty Bond	500,000	1,000
General Liability including Auto, Employee Benefits	5,000,000	
Fire Damage	2,500,000	
School Board Legal Liability	5,000,000	10,000
Employers Liability	5,000,000	
Excess Liability	5,000,000	
Workers Compensation	5,000,000	
Environmental Impairment Liability	1,000,000	10,000
Student Accident Insurance	100,000	
 <u>Public Official Bonds - Selective Insurance Co.</u>		
Business Administrator	185,000	

Source: District's records.

Single Audit Section



T. M. Vrabel & Associates, LLC
Accountants and Auditors

Timothy M. Vrabel, RMA, PSA
Chris C. Hwang, CPA



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Sheet 1

**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
Township of Harding School District
County of Morris, New Jersey

We have audited, 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 prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Township of Harding School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Township of Harding School District's basic financial statements, and have issued our report thereon dated August 29, 2018.

Internal Control Over Financial Reporting

Management of the Township of Harding School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Township of Harding School District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstance 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 Township of Harding School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Harding School District's internal control over financial reporting.

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.

350 Main Road, Suite 104
Montville, NJ 07045
973-953-7769, Fax: 973-625-8733
Email: tmvrabeldvc@optonline.net

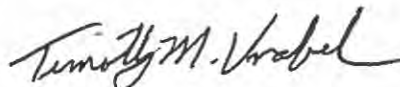
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Given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

Compliance and Other Matters


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

Purpose of This Report

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



Timothy M. Vrabel
Public School Accountant
License No. CS000698



Chris C. W. Hwang
Certified Public Accountant
License No. CC033704

Montville, New Jersey
August 29, 2018

T. M. Vrabel & Associates, LLC
Accountants and Auditors

Timothy M. Vrabel, RMA, PSA
Chris C. Hwang, CPA

K-2
Sheet 1

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; REPORT ON SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY TITLE 2 U.S. CODE OF FEDERAL REGULATIONS (CFR) PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS AND NEW JERSEY OMB CIRCULAR LETTER 15-08

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Township of Harding School District's compliance with the types of compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey Compliance Manual State Grants Compliance Supplement that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018. Township of Harding 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 the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Township of Harding School Districts'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; in compliance with the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and New Jersey Office of Management and Budget Circular Letter 15-08 Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those

350 Main Road, Suite 104
Montville, NJ 07045
973-953-7769, Fax: 973-625-8733
Email: tmvrabeldvc@optonline.net

standards, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB's Circular Letter 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Township of Harding School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Township of Harding School District's compliance with those requirements.

Opinion on Each Major State program

In our opinion, the Township of Harding School District, in the County of Morris, 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 year ended June 30, 2018.

Report on Internal Control Over Compliance

The management of Township of Harding School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Township of Harding School District's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Township of Harding School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Harding School District's internal control over compliance.

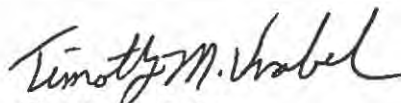
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of 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 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 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 significant deficiencies or material weaknesses. 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.

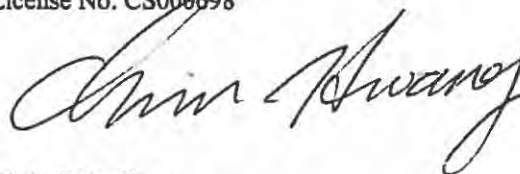
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards and State Financial Assistance Required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB Circular 15-08

We have audited the financial statements of the Township of Harding School District as of and for the year ended June 30, 2018, and have issued our report thereon dated August 29, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB Circular 15-08 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Expenditure of Federal Awards and State Financial Assistance are fairly stated in all material respects in relation to the financial statements as a whole.



Timothy M. Vrabel
Public School Accountant
License No. CS000698



Chris C.W. Hwang
Certified Public Accountant
License No. CC033704

Montville, New Jersey
August 29, 2018

BOARD OF EDUCATION
TOWNSHIP OF HARDING

Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA or Grant Number	Federal FAIN Number	Grant Period	Award Amount	Balance July 1, 2017	Adjustments	Cash Received	BUDGETARY EXPENDITURES		Total	Repayment of Prior Years' Balances	Balance June 30, 2018	
								Disbursements	Accounts Payable			Accounts Receivable	Deferred Revenue
U.S. Department of Education Passed - Through State Department of Education:													
E.S.E.A. Title I	84.010A	S010A170030	7/1/17-6/30/18	\$ 43,698.00			\$ 12,663.11	\$ 42,949.65	\$ -	\$ 42,949.65	\$ -	\$ (30,266.54)	\$ -
E.S.E.A. Title I	84.010A	S010A160030	7/1/16-6/30/17	43,303.00	(7,170.89)		7,170.89						
E.S.E.A. Title II A	84.367A	S367A170029	7/1/17-6/30/18	10,646.00			10,646.00	8,375.00		8,375.00			2,271.00
E.S.E.A. Title IV	84.424	S424A170031	7/1/17-6/30/18	10,000.00				7,214.00		7,214.00		(7,214.00)	
I.D.E.A. Part B, Basic	84.027A	H027A170100	7/1/17-6/30/18	75,530.00			74,901.00	75,530.00		75,530.00		(629.00)	
I.D.E.A. Part B, Preschool	84.173A	H173A170114	7/1/17-6/30/18	2,640.00			2,640.00	2,640.00		2,640.00			
Total U.S. Department of Education					(7,170.89)		109,041.00	136,708.65		136,708.65		(36,109.54)	2,271.00
Total Federal Financial Assistance					(7,170.89)		109,041.00	136,708.65		136,708.65		(36,109.54)	2,271.00

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

**BOARD OF EDUCATION
TOWNSHIP OF LAURENS**
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2018

State Department/Program, Title State Department of Education	Grant or State Enacted Number	Grant Expiry	Award Amount	Balance JUL 1, 2017	Adjustments	Cash Received	BUDGETARY EXPENDITURES		Repayment of Prior Years' Balances	Accounts Receivable	Due to Grantor	Memo Budgetary Reservable	Cumulative Total Expenditures
							Reimbursable	Unreimbursable					
General Funds:													
Categorical Transportation Aid	18-485-034-5120-014	7/1/17-6/30/18	\$ 176,993.00	\$ -	\$ -	\$ 156,478.30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (17,514.70)	\$ 176,993.00
Categorical Transportation Aid	17-485-034-5120-014	7/1/16-6/30/17	50,721.00	(17,486.32)		17,486.32						(5,019.20)	50,721.00
Categorical Special Education Aid	17-485-034-5120-089	7/1/17-6/30/18	17,437.00	(1,722.72)		45,701.80						(3,148.21)	31,624.00
Categorical Special Education Aid	17-485-034-5120-089	7/1/16-6/30/17	31,624.00	(3,144.10)		28,674.79						(422.35)	31,624.00
Categorical Security Aid	17-485-034-5120-084	7/1/16-6/30/17	4,270.00	(421.88)		3,144.10						(422.35)	4,270.00
Categorical Security Aid	17-485-034-5120-084	7/1/17-6/30/18	4,270.00	(421.88)		421.88						(422.35)	4,270.00
Per Pupil Growth Aid	17-485-034-5120-097	7/1/16-6/30/17	4,270.00	(421.88)		3,144.10						(422.35)	4,270.00
Per Pupil Growth Aid	17-485-034-5120-097	7/1/17-6/30/18	4,270.00	(421.88)		421.88						(422.35)	4,270.00
PARCC Readiness Aid	17-485-034-5120-098	7/1/16-6/30/17	4,270.00	(421.88)		3,144.10						(422.35)	4,270.00
PARCC Readiness Aid	17-485-034-5120-098	7/1/17-6/30/18	4,270.00	(421.88)		421.88						(422.35)	4,270.00
Professional Learning Community Aid	18-485-034-5120-101	7/1/17-6/30/18	4,040.00	(388.14)		3,646.21						(388.78)	4,040.00
Professional Learning Community Aid	18-485-034-5120-101	7/1/16-6/30/17	4,040.00	(388.14)		368.14						(388.78)	4,040.00
Extracurricular Aid	17-485-034-5120-044	7/1/17-6/30/18	232,888.00	(191,633.00)		191,633.00				(232,888.00)		232,888.00	
Extracurricular Aid	17-485-034-5120-044	7/1/16-6/30/17	191,633.00	(191,633.00)						(44,257.00)		44,257.00	
Non-Public Transportation Aid	18-485-034-5120-014	7/1/17-6/30/18	44,257.00	(78,148.00)		28,148.00				(44,257.00)		44,257.00	
Non-Public Transportation Aid	17-485-034-5120-014	7/1/16-6/30/17	28,148.00	(78,148.00)		191,204.80				(10,226.86)		201,430.76	
Reimbursed TPAF Social Security Contribution	18-485-034-5094-003	7/1/17-6/30/18	185,913.28	(19,264.91)		9,264.91						438,971.00	
Reimbursed TPAF Social Security Contribution	17-485-034-5094-003	7/1/16-6/30/17	185,913.28	(19,264.91)		438,971.00						263,522.00	
On-Behalf TPAF Pension Contributions	18-485-034-5094-002	7/1/17-6/30/18	438,971.00			263,522.00						438,971.00	
On-Behalf TPAF Pension Contributions	18-485-034-5094-002	7/1/16-6/30/17	263,522.00			759.00						263,522.00	
On-Behalf TPAF LTDR Contributions	18-485-034-5094-001	7/1/17-6/30/18	759.00			1,473,945.76						1,473,945.76	
On-Behalf TPAF LTDR Contributions	18-485-034-5094-001	7/1/16-6/30/17	759.00			33,417.00						33,417.00	
Total General Funds			1,473,945.76	(252,641.01)		1,473,945.76				(232,888.00)		(26,626.00)	1,473,945.76
Debt Service Funds:													
Debt Service Aid - State Support	18-485-034-5120-125	7/1/17-6/30/18	33,417.00			33,417.00							33,417.00
Debt Service Aid - State Support	18-485-034-5120-125	7/1/16-6/30/17	33,417.00			33,417.00							33,417.00
Total All Funds			1,507,362.76	(252,641.01)		1,507,362.76				(232,888.00)		(26,626.00)	1,507,362.76

Debit: On-Behalf TPAF Pension Contributions 438,971.00
 On-Behalf TPAF PBM Contributions 263,522.00
 On-Behalf TPAF LTDR Contributions 759.00
Total State Expenditures Subject to Major Program Determination \$ 704,110.76

(1) Canceled

BOARD OF EDUCATION
TOWNSHIP OF HARDING
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018

Note 1: General

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state programs of the Township of Harding School District Board of Education. The Board of Education is defined in Note I:B. to the Board's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes I:E and Note I:F. to the Board's basic financial statements. The information in the 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. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Board has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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 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 year due to the state deferral and recording of the state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more deferred June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

BOARD OF EDUCATION
TOWNSHIP OF HARDING
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018
(CONCLUDED)

Note 3: Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(3,332.00) for the general fund and \$-0- for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$1,470,613.76	\$1,470,613.76
Special Revenue Fund	136,708.65	-	136,708.65
Debt Service Fund	<u>-</u>	<u>33,417.00</u>	<u>33,417.00</u>
Total Awards and Financial Assistance	<u>\$136,708.65</u>	<u>\$ 1,504,030.76</u>	<u>\$1,640,739.41</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: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for post-retirement medical benefits and the normal and accrued liability pension costs for the year ended June 30, 2018. 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 year ended June 30, 2018. The amount reported as PERS Contributions represents the amount paid by the state on behalf of the district for post-retirement medical benefits for the year ended June 30, 2018.

BOARD OF EDUCATION
TOWNSHIP OF HARDING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Part I – Summary of Auditor’s Results

Financial Statement Section

- A) Type of auditor’s report issued: Unmodified
- B) Internal Control over financial reporting:
- 1) Material weakness(es) identified? yes X no
 - 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported
- C) Noncompliance material to basic financial statements noted? yes X no

Federal Awards Section – Not Applicable

BOARD OF EDUCATION
TOWNSHIP OF HARDING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Part I – Summary of Auditor’s Results (Continued)

State Financial Assistance Section

- F) Dollar threshold used to determine Type A Programs \$ 750,000.00
- K) Auditee qualified as low-risk auditee? X yes no
- L) Type of auditor’s report on compliance for major programs. Unmodified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? yes X no

O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
18-495-034-5120-044	Extraordinary Aid
18-495-034-5094-003	Reimbursed T.P.A.F. Social
	Security Contribution

BOARD OF EDUCATION
TOWNSHIP OF HARDING BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

Not Applicable

BOARD OF EDUCATION
TOWNSHIP OF HARDING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

Part 3 – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

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

FEDERAL AWARDS

Not Applicable

STATE FINANCIAL ASSISTANCE

Not Applicable

BOARD OF EDUCATION
TOWNSHIP OF HARDING
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

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

Not Applicable